Eindec 英德

KYODO

POWERING A SUSTAINABLE FUTURE

ANNUAL REPORT 2016

CONTENTS

This annual report has been prepared by Eindec Corporation Limited (the "Company") and its contents have been reviewed by UOB Kay Hian Private Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President and Mr Josh Tan, Vice President, who can be contacted at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

CORPORATE **PROFILE**

A regional manufacturer of HVAC and Air Purification Equipment. With strong track record in Design, Customization, Manufacture and Distribution of products across a diversified customer base as well as providing integrated solution together with our range products such as Fire/Smoke Marine Damper, Clean Room Equipment and Cooling Tower.

Since 1984 we have well established offices in Singapore, Malaysia and China. With Singapore serving as our regional headquarter and research and development ("R&D"), expanding to China and Malaysia as our development and production centre.

DIVERSIFIED RANGE OF **PRODUCTS**

AIR PURIFICATION AND VENTILATION

AIR PURIFIER

Equipped with 4 stages of filtration, our air purifiers captures up to 99% of allergens and purifies PM 2.5. Perfect for residential and commercial usages with low power consumption, ultra quiet operation and easy maintenance.

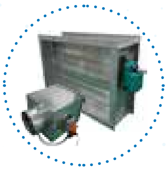
FRESH AIR PURIFICATION & VENTILATION SYSTEM

Provides fresh clean air through a sophisticated technology for residential, commercial and industrial usage. With its small footprint, easy installation and maintenance, Eindec aims to provide "Quality Air, Quality Living".

HVAC

GRILLES & DIFFUSERS

Provide a thermally comfortable temperature, humidity, air cleanliness and freshness that is evenly distribute within a confined space in the building to satisfy operational conditions for machinery or processes.



DAMPERS & VAV TERMINAL UNIT

Used to vary the volume of air passing through a confined cross section by varying the cross- sectional area to maintain comfortable temperatures for people and business equipment.

CLEAN ROOM

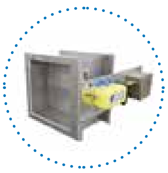
FAN FILTER UNIT

A self-contained ceiling unit used in turbulent mixing and laminar flow cleanroom applications that delivers high quality air filtration and air movement performance in clean room.

AIR SHOWER

Designed to your specific requirements with high degree of flexibility. Using air jet blowing to removing fine particles on your clean room clothing and footwear before you enter into the cleanroom.

FIRE/SMOKE, MARINE DAMPER



To compliments the comprehensive range of automatic fire and smoke dampers and associated controls, provides the complete solution for shipboard air conditioning and ventilation systems fire safety engineering strategies.

We have re-strategised to focus on the HVAC and Air Purification Equipment sales to tap on rising demand amid increasing concerns over the hazardous impact of air pollution regionally. At the same time, we will continue our business growth in the burgeoning Chinese market and Southeast Asian markets like Malaysia, Indonesia and Vietnam.

Powering a Sustainable Future

Eindec Corporation Limited ("Eindec") has steered a firm course in 2016 amidst the global uncertainties capped by Brexit and the U.S. Presidential elections. Like most Asian economies, Singapore is grappling with the likely economic impact of the Trump presidency and we are braced for the challenges ahead in the light of the slowdown in global economies, including The People's Republic of China (the "PRC").

Anchored on our track record in the design, customization, manufacture and distribution of clean room and HVAC equipment across a diversified customer base since 1984, we have catapulted into a regional clean air and environmental solutions group with diversified product lines spanning the commercial, industrial and consumer market segments.

Our first foray as a new listed company has been fruitful as we ventured to build our new business for commercial air purification system. Leveraging on our technological expertise in clean room equipment, we have ventured into the commercial air purification market with our own brand of smart air purification system. We have completed the design and prototype of a new line of smart air purification system for distribution to the consumer market in the PRC and ASEAN region.

The new business focus has successfully reaped notable results as the air purification system segment made the most significant leap of 157.0% in revenue contribution in 2016 among all the business segments.

Year in Review

2016 recorded stable revenue of S$16.68 million for the full year ended 31 December 2016 ("**FY2016**"), from S$16.85 million a year ago on stronger contribution from the air purification segment which focuses on the manufacture and sale of air purification system in the PRC.

For FY2016, the HVAC products segment was the largest revenue contributor at 40.9%, followed by air purification at 32.2%, clean room equipment at 24.1%, and others at 2.8%.

Geographically, Singapore remained as the largest revenue contributor at 51.1%, followed by the PRC at 34.5%, Malaysia at 3.9% and others at 10.5%.

Gross profit dipped 0.6% to S$6.65 million in FY2016 mainly due to decrease in gross profit for clean room equipment, HVAC and other products partially offset by sale of air purification system with higher profit margin. As such, gross margin was relatively stable at 39.9% in FY2016.

The Group reported a net loss of S$0.84 million in FY2016 compared to a net profit of S$0.79 million in FY2015 mainly due to an increase in other operating expenses largely as a result of the start-up of its new environmental and technological solution products business operation in the PRC via the establishment of a wholly-owned subsidiary in Shenzhen. In addition, the Group incurred additional corporate expenses as a listed company and an increase in salaries from building of a new team for the environmental and technological solution products business operations in Singapore and the PRC.

Notably, we have also won a significant number of new projects in Singapore and Penang across our product range during FY2016 which augurs the success for the new business strategies we have developed for Eindec.

Nevertheless, we have confidence that Eindec, supported by our new Executive Director and Chief Executive Officer, Mr. Darran Lim, a dedicated management team and staff, and extensive distribution network will be able to deliver sustainable growth in the years ahead.

Our Competitive Edge

Eindec provides a wide range of customised air purification system and value-added services to key industries like building and construction, electronics and offshore oil and gas industries. With 11 clean room equipment, 20 HVAC equipment product lines and new range of air purification system, we have a complementary suite of solutions to cater to the unique needs of different industries.

With specialised engineering and design capabilities, we are able to tailor to the design of customised products to meet customers' requirements and offer new products with innovative or enhanced features. We can leverage on our engineering and design capabilities to complete design and prototype for new range of new air purification system.

We have experienced and dedicated management team which have extensive knowledge and experience in the manufacture and sale of clean room and HVAC equipment. In addition, our management team has strong network in the Southeast Asian and the PRC markets.

Our established customer base and track record underscores our significant presence within the Asia Pacific. A significant proportion of repeat customers attest to our product quality and our customers' confidence in us.

Driving New Growth

Moving ahead, we have strong growth strategies centred on the expansion of new business for air purification equipment in the PRC. We foresee the growth opportunity in the segment of industrial air purification system. We will commercialise our own brand of air purification products by our marketing and sales team in the PRC. We aim to tap on application programming interface to monitor the need for maintenance or replacement of components, so as to increase revenue from existing customers. We also plan to expand product range to offer other environmental and technological solutions such as air purification equipment utilising air multi-variate Technology.

We are targeting to provide integrated software and applications for our range of products and solutions as the introduction of the Internet of Things (IoT) with HVAC systems opening new avenues for the market.

We will focus on expanding in overseas markets like the PRC, Malaysia, Indonesia and Vietnam. We see tremendous growth opportunities for Eindec as a result of the economic growth in these emerging markets. We will actively pursue strategic partnerships for geographical expansion into these new markets.

LETTER TO SHAREHOLDERS

In the PRC, we are expanding the reach of our air purification system into the hospitality, education and healthcare sectors. We have made good progress in penetrating the three target sectors and it will constitute the impetus of our future growth in the next 3 to 5 years.

Greater focus will be dedicated to building our proprietary Eindec brand, in addition to our established Kyodo brand. We will continue to build our management team and recruit new talents to execute our growth strategies.

We will invest in R&D to roll out multi-variate analysis engineering products with cutting-edge technology. Through the investment in engineering capabilities and R&D, we will develop new products and enhance existing products, in particular, fire/smoke marine damper, fan-filter unit and air purification equipment.

We will continue to invest in the establishment and enhancement of manufacturing capabilities in Malaysia as well as PRC, in particular, to manufacture our air purification system. In Malaysia, we will also be investing in automation of our manufacturing facilities to increase productivity.

Future Prospects

The dire state of worsening air pollution and hazardous smog, which plagues the major cities in the PRC with increasing urban population, spells enormous growth opportunities for our range of air purification and environmental solutions. 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[1].

A good case in point is the recent regulation which requires schools in the PRC to install air purification system in 2016. This signifies another market segment where the Group can penetrate in 2017 and beyond.

The demand for HVAC equipment in Singapore and emerging markets is expected to be in line with our projected growth forecast. Our revenue from our HVAC equipment business is generated largely from the infrastructure building industry in Singapore and the region. The average construction demand in Singapore is expected to be sustained between S$27.0 billion and S$36.0 billion in 2016 and 2017, and S$26.0 billion to S$37.0 billion in 2018 and 2019 per annum[2]. We are also optimistic of the growth of domestic industries in emerging markets which require HVAC equipment.

There is also increasing need to upgrade or restructure sophisticated manufacturing facilities and to equip production plants in various industries, such as food, chemical and pharmaceutical manufacturing industries, electronics and semiconductor industries.

Business Outlook

The global business outlook for 2017 remains cautious and sentiments are generally weak. The recovery in the advanced economies is slow and uneven while the momentum of growth is slowing down in Asia, even in the PRC. The unpredictable consequences of the United Kingdom/ Germany/ France's vote to leave the European Union further dented confidence globally[3].

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 maybe negatively affected.

However, the integration of the Internet of things (IoT) with HVAC systems is opening new avenues for the market. The commercial building sector is expected to be the earliest adopter of this technology, as this integration would enhance the efficiency and reliability of the Building Conditioning and Monitoring System.

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.

Productivity wise, we continue to enhance our efforts in material cost savings, restructuring of operational processes and engineering design.

Note of Appreciation

On behalf of the Board, we would like to thank customers, sponsor, our management, staff, and business partners for their unwavering support and commitment to the Company. To our loyal shareholders, our heartfelt appreciation for your continued confidence in Eindec and for staying invested with us.

My deepest appreciation and thanks to my colleagues on the Board, for your guidance and valuable contribution to the sustainable growth and continued success of Eindec.

ZHANG WEI
Non-Executive Chairman

DARRAN LIM WEE KEONG
CEO and Executive Director

Notes:
(1) PRC Consumer Air Purifier Industry Report by Converging Knowledge Private Limited dated 10 September 2015. Please refer to the Offer Document dated 6 January 2016 for further details.
(2) News release by the Building and Construction Authority dated 8 January 2015 (http://www.bca.gov.sg/Newsroom/pr08012015_BCA.html).
(3) Monetary Authority of Singapore's Annual Report 2015/2016.

Operations Review

In FY2016, the air purification equipment segment made a stellar 157.0% growth which mitigated for the 44.9% drop in revenue in the clean room equipment segment. The Group saw lower sales in the clean room equipment segment and flat revenue in the HVAC product segment as a result of lacklustre global economic growth and the global downturn in the offshore oil and gas sector due to lower oil prices which had affected customers' demand for fire and smoke dampers to be used on board of oil rigs.

Air purification equipment contributed 32.2% of revenue in FY2016 compared with HVAC products (40.9%), clean room equipment (24.1%) and others (2.8%).

Although the air purification equipment business is a relatively new segment, the growth potential is immense. Following a strategic review, the Group has re-strategised to focus on the air purification equipment business and efforts are ongoing to expand and build this business.

Meanwhile, we will enhance our manufacturing facility in Malaysia with automation system and continue to seek to improve cost efficiency.

We will continue to build the Eindec brand based on an integrated solutions sales strategy and are in the process of building our sales team to tap on business opportunities in the region.

The Group plans to expand its product range and enter into new markets geographically. We target to bid for projects regionally, including existing markets - Singapore, China and Malaysia as well as new markets such as Indonesia and Vietnam, where we will seek to form strategic partnerships.

We remain cautious amid weak consumer sentiment, low oil prices and a slowing global economy.

Clean Room Equipment Segment

We design, manufacture and distribute clean room equipment, including fan filter units ("FFUs"), air showers, clean booths, pass boxes, clean hand dryers and clean benches. FFUs are one of the Group's key products.

The Group is one of the first in Asia to develop the LONWORKS® FFU network control system, a centralised computer system capable of controlling thousands of FFUs.

Our Group also provides value-added design services and clean room equipment customised according to our customers' specifications. Currently, most of the end users of our clean room equipment are from the electronics industry.

HVAC Equipment Segment

Eindec has built a strong track record in the design, manufacture and distribution of HVAC equipment since 1984. Our range of HVAC equipment include dampers, deflection grilles and air diffusers to regulate the airflow within a confined space. Our products are used in commercial, residential and industrial buildings, as well as offshore platforms and vessels. We have obtained ISO 9001:2008 certification for the sale, marketing and manufacturing of our dampers.

The Group is among the first to produce Class H fire smoke dampers, which are used on oil rigs and in the offshore oil and gas industry.

Air Purification Equipment Segment

This is a relatively new segment following the launch of air purification systems under our own brand to the consumer market in China in 2015.

In 2016, sales of the air purification systems continued to deliver growth as our new series of air purifiers for the industrial and commercial sectors as well as ceiling and wall-mounted fresh air purifiers were well received.

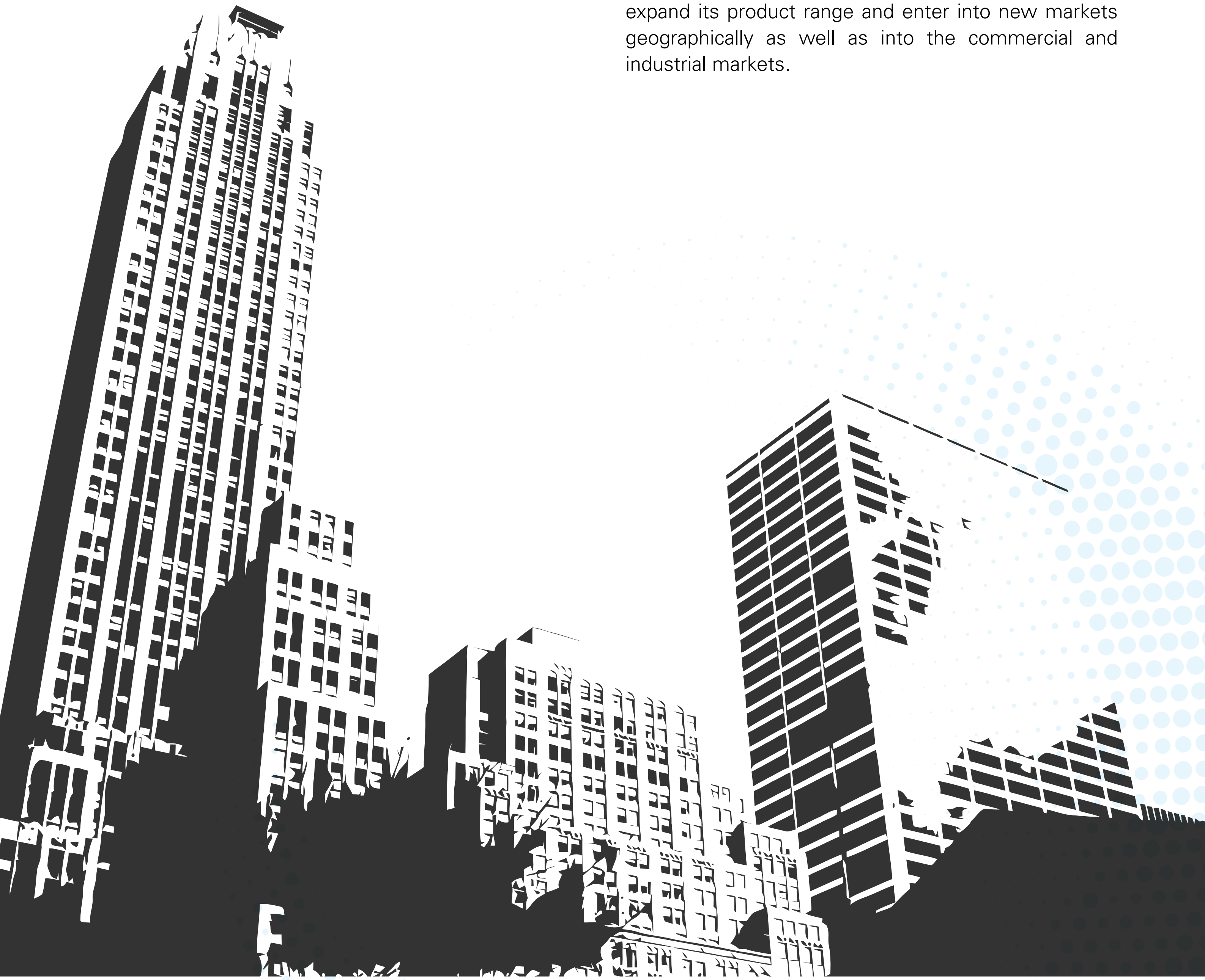
Notably, our subsidiary Eindec Singapore Pte. Ltd. secured its first contract to supply air purification system units for Luxus Hills, a luxury landed property project in Singapore, comprising a mix of terraced houses, semi-detached units and corner houses.

