

EINDECKYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

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

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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

Unaudited Financial Statements for the Half Year Ended 30 June 2020

EINDEC KYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

<u>Group</u>	Half Year Ended	Half Year Ended	Increase/ (Decrease)
	30.06.2020 ("1H2020") (unaudited)	30.06.2019 ("1H2019") (unaudited)	
	S\$'000	S\$'000	%
Revenue	3,106	5,537	(44)
Cost of sales	(2,711)	(4,012)	(32)
Gross profit	395	1,525	(74)
Other income	299	245	22
Administrative expenses	(2,225)	(2,602)	(14)
Other operating expenses	-	(2)	(100)
Results from operating activities	(1,531)	(834)	84
Finance income	23	27	(15)
Finance cost	(106)	(69)	54
Net finance cost	(83)	(42)	98
Loss before income tax	(1,614)	(876)	84
Tax credit	-	43	(100)
Loss for the period	(1,614)	(833)	94

Loss per share attributable to owners of the Company

<u>Group</u>	1H2020	1H2019	Increase/ (Decrease)
	(unaudited) Singapore Cents	(unaudited) Singapore Cents	
			%
Basic and diluted	(1.50)	(0.77)	95

n.m. denotes not meaningful

EINDECKYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

Statement of Comprehensive Income

Group	1H2020	1H2019	Increase/
	(unaudited)	(unaudited)	(Decrease)
	S\$'000	S\$'000	%
Loss for the period	(1,614)	(833)	94
<i>Other comprehensive income</i>			
<i>Items that are or may be reclassified</i>			
<i>subsequently to profit or loss:</i>			
Foreign currency translation differences			
from foreign operations	38	(110)	n.m.
Total comprehensive income for			
the period, net of tax	(1,576)	(943)	67

1(a)(ii) Notes to combined statements of profit or loss and other comprehensive income

The loss before income tax is arrived at after charging/ (crediting) the following items:

Group	1H2020	1H2019	Increase/
	(unaudited)	(unaudited)	(Decrease)
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	372	384	(3)
Amortisation of intangible assets	8	-	n.m.
Government grants	267	112	n.m.
Interest income	(23)	(27)	(15)
Interest expense	106	69	54
Gain on disposal of plant and equipment	(1)	(1)	-
Plant and equipment written off	-	2	(100)
Reversal of expected credit loss on trade receivables	-	(45)	(100)
Net foreign exchange gain	(27)	(81)	(67)

n.m. denotes not meaningful

EINDEC KYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	As at	As at	As at	As at
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	4,920	5,258	-	-
Intangible assets	224	171	-	-
Subsidiaries	-	-	9,300	9,300
Total non-current assets	5,144	5,429	9,300	9,300
Current assets				
Inventories	4,113	3,136	-	-
Trade and other receivables	3,310	4,889	3,190	3,375
Cash and cash equivalents	1,608	1,656	48	67
Other investments	1,380	1,738	-	-
Total current assets	10,411	11,419	3,238	3,442
Total assets	15,555	16,848	12,538	12,742
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	14,917	14,917	14,917	14,917
Other Reserves	(10,742)	(10,780)	-	-
Retained earnings/ (Accumulated losses)	1,768	3,382	(4,514)	(4,283)
Total equity	5,943	7,519	10,403	10,634

EINDEC KYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

	<u>Group</u>		<u>Company</u>	
	As at 30.06.2020 (unaudited) S\$'000	As at 31.12.2019 (audited) S\$'000	As at 30.06.2020 (unaudited) S\$'000	As at 31.12.2019 (audited) S\$'000
Non-current liabilities				
Loans and borrowings	849	653	-	-
Deferred tax liabilities	171	173	-	-
Total non-current liabilities	1,020	826	-	-
Current liabilities				
Loans and borrowings	2,276	2,078	-	-
Trade and other payables	5,950	5,933	2,135	2,108
Contract liabilities	333	463	-	-
Income tax payable	33	29	-	-
Total current liabilities	8,592	8,503	2,135	2,108
Total equity and liabilities	15,555	16,848	12,538	12,742

EINDECKYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

Group			
As at 30.06.2020 (unaudited)		As at 31.12.2019 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,992	284	2,078	-

Amount repayable after one year

Group			
As at 30.06.2020 (unaudited)		As at 31.12.2019 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
616	233	653	-

Details of any collateral

- (a) Bank overdrafts and loans are secured by a charge over the following:
- (i) legal mortgage over the Group's freehold property; and
 - (ii) deed of debenture provided by a subsidiary for Malaysia Ringgit 10 million.
- (b) The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

EINDECKYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>Group</u>	1H2020 (unaudited) S\$'000	1H2019 (unaudited) S\$'000
Operating activities		
Loss before income tax	(1,614)	(876)
Adjustments for:		
Interest income	(23)	(27)
Interest expense	106	69
Amortisation of intangible assets	8	-
Depreciation of property, plant and equipment	372	384
Plant and equipment written off	-	2
Gain on disposal of plant and equipment	(1)	(1)
Reversal of expected credit loss on trade receivables	-	(45)
Effects of exchange rate changes	(81)	(63)
	(1,233)	(557)
Change in working capital:		
Trade and other receivables	1,614	126
Inventories	(810)	414
Contract liabilities	(130)	501
Trade and other payables	(20)	(1,033)
Cash used in operations	(579)	(549)
Interest received	23	27
Income tax paid	(31)	-
Income tax refund	-	44
Net cash used in operating activities	(587)	(478)
Investing activities		
Purchase of plant and equipment [Note A]	(63)	(61)
Proceeds from disposal of plant and equipment	1	1
Expenditure on intangible assets	(61)	-
Proceeds from redemption of short-term investments	358	2,292
Net cash from investing activities	235	2,232

EINDEC KYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

<u>Group</u>	1H2020 (unaudited)	1H2019 (unaudited)
	S\$'000	S\$'000
Financing activities		
Interest paid	(69)	(50)
Proceeds from short-term financing	432	279
Repayment of leases	(248)	(216)
Amount due to ultimate holding company (non-trade)	-	(200)
Net cash from/ (used in) financing activities	115	(187)
Net (decrease)/ increase in cash and cash equivalents	(237)	1,567
Cash and cash equivalents at beginning of financial period	790	2,280
Effects of exchange rate changes on cash and cash equivalents	(7)	29
Cash and cash equivalents at end of financial period	546	3,876
Cash and cash equivalents as per statement of financial position comprising:		
Cash at bank	1,608	3,743
Fixed deposits	-	751
Sub-total	1,608	4,494
Bank overdraft	(1,062)	(618)
Cash and cash equivalents as per consolidated statement of cash flows	546	3,876

Note A: In 1H2020, the Group acquired plant and equipment with aggregate cost of S\$77,000 (1H2019: S\$0.32 million) of which S\$63,000 (1H2019: S\$61,000) was paid in cash and S\$14,000 (1H2019: S\$0.26 million) was acquired by means of finance lease.

EINDEC KYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Merger reserve	Translation reserve	Statutory Reserve	Retained earnings	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2020, audited	14,917	(9,138)	(1,766)	124	3,382	7,519
Total comprehensive income for the period:						
Loss for the period	-	-	-	-	(1,614)	(1,614)
Other comprehensive income for the period, net of tax	-	-	38	-	-	38
Total	-	-	38	-	(1,614)	(1,576)
At 30 June 2020 (unaudited)	14,917	(9,138)	(1,728)	124	1,768	5,943

	Share capital	Merger reserve	Translation reserve	Statutory Reserve	Retained earnings	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2019, audited	14,917	(9,138)	(1,622)	124	5,029	9,310
Total comprehensive income for the period:						
Loss for the period	-	-	-	-	(833)	(833)
Other comprehensive income for the period, net of tax	-	-	(110)	-	-	(110)
Total	-	-	(110)	-	(833)	(943)
At 30 June 2019 (unaudited)	14,917	(9,138)	(1,732)	124	4,196	8,367

EINDEC KYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

	Share Capital	Accumulated losses	Total
Company	S\$'000	S\$'000	S\$'000
At 1 January 2020, audited	14,917	(4,283)	10,634
Loss for the period, representing total comprehensive loss for the period	-	(231)	(231)
Total	-	(231)	(231)
At 30 June 2020 (unaudited)	14,917	(4,514)	10,403

	Share Capital	Accumulated losses	Total
Company	S\$'000	S\$'000	S\$'000
At 1 January 2019, audited	14,917	(3,759)	11,158
Loss for the period, representing total comprehensive loss for the period	-	(279)	(279)
Total	-	(279)	(279)
At 30 June 2019 (unaudited)	14,917	(4,038)	10,879

EINDEC KYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Company	
	No. of shares ('000)	Issued and paid up share capital (\$'000)
Ordinary shares		
Balance as at 31 December 2019 and 30 June 2020	107,700	14,917

The Company did not have any outstanding options, convertible securities, treasury shares and/or subsidiary holdings as at 30 June 2020 and 30 June 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	30.06.2020	31.12.2019
Total number of issued shares excluding treasury shares ('000)	107,700	107,700

There were no treasury shares as at 30 June 2020 and 31 December 2019.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have treasury shares during and as at the end of the half year ended 30 June 2020.