This is the first time in Singapore that such air purification technology is being incorporated within the residential developments, other than using conventional household air purifiers. Unlike conventional household air purifiers which only purify air without new supply of fresh air, Eindec's fresh air purification & ventilation system uses a sophisticated technology which draws fresh air from outside the building and passes through three stages of filter before re-flowing into the house to replace stale air.

Regionally, we see strong demand for high quality air purification systems amid increasing concern of hazardous effect of air pollution, especially in China. The air purifier market in China is projected to grow at a CAGR of around 18% during 2016 – 2021 according to TechSci Research report[1] due to growing consumer awareness of air purifiers, increasing industrialization, rising consumption of coal for power generation and growing vehicular emissions. In addition, the Chinese government has made it mandatory for schools to install air purifier system in 2016. In China, we are targeting schools, hotels and healthcare segments.

Our joint research and development project for outdoor air purification systems with a renowned Chinese University is progressing well. While we have submitted the conceptual design proposal to local authority to obtain approval for grant of government incentives, the grant is currently pending approval due to administrative progress.

The Group is also investing in R&D to enhance its air purification systems with integrated software capabilities. Going forward, the Group plans to expand its product range and enter into new markets geographically as well as into the commercial and industrial markets.



[1] https://www.techsciresearch.com/news/1241-china-air-purifiers-market-set-to-grow-at-cagr-18-till-2021.html

Revenue

S$'000	FY2016	FY2015
HVAC products	**6,825**	6,818
Air purification equipment	**5,380**	2,093
Clean room equipment	**4,017**	7,297
Others	**462**	643
Total	**16,684**	16,851

The Group's revenue stood at S$16.68 million in FY2016, 1% lower as compared with S$16.85 million in FY2015. The Group's revenue from air purification equipment increased by S$3.29 million in FY2016 to S$5.38 million as compared to S$2.09 million in FY2015, primarily due to the success in its new environmental and technological solution products business operation which focuses on air purification equipment in the PRC.

The increase in revenue from air purification equipment was offset by the decrease in clean room equipment, HVAC and other products sales by S$3.45 million in aggregate, mainly as a result of lacklustre global economic growth and the global downturn in offshore oil and gas sector due to the low oil prices which had affected customers' demand for fire and smoke dampers to be used on board of oil rigs.

Gross Profit

S$'000	FY2016	FY2015
HVAC products	**2,518**	2,763
Air purification equipment	**3,024**	1,116
Clean room equipment	**921**	2,505
Others	**191**	310
Total	**6,654**	6,694

The Group's gross profit decreased slightly by S$0.04 million in FY2016 to S$6.65 million as compared to S$6.69 million in FY2015 primarily due to the decrease in gross profit for clean room equipment, HVAC and other products by S$1.95 million in aggregate as a result of the reduction in corresponding sales revenue, partially offset by sale of air purification equipment with higher profit margin of 56.2%. The Group recorded relatively stable gross margin of 39.9% in FY2016 as compared to 39.7% in FY2015.

Net Profit

The Group's net profit decreased by S$1.63 million to a net loss of S$0.84 million in FY2016 compared to a net profit of S$0.79 million in FY2015. This was mainly due to an increase in other operating expenses largely as a result of the start-up of its new environmental and technological solution products business operation in China via the establishment of a wholly-owned subsidiary in Shenzhen. In addition, the Group incurred additional corporate expenses as a listed company and an increase in salaries from building of a new team for the environmental and technological solution products business operations in Singapore and China.

Other Income

The Group's other income decreased by S$0.47 million in FY2016 to S$0.08 million as compared to S$0.55 million in FY2015 mainly due to the reduction in gain from disposal of plant and equipment by S$0.40 million. In addition, the Group recorded foreign exchange loss of S$0.01 million in FY2016 as compared to foreign exchange gain of S$0.12 million in FY2015.

Other Operating Expenses

The Group's other operating expenses increased by S$1.01 million in FY2016 to S$6.90 million as compared to S$5.89 million in FY2015 mainly due to the start up of its new environmental and technological solution products business operation in the PRC via the establishment of a wholly owned subsidiary based in Shenzhen. In addition, the Company started to incur additional corporate expenses as a listed company in FY2016 subsequent to its listing on Catalist of SGX-ST on 15 January 2016. There was also an increase in salaries from building of new team for the environmental and technological solution products business operation both in Singapore and the PRC since the first half year of 2016 and second half year of 2015, respectively.

Finance Costs

The Group's finance costs increased by S$0.04 million in FY2016 to S$0.12 million as compared to S$0.09 million in FY2015 mainly due to interests charged by ultimate holding company for the net amount owing of S$2.08 million as at 31 December 2016. Prior to the listing of our Company, no interest was charged as the Company was a wholly owned subsidiary of our ultimate holding company. Following the listing and as disclosed in page 134 of the Company's offer document dated 6 January 2016, our ultimate holding company has agreed to continue to extend the amount owing to our Company on an unsecured basis with no fixed repayment terms and interest was charged at a rate equivalent to the three (3) month Singapore Swap Offer Rate plus 3.5% in accordance with a deed of undertaking.

Income Tax Expense

The Group's income tax expenses increased by S$0.07 million in FY2016 to S$0.55 million as compared to S$0.48 million in FY2015 mainly due to an increase in income tax expense incurred by our new environmental and technological solution products business operation in Shenzhen of S$0.25 million. There were no income tax expenses incurred due to business operation in Shenzhen for the first half year of 2015. In addition, profits from business operation in Shenzhen is subject to a higher corporate tax rate of 25%. The increase in income tax expenses is offset mainly by a reduction in income tax expense of the Group's operations in Malaysia of S$0.12 million.

Strengths in Net Assets

The Group had net assets of S$13.68 million as at 31 December 2016, translating into a net asset value per share of 12.70 Singapore cents.

Non-current Assets

The Group's non-current assets decreased by S$0.17 million to S$5.05 million in FY2016 as compared to S$5.23 million in FY2015. This was mainly due to depreciation of property, plant and equipment, amortisation of intangibles assets and foreign currency translation losses as a result of the weakening of RM against SGD during FY2016 as the majority of the Group's property, plant and equipment are based in Malaysia. The decrease in property, plant and equipment amounted to S$0.30 million.

The decrease in non-current assets is offset by an increase in intangible assets by S$0.12 million attributed by capitalisation of development costs for new air purification equipment developed by our wholly owned subsidiary based in Shenzhen.

Current Assets

The Group's current assets increased by S$3.52 million to S$16.86 million in FY2016 as compared to S$13.35 million in FY2015. The increase was mainly due to increase in trade and other receivables by S$2.07 million largely contributed by air purification equipment sales made by our wholly owned subsidiary based in Shenzhen. In addition, inventories increased by S$0.96 million mainly due to set-up of environmental and technological solution products business operation in Singapore and increased in cash and cash equivalents by S$0.49 million.

Current Liabilities

The Group's current liabilities decreased by S$0.98 million to S$8.06 million in FY2016 as compared to S$9.04 million in FY2015 mainly due to repayments of amount due to ultimate holding company and bank overdrafts amounting to S$0.96 million.

Non-current Liabilities

The Group's non-current liabilities decreased by S$0.24 million to S$0.18 million in FY2016 as compared to S$0.42 million in FY2015 mainly due to repayment of bank borrowings amounting to S$0.21 million.

Healthy Cash Position

The Group's total cash and cash equivalents in Consolidated Statement of Cash Flows increased by S$1.13 million in FY2016 to S$4.92 million as compared to S$3.79 million in FY2015.

Net cash used in operating activities amounted to S$3.32 million, which comprised operating cash flows before changes in working capital of S$0.47 million, net of working capital cash outflow of S$3.41 million and income tax paid of S$0.38 million. The net working capital outflow arose mainly due to increase of S$4.08 million in trade and other receivables and S$0.96 million in inventories balances, offset by increase in trade and other payables by S$1.77 million.

Net cash used in investing activities amounted to S$0.37 million mainly due to purchase of PPE amounting to S$0.15 million and development costs incurred for new air purification equipment amounting to S$0.33 million. The net cash used was offset by decrease in amounts due from ultimate holding company and related corporation by S$0.10 million.

Net cash generated from financing activities amounted to S$4.90 million mainly due to proceeds from issue of shares of S$7.52 million offset by payments made for listing expenses of S$1.93 million in FY2016 and repayments made for amount due to ultimate holding company and bank borrowings amounting to S$0.64 million.

BOARD OF **DIRECTORS**

ZHANG WEI

Non-Executive Chairman

Mr. Zhang Wei was appointed to our Board on 2 September 2015. He is responsible for providing oversight to the development of our Group's business plans.

He is currently the Executive Chairman and Chief Executive Officer of SGX-listed Weiye Holdings Limited ("Weiye"), our Controlling Shareholder.

He has over 20 years of experience in various management positions in real estate industry as well as construction and property development companies, including state-owned enterprises in China. Previous appointments include operations manager of China Construction No. 7 Central Company, assistant manager of Henan Xinya Property Co., Ltd, general manager and subsequently managing director of Henan Xinfeng Property Co., Ltd, general manager of Henan Province Port Company and managing director of Henan Fenghua Industry Limited Company.

He graduated from Zhongzhou University with a diploma in law in 1990. He was certified as an economist by Henan Province Science Committee in 1996. He also obtained a Master of Business Administration from Macau University of Science and Technology in 2003.

DARRAN LIM WEE KEONG

Executive Director and Chief Executive Officer

Mr. Darran Lim was appointed as Chief Executive Officer to our Group on 17 October 2016 and subsequently appointed to our Board on 24 February 2017. He has been responsible for the overall business operations and performance of our Group since 17 October 2016.

He has over 15 years of management experience in multi-national companies such as R. Stahl Schaltgerate, Bartec Asia, Rockwell Automation and ABB. His extensive experience includes providing visionary leadership, being the catalyst for change, providing strategic and tactical direction, developing management teams, and re-engineering operations as well as product lines. His mandate included development and implementation of strategies and plans necessary to enable organizations or business units to succeed even when market conditions change. He is a well-rounded business leader with proven executive management skills in the areas of revenue and profit growth, market development, and team leadership.

He holds a Master of Business Administration (International) from the Edith Cowan University.

SEE YEN TARN

Independent Director

Mr. See Yen Tarn was appointed to our Board on 8 December 2015.

He is currently the chief executive officer of CSC Holdings Limited, a company listed on the Main Board of the SGX-ST. He was appointed to this position in 2006.

He has more than 20 years of senior management experience in various industries and has served as chief financial officer, executive director and deputy managing director for both listed and non-listed entities in Singapore from 2004 to 2006. Prior to joining CSC Holdings Limited, he was the chief financial officer of Longcheer Holdings Limited. From 2001 to 2004, he was the chief financial officer of Amanda Group Holdings Pte. Ltd., a company which specialised in the processing and export of frozen seafood products. From 1993 to 2001, he was the executive director and chief financial officer, and subsequently deputy managing director, of Tuan Sing Holdings Limited.

He holds a Bachelor of Accountancy from the National University of Singapore. He is qualified as a chartered accountant in England and Wales.

WONG CHEE MENG LAWRENCE

Independent Director

Mr. Lawrence Wong is our Independent Director and was appointed to our Board on 8 December 2015.

He is the Managing Director of Equity Law LLC and also heads its Corporate and Securities practice. He is an experienced and established corporate practitioner and was previously a partner of reputable law firms. He co-headed the Corporate and Securities Practice of his previous firm and also headed its subsidiary, an approved SGX continuing sponsor.

His areas of practice include corporate and securities laws, capital markets, mergers and acquisitions, corporate restructuring, joint ventures, corporate and commercial contracts, regulatory compliance and corporate governance advisory and corporate secretarial work. He has led numerous initial public offerings, reverse take-overs, secondary fund raising and cross-border merger and acquisitions exercises.

He graduated from the National University of Singapore in 1991 with an honours degree in law on a scholarship from the Public Service Commission of Singapore. Subsequently, he has accumulated an extensive working experience in both the public and the private sectors of the legal profession. He is an advocate and solicitor in Singapore and a solicitor in Hong Kong SAR.

He currently sits on the board of directors of several public listed companies and has been recognised in leading legal publications such as IFLR 1000, The Legal 500 Asia Pacific and Acquisition International.

JEFFREY ONG SHEN CHIEH

Independent Director

Mr. Jeffrey Ong was appointed to our Board on 8 December 2015.

He is currently the managing director of Sakal Investments Limited, a private equity investment firm, where he is responsible for the origination of investment opportunities across Asia as well as overseeing the transaction execution of the investment opportunities. He has held the position since March 2016.

From 2001 to 2003, he was an investment executive with Khong Guan Biscuits Factory Pte. Ltd., where he was involved with feasibility studies and project management for the property investment arm of the company. From 2003 to 2006, he was an investment manager with Apec Investments Limited. From 2006 to 2008, he was a senior manager with Provenance Capital Pte. Ltd., undertaking various aspects of corporate finance advisory work including initial public offerings. From 2008 to 2012, he assumed the role of vice-president – investments at EV Capital Pte Ltd, where his work included due diligence and feasibility studies for investments. From March 2012 to Feb 2016, he was the head of new business development at ORIX Leasing Singapore Limited where he was responsible for developing new businesses for the company through both product development and acquisitions.

He is also an Executive Director and an Independent Director of P99 Holdings Limited and Elec & Eltek International Company Limited respectively, both are companies listed on the Singapore Stock Exchange.

He holds a Bachelor of Science degree in Real Estate from the National University of Singapore.

KEY MANAGEMENT

EDDIE TAN MENG SEAH

Vice President (Operations and Clean Room Equipment Sales)

Mr. Eddie Tan joined our Group in 1995 and has provided key operational leadership for the regional sales growth of our Group in the past decade.

His primary responsibilities comprise overseeing the engineering and R&D, procurement and manufacturing planning functions of our Group's facilities. He also leads the engineering and sales of cleanroom equipment. He has more than 20 years of experience in the marketing and sales of clean room equipment.

TANG SIN

Vice President (Country Manager, PRC)

Ms. Tang Sin is responsible for the overall management of our Group's operations in the People's Republic of China since April 2015. Prior to joining our Group, she was general manager of Dongguan C. RAY Automatic Technology Co., Ltd (東莞市希鋭自動化科技股份公司) from 2009 to March 2015, where she was responsible for the overall management of the company. From 2000 to 2015, she was general manager of Dongguan Xiegang Yuxing Plating Equipment Factory (東莞市謝崗鎮裕興電鍍設備廠), where she oversaw the overall operations of the company.

She holds a Master of Business Administration from Sun Yat-Sen University. She is the vice president of the Shenzhen Surface Treatment Association (深圳市工業表面處理行業協會) and a director of the Women Entrepreneurs Association of Guangdong Province (廣東省東莞市女企業家協會常平分會).

ANDY TAN KIAN KOK

Group Financial Controller

Mr. Andy Tan is responsible for the entire financial management and statutory reporting of our Group since March 2015.

Prior to joining our Group, he was the group financial controller of HLH Group Limited from 2010 to 2012, and subsequently from 2013 to March 2015. From June 2012 to October 2012, he was the senior finance manager of Sembcorp Industries Limited. From 2009 to 2010, he was the finance manager of Kian Ho Bearings Ltd. From 2003 to 2009, he was employed by KPMG LLP, where he was eventually promoted to the position of audit manager. In 2002, he was an accounts executive with Allied Telesis Asia Pacific Pte Ltd. From 2000 to 2002, he was a senior accounts assistant with City Developments Limited, where he oversaw financial reporting matters for a portfolio of group entities.

He graduated with a Diploma in Accountancy from Ngee Ann Polytechnic in 1997. He is a chartered accountant of the Institute of Singapore Chartered Accountants, and a fellow member of the Association of Chartered Certified Accountants.

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the "**Board**") of Eindec Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company's corporate governance structures and practices that were in place during the financial year ended 31 December 2016 ("**FY2016**"), with specific reference made to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2016 (the "**Guide**").

Pursuant to the listing of the Company on the SGX-ST on 15 January 2016 up till the date of this Annual Report, the Group has complied substantially with the principles and guidelines of the Code, where there are deviations from the recommendations of the Code, we have provided the reasons and explanations in relation to the Company's practices, where appropriate.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code?	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. The specific principles and guidelines of the Code ("**Guidelines**") which the Company has not adopted are Guidelines 4.4, 8.4, 9.2 and 14.3. The Company have provided explanations for deviation from the Code.
	If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	**Guideline 4.4** Deviation The Board has not determined the maximum number of listed company board representations which any Director may hold. Alternative corporate governance practice: The NC is satisfied that despite some of the Directors having other Board representations, these Directors are able to and have adequately carried out their duties as Directors of the Company. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems necessary. Please refer to the response in Guide description (b) of Guideline 4.4 on page 20 of the Annual Report. **Guideline 8.4** Deviation The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. Alternative corporate governance practice: The Company has in place alternate corporate governance practices described herein such as Whistle-Blowing Policy and outsourced internal audit function as checks and balances to prevent the occurrence of such instances. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		Guideline 9.2 Deviation In view of the confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Directors in Annual Report. Alternative corporate governance practice: The Company has disclosed the remuneration matters based on remuneration bands. **Guideline 14.3** Deviation The Company has not adopted the recommendations to allow corporations which provide nominee or custodial services to appoint more than 2 proxies as the Company's Constitution does not provide for the same. Alternative corporate governance practice: On 3 January 2016, the legislation was amended, among other things to allow certain member, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirements. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.
	(a) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	The Board is of the view that the alternative corporate governance practices as described above and adopted by the Company in lieu of the recommendations in the Code, put in place the internal processes and controls that allow the Group to safeguard its commercial interest, which is crucial in developing long-term value to the Company's shareholders, without compromising on its commitment to maintain high standards of corporate governance, disclosure and transparency to them.
BOARD MATTERS		
The Board's Conduct of Affairs		
1.1	What is the role of the Board?	The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises management ("**Management**"). To fulfil this role, the Board sets the sets the Group's strategic direction, establishes goals for Management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group. The principal functions of the Board, apart from its statutory responsibilities, include: • providing entrepreneurial leadership and sets the overall strategy and direction of the Group; • reviewing and overseeing the management of the Group's business affairs, financial controls, performance and resource allocation; • approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions and major corporate policies; • overseeing the processes of risk management, financial reporting and compliance and evaluate the adequacy of internal controls; • approving the release of the Group's half-year and full-year financial results, related party transactions of material nature and the submission of the relevant checklists to the SGX-ST; • appointing directors and key management staff, including the review of performance and remuneration packages; and • assuming the responsibilities for corporate governance.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.2</td><td>All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company.</td><td>All Directors objectively discharge their duties and responsibilities at all times and take objective decisions in the interests of the Company.</td></tr>
<tr><td>1.3</td><td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td><td>To assist in the execution of its responsibilities, the Board is supported by three Board Committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively "Board Committees"). These Board Committees which operate within clearly defined terms of reference and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed on a regular basis to ensure their continued relevance.

The composition of the Board Committees are as follows:

<table>
<tr><th>Name of Director</th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>See Yen Tarn</td><td>Chairman</td><td>Member</td><td>Member</td></tr>
<tr><td>Jeffrey Ong Shen Chieh</td><td>Member</td><td>Chairman</td><td>Member</td></tr>
<tr><td>Wong Chee Meng Lawrence</td><td>Member</td><td>Member</td><td>Chairman</td></tr>
</table>
</td></tr>
<tr><td>1.4</td><td>Have the Board and Board Committees met in the last financial year?</td><td>Yes. The Board and Board Committees have met at the respective Board and Board Committees meetings held in FY2016.

The Board holds regular scheduled meetings to review the Group's key activities, business strategies, funding decisions, financial performance and to approve the release of the results of the Group. Adhoc meetings are convened when circumstances require. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction. Meetings via telephone or video conference are permitted by the Company's Constitution.

The number of meetings held and the attendance of each member at the Board's meetings and Board Committees' meetings throughout FY2016 are as follows:

<table>
<tr><th rowspan="4">Name of Directors</th><th colspan="2" rowspan="2">Board</th><th colspan="6">Board Committees</th></tr>
<tr><th colspan="2">AC</th><th colspan="2">NC</th><th colspan="2">RC</th></tr>
<tr><th colspan="2">No of meetings</th><th colspan="2">No of meetings</th><th colspan="2">No of meetings</th><th colspan="2">No of meetings</th></tr>
<tr><th>Held</th><th>Attended</th><th>Held</th><th>Attended</th><th>Held</th><th>Attended</th><th>Held</th><th>Attended</th></tr>
<tr><td>Mr. Zhang Wei</td><td>4</td><td>4</td><td>2</td><td>2*</td><td>2</td><td>2*</td><td>2</td><td>2*</td></tr>
<tr><td>Mr. Paul Chia Wei Ho(1)</td><td>4</td><td>4</td><td>2</td><td>2*</td><td>2</td><td>2*</td><td>2</td><td>2*</td></tr>
<tr><td>Mr. See Yen Tarn</td><td>4</td><td>3</td><td>2</td><td>2</td><td>2</td><td>2</td><td>2</td><td>2</td></tr>
<tr><td>Mr. Jeffrey Ong Shen Chieh</td><td>4</td><td>4</td><td>2</td><td>2</td><td>2</td><td>2</td><td>2</td><td>2</td></tr>
<tr><td>Mr. Wong Chee Meng Lawrence</td><td>4</td><td>4</td><td>2</td><td>2</td><td>2</td><td>2</td><td>2</td><td>2</td></tr>
<tr><td>Mr.Darran Lim Wee Keong(2)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
</table>

* By invitation

(1) Mr. Paul Chia Wei Ho resigned as the Executive Director and Chief Executive Officer ("CEO") on 17 October 2016.

(2) Mr. Darran Lim Wee Keong has been appointed as the CEO and Executive Director on 17 October 2016 and 24 February 2017 respectively.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.5	What are the types of material transactions which require approval from the Board?	The Group had adopted a set of internal guidelines setting forth financial authorisation and approval limits for investments, acquisitions and disposals. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board. Matters requiring the Board's decision and approval include the followings: (1) Approval of the Group's major investments/divestments and funding decisions; (2) Approval of the Group's half yearly financial updates, half year and full-year financial result announcements for release to the SGX-ST; (3) Approval of any agreement which is not in the ordinary course of business; (4) Approval of any major borrowings or corporate guarantees in relation to borrowings; (5) Entering into any profit-sharing arrangement; (6) Incorporation or dissolution of any subsidiary; (7) Issuance of shares or declaration of dividends; (8) Approval of the annual report and audited financial statements; (9) Convening of general meetings; (10) Approval of corporate strategies; (11) Approval of material acquisitions and disposal of assets; and (12) Approval of announcements or press releases concerning the Group for release via the SGXNET.
1.6	(a) Are new Directors given formal training? If not, please explain why.	Newly appointed Directors receive appropriate training, if required. Mr. Darran Lim Wee Keong has undertaken relevant training to familiarise himself with the roles and responsibilities of a director of a public listed company in Singapore. Such training includes a course conducted by the Singapore Institute of Directors on directors' responsibilities and corporate governance of SGX-ST listed companies held on 8 March 2017.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	(i) The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings. Directors will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's business. (ii) The Directors are also updated regularly with changes to the SGX-ST Listing Rules, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. (iii) The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties. (iv) New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. The Company Secretary informed the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. Annually, the external auditors update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>1.7</td><td>Upon appointment of each director, has the company should provide a formal letter to the director, setting out the director's duties and obligations?</td><td>A formal letter of appointment would be furnished to every newly-appointed Director upon their appointment explaining, among other matters, their roles, obligations, duties and responsibilities as member of the Board.</td></tr>
<tr><td colspan="3"><u>Board Composition and Guidance</u></td></tr>
<tr><td>2.1
2.2
3.3</td><td>Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.</td><td>Yes. Presently, there is a strong and independent element on the Board. Three out of five Directors of the Company are Independent Directors, which their independence are reviewed by the NC.

The composition of the Board are as follows:
<table>
<tr><th>Name of Directors</th><th>Board</th></tr>
<tr><td>Zhang Wei</td><td>Non-Executive Chairman</td></tr>
<tr><td>Darran Lim Wee Keong[(1)]</td><td>Executive Director and CEO</td></tr>
<tr><td>See Yen Tarn</td><td>Independent Director</td></tr>
<tr><td>Jeffrey Ong Shen Chieh</td><td>Independent Director</td></tr>
<tr><td>Wong Chee Meng Lawrence</td><td>Independent Director</td></tr>
</table>
(1) Mr. Darran Lim Wee Keong has been appointed as the CEO and Executive Director on 17 October 2016 and 24 February 2017 respectively.</td></tr>
<tr><td>2.3
4.3</td><td>Has the independence of the Independent Directors been reviewed in the last financial year?</td><td>The NC considers an "independent" Director as one who has no relationship with the Company, its related corporations or its officers that could interfere or be reasonable perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company.

For FY2016, the NC has reviewed the independence of each Independent Director and is of the view that these Directors are independent.</td></tr>
<tr><td></td><td>(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.

(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</td><td>The Independent Directors do not have any relationship as stated in the Code that would otherwise deem him not to be independent.</td></tr>
<tr><td>2.4</td><td>Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.</td><td>There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>2.5</td><td>Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?</td><td>The NC has reviewed the size and composition of the Board. The NC is satisfied that the current size and composition of the Board is appropriate and provides it with adequate ability to meet the existing scope of needs and the nature of operations of the Company, which facilitates effective decision-making. From time to time, the NC will review the appropriateness of the current Board size, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.</td></tr>
<tr><td>2.6</td><td>(a) What is the Board's policy with regard to diversity in identifying director nominees?</td><td>The Board's policy in identifying director nominees is primarily to have the Directors who are qualified and experienced in various fields including business administration, strategic planning, business management, legal, accounting and finance.</td></tr>
<tr><td></td><td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td><td>The current Board comprises of persons who as a group, have core competencies necessary to lead and manage the Group's businesses and operations.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:
<table>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board (%)</th></tr>
<tr><td>Core competencies</td><td></td><td></td></tr>
<tr><td>• Accounting or finance</td><td>2</td><td>40</td></tr>
<tr><td>• Business management</td><td>3</td><td>60</td></tr>
<tr><td>• Legal or corporate governance</td><td>2</td><td>40</td></tr>
<tr><td>• Relevant industry knowledge or experience</td><td>3</td><td>60</td></tr>
<tr><td>• Strategic planning experience</td><td>3</td><td>60</td></tr>
<tr><td>• Customer based experience or knowledge</td><td>3</td><td>60</td></tr>
</table>
The Board is presently all-male.</td></tr>
<tr><td></td><td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td><td>The composition of the Board is reviewed annually by the NC to ensure that there is an appropriate mix of expertise and experience to enable Management to benefit from a diverse perspective to issues that are brought before the Board.

In addition, the Directors are encouraged to attend seminars and receive training to improve themselves in discharge of Directors' duties and responsibilities as well to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are relevance to the Group.</td></tr>
<tr><td>2.7</td><td>How have the non-executive directors:

(a) constructively challenge and help develop proposals on strategy; and

(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?</td><td>The role of the Non-Executive Director and Independent Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined and take into account the long-term interests of not only the shareholders, but also of the employees, customers, suppliers and the communities in which the Group conducts its business and reviewing the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

The NC considers its Non-Executive Director and Independent Directors to be of sufficient calibre and size and their views to be of sufficient weight such that no individual of small group of individual dominates the Board decision-making process.</td></tr>
<tr><td>2.8
3.4</td><td>Have the Non-Executive Directors/Independent Directors met in the absence of key management personnel in the last financial year?</td><td>Yes. The Company co-ordinates informal meeting sessions for Non-Executive Director and Independent Directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer		
3.1 3.2	Are the duties between Chairman and CEO segregated?	Yes. Mr. Zhang Wei is the Non-Executive Chairman while Mr. Darran Lim Wee Keong is the CEO of the Company. The Non-Executive Chairman and the CEO are not related. The Non-Executive Chairman ensures effective and comprehensive Board discussion on matters brought to the Board including strategic issues as well as business planning and provides executive leadership and supervision to the Executive Directors and the Senior Management team of the Company and the Group. The responsibilities of the Non-Executive Chairman include: (1) Scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations; (2) Ensuring that Directors receive accurate, timely and clear information, and ensuring effective communication with shareholders; (3) Ensuring the Group's compliance with the Code; and (4) Acting in the best interest of the Group and of the shareholders. The Company Secretary may be called to assist the Non-Executive Chairman in any of the above. The role of the CEO including the execution of strategic business directions as well as oversight of the operations and business development of the Group. All major decisions made by the Board are subject to majority approval of the Board. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority within the spirit of good corporate governance. The Non-Executive Chairman is not part of the management team of the Company. The Independent Directors of the Company meet amongst themselves without the presence of the other Director where necessary, and will provide feedback to the Non-Executive Chairman after such meetings.
Board Membership		
4.1 4.2	What are the duties of the NC?	The NC has its terms of reference, setting out their duties and responsibilities, which include the followings: (a) to make recommendations to the Board on all board appointments, including re-nominations, having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Director; All Directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least every three years; (b) to determine annually whether or not a Director is independent; (c) in respect of a Director who has multiple board representations on various companies, to decide whether or not such director is able to and has been adequately carrying out his/her duties as director, having regard to the competing time commitments that are faced when serving on multiple boards; (d) reviewing and approving any new employment of related persons and the proposed terms of their employment; and

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(e) to decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value. The Board will also implement a process to be proposed by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable). The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required as well as evaluate the profession, knowledge and experience of the candidate to enable the Board to fulfil its responsibilities.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits.
	(b) If a maximum has not been determined, what are the reasons?	Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his/her duties as a Director of the Company taking into consideration time and resources allocated to the affairs of the Company. The NC is of the view that all the directors are able to devote to the Company's affairs in light of their other commitments and therefore, the Board has not capped the maximum number of board representations each Director is allowed to hold.
	(c) What are the specific considerations in deciding on the capacity of directors?	The Board and the NC have endeavoured to ensure that the Directors appointed to the Board possess the relevant experience, knowledge and expertise critical to the Group's business. The NC would take into consideration, amongst other things, the Directors' contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Group's business and affairs), independence, other board representations, and any other factors as may be deemed relevant by the NC.
	(d) Have the Directors adequately discharged their duties?	Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company.
4.5	Are there alternate Directors?	There is no alternate director being appointed to the Board.
4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting new Directors, the NC will seek to identify the competencies required as well as evaluate the profession, knowledge, experience, commitment ability to contribute to the Board process and such other qualities and attributes that may be required by the Board of the candidate to enable the Board to fulfil its responsibilities. The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for its consideration and/or approval.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		The NC makes recommendation to the Board on re-appointment of Directors based on, among others, the Director's attendance record at meetings of the Board and Board Committees, participation at meetings and contributions to the Group's business and affairs. The Company's Constitution requires one-third of the Board to retire by rotation at every Annual General Meeting ("**AGM**"). Each Director shall retire from office once every three years. Pursuant to Regulation 98 of the Company's Constitution, at each AGM at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Pursuant to Regulation 102, Directors of the Company who were newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM. A retiring Director shall be eligible for re-election at the meeting at which he retires. Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director. The NC has recommended to the Board that Mr. Zhang Wei, Mr. Jeffrey Ong Shen Chieh and Mr. Darran Lim Wee Keong, be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation. Mr. Jeffrey Ong Shen Chieh, being the Chairman of the NC, who is retiring at the AGM abstained from voting on the resolution in respect of his re-nomination as a Director.
4.7	Please provide the following key information regarding the Directors'. • academic and professional qualifications • Shareholding in the Company and its related corporation • Board committees served on (as a member or chairman), date of first appointment and last re-appointment as a director; • Directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments; • Indicate which directors are executive, non-executive or considered by the NC to be independent; and • The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions.	Please refer to pages 35 and 36 of the Annual Report.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Performance		
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	The performance criteria include financial targets, the contribution by Directors, their expertise, their sense of independence and their industry knowledge. This encourages constructive feedback from the Board and Board Committees which leads to an enhancement of its performance over time. Although the Directors are not evaluated individually, the factors taken into consideration with regards to the re-nominating of Directors are based on their attendance and contributions made at the Board and Board Committees meetings.
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	The Board has implemented a process to evaluate its performance of the Board and respective Board Committees through the adoption of the formal evaluation form for the Board as a whole and Board Committees. The results of the evaluation exercises would be collated by the Company Secretary for the NC's review and consideration, which then made recommendations to the Board on enhancements to improve the effectiveness of the Board and Board Committees. No external facilitator was engaged in the evaluation process for FY2016.
	(b) Has the Board met its performance objectives?	The Board has met to discuss the evaluation of the Board and Board Committees' performance and is of the view that it has satisfactory met its performance objectives for FY2016.
Access to Information		
6.1 6.2 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	The Management strives to provide Board members with adequate and timely information for Board and Board Committees meetings on an on-going basis. The Board and Board Committees papers are prepared for each meeting and are disseminated to the members before the meetings. The Board and Board Committees papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees meetings. Directors are given separate and independent access to the Group's Management and Company Secretary to address any enquiries. The Directors have separate and independent access to the Company's Management and the Company Secretary at all times to address any enquiries. Should the Directors, whether as a group or individually, require independent professional advice, such professionals (who will be selected with the concurrence of the Chairman or the Chairman of the Board Committees requiring such advice) will be appointed at the Company's expense.
6.3 6.4	What is the role of the Company Secretary?	The Company Secretary or her representative administers, attend and prepare minutes of all Board and Board Committees meetings and assists the Chairman of the Board and/or the AC, RC and NC in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and the Committees function effectively. The appointment and removal of the Company secretary is subject to the Board's approval.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	The RC has its terms of reference, setting out their duties and responsibilities, which include the followings: (a) to recommend to our Board a framework of remuneration for our Directors and Executive Officers, and to determine specific remuneration packages for each Executive Director and any Chief Executive Officer (or executive of equivalent rank) and key management personnel, if such Chief Executive Officer and key management personnel is not an Executive Director, such recommendations to be submitted for endorsement by our entire Board and should cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options, benefits in kind; (b) in the case of service contracts (if any) for any Director or Executive Officer, to consider what compensation commitments the Directors' or Executive Officers' contracts of service, if any, would entail in the event of early termination with a view to be fair and avoid rewarding poor performance; and (c) in respect of any long-term incentive schemes including share schemes as may be implemented, to consider whether any Director should be eligible for benefits under such long-term incentive schemes. No Director will be involved in determining his own remuneration. The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. In reviewing the service agreements of the Executive Directors and key management personnel of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.
7.3	Were remuneration consultants engaged in the last financial year?	The Board has not engaged any external remuneration consultants to advice on remuneration matters.
Level and Mix of Remuneration		
8.1	What are the measures for assessing the performance of executive directors and key management personnel?	The remuneration for the Executive Directors and certain key management personnel comprise a fixed and variable component. The variable component is performance related and is linked to the Group's performance as well as the performance of each individual Executive Director and key management personnel.
8.2	Are there long-term incentive schemes for Executive Directors and key management personnel?	The Company has adopted the Eindec Performance Share Plan 2015 ("**PSP**") to: • foster an ownership culture within the Group which aligns the interests of participants with the interests of shareholders; • motivate participants to achieve key financial and operational goals of the Company and/or their respective business divisions and encourage greater dedication and loyalty to the Group; and • make total employee remuneration sufficiently competitive to recruit new participants and/or retain existing participants whose contributions are important to the long-term growth and profitability of the Group, and whose skills are commensurate with the Company's ambition to become a world class company.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>The full time employees of the Group, the Group Executive Directors, controlling shareholders and associates of controlling shareholders are eligible to participate in the PSP in accordance with the Rules of the PSP. Employees who are controlling shareholders or associates of controlling shareholders shall not participate in the PSP unless their participation and the terms of each grant and the actual number of awards to be granted to them have been approved by the independent shareholders in general meeting in separate resolutions for each such person.</td></tr>
<tr><td>8.3</td><td>How is the remuneration for non-executive directors determined?</td><td>The Independent Directors and Non-Executive Director receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors and Non-Executive Director shall not be over-compensated to the extent that their independence may be compromised. There were no share-based compensation schemes in place for Independent Directors and Non-Executive Directors.