EINDEC KYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the half year ended 30 June 2020.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures in this announcement have not been audited or reviewed by Company's auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding issues on the financial statements have been adequately disclosed.

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2019 are not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5, the accounting policies and methods of computation applied by the Group for the financial statements for the current financial period reported on are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2019 ("**FY2019**").

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has prepared the Group's financial statements for 1H2020 in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") and has adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material*
- *Amendments to SFRS(I) 3 Definition of a Business*
- *Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform*

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

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Loss per ordinary share of the Group for the financial period based on net loss attributable to owners of the Company are as follows: -

	Group	
	1H2020	1H2019
	(unaudited)	(unaudited)
Basic and diluted loss per ordinary share (Singapore cents)	(1.50)	(0.77)
Weighted average number of ordinary shares in issue ('000)	107,700	107,700

Loss per ordinary share for 1H2020 and 1H2019 are calculated based on net loss attributable to the owners of the Company for the respective financial periods divided by the weighted average number of ordinary shares in issue during the respective financial periods.

EINDECKYODO

英德集团

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	As at 30.06.2020	As at 31.12.2019	As at 30.06.2020	As at 31.12.2019
	(unaudited)	(audited)	(unaudited)	(audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	5.52	6.98	9.66	9.87

The net asset value per ordinary share of the Group and the Company as at 30 June 2020 and 31 December 2019 are calculated based on the total number of issued ordinary shares of 107,700,000.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

8(a) **Income Statement**

- (i) Revenue, cost of sales and gross profit

The Group's revenue decreased by S\$2.43 million or 44%, from S\$5.54 million in 1H2019 to S\$3.11 million in 1H2020. Revenue from Heating, Ventilation and Air Conditioning ("HVAC") and Cleanroom Equipment segments reported significant decline, mainly attributable to the impact of COVID-19 pandemic. As announced by the Company on 18 March 2020, 26 March 2020 and 5 May 2020, the operations of the Group's subsidiary in Malaysia, Eindex Technology (Malaysia) Sdn. Bhd., were closed from 18 March 2020 to 4 May 2020 as a result of the movement control order imposed by the government of Malaysia. In Singapore, all activities in most of the construction sites remain suspended as of to-date since 7 April 2020, affecting the deliveries for all on-going projects undertaken by the Group. However, the aforementioned decrease in revenue was partially offset by an

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

increase in revenue from Air Purification segment, mainly due to completion of projects secured in the previous year.

In tandem with the decrease in revenue, cost of sales decreased by 32%, from S\$4.01 million in 1H2019 to S\$2.71 million in 1H2020.

As a result, the Group's gross profit decreased by 74%, from S\$1.53 million to S\$0.40 million. Gross profit margin decreased by 15 percentage points, from 28% in 1H2019 to 13% in 1H2020, mainly due to insufficient revenue to cover the fixed overhead cost and labour cost.

(ii) Other income

Other income increased or 22%, from S\$0.25 million in 1H2019 to S\$0.30 million in 1H2020, mainly due to (i) receipt of S\$0.17 million grant in 1H2020 pursuant to the Job Support Scheme and foreign worker levy rebate implemented by the Singapore government, partially offset by the decrease in foreign exchange gain of S\$54,000 mainly due to depreciation of United State Dollars against Ringgit Malaysia, and the absence of reversal of expected credit loss on trade receivables in 1H2020 as compared to S\$45,000 recorded in 1H2019.

(iii) Administrative expenses

Administrative expenses decreased by 14%, from S\$2.60 million in 1H2019 to S\$2.22 million in 1H2020.

The decrease in administrative expenses were mainly due to (i) decrease in staff costs, marketing expenses, entertainment and traveling expenses due to traveling restrictions and lockdown of cities during the COVID-19 pandemic and; (ii) lower research and development expenses for both industrial dampers and air purifier products.

(iv) Finance income

Finance income decreased marginally from S\$27,000 in 1H2019 to S\$23,000 in 1H2020, due mainly to lower principal amount invested in the short-term capital protected investments with banks.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

(v) Finance costs

Finance cost increased by 54%, from S\$69,000 in 1H2019 to S\$106,000 in 1H2020, mainly due to increase in term loan and higher utilisation rate of bank overdraft.