Directors' fees are endorsed by the RC and recommended by the Board for shareholders' approval at the AGM of the Company.</td></tr>
<tr><td>8.4</td><td>Are there any contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company?</td><td>The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.</td></tr>
<tr><td colspan="3"><u>Disclosure on Remuneration</u></td></tr>
<tr><td>9</td><td>What is the Company's remuneration policy?</td><td>The Company's remuneration policy is to reward successful performance and attract, retain and motivate Directors and key management personnel. The RC will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages.</td></tr>
<tr><td>9.1
9.2</td><td>Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The details of the level and mix of remuneration of the Directors of the Group for the services rendered during FY2016 are as follows:
<table>
<tr><th>Remuneration Band and Name of Directors</th><th>Salary (%)</th><th>Bonus (%)</th><th>Other Benefits (%)</th><th>Share Options (%)</th><th>Directors' Fees (%)</th><th>Total (%)</th></tr>
<tr><td colspan="7">S$250,000 – S$500,000</td></tr>
<tr><td>Mr. Paul Chia Wei Ho(1)</td><td>89</td><td>10</td><td>1</td><td>-</td><td>-</td><td>100</td></tr>
<tr><td colspan="7">Below S$250,000</td></tr>
<tr><td>Mr. Zhang Wei</td><td>-</td><td>-</td><td>-</td><td>-</td><td>100</td><td>100</td></tr>
<tr><td>Mr. Darran Lim Wee Keong(2)</td><td>100</td><td>-</td><td>-</td><td>-</td><td>-</td><td>100</td></tr>
<tr><td>Mr. See Yen Tarn</td><td>-</td><td>-</td><td>-</td><td>-</td><td>100</td><td>100</td></tr>
<tr><td>Mr. Jeffrey Ong Shen Chieh</td><td>-</td><td>-</td><td>-</td><td>-</td><td>100</td><td>100</td></tr>
<tr><td>Mr. Wong Chee Meng Lawrence</td><td>-</td><td>-</td><td>-</td><td>-</td><td>100</td><td>100</td></tr>
</table>
Notes:
(1) Mr. Paul Chia Wei Ho resigned as the Executive Director and CEO on 17 October 2016.
(2) Mr. Darran Lim Wee Keong has been appointed as the CEO of the Company on 17 October 2016 and appointed as the Executive Director of the Company on 24 February 2017.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>In view of the confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of Directors in Annual Report and that the disclosure based on the above remuneration bands is appropriate.

For FY2016, there were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel other than the standard contractual notice period termination payment in lieu of service.</td></tr>
<tr><td>9.3</td><td>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</td><td>The details of the remuneration of relevant key management personnel of the Group for services rendered during FY2016 are as follows:
<table>
<tr><th>Name of Key Management Personnel</th><th>Salary (%)</th><th>Bonus (%)</th><th>Other Benefits (%)</th><th>Share Options (%)</th><th>Total (%)</th></tr>
<tr><td colspan="6">Below S$250,000</td></tr>
<tr><td>Eddie Tan Meng Seah</td><td>85</td><td>14</td><td>1</td><td>-</td><td>100</td></tr>
<tr><td>Tang Sin</td><td>90</td><td>10</td><td>-</td><td>-</td><td>100</td></tr>
<tr><td>Andy Tan Kian Kok</td><td>84</td><td>16</td><td>-</td><td>-</td><td>100</td></tr>
</table>
Note: There were only three key management personnel of the Group during FY2016.

In view of the confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of key management personnel in Annual Report and that the disclosure based on the above remuneration bands is appropriate.</td></tr>
<tr><td></td><td>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).</td><td>For FY2016, the aggregate total remuneration paid to the relevant key management personnel (who are not Director or the CEO) amounted to S$444,000.</td></tr>
<tr><td>9.4</td><td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td><td>There were no employees who were immediate family members of a Director or CEO whose remuneration exceeds S$50,000 in the Group's employment during the financial year under review.</td></tr>
<tr><td>9.5</td><td>Please provide details of the employee share scheme(s).</td><td>The Company has adopted the PSP. The full time employees of the Group, the Group Executive Directors, controlling shareholders and associates of controlling shareholders are eligible to participate in the PSP in accordance with the Rules of the PSP. Employees who are controlling shareholders or associates of controlling shareholders shall not participate in the PSP unless their participation and the terms of each grant and the actual number of awards to be granted to them have been approved by the independent shareholders in general meeting in separate resolutions for each such person. During FY2016 and as at the date of this Annual Report, no awards have been granted under the PSP.

Further details of the PSP are set out in the Company's Offer Document dated 6 January 2016.</td></tr>
<tr><td>9.6</td><td>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td><td>The remuneration for the Executive Directors and certain key management personnel comprise a fixed and variable component. The variable component is performance related and is linked to the Group's performance as well as the performance of each individual Executive Director and key management personnel.</td></tr>
</table>

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td>(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?</td><td>The RC will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages.

The following performance conditions were chosen to determine the entitlement for the Executive Director and key management personnel under the short-term incentives and long-term incentives:

<table>
<tr><th>Performance Conditions</th><th>Short-term Incentives (such as performance bonus)</th><th>Long-term Incentives (such as PSP)</th></tr>
<tr><td>Qualitative</td><td>• Leadership
• People development
• Commitment
• Teamwork
• Current marked and industry practices</td><td>• Leadership
• People development
• Commitment
• Teamwork
• Current marked and industry practices</td></tr>
<tr><td>Quantitative</td><td>• Relative financial performance of the Group in terms of profit to its industry peer
• Positive sales revenue</td><td>• Relative financial performance of the Group in terms of profit to its industry peer</td></tr>
</table>
</td></tr>
<tr><td></td><td>(c) Were all of these performance conditions met? If not, what were the reasons?</td><td>As the Company was listed on the Catalist of the SGX-ST on 15 January 2016, the RC would determine the entitlement under the short-term and long-term incentives for FY2016 based on the performance conditions provided in Guide description (b) for Guideline 9.6 above.</td></tr>
<tr><td colspan="3">ACCOUNTABILITY AND AUDIT</td></tr>
<tr><td colspan="3"><u>Accountability</u></td></tr>
<tr><td>10.1
10.2</td><td>The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.</td><td>The Board understands its accountability to the shareholders on the Group's position, performance and progress. The objectives of the presentation of the annual audited financial statements, full-year and half-yearly results to its shareholders are to provide the shareholders with a balanced and understandable analysis and explanation of the Group's financial performance and position and prospects.

The Management understands its role to provide all members of the Board with a balanced and understandable assessment of the Group's performance, position and prospects. The Management provides the Board with appropriately detailed information on the Company's performance, position, and prospects on half yearly basis and when deem appropriate.

The Board will take adequate steps to ensure compliance with legislative and regulatory requirements. In line with the SGX-ST Catalist Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statement.

The Management is accountable to the Board and maintains regular contact and communication with the Board including preparing and circulation to the Board of half yearly and full year financial statements of the Group. These enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
<u>Risk Management and Internal Controls</u>		
11.1	The Board should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.	The Board acknowledges its responsibility for the governance of risk and ensures that the Management maintains a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Company's assets. However, the Board also acknowledges that no cost-effective internal control system will preclude all errors and irregularities. The system is designed to manage rather than eliminate risks of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss, there are maintenance of proper accounting records, financial information are reliable, and assets are safeguarded.
11.2 11.4	The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	Management is responsible for designing, implementing and monitoring the risk management and internal control systems within the Group. Management regularly reviews the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Any significant matters are highlighted to the Board and the AC for their deliberation. To further review the adequacy and effectiveness of internal controls, the AC is assisted by various independent professional service providers. The assistance of the internal auditors enabled the AC to carry out assessments of the effectiveness of key internal controls during the year.
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Material non-compliance or weaknesses in internal controls or recommendations from the internal auditors and external auditors to further improve the internal controls were reported to the AC including the Management action plans to be undertaken to address the recommendations. The AC also follows up on the actions taken by the Management on the recommendations made by the internal auditors and external auditors arising from their work performed. Based on the reports submitted by the internal and external auditors received by the AC and the Board, nothing material has come to the attention of the AC and the Board to cause the AC and the Board to believe that the internal controls are not satisfactory based on the current size and nature of the Company's business. To further enhance the risk management procedures in place, the Group is working with its internal auditors, Nexia TS Risk Advisory Pte. Ltd., to establish a structured Enterprise Risk Management ("**ERM**") framework which will provide documented guidance on the process for identifying and assessing risks, adequacy of countermeasures and the manner in which risks matters are reported to the Board and AC. Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external auditors, reviews performed by Management and the controls and processes which are currently in place, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective in addressing the financial, operational, compliance and information technology control risks of the Group as at 31 December 2016.

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	The Directors have received and considered the representation letters from the CEO and Group Financial Controller ("**GFC**") in relation to the financial information for the year. The CEO and the GFC have assured the Board that: a. The financial records have been properly maintained and the financial statements for the FY2016 give a true and fair view in all material respects, of the Company's operations and finances; and b. The Group's internal control and risk management systems are operating effectively in all material respects given its current business environment.
Audit Committee		
12.1 12.3 12.4	What is the role of the AC?	The AC has its terms of reference, setting out their duties and responsibilities, which include the followings: (a) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response; (b) review with the internal audit department the internal audit plan and evaluate the adequacy of our internal control and accounting system in our annual report; (c) review the financial statements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements; (d) review the internal control and procedures, ensure co-ordination between the external auditors and our management, review the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary); (e) review any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response; (f) review, where applicable, the role and effectiveness of the internal audit procedures; (g) review and approve interested person transactions and review procedures thereof; (h) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the external and internal auditors; (i) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time; (j) undertake such other reviews and projects as may be requested by our Board of Directors and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td></td><td></td><td>(k) review at least annually our Group's key financial risk areas, with a view to provide an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports of our Company or, where the findings are material, to announce such material findings immediately via SGXNET; and

(l) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.</td></tr>
<tr><td>12.2</td><td>Are the members of the AC appropriately qualified to discharge its responsibilities?</td><td>The Board is of the view that the AC members possess experience in finance, legal and business management which are appropriately qualified, having the relevant accounting or related financial management expertise to discharge their responsibilities.</td></tr>
<tr><td>12.5</td><td>Has the AC met with the auditors in the absence of key management personnel?</td><td>The AC will meet with the external auditors and internal auditors without the presence of Management, as and when necessary, to review the adequacy of audit arrangements, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors.

The AC has met the external auditors and internal auditors without the presence of Management for FY2016.</td></tr>
<tr><td>12.6</td><td>Has the AC reviewed the independence of the EA?</td><td>The AC has reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditors.

The AC recommends to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditors and approving the remuneration of the external auditors. The AC has recommended to the Board the nomination of KPMG LLP for re-appointment as external auditors of the Company at the forthcoming AGM. The Company confirms that Rule 712 and Rule 715 of the Catalist Rules have been complied with.</td></tr>
<tr><td></td><td>(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.</td><td>The aggregate amount paid to the external auditors for audit and non-audit services for FY2016 are as follows:
<table><tr><th></th><th>S$'000</th></tr><tr><td>Audit Fees</td><td>126</td></tr><tr><td>Non-audit Fees</td><td>10</td></tr></table></td></tr>
<tr><td></td><td>(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.</td><td>Annually, the AC conducts a review of all non-audit services provided by the external auditors. The AC received an audit report from the external auditors setting out the non-audit services provided and fees charged for FY2016. The AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>The AC is given the task of commissioning investigation into matters where there is suspected fraud or irregularity, or failure of internal control or infringement of any law, rule or regulation which has or likely to have a material impact on the Company's operating results or financial position, and to review its findings.

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

(i) independent investigations are carried out in an appropriate and timely manner;</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		(ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.
12.8	What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?	The AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors.
12.9	Are any of the members of the AC a former partner or director of the Company's existing auditing firm or auditing corporation?	No former partner or director of the Company's existing auditing firm has acted as a member of the AC.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The internal audit function is currently outsourced to Nexia TS Risk Advisory Pte. Ltd. ("**Nexia**") and they report directly to the AC on audit matters and CEO on administrative matters. The Internal Auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to AC. Nexia has conducted parts of its audit plan and put forward its findings and recommendations to the AC for review. The Internal Auditor has a direct and primary reporting line to the AC and assists the AC in overseeing and monitoring the implementation of improvements required on internal control weaknesses identified. The AC has reviewed the annual internal audit plan for financial year ended 31 December 2016 and is satisfied that the internal audit functions have been adequately resourced and carried out. The AC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The AC approves the appointment, removal, evaluation and compensation of the internal auditors. Nexia is a member of the Institute of Internal Auditors Singapore ("**IIA**"), an internal professional association for internal auditors which has its headquarters in the United States. The audit work carried out is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA. The AC would annually review the adequacy and effectiveness of the internal audit function of the Company.
Shareholders' Rights		
14.1	Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares.	In line with the continuous obligations of the Company under the SGX-ST Catalist Rules and the relevant rules and regulations, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

<table>
<tr><th>Guideline</th><th>Code and/or Guide Description</th><th>Company's Compliance or Explanation</th></tr>
<tr><td>14.2</td><td>Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.</td><td>Shareholders are informed of the general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in and vote at the general meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy form sent in advance.</td></tr>
<tr><td>14.3</td><td>Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.</td><td>The Company's Constitution does not include the nominee or custodial services to appoint more than two proxies.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "Relevant Intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.</td></tr>
<tr><td colspan="3">SHAREHOLDER RIGHTS AND RESPONSIBILITIES</td></tr>
<tr><td colspan="3"><u>Communication with Shareholders</u></td></tr>
<tr><td>15.2
15.3
15.4</td><td>(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?

(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?

(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</td><td>The Company firmly believes in high standards of transparent corporate disclosure by disclosing to its stakeholders, including its shareholders the relevant information on a timely basis through SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:-

• Annual Reports that are prepared and sent to all shareholders. The Board ensures that the Annual Report includes all relevant material information about the Company and the Group, including future developments and other disclosures required by the relevant rules and regulations;

• Half yearly announcements containing a summary of the financial information and affairs of the Group for that period;

• Notices of explanatory memoranda for AGMs and Extraordinary General Meetings ("EGM"). The notice of AGM and EGM are also advertised in a national newspaper; and

• Press and news releases on major developments of the Company and the Group;

The Company's website at www.eindec.com.sg at which our shareholders can access financial information, corporate announcements, press releases, Annual Reports and profile of the Group.

By supplying shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company has engaged the investor relations firm who focus on facilitating the communications with all stakeholders, shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investors public apprised of the Group's corporate developments and financial performance.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, either before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with notice of AGM by post and published in the newspapers within the mandatory period, which is held within three months after the close of the financial year.</td></tr>
</table>

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
15.5	Does the Company have a dividend policy?	The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business conditions, the Group's development plans and other factors as the Board may deem appropriate.
	Is the Company is paying dividends for the financial year? If not, please explain why.	Dividend were not declared or paid for FY2016 in order to retain internally generated funds for business expansion.
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to be updated on the Group's strategies and goals. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. The Board welcomes questions from shareholders who wish to raise issues, either informally or formally before or during the AGM. Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. All the resolutions at the general meetings are single item resolutions. The Chairman of the AC, NC and RC are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by our shareholders. The Company will make available minutes of general meetings to shareholders upon their request. The Company acknowledges that voting by poll in all its general meeting is integral in the enhancement of corporate governance. The Company adhere to the requirements of the Listing Manual – Section B: Rules of Catalist of the SGX-ST and the Code, all resolutions at the Company's general meetings held on or after 1 August 2015, if any, are put to vote by poll. For cost effectiveness, the Company had adopted manual polling for resolutions voted at the general meeting held in FY2016. The detailed results of each resolution are announced via SGXNet after the general meetings.

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of Auditors	The AC has recommended to the Board the nomination of KPMG LLP for re-appointment as external auditors of the Company at the forthcoming AGM. The Company confirms that Rule 712 and Rule 715 of the Catalist Rules have been complied with.
1204(8)	Material Contracts	There were no material contracts of the Company or its subsidiaries involving the interest of the non-Executive Chairman, or any director or controlling shareholder subsisting at the end of the financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems are adequate and effective in addressing the financial, operational, compliance and information technology control risks of the Group as at 31 December 2016 based on the followings: • internal controls established and maintained by the Group; • work performed by the internal auditors and external auditors; • reviews performed by Management and the controls and processes which are currently in place; and • assurance received from the CEO and GFC.
1204(17)	Interested Persons Transaction ("**IPT**")	The Company has established a guidelines and review procedures for the on-going and future interested person transactions ("**IPTs**"). The IPTs are subject to review by the AC to ensure that they are on normal commercial terms and on an arm's length basis, that is, the transactions are transacted in terms and prices not more favourable to the interested persons than if they were transacted with a third party and are not prejudicial to the interests of the Group or our minority shareholders in any way. There were no IPTs more than S$100,000 between the Company and any of its interested persons (namely, Directors, executive officers or controlling shareholders of the Group or the associates of such Directors, executive officers or controlling shareholders) subsisting for FY2016.
1204(19)	Dealing in Securities	The Company has adopted its own internal Code of Best Practices to provide guidance to all officers and employees of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1204 (19) of the Catalist Rules of the SGX-ST. The Company and its officers are prohibited from dealing in the Company's securities during the periods commencing one month before the announcement of the Company's half year and full year results and ending on the date of the announcement of the relevant results. Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or while they are in possession of unpublished price-sensitive information of the Group. They are not to deal in the Company's securities on short-term considerations.
1204(21)	Non-sponsor fees	The Company is currently under the SGX-ST Catalist sponsor-supervised regime and the continuing sponsor of the Company is UOB Kay Hian Private Limited (the "**Sponsor**"). In compliance with Rule 1204(21) of the Catalist Rules, non-sponsor fees of S$244,335 was paid to the Sponsor for IPO placement exercise in FY2016.

<table>
<tr><th><u>Catalist Rule</u></th><th><u>Rule Description</u></th><th><u>Company's Compliance or Explanation</u></th></tr>
<tr><td>1204(22)</td><td>Use of IPO Proceeds</td><td>
Pursuant to the Company's IPO, the Company received net proceeds from the IPO of S$4.55 million ("Net Proceeds").
As at the date of this Annual Report, the status of the use of the Net Proceeds is as follows:
<table>
<tr><th>Purpose</th><th>Allocation of Net Proceeds (as disclosed in the Offer Document) (S$'000)</th><th>Net Proceeds utilised as at the date of this announcement (S$'000)</th><th>Balance of Net Proceeds as at the date of this annual report (S$'000)</th></tr>
<tr><td>Establishment of a new business for environmental and technological solutions products in the People's Republic of China</td><td>3,300</td><td>2,000</td><td>1,300</td></tr>
<tr><td>Investment in the research and development of new and existing products and enhancement of manufacturing capabilities</td><td>500</td><td>500</td><td>-</td></tr>
<tr><td>Working Capital(1)</td><td>750</td><td>750(1)</td><td>-</td></tr>
<tr><td>Total</td><td>4,550</td><td>3,250</td><td>1,300</td></tr>
</table>
Note:
(1) The amount allocated for working capital had been utilised mainly for the payment of raw material purchases and other expenses pertaining to the Group's operations in Malaysia.
</td></tr>
</table>

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE 2012

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years
Mr Zhang Wei	• Diploma in law from Zhongzhou University • Certified economist by Henan Province Science Committee • Master of Business Administration from Macau University of Science and Technology	Non-Executive Chairman	Board Chairman	2 September 2015	28 April 2016	• Weiye Holdings Limited	Nil
Mr Darran Lim	• Master of Business Administration (International) from the Edith Cowan University	Executive Director and Chief Executive Officer	Board Member	24 February 2017	-	-	Nil
Mr See Yen Tarn	• Bachelor of Accountancy from the National University of Singapore • Chartered Accountant in England and Wales	Independent Director	Board Member, Chairman of AC and Member of NC and RC	8 December 2015	28 April 2016	• CSC Holdings Limited • Longcheer Holdings Limited • Singhaiyi Group Ltd.	• Acesian Partners Limited (formerly known as Linair Technologies Limited) • Changjiang Fertilizer Holdings Limited • Eagle Brand Holdings Limited • Renewable Energy Asia Group Limited • Linzhong Wheel Group Ltd.

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE 2012

Name of Director	Academic/ Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member as at the date of this Annual Report	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies	Past directorships in other listed companies over the preceding 3 years
Mr Jeffrey Ong	• Bachelor of Science degree in Real Estate from the National University of Singapore	Independent Director	Board Member, Chairman of NC and Member of AC and RC	8 December 2015	28 April 2016	• Sakal Investment Limited • P99 Holdings Limited	Nil
Mr Wong Chee Meng Lawrence	• Bachelor of Laws from National University of Singapore • An advocate and solicitor in Singapore • A solicitor in the Hong Kong Special Administrative Region of People's Republic of China	Independent Director	Board Member, Chairman of RC and Member of NC and AC	8 December 2015	28 April 2016	• China Bering (Singapore) Ltd. • Sino Grandness Food Industry Group Limited	• Harry's Holdings Pte. Ltd. • We Holding Ltd. • Ziwo Holdings Ltd. • Artvision Technologies Ltd.

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2016.

In our opinion:

(a) the financial statements set out on pages 44 to 91 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Zhang Wei
See Yen Tarn
Lawrence Wong Chee Meng
Jeffrey Ong Shen Chieh
Darran Lim Wee Keong (Appointed on 24 February 2017)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

	Direct interest			Deemed interest		
Name of director and corporation in which interests are held	**Holdings at beginning of the year or date of appointment, if later**	**Holdings at end of the year**	**As at 21 January 2017**	**Holdings at beginning of the year or date of appointment, if later**	**Holdings at end of the year**	**As at 21 January 2017**
	('000)	**('000)**	**('000)**	**('000)**	**('000)**	**('000)**
The Company						
Ordinary shares						
Zhang Wei	–	–	–	71,900	71,900	71,900
Immediate and ultimate holding company						
Ordinary shares						
Zhang Wei	91,030	3,030	–	–	88,000	91,030

Directors' interests (cont'd)

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

By virtue of Section 7 of the Act, Zhang Wei is deemed to have interest in the other subsidiaries of Weiye Holdings Limited, at the beginning and at the end of the financial year.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares of the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option granted by the Company or its subsidiaries as at the end of the financial year.

Warrants

On 30 August 2016, the Company allotted and issued 71,799,958 free warrants on the basis of two warrants for every three existing ordinary shares held by shareholders of the Company as at 22 August 2016, pursuant to the general mandate approved by members of the Company at the Annual General Meeting on 28 April 2016. Each warrant carries the right to subscribe for one ordinary share in the capital of the Company at an exercise price of $0.12 and will expire on 2 September 2019. As at 31 December 2016, no warrants were exercised and converted into ordinary shares of the Company.

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

- See Yen Tarn (Chairman), Independent Director
- Lawrence Wong, Independent Director
- Jeffrey Ong, Independent Director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held two meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external auditors and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

Audit Committee (cont'd)

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and
- significant matters impacting the financial statements and the accounting principles and judgement of items as adopted by management for these significant matters.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 716 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Zhang Wei
Director

Darran Lim Wee Keong
Director

31 March 2017

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Eindec Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 44 to 91.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of non-financial assets

(Refer to Note 5 – Property, plant and equipment and Note 6 – Intangible assets)

The key audit matter	*How the matter was addressed in our audit*
As at 31 December 2016, the market capitalisation of the Group was $5.4 million. This is an indication that the non-financial assets may be impaired as the carrying value of the net assets of the Group was higher than the Group's market capitalisation. Accordingly, an assessment for impairment was carried out by management. This involved a comparison of the carrying value of the net assets of the cash-generating-units ("CGUs") to the recoverable amount of the respective CGUs; the recoverable amount being the higher of the fair value less costs to sell ("FVLCTS") and value-in-use ("VIU") of the CGUs. The Group comprise two CGUs; the South Asia CGU and the North Asia CGU. The recoverable amount for the South Asia CGU was based on its fair value less cost to sell whilst that for the North Asia CGU was based on its value-in-use. For the South Asia CGU, the fair value of the CGU was largely based on the fair value of its underlying freehold land and buildings. The properties were valued by independent external valuer. The determination of the recoverable amounts of the CGUs involved the appropriate determination of the CGUs, and significant judgment and the selection of the appropriate valuation methodology. Based on management's assessment, the recoverable amounts of the CGUs are above the carrying value of their net assets. Accordingly, the Group concluded that their non-financial assets are not impaired.	• We evaluated the identification of CGUs within the Group against the requirements of the financial reporting standards. • We reviewed the basis and appropriateness of the valuation methodologies used in determining the recoverable amounts of the CGUs. • For recoverable amount of the North Asia business based on its VIU, we assessed the reasonableness of key assumptions used in the cash flow projections. We also assess the reasonableness of the growth rates, terminal yield rates and discount rates by comparing these against externally derived data. • For recoverable amount of the South Asia CGU based on the FVLCTS, we evaluated the qualifications and competence of the external property valuer and determined if there were any matters that might have affected their independence and objectivity. We compared the external valuer's valuation of the freehold land and property to publicly available recent transaction prices for sale of comparable properties.

Other Information

Management is responsible for the other information. The other information comprises the Corporate Profile, Chairman and CEO's Statement, Operations and Financial Review, Board of Directors and Key Management profile, Corporate Governance Report, Directors' Statement, Statistics of Shareholding and Statistics of Warrantholdings reports but does not include the financial statements and our auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

Other Information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act and FRSs, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditors' responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those 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 auditors' report is Loo Kwok Chiang Adrian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2017

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 DECEMBER 2016

		Group		Company	
	Note	2016	2015	2016	2015
		$'000	$'000	$'000	$'000
Assets					
Non-current assets					
Property, plant and equipment	5	4,387	4,685	–	–
Intangible assets	6	667	543	–	–
Subsidiaries	7	–	–	9,300	9,300
		5,054	5,228	9,300	9,300
Current assets					
Inventories	8	3,349	2,394	–	–
Trade and other receivables	9	8,590	6,517	5,371	2,663
Cash and cash equivalents	10	4,924	4,435	50	39
		16,863	13,346	5,421	2,702
Total assets		21,917	18,574	14,721	12,002
Equity attributable to owners of the Company					
Share capital	11	14,917	9,300	14,917	9,300
Other reserves	12	(10,759)	(10,549)	–	–
Retained earnings/(accumulated losses)		9,525	10,366	(2,349)	(1,398)
Total equity		13,683	9,117	12,568	7,902
Liabilities					
Non-current liabilities					
Loans and borrowings	13	4	213	–	–
Deferred tax liabilities	14	175	204	–	–
		179	417	–	–
Current liabilities					
Loans and borrowings	13	205	892	–	–
Trade and other payables	15	7,230	7,704	2,153	4,100
Income tax payables		620	444	–	–
		8,055	9,040	2,153	4,100
Total liabilities		8,234	9,457	2,153	4,100
Total equity and liabilities		21,917	18,574	14,721	12,002

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

YEAR ENDED 31 DECEMBER 2016

	Note	Group 2016 $'000	Group 2015 $'000
Revenue	17	16,684	16,851
Cost of sales		(10,030)	(10,157)
Gross profit		6,654	6,694
Other income	18	81	552
Other operating expenses		(6,900)	(5,891)
Results from operating activities		(165)	1,355
Finance costs	19	(124)	(87)
(Loss)/Profit before tax	20	(289)	1,268
Tax expense	21	(552)	(479)
(Loss)/Profit for the year		(841)	789
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from foreign operations		(297)	(755)
Total other comprehensive income for the year, net of income tax		(297)	(755)
Total comprehensive income for the year		(1,138)	34
Earnings per share:			
Basic (loss)/earnings per share (cents)	22	(0.79)	2.18
Diluted (loss)/earnings per share (cents)	22	(0.79)	2.18

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2016

	Note	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Statutory reserve $'000	Retained earnings $'000	Total $'000
At 1 January 2015		–	–	(612)	–	9,620	9,008
Total comprehensive income for the year							
Profit for the year		–	–	–	–	789	789
Other comprehensive income							
Foreign currency translation differences – foreign operations/Total other comprehensive income		–	–	(755)	–	–	(755)
Total comprehensive income for the year		–	–	(755)	–	789	34
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of new ordinary shares	11	9,300	–	–	–	–	9,300
Reserve arising from restructuring exercise		–	(9,225)	–	–	–	(9,225)
Total transactions with owners		9,300	(9,225)	–	–	–	75
Transfer from retained earnings to statutory reserve		–	–	–	43	(43)	–
At 31 December 2015		9,300	(9,225)	(1,367)	43	10,366	9,117

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

YEAR ENDED 31 DECEMBER 2016

	Note	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Statutory reserve $'000	Retained earnings $'000	Total $'000
At 1 January 2016		9,300	(9,225)	(1,367)	43	10,366	9,117
Total comprehensive income for the year							
Loss for the year		–	–	–	–	(841)	(841)
Other comprehensive income							
Foreign currency translation differences – foreign operations/Total other comprehensive income		–	–	(297)	–	–	(297)
Total comprehensive income for the year		–	–	(297)	–	(841)	(1,138)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of new ordinary shares	11	7,518	–	–	–	–	7,518
Transaction cost related to the issuance of new ordinary shares		(1,901)	–	–	–	–	(1,901)
Total contributions by and distributions to owners		5,617	–	–	–	–	5,617
Changes in ownership interests in subsidiaries							
Liquidation of a foreign subsidiary		–	87	–	–	–	87
Total transactions with owners		5,617	87	–	–	–	5,704
At 31 December 2016		14,917	(9,138)	(1,664)	43	9,525	13,683

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

YEAR ENDED 31 DECEMBER 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
(Loss)/Profit before tax		(289)	1,268
Adjustments for:			
Amortisation of intangible assets	20	202	–
Depreciation of property, plant and equipment	20	349	324
Plant and equipment written-off	20	4	11
Gain on disposal of property, plant and equipment	18	–	(398)
Realisation of reserve on liquidation of a foreign subsidiary		87	–
Interest expenses	19	124	87
Interest income	18	(11)	(4)
Listing expenses		–	1,067
		466	2,355
Changes in:			
- inventories		(955)	278
- trade and other receivables		(4,075)	(714)
- trade and other payables		1,766	1,372
Effects of exchange rate changes		(147)	(37)
Cash (used in)/generated from operations		(2,945)	3,254
Tax paid		(376)	(145)
Net cash (used in)/from operating activities		(3,321)	3,109
Cash flows from investing activities			
Interest received		11	4
Proceeds from disposal of property, plant and equipment		–	568
Purchase of property, plant and equipment		(153)	(514)
Amount due from ultimate holding company (non-trade)		101	1,095
Amount due from related corporation (non-trade)		–	247
Expenditure on intangible assets		(326)	(347)
Net cash (used in)/from investing activities		(367)	1,053
Cash flows from financing activities			
Interest paid		(124)	(87)
Repayment of finance lease obligations		(23)	(25)
Repayment of bank loans		(230)	(306)
Amount due to ultimate holding company (non-trade)		(314)	(1,963)
Payments for listing expenses		(1,926)	(1,042)
Proceeds from issue of shares		7,518	–
Net cash from/(used in) financing activities		4,901	(3,423)
Net increase in cash and cash equivalents		1,213	739
Cash and cash equivalents at 1 January		3,792	3,095
Effect of exchange rate fluctuations on cash held		(81)	(42)
Cash and cash equivalents at 31 December	10	4,924	3,792

Non-cash transaction:

In 2015, the Group acquired plant and equipment with an aggregate cost of $589,000, of which $75,000 was acquired under finance leases.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2017.

1 Domicile and activities

Eindec Corporation Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 8 Pandan Crescent #01-06, Singapore 128464.

The Company was listed on the Catalist Board of the SGX-ST on 15 January 2016.

The principal activities of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 7 of the consolidated financial statements.

The immediate and ultimate holding company is Weiye Holdings Limited, a company incorporated in Singapore.

The consolidated financial statements of the Group as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Group restructuring exercise

In 2015, Weiye Holdings Limited and its subsidiaries ("Weiye Holdings Group") undertook an internal restructuring exercise ("Restructuring Exercise") prior to the spin-off listing of the Company to consolidate its equipment manufacturing business segment under the Company.

Pursuant to a share sale and purchase agreement (the "Share SPA") dated 1 July 2015 entered into between the Company and Xie Tong International Pte. Ltd. ("Xie Tong International"), the Company acquired the entire share capital of Eindec Technology (Malaysia) Sdn. Bhd. ("Eindec Malaysia") and Eindec (Shanghai) Co., Ltd ("Eindec Shanghai"), and 49% of the issued and paid up share capital of Kyodo-Allied (Thailand) Company Limited ("KA Thailand") for a total purchase consideration of $6,370,000 ("Purchase Consideration") based on the respective net asset value of the companies as at 30 June 2015.

Subsequently, the Company incorporated a wholly-owned subsidiary, Eindec Holdings Pte. Ltd. ("Eindec Holdings"), which acquired the equity interests in Eindec Malaysia, Eindec Shanghai and KA Thailand from the Company at the same Purchase Consideration which was satisfied by the allotment and issue of 1,000,000 new shares at the issue price of $6.37 per share to the Company.

On 15 July 2015, the Company and Xie Tong International entered into a supplemental agreement whereby it was agreed that the Purchase Consideration was to be satisfied by the allotment and issue of 1,000,000 shares at the issue price of $6.37 per share credited as fully paid in capital of the Company ("Share SPA Consideration Shares") to Xie Tong International.

Pursuant to the Share SPA, Xie Tong International subsequently renounced the Share SPA Consideration Shares in favour of Weiye Holdings Limited. The Share SPA was completed on 5 November 2015.

2 Group restructuring exercise (cont'd)

Pursuant to an asset sale and purchase agreement (the "Asset SPA") dated 1 July 2015 entered into between the Company and Xie Tong Technology Pte Ltd ("Xie Tong Technology"), the Company acquired Xie Tong Technology's business undertakings, comprising the design, manufacture and distribution of clean room equipment and air distribution and ventilation products, the related intellectual property rights and licences, and the related assets and liabilities (collectively, the "Xie Tong Technology Business"), save for a term loan from Bank of China Limited, Singapore Branch, and all tax obligations of Xie Tong Technology, for a total purchase consideration of $2,930,000.

On 15 July 2015, the Company and Xie Tong Technology entered into a supplemental agreement ("Asset Supplemental SPA") whereby it was agreed that all tax obligations of Xie Tong Technology were to be transferred to the Company, effective as of 15 July 2015. Pursuant to the Asset SPA and the Asset Supplement SPA, the purchase consideration was agreed between the parties at the net asset value of the Xie Tong Technology business (including the tax obligations of Xie Tong Technology) as at 30 June 2015 and was satisfied by the allotment and issue of 1,000,000 shares at the issue price of $2.93 per share credited as fully paid in the capital of the Company ("Asset SPA Consideration Shares") to Xie Tong Technology, and the assumption of responsibility by Eindec Singapore Pte. Ltd. ("Eindec Singapore"), a wholly-owned subsidiary incorporated by Eindec Holdings on 19 May 2015, for the satisfaction of all the liabilities of Xie Tong Technology existing at the date of completion of the Asset SPA, being 1 July 2015.

Subsequently, the Company and Eindec Singapore entered into an asset sale and purchase agreement pursuant to which Eindec Singapore acquired the Xie Tong Technology Business from the Company at the same asset purchase consideration. According to the Asset SPA and Asset Supplemental SPA, the Company nominated Eindec Singapore to hold the Xie Tong Technology business and to assume the responsibility for the satisfaction of all liabilities of Xie Tong Technology existing at the date of completion of the Asset SPA.

Pursuant to the Asset SPA, Xie Tong Technology subsequently renounced the Asset SPA Consolidation Shares in favour of Weiye Holdings Limited.

On 22 July 2015, Eindec Holdings incorporated a wholly-owned subsidiary, Eindec Shenzhen Environmental Technology Co., Ltd ("Eindec Shenzhen"), in Shenzhen, People's Republic of China. The registered capital of Eindec Shenzhen is RMB 20 million.

3 Basis of preparation

3.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

3.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

3 Basis of preparation (cont'd)

3.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs 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.

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 critical judgements in applying accounting policies and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year are included in note 26.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

4.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

4 Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRS.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain or loss arising is recognised directly in equity.

4 Significant accounting policies (cont'd)

4.1 Basis of consolidation (cont'd)

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

Investment in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

4.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

4 Significant accounting policies (cont'd)

4.2 Foreign currency (cont'd)

Foreign operations (cont'd)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

4.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets as loans and receivables.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, excluding prepayments.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form part of the Group's cash management are included in cash and cash equivalents.

4 Significant accounting policies (cont'd)

4.3 Financial instruments (cont'd)

Non-derivative financial liabilities

The Group recognises financial liabilities initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities in the other financial liabilities category. Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by Group entities that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are initially measured at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

4.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land is measured at cost less accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

4 Significant accounting policies (cont'd)

4.4 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Freehold building	50 years
Factory equipment	5 to 20 years
Building and factory improvements	5 to 10 years
Plant and machinery	5 to 12 years
Motor vehicles	5 years
Furniture and fittings	3 to 10 years
Office equipment and computers	3 to 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4 Significant accounting policies (cont'd)

4.5 Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the assets. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life of capitalised development costs for the current and comparative years is 3 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

4 Significant accounting policies (cont'd)

4.7 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

4.8 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers or economic conditions that correlate with defaults.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

4 Significant accounting policies (cont'd)

4.8 Impairment (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4 Significant accounting policies (cont'd)

4.10 Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Rendering of services

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to survey of work performed.

4.11 Other income

Gain on disposal of property, plant and equipment

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the disposed item, and is recognised net within other income.

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

Interest income

Interest income is recognised as it accrues in the profit or loss, using the effective interest method.

4 Significant accounting policies (cont'd)

4.12 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

4.13 Finance costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

4 Significant accounting policies (cont'd)

4.14 Tax (cont'd)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.15 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise bonus warrants issued to shareholders.

4.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer ("CEO") (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4 Significant accounting policies (cont'd)

4.16 Segment reporting (cont'd)

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

4.17 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, the Group has evaluated the transition options and the potential impact on its financial statements, and to implement these standards. The Group does not plan to adopt these standards early.

Applicable to 2018 financial statements

Summary and requirements	Potential impact on the financial statements
FRS 115 *Revenue from Contracts with Customers* FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transitions.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect a significant impact on its revenue recognition. **Variable consideration** – The Company's contracts may include variable considerations such as discounts, returns, volume rebates or other similar terms. Under FRS 115, the Company is required to estimate the amount of consideration to which it expects to be entitled and variable amounts are included in revenue to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

4 Significant accounting policies (cont'd)

4.17 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements (cont'd)

Summary and requirements	Potential impact on the financial statements
FRS 109 *Financial Instruments* FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect a significant impact on its opening equity, except for the effect of applying the impairment requirement under FRS 109 which may result in a higher impairment loss allowance. **Classification and measurement** – The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. **Impairment** – The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. Based on the profile of its loans and other receivables as at 31 December 2016, the Group does not expect a significant impact on its impairment loss allowance at the adoption of FRS 109. The Group is currently refining its impairment loss estimation methodology to quantify the impact on its financial statements. **Transition** – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information; and is gathering data to quantify the potential impact arising from the adoption.

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018 onwards.

4 Significant accounting policies (cont'd)

4.17 New standards and interpretations not adopted (cont'd)

Applicable to 2018 financial statements (cont'd)

Convergence with International Financial Reporting Standards (IFRS) (cont'd)

The Group is currently assessing the impact of SG-IFRS 1 First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework and performing an analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group is currently performing a detailed analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

Applicable to 2019 financial statements

Summary of the requirement	Potential impact on the financial statement
FRS 116 *Leases* FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, these operating leases may be recognised as ROU assets with corresponding lease liabilities under the new standard. As at 31 December 2016, the operating lease commitments on an undiscounted basis amount to approximately 8% of the consolidated total assets and 22% of consolidated total liabilities. Assuming no additional new operating leases in future years until the effective date, the Group expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down. The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients in 2017. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

5 Property, plant and equipment

	Freehold land $'000	Freehold building $'000	Factory equipment $'000	Building and factory improvements $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment & computers $'000	Total $'000
Group									
Cost									
At 1 January 2015	1,646	3,344	819	357	3,770	654	193	382	11,165
Additions	–	–	18	317	18	95	5	136	589
Disposals	(110)	(124)	(12)	(25)	(403)	(90)	(42)	(28)	(834)
Written off	–	–	(4)	–	(234)	–	–	(47)	(285)
Effects of movements in exchange rates	(198)	(425)	(49)	(46)	(304)	(47)	(18)	(6)	(1,093)
At 31 December 2015	1,338	2,795	772	603	2,847	612	138	437	9,542
At 1 January 2016	1,338	2,795	772	603	2,847	612	138	437	9,542
Additions	–	–	10	2	2	1	4	134	153
Written off	–	–	(40)	–	(4)	(2)	(13)	(4)	(63)
Effects of movements in exchange rates	(27)	(56)	(8)	(15)	(44)	(10)	(3)	(11)	(174)
At 31 December 2016	1,311	2,739	734	590	2,801	601	126	556	9,458

5 **Property, plant and equipment (cont'd)**

	Freehold land $'000	Freehold building $'000	Factory equipment $'000	Building and factory improvements $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment & computers $'000	Total $'000
Group									
Accumulated depreciation									
At 1 January 2015	–	768	692	148	3,233	610	167	319	5,937
Depreciation	–	66	27	38	118	36	6	33	324
Disposals	–	(68)	(8)	(25)	(403)	(90)	(42)	(28)	(664)
Written off	–	–	(2)	–	(233)	–	–	(39)	(274)
Effects of movements in exchange rates	–	(95)	(37)	(17)	(257)	(39)	(16)	(5)	(466)
At 31 December 2015	–	671	672	144	2,458	517	115	280	4,857
At 1 January 2016	–	671	672	144	2,458	517	115	280	4,857
Depreciation	–	56	24	81	96	22	10	60	349
Written off	–	–	(40)	–	(1)	(2)	(13)	(3)	(59)
Effects of movements in exchange rates	–	(15)	(6)	(3)	(39)	(7)	(2)	(4)	(76)
At 31 December 2016	–	712	650	222	2,514	530	110	333	5,071
Carrying amounts									
At 1 January 2015	1,646	2,576	127	209	537	44	26	63	5,228
At 31 December 2015	1,338	2,124	100	459	389	95	23	157	4,685
At 31 December 2016	1,311	2,027	84	368	287	71	16	223	4,387

5 Property, plant and equipment (cont'd)

Assets held under finance lease

The carrying amount of plant and machinery of the Group held under finance leases as at 31 December 2016 was $57,000 (2015: $75,000).

Security

As at 31 December 2016, the Group's property, plant and equipment with a total carrying value of $3,595,000 (2015: $4,119,000), were pledged as collaterals for the Group's loans and borrowings (see note 13).

6 Intangible assets

Group	**Capitalised development costs $'000**
Cost	
At 1 January 2015	196
Acquisitions – internally developed	347
At 31 December 2015	543
At 1 January 2016	543
Acquisitions – internally developed	337
Effects of movements in exchange rates	(11)
At 31 December 2016	869
Accumulated amortisation	
At 1 January 2015 and 31 December 2015	–
At 1 January 2016	–
Amortisation	202
At 31 December 2016	202
Carrying amounts	
At 1 January 2015	196
At 31 December 2015	543
At 31 December 2016	667

Intangible assets comprise development expenditure capitalised in relation to new products developed by the Group. The amortisation of development costs is included in 'other operating expenses'.

7 Subsidiaries

	Company 2016 $'000	Company 2015 $'000
Unquoted equity shares, at cost	9,300	9,300

Details of the subsidiaries at the end of the financial year are as follows:

	Name	Country of incorporation	Principal activities	Equity interest 2016 %	Equity interest 2015 %
*	Eindec Holdings Pte. Ltd.	Singapore	Investment holding	100	100
	Held through Eindec Holdings Pte. Ltd.:				
*	Eindec Singapore Pte. Ltd.	Singapore	Manufacturers and traders in air-conditioning, air purification and clean room equipment	100	100
▲	Eindec Technology (Malaysia) Sdn. Bhd.	Malaysia	Manufacturers and traders in air-conditioning and clean room equipment	100	100
^@	Kyodo-Allied (Thailand) Company Limited	Thailand	Manufacturers, importers, exporters and traders in air-conditioning materials, supplies and equipment	–	49#
@	Eindec (Shanghai) Co., Ltd	People's Republic of China ("PRC")	Clean room equipment and ventilation equipment wholesale, agency, import and export of industrial products and related supporting businesses	100	100
+	Eindec (Shenzhen) Environmental Technology Co., Ltd.	PRC	Industrial clean room equipment, air purification filter equipment and its parts and components, the transfer of technology of its own research and development, technology consultation, technology services and after-sales service	100	100

7 Subsidiaries (cont'd)

* Audited by KPMG LLP, Singapore
▲ Audited by member firm of KPMG International
\+ Audited for the purpose of group consolidation by member firm of KPMG International
@ Not a significant subsidiary under SGX Listing Rule 717. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.
^ Liquidated in 2016
\# This represents the legal interests of the Group in Kyodo-Allied (Thailand) Co. Ltd. Kyodo-Allied (Thailand) Co. Ltd. was considered a wholly-owned subsidiary of Eindec Corporation Limited as the Group had beneficial interest in all the shares of the subsidiary.

8 Inventories

	Group	
	2016	**2015**
	$'000	**$'000**
Finished goods	921	312
Work-in-progress	552	143
Raw materials	1,876	1,939
	3,349	2,394

During the current year, inventories of $8,735,000 (2015: $7,340,000) were recognised as an expense and included in 'cost of sales' (see note 20).

Inventories of $165,751 (2015: $nil) were written down to its net realisable value in the current year. The write downs were included in 'cost of sales'.

9 Trade and other receivables

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	2,838	3,067	–	–
Accrued trade receivables	3,180	945	–	–
Non-trade amounts due from:				
- ultimate holding company	–	101	–	101
- related corporation	–	–	1,890	–
- subsidiary	–	–	3,463	661
Other receivables and deposits	2,372	266	–	–
Loans and receivables	8,390	4,379	5,353	762
Prepayments	200	2,138	18	1,901
	8,590	6,517	5,371	2,663

9 Trade and other receivables (cont'd)

The non-trade amounts due from ultimate holding company, a related corporation and a subsidiary are unsecured, interest-free, and are repayable on demand. There is no allowance for impairment loss arising from these outstanding balances.

As at 31 December 2015, prepayments include legal and professional fees amounting to $1,901,000, which was utilised for payments for the listing of the Company on the Catalist of SGX-ST. These prepayments are recognised to equity in the current year.

Impairment loss

The ageing of loans and receivables at the reporting date is as follows:

	Gross 2016 $'000	Impairment losses 2016 $'000	Gross 2015 $'000	Impairment losses 2015 $'000
Group				
Neither past due nor impaired	6,344	–	2,627	–
Past due 1 – 30 days	824	–	749	–
Past due 31 – 60 days	414	–	354	–
Past due 61 – 90 days	502	–	158	–
Past due more than 90 days	306	–	491	–
	8,390	–	4,379	–
Company				
Neither past due nor impaired	5,353	–	762	–

The Group and Company's exposure to credit risk related to loans and receivables are disclosed in note 25.

10 Cash and cash equivalents

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Fixed deposits with financial institutions		2,752	–	–	–
Cash at bank and on hand		2,172	4,435	50	39
Cash and cash equivalents in the statements of financial position		4,924	4,435	50	39
Bank overdrafts	13	–	(643)	–	–
Cash and cash equivalents in the statement of cash flows		4,924	3,792	50	39

The Group's effective interest rate relating to fixed deposits with financial institutions at the reporting date is 0.16% (2015: nil%) per annum.

The Group and Company's exposure to credit risk related to cash and cash equivalents are disclosed in note 25.

11 Share capital

	No. of shares	
	2016	**2015**
Fully paid ordinary shares, with no par value:		
At 1 January 2016/2 April 2015 (date of incorporation)	71,900,000	1
Issuance of new ordinary shares pursuant to the restructuring exercise (note 2)	–	2,000,000
Subdivision of shares	–	69,899,999
Issuance of new ordinary shares	35,800,000	–
At 31 December	107,700,000	71,900,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. All shares rank equally with regard to the Company's residual assets.

As at the date of its incorporation, the Company issued one subscriber share to its immediate and ultimate holding company, Weiye Holdings Limited, at a cash consideration of $1. Pursuant to the Restructuring Exercise, the Company issued 2,000,000 new shares to Weiye Holdings Limited for a total consideration of $9,300,000. On 8 December 2015, the Company undertook a sub-division of its shares from 2,000,001 shares into 71,900,000 shares.

On 15 January 2016, 35,800,000 shares were issued, at the issue price of $0.21 per share, for a total consideration of $7,518,000 pursuant to the initial public offering of the Company. The Company was listed on the Catalist Board of the SGX-ST on 15 January 2016.

Warrants

On 30 August 2016, the Company allotted and issued 71,799,958 free warrants on the basis of two warrants for every three existing ordinary shares held by shareholders of the Company as at 22 August 2016, pursuant to the general mandate approved by members of the Company at the Annual General Meeting on 28 April 2016. Each warrant carries the right to subscribe for one ordinary share in the capital of the Company at an exercise price of $0.12 and will expire on 2 September 2019. As at 31 December 2016, there was no financial impact arising from these warrants as no warrant was exercised and converted into ordinary shares of the Company.

12 Other reserves

	Group	
	2016	**2015**
	$'000	**$'000**
Merger reserve	(9,138)	(9,225)
Foreign currency translation reserve	(1,664)	(1,367)
Statutory reserve	43	43
	(10,759)	(10,549)

12 Other reserves (cont'd)

Reserves

(a) Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries acquired by the Company under common control arrangements. The acquisition of the entities by the Company under common control arrangements was carried out as part of the restructuring exercise undertaken by Weiye Holdings Group (see note 2).

(b) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(c) Statutory reserve

In accordance with the Foreign Enterprise Law applicable to entities in the PRC, the Company's PRC subsidiaries are required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the profit after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the PRC entity registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the PRC entity. The SRF is not available for dividend distribution to shareholders.

13 Loans and borrowings

		Group	
	Note	**2016**	**2015**
		$'000	**$'000**
Current liabilities			
Secured bank loans		182	226
Finance lease liabilities		23	23
Bank overdrafts	10	–	643
		205	892
Non-current liabilities			
Secured bank loans		–	186
Finance lease liabilities		4	27
		4	213
Total loans and borrowings		209	1,105

13 Loans and borrowings (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2016 Face value	2016 Carrying amount	2015 Face value	2015 Carrying amount
		%		$'000	$'000	$'000	$'000
Group							
Secured bank loans	MYR	5.35	2016	–	–	226	226
Secured bank loans	MYR	5.35	2017	182	182	186	186
Finance lease liabilities	MYR	3.30	2016	–	–	23	23
Finance lease liabilities	MYR	3.30	2017 – 2018	27	27	27	27
Bank overdrafts	MYR	0.75 – 2.00	2016	–	–	643	643
Total interest-bearing liabilities				209	209	1,105	1,105

The Group's exposure to interest rate and liquidity risks is disclosed in note 25.

The loans and borrowings of the Group are secured by the property, plant and equipment of a subsidiary (see note 5), deed of debenture provided by a subsidiary for Malaysian Ringgit ("RM") 10 million and a corporate guarantee from the ultimate holding company.

Finance lease obligations

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Future minimum lease payments	Interest	Present value of payments	Future minimum lease payments	Interest	Present value of payments
	2016	2016	2016	2015	2015	2015
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Within one year	23	1	22	23	1	22
After one year but within five years	4	–	4	27	2	25
	27	1	26	50	3	47

The finance lease liabilities are secured by a charge over the leased assets.

14 Deferred tax liabilities

Movements in temporary differences during the year are as follows:

	Balance as at 1 January 2015 $'000	Recognised in profit or loss (note 21) $'000	Effects of exchange rate changes $'000	Balance as at 31 December 2015 $'000	Recognised in profit or loss (note 21) $'000	Effects of exchange rate changes $'000	Balance as at 31 December 2016 $'000
Group							
Property, plant and equipment	237	1	(22)	216	12	2	230
Others	(7)	2	(7)	(12)	(38)	(5)	(55)
	230	3	(29)	204	(26)	(3)	175

Unrecognised deferred tax liabilities

At 31 December 2016, temporary differences of $1,879,000 (2015: $1,424,000) related to investment in subsidiaries were not recognised because the Group controls the dividend policy of its subsidiaries and is able to veto the payment of dividends of its subsidiaries – i.e. the Group controls the timing of reversal of the related taxable temporary differences and it is satisfied they will not reverse in the foreseeable future.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item:

	Group 2016 $'000	Group 2015 $'000
Unutilised tax losses carried forward	3,339	1,593

The Group's tax losses carried forward comprise of tax losses arising from its operations in Singapore and the PRC. Under the applicable PRC tax legislation, tax losses as at 31 December 2016 and 2015 are expected to expire as follows:

	Group 2016 $'000	Group 2015 $'000
Between 1 year and 5 years	217	188

The remaining tax losses of $3,122,000 (2015: $1,405,000) relating to tax losses arising from the Group's Singapore operations are not expected to expire under the applicable tax legislation.

Deferred tax assets have not been recognised in respect of the tax losses because of the uncertainty over the availability of future taxable profits arising from the relevant Group entities against which the Group can utilise the benefits.

15 Trade and other payables

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	3,871	2,058	–	–
Advance receipts from customers	35	53	–	–
Non-trade amounts due to:				
- ultimate holding company	2,080	2,394	2,081	2,394
- subsidiary	–	–	–	1,547
Accrued operating expenses	541	2,623	44	153
Other payables	703	576	28	6
	7,230	7,704	2,153	4,100

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables are disclosed in note 25.

Included in the non-trade amount due to ultimate holding company is a loan of $1,950,000 (2015: $2,360,000) and is interest-bearing, unsecured and repayable on demand. Interest is charged based on the three-month Singapore swap offer rate plus a margin of 3.5%. The remaining of the non-trade amount due to ultimate holding company is unsecured, interest-free and repayable on demand.

The non-trade amount due to a subsidiary is unsecured, interest-free, and is repayable on demand.

16 Related parties

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2016	**2015**
	$'000	**$'000**
Directors' fees		
- directors of the Company	175	88
Salaries, representing total compensation to key management personnel	736	654
CPF and the defined contributions	45	35
	956	777
Comprises amounts paid/payable to:		
- directors of the Company	512	376
- other key management personnel	444	401
	956	777

16 Related parties (cont'd)

Other related party transactions

Other than as disclosed elsewhere in the financial statements, transactions carried out in the normal course of business on terms agreed with related parties are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Expenses/(Income)				
Immediate and ultimate holding company				
Interest expenses paid/payable	96	32	96	32
Shared services income received/receivable	(12)	(81)	–	–

17 Revenue

	Group	
	2016	**2015**
	$'000	**$'000**
Sales of goods	16,061	16,851
Rendering of services	623	–
	16,684	16,851

18 Other income

	Group	
	2016	**2015**
	$'000	**$'000**
Gain on disposal of property, plant and equipment	–	398
Government grants	49	–
Interest income	11	4
Foreign exchange (loss)/gain, net	(14)	118
Rental income	–	12
Others	35	20
	81	552

19 Finance costs

	Group	
	2016	2015
	$'000	$'000
Interest expense on loans and borrowings	28	55
Interest expense on non-trade amounts due ultimate holding company	96	32
	124	87

20 Profit before tax

The following items have been included in arriving at profit before tax:

		Group	
	Note	2016	2015
		$'000	$'000
Audit fees paid to:			
- auditors of the Company		126	119
- other auditors		8	6
Non-audit fees paid to:			
- auditors of the Company		10	5
- other auditors		–	4
Raw materials, changes in finished goods and work-in-progress recognised as cost of sales		8,735	7,340
Depreciation of property, plant and equipment	5	349	324
Amortisation of intangible assets	6	202	–
Employee benefits expense (see below)		4,820	4,436
Listing expenses		–	1,067
Operating lease expenses		381	204
Plant and equipment written-off		4	11
Employee benefits expense			
Directors' fees		175	88
Salaries, bonuses and other costs		4,122	3,985
PRC statutory welfare fund		134	10
Contributions to defined contribution plans		389	353
		4,820	4,436

Included in listing expenses in 2015 were fees paid/payable of $220,000 to the auditors of the Company who were engaged as reporting accountants for the listing of Eindec Corporation Limited.

21 Tax expense

	Group	
	2016	**2015**
	$'000	**$'000**
Current tax expense		
Current year	566	477
Under/(Over) provision in respect of prior years	12	(1)
	578	476
Deferred tax expense		
Origination and reversal of temporary differences	(40)	3
Under provision in respect of prior years	14	–
	(26)	3
Tax expense on continuing operations	552	479

	Group	
	2016	**2015**
	$'000	**$'000**
Reconciliation of effective tax rate		
(Loss)/Profit before tax	(289)	1,268
Tax using the Singapore tax rate of 17% (2015: 17%)	(49)	216
Effect of different tax rate in different jurisdictions	210	131
Non-taxable income	–	(73)
Non-deductible expenses	68	13
Effect of tax relief	–	(93)
Current year losses which no deferred tax asset was recognised	297	286
Under/(Over) provided in respect of prior years	26	(1)
	552	479

22 Earnings per share

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share ("EPS") for the years ended 31 December:

	Group	
	2016	**2015**
	$'000	**$'000**
Basic earnings per share is based on		
(Loss)/Profit net of tax attributable to owners of the Company	(841)	789

22 Earnings per share (cont'd)

	Note	Number of shares 2016 '000	2015 '000
Issued ordinary shares at 1 January 2016/2 April 2015 (date of incorporation)	11	71,900	–
Effect of new ordinary shares issued pursuant to the restructuring exercise (note 2)		–	1,008
Effect of subdivision of shares		–	35,237
Effect of new ordinary shares issued		34,626	–
Weighted average number of ordinary shares		106,526	36,245
Basic (loss)/earnings per share (SGD cents)		(0.79)	2.18

Basic EPS is calculated on the Group's (loss)/profit for the year attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the year.

Diluted EPS is calculated on the same basis as basic EPS as there were no dilutive potential ordinary shares as at 31 December 2016 and 2015.

23 Commitments

(a) *Leases – As lessee*

The Group leases a number of warehouse and office premises under operating leases. The leases typically run for a period of 5 years. None of these leases include contingent rentals.

Non-cancellable operating lease rentals are payable as follows:

	Group 2016 $'000	2015 $'000
Not later than one year	347	329
Later than one year but not later than five years	311	656
	658	985

In January 2017, Eindec Singapore Pte. Ltd., an indirect wholly-owned subsidiary of the Company, entered into a 5-year lease agreement with an independent third party for the rental of its new office premises. The future minimum rental payable of this lease agreement not later than one year amounted to $149,000 and later than one year but not later than five years amounted to $1,019,000.

(b) *Contingent liabilities*

Financial corporate guarantees of $1,647,000 (2015: $nil) was given by the Company in relation to utilisation of banking and other facilities by a subsidiary as at 31 December 2016.

24 Operating segments

For management purposes, the Group is organised into business units based on the products and services offered, and has three reportable operating segments as follows:

I. Clean room equipment

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

II. Heating ventilation and air-conditioning products

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 equipment

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 sterilising 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.

IV. Others

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

The Group's 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 profit (loss) before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit (loss) is used to measure 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.

24 Operating segments (cont'd)

Information about reportable segments

Group	Clean room equipment		Heating ventilation and air-conditioning products		Air purification equipment		Others		Total	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Revenue:										
External customers	4,017	7,297	6,825	6,818	5,380	2,093	462	643	16,684	16,851
Segments results	(862)	881	(510)	500	1,210	902	(14)	135	(176)	2,418
Unallocated items:										
Interest income									11	4
Listing expenses									–	(1,067)
Finance costs									(124)	(87)
(Loss)/profit before tax									(289)	1,268
Income tax expense									(552)	(479)
(Loss)/profit attributable to equity holders of the Company									(841)	789
Segment assets	6,643	7,919	6,625	7,259	7,951	2,631	698	765	21,917	18,574
Segment liabilities	3,265	3,148	3,257	3,147	365	1,078	343	331	7,230	7,704
Unallocated items:										
Current tax payable									620	444
Deferred tax liabilities									175	204
Loans and borrowings									209	1,105
Total liabilities									8,234	9,457
Other segment information:										
Capital expenditure	29	136	49	127	409	661	3	12	490	936
Depreciation of property, plant and equipment	95	146	162	137	81	28	11	13	349	324
Amortisation of intangible assets	–	–	–	–	202	–	–	–	202	–

24 Operating segments (cont'd)

Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of these assets.

	Singapore $'000	PRC $'000	Malaysia $'000	Others $'000	Total $'000
31 December 2016					
Revenue	8,520	5,759	648	1,757	16,684
Non-current assets	384	755	3,915	–	5,054
31 December 2015					
Revenue	9,251	2,094	804	4,702	16,851
Non-current assets	465	576	4,187	–	5,228

25 Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

25 Financial risk management (cont'd)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk, before taking into account any collateral held. The Group and the Company does not require any collateral in respect of their trade and other receivables.

The Group has policies in place to evaluate credit risk when accepting new customers.

Where necessary, the Group establishes an allowance for impairment loss that represents its estimate of incurred losses in respect of loans and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Cash and cash equivalents are placed with financial institutions which are regulated.

The Group's top 3 (2015: 3) customer accounts for 45.1% of the trade and other receivables as at 31 December 2016 (2015: 12.3%).

Other than the above, there were no other concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade and accrued receivables on an on-going basis. The credit risk concentration profile of the Group's trade and accrued receivables at the respective reporting dates are as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
By country		
Singapore	1,817	3,068
PRC	3,598	276
Malaysia	479	80
Others	124	588
	6,018	4,012
By products		
Clean room equipment	503	1,879
Heating ventilation and air distribution equipment	1,779	1,826
Air purification equipment	3,586	237
Others	150	70
	6,018	4,012

Based on the Group's monitoring of customer credit risk, the Group believes that no impairment allowance is necessary in respect of the Group's trade and other receivables.

25 Financial risk management (cont'd)

Credit risk (cont'd)

Guarantees

The Group's policy is to provide financial guarantees only for their wholly-owned subsidiaries' liabilities.

The maximum exposure of the Company in respect of intra-group financial guarantee (see note 23), if the loan facility is drawn down by a subsidiary, is $1,647,000 (2015: $nil). At the reporting date, no amounts were drawn down by the subsidiary.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loan facilities. Approximately 98.1% (2015: 80.7%) of the Group's loans and borrowings will mature in less than one year based on the carrying amounts reflected in the statement of financial position as at 31 December 2016.

The following are the contractual maturities of financial liabilities. These amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements:

		Cash flows		
	Carrying amount	**Contractual cash flows**	**Within 1 year**	**Between 2 to 5 years**
	$'000	**$'000**	**$'000**	**$'000**
Group				
2016				
Non-derivative financial liabilities				
Loans and borrowings	209	(219)	(215)	(4)
Trade and other payables^	7,195	(7,284)	(7,284)	–
	7,404	(7,503)	(7,499)	(4)
2015				
Non-derivative financial liabilities				
Loans and borrowings	1,105	(1,205)	(970)	(235)
Trade and other payables^	7,651	(7,769)	(7,769)	–
	8,756	(8,974)	(8,739)	(235)

^ *Excludes advance receipts from customers*

25 Financial risk management (cont'd)

Liquidity risk (cont'd)

		Cash flows		
	Carrying amount	**Contractual cash flows**	**Within 1 year**	**Between 2 to 5 years**
	$'000	**$'000**	**$'000**	**$'000**
Company				
2016				
Non-derivative financial liabilities				
Trade and other payables^	2,153	(2,242)	(2,242)	–
2015				
Non-derivative financial liabilities				
Trade and other payables^	4,100	(4,218)	(4,218)	–

^ *Excludes advance receipts from customers*

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group is exposed to currency risk on its global operations and revenue and costs denominated in a currency other than the respective functional currencies of Group entities. The Group's foreign exchange exposures are primarily arising from transactions denominated in US dollar.

The Group manages its transactional exposure by a policy of matching, as far as possible, receipts and payments in each individual currency.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
US dollar		
Trade and other receivables	117	578
Cash and cash equivalents	109	480
Trade and other payables	(84)	(315)
	142	743

The Company is not exposed to any foreign currency risk.

25 Financial risk management (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

A 5% strengthening of the Singapore dollar, as indicated below, against the following currencies at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015, as indicated below:

	Group	
	2016	**2015**
	$'000	**$'000**
US dollar	(7)	(37)

A 5% weakening of the Singapore dollar against the above currencies would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its floating rate loans and borrowings. The Group's policy is to obtain the most favourable interest rates available.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group	
	Carrying amount	
	2016	**2015**
	$'000	**$'000**
Fixed rate instrument		
Fixed deposits	2,752	–
Bank overdrafts	–	(643)
Finance lease liabilities	(27)	(50)
	2,725	(693)
Variable rate instrument		
Non-trade amount due to ultimate holding company	(2,080)	(2,394)
Secured bank loans	(182)	(412)
	(2,262)	(2,806)

25 Financial risk management (cont'd)

Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have (decreased)/ increased profit or loss by the amounts shown below. This analysis assumes that all other variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2015.

	Profit or loss	
	100 bp increase	**100 bp decrease**
	$'000	**$'000**
Group		
31 December 2016		
Variable rate instruments	(23)	23
31 December 2015		
Variable rate instruments	(35)	35

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 2015.

The Company's PRC subsidiaries are required by the relevant laws and regulations of the PRC to contribute to and maintain a non-distributable statutory reserve fund for which the utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiaries for the financial years ended 31 December 2016 and 2015.

The Group monitors capital using an adjusted net debt to equity ratio, which is 'adjusted net debt' divided by total equity attributable to owners of the Company. For this purpose, adjusted net debt is defined as total liabilities (which includes interest-bearing loans and borrowings and obligations under finance leases) less cash and cash equivalents.

25 Financial risk management (cont'd)

Capital management (cont'd)

The Group's adjusted net debt to adjusted equity ratio at the reporting date was as follows:

	Group	
	2016	**2015**
	$'000	**$'000**
Total liabilities	8,234	9,457
Less: Cash and cash equivalents	(4,924)	(4,435)
Adjusted net debt	3,310	5,022
Equity attributable to owners of the Company	13,683	9,117
Adjusted net debt to equity ratio	0.24	0.55

Fair value

Determination of fair values

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Fair value and classification of financial instruments

	Loans and receivables $'000	Liabilities at amortised cost $'000	Total carrying amount $'000	Fair value $'000
Group				
31 December 2016				
Loans and receivables	8,390	–	8,390	8,390
Cash and cash equivalents	4,924	–	4,924	4,924
	13,314	–	13,314	13,314
Loan and borrowings	–	(209)	(209)	(209)
Trade and other payables*	–	(7,195)	(7,195)	(7,195)
	–	(7,404)	(7,404)	(7,404)
31 December 2015				
Loans and receivables	4,379	–	4,379	4,379
Cash and cash equivalents	4,435	–	4,435	4,435
	8,814	–	8,814	8,814
Loan and borrowings	–	(1,105)	(1,105)	(1,105)
Trade and other payables*	–	(7,651)	(7,651)	(7,651)
	–	(8,756)	(8,756)	(8,756)

* *Excludes advance receipts from customers*

25 Financial risk management (cont'd)

Fair value and classification of financial instruments (cont'd)

	Loans and receivables	Liabilities at amortised cost	Total carrying amount	Fair value
	$'000	$'000	$'000	$'000
Company				
31 December 2016				
Loans and receivables	5,353	–	5,353	5,353
Cash and cash equivalents	50	–	50	50
	5,403	–	5,403	5,403
Trade and other payables*	–	(2,153)	(2,153)	(2,153)
31 December 2015				
Loans and receivables	762	–	762	762
Cash and cash equivalents	39	–	39	39
	801	–	801	801
Trade and other payables*	–	(4,100)	(4,100)	(4,100)

* *Excludes advance receipts from customers*

No fair value information is disclosed for financial assets and liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

26 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group believes the following critical accounting policies involve significant judgements and estimates used in the preparation of the financial statements.

Key sources of estimation uncertainty

Impairment of non-financial assets

The Group assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use.

When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

26 Accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

Depreciation of and impairment loss on property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful lives which are estimated to be between 3 to 50 years. The Group reviews the estimated useful lives of these assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The estimation of useful lives is based on assumptions about wear and tear, ageing, asset utilisation, anticipated use of the assets, technical standards and changes in demand as well as the Group's historical experience with similar assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

The Group assesses at each reporting date whether there is objective evidence that its property, plant and equipment are impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as general economic conditions, development in the property market, government policies and other factors which could affect the carrying value of these assets.

The estimates of recoverable amounts are based on either the fair value of the property, plant and equipment determined by a firm of independent professional valuers or management, or using comparable property valuation or an estimation of the value-in-use of the assets determined by management. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The recoverable amounts could change significantly as a result of changes in market conditions.

Valuation of trade receivables

The Group evaluates whether there is any objective evidence that loans and receivables are impaired, and determine the amount of impairment loss as a result of the debtor's inability to make the required payments. The Group determines the estimates based on the ageing of the loans and receivables balance, credit-worthiness of the debtors and historical write-off experience. If, however, the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Valuation of inventory

Where necessary, allowance for inventory obsolescence would be set up for estimated losses which may result from obsolete inventories held. The Group estimates the level of allowance based on the prevailing market conditions and historical provisioning experience. The required level of allowance could change significantly as a result of changes in market conditions.

STATISTICS OF **SHAREHOLDINGS**

AS AT 15 MARCH 2017

Issued and Fully Paid-up Capital	-	S$16,818,001 comprising 107,700,000 ordinary shares
Class of Shares	-	Ordinary shares
Voting Rights	-	One Vote per share

The Company does not have any Treasury Share.

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	2	1.60	200	0.00
1,001 - 10,000	14	11.20	87,000	0.08
10,001 - 1,000,000	101	80.80	21,821,300	20.26
1,000,001 AND ABOVE	8	6.40	85,791,500	79.66
TOTAL	125	100.00	107,700,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	WEIYE HOLDINGS LIMITED	71,900,000	66.76
2	LIM TIONG KHENG STEVEN	2,803,000	2.60
3	UOB KAY HIAN PRIVATE LIMITED	2,488,400	2.31
4	TAN SZE SENG	2,175,900	2.02
5	SIM POH PING	2,086,200	1.94
6	TANG AH HOY	1,600,000	1.49
7	TAN POH GUAN (CHEN BAOYUAN)	1,500,000	1.39
8	SIM PEI HWA	1,238,000	1.15
9	LEE LOI SING	1,000,000	0.93
10	PECK CHUAN YONG	1,000,000	0.93
11	CHENG CHAI HAP	950,000	0.88
12	NG GEOK TIN (HUANG YUZHEN)	870,300	0.81
13	WU YING KUM	850,000	0.79
14	LIM THIAM SOON	800,000	0.74
15	LIAO YUSHEN	760,000	0.71
16	ONG WEE MING	720,000	0.67
17	QUEK HAN BOON	708,500	0.66
18	KOO AH SEANG	619,700	0.58
19	RAFFLES NOMINEES (PTE) LIMITED	597,500	0.55
20	LIN SIN HOE	510,000	0.47
	TOTAL	95,177,500	88.38

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2017

(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interests	
No.	**Name**	**No. of shares held**	**%**	**No. of shares held**	**%**
1.	Weiye Holdings Limited	71,900,000	66.76	–	–
2.	Zhang Wei[(1)]	–	–	71,900,000	66.76
3.	Chen Zhiyong[(2)]	–	–	71,900,000	66.76

Notes:

(1) Mr. Zhang Wei is deemed to have an interest in the Shares held by Weiye Holdings Ltd ("**Weiye**") by virtue of his 46.4% shareholding in Weiye by virtue of Section 7 of the Companies Act, Chapter 50.

(2) Mr. Chen Zhiyong is deemed to have an interest in the Shares held by Weiye by virtue of his 20.5% shareholding in Weiye by virtue of Section 7 of the Companies Act, Chapter 50.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 15 March 2017, 33.24% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual – Section B: Rules of the Catalist of the SGX-ST which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

STATISTICS OF **WARRANTHOLDINGS**

AS AT 15 MARCH 2017

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDERS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	6	5.41	297	0.00
100 - 1,000	1	0.90	133	0.00
1,001 - 10,000	16	14.41	66,060	0.09
10,001 - 1,000,000	81	72.97	14,229,338	19.82
1,000,001 AND ABOVE	7	6.31	57,504,130	80.09
TOTAL	**111**	**100.00**	**71,799,958**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	WEIYE HOLDINGS LIMITED	47,933,333	66.76
2	UOB KAY HIAN PRIVATE LIMITED	3,590,732	5.00
3	LIM TIONG KHENG STEVEN	1,456,666	2.03
4	SIM POH PING	1,390,800	1.94
5	TANG AH HOY	1,066,666	1.49
6	TAN SZE SENG	1,058,300	1.47
7	CITIBANK NOMINEES SINGAPORE PTE LTD	1,007,633	1.40
8	TAN POH GUAN (CHEN BAOYUAN)	1,000,000	1.39
9	LEE LOI SING	666,666	0.93
10	PECK CHUAN YONG	666,666	0.93
11	DE SOUZA JEREMY LARRY	578,733	0.81
12	WU YING KUM	566,666	0.79
13	OOI CHENG HOOI	551,000	0.77
14	LIM THIAM SOON	533,333	0.74
15	LIAO YUSHEN	506,666	0.71
16	LIN SIN HOE	500,000	0.70
17	TAN PENG SOON	500,000	0.70
18	ONG WEE MING	480,000	0.67
19	SIM PEI HWA	408,666	0.57
20	FISHER JASON CHRISTOPHER	357,333	0.50
	TOTAL	**64,819,859**	**90.30**

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Eindec Corporation Limited (the "**Company**") will be held at Nutmeg Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031, on Thursday, 27 April 2017 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the the Audited Financial Statements and Directors' Statement of the Company and the Group for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$175,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Regulation 98 and Regulation 102 of the Constitution of the Company:

Mr Zhang Wei	(Retiring pursuant to Regulation 98)	**(Resolution 3)**
Mr Jeffrey Ong Shen Chieh	(Retiring pursuant to Regulation 98)	**(Resolution 4)**
Mr Darran Lim Wee Keong	(Retiring pursuant to Regulation 102)	**(Resolution 5)**

[See Explanatory Note (i)]

4. To re-appoint Messrs KPMG LLP, Certified Public Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly transacted at an AGM.

AS SPECIAL BUSINESS

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

6. **Authority to allot and issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules")**

   That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Catalist Rules of the SGX-ST, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

    (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

    (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

    (c) any subsequent consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)] **(Resolution 7)**

7. **Authority to issue shares under The Eindec Performance Share Plan 2015 (the "Share Plan")**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Share Plan and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Share Plan, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Share Plan shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Shirley Tan Sey Liy
Company Secretary

Singapore, 11 April 2017

Explanatory Notes:

(i) Mr Jeffrey Ong Shen Chieh will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee, a member of the Audit Committee and Remuneration Committee, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) Resolution 7, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

(iii) Resolution 8 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards and to issue shares in the share capital of the Company pursuant the Share Plan, up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM (the "**Meeting**") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.)

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 8 Pandan Crescent #01-06, Singapore 128464 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EINDEC CORPORATION LIMITED

(Company Registration No.201508913H)
(Incorporated In the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ____ (Name) ________________________ (NRIC / Passport No.)

of ____ (Address)

being a member/members of **EINDEC CORPORATION LIMITED** (the "**Company**"), hereby appoint:

Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Nutmeg Room, Level 5, Novotel Singapore Clarke Quay, 177A River Valley Road, Singapore 179031, on Thursday, 27 April 2017 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	Resolutions relating to:	No. of votes 'For'**	No. of votes 'Against'**
Ordinary Business			
1	Audited Financial Statements for the financial year ended 31 December 2016		
2	Approval of Directors' fees amounting to S$175,000 for the financial year ending 31 December 2017, to be paid quarterly in arrears		
3	Re-election of Mr Zhang Wei as a Director		
4	Re-election of Mr Jeffrey Ong Shen Chieh as a Director		
5	Re-election of Mr Darran Lim Wee Keong as a Director		
6	Re-appointment of Messrs KPMG LLP as Auditors and authority to Directors to fix remuneration		
Special Business			
7	Authority to allot and issue shares		
8	Authority to allot and issue shares under the Eindec Performance Share Plan 2015		

***If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ____________ day of ____________ 2017

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

____

Signature of Shareholder(s)
and Common Seal of Corporate Shareholder

**Delete where inapplicable*

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Pandan Crescent #01-06, Singapore 128464 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorized. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2017.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Zhang Wei
Non-Executive Chairman

Darran Lim Wee Keong
Executive Director and
Chief Executive Officer

See Yen Tarn
Independent Director

Wong Chee Meng Lawrence
Independent Director

Jeffrey Ong Shen Chieh
Independent Director

AUDIT COMMITTEE
See Yen Tarn (Chairman)
Wong Chee Meng Lawrence
Jeffrey Ong Shen Chieh

NOMINATING COMMITTEE
Jeffrey Ong Shen Chieh (Chairman)
See Yen Tarn
Wong Chee Meng Lawrence

REMUNERATION COMMITTEE
Wong Chee Meng Lawrence (Chairman)
See Yen Tarn
Jeffrey Ong Shen Chieh

PRINCIPAL PLACE OF BUSINESS AND REGISTERED ADDRESS
8 Pandan Crescent
#01-06
Singapore 128464
Tel: (65) 6265 1311
Fax: (65) 6265 8100

COMPANY SECRETARY
Shirley Tan Sey Liy (ACIS)

EXTERNAL AUDITORS
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Loo Kwok Chiang, Adrian
(Public Accountants and Chartered Accountants Singapore)
(Appointed since financial year ended 31 December 2016)

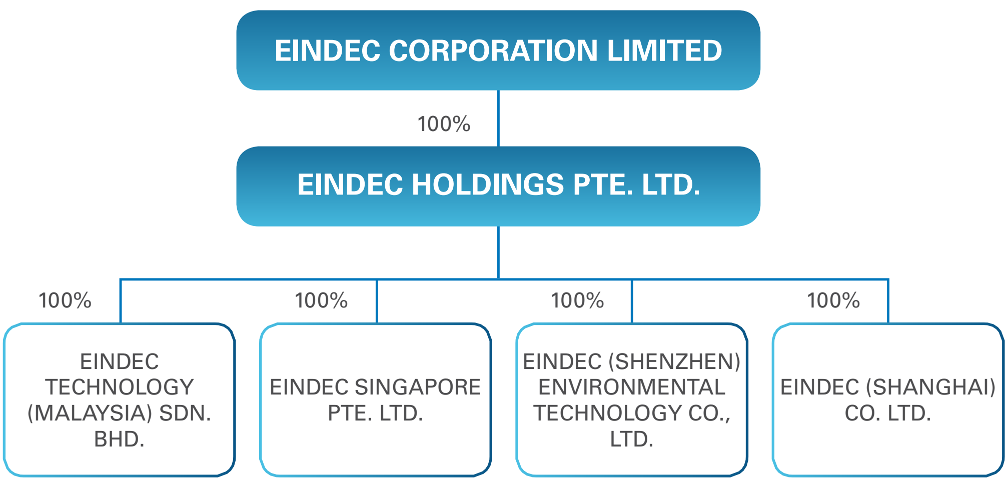
SPONSOR
UOB Kay Hian Private Limited
8 Anthony Road #01-01
Singapore 229957

SHARE REGISTRAR AND WARRANT AGENT
RHT Corporate Advisory Pte. Ltd.
9 Raffles Place #29-01
Republic Plaza Tower 1,
Singapore 048619

PRINCIPAL BANKERS
United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

INVESTOR RELATIONS
Waterbrooks Consultants Pte. Ltd.
1000 Toa Payoh North
News Centre Level 6
Annexe Block
Singapore 318994

OUR GROUP **STRUCTURE**



Eindec 英德

KYODO

EINDEC CORPORATION LIMITED

(Company Registration No.: 201508913H)
(Incorporated in the Republic of Singapore on 2 April 2015)

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