(vi) Loss for the period

As a result of the above, the Group's loss for the period increased by 94%, from S\$0.83 million in 1H2019 to S\$1.61 million in 1H2020.

8(b) Statement of financial position

The Group's working capital and net assets decreased in tandem with the losses reported by the Group in 1H2020. As at 30 June 2020, the Group recorded positive working capital of S\$1.82 million and the net asset value per share of 5.52 Singapore cents.

(i) **Non-current assets**

Property, plant and equipment ("**PPE**") decreased from S\$5.26 million as at 31 December 2019 to S\$4.92 million as at 30 June 2020. The decrease was mainly due to depreciation charges of right-of-use ("**ROU**") assets and PPE of S\$0.37 million, partially offset by purchases of plant and equipment of S\$77,000.

Intangible asset increased from S\$0.17 million as at 31 December 2019 to S\$0.22 million as at 30 June 2020, mainly due to on-going investment in enterprise resource planning software ("**ERP**") for subsidiaries in Singapore and Malaysia to complete the implementation for the ERP. The ERP has gone live for both subsidiaries since March 2020.

(ii) **Current assets**

Current assets decreased by S\$1.01 million or 9%, from S\$11.42 million as at 31 December 2019 to S\$10.41 million as at 30 June 2020, mainly due to decrease in trade and other receivables, and other investments, partially offset by increase in inventories.

Inventories increased by S\$0.97 million or 31%, from S\$3.14 million as at 31 December 2019 to S\$4.11 million as at 30 June 2020, mainly due to increase in work-in-progress and finished goods which were subsequently delivered in the second half of 2020.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

Trade and other receivables decreased by S\$1.58 million or 32%, from S\$4.89 million as at 31 December 2019 to S\$3.31 million as at 30 June 2020, mainly due to recovery of overdue receivables in 1H2020.

Cash and cash equivalents decreased marginally from S\$1.66 million as at 31 December 2019 to S\$1.61 million as at 30 June 2020. Please refer to Section 8(c) below on statement of cash flows for explanations on the decrease in cash and cash equivalents of the Group.

Other investments of S\$1.38 million as at 30 June 2020 relates to investment in short-term capital protected investment with banks. The decrease in other investment of S\$0.36 million or 21% was due to partial redemption of short-term financial instruments for working capital purpose.

(iii) Non-current liabilities

Non-current liabilities increased by S\$0.19 million or 23%, from S\$0.83 million as at 31 December 2019 to S\$1.02 million as at 30 June 2020, mainly due to increase in loans and borrowings.

Loans and borrowings, which comprised term loan, finance leases and ROU liabilities, increased from S\$0.65 million as at 31 December 2019 to S\$0.85 million as at 30 June 2020, mainly due to increase in term loan secured in 1H2020 of S\$0.43 million, partially offset by repayment of ROU liabilities and finance leases of S\$0.24 million.

(iv) Current liabilities

The Group recorded a marginal increase in current liabilities by S\$89,000 or 1%, from S\$8.50 million as at 31 December 2019 to S\$8.59 million as at 30 June 2020, mainly due to increase in short-term loan and borrowings, partially offset by decrease in contract liabilities.

Loans and borrowings increased from S\$2.08 million as at 31 December 2019 to S\$2.28 million as at 30 June 2020, mainly due to (i) increase in bank overdraft from S\$0.87 million as at 31 December 2019 to S\$1.06 million as at 30 June 2020; (ii) increase in term loan secured in 1H2020 of S\$46,000; and (iii) partially offset by repayment of ROU liabilities and finance lease of S\$44,000.

Contract liabilities decreased by S\$0.13 million or 28%, from S\$0.46 million as at 31 December 2019 to S\$0.33 million as at 30 June 2020, mainly due to partial completion of

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

on-going projects where advance payment from customers were received during the financial year ended 31 December 2019.

8(c) Statement of cash flows

Net cash used in operating activities in 1H2020 was S\$0.59 million. This was mainly due to (i) loss before changes in working capital of S\$1.23 million, (ii) increase in inventories of S\$0.81 million, (iii) decrease in contract liabilities of S\$0.13 million, partially offset by decrease in trade and other receivables of S\$1.61 million.

Net cash from investing activities in 1H2020 was S\$0.24 million, mainly due to (i) redemption of short-term capital protected investments of S\$0.36 million. The cash inflow was partially offset by purchase of plant and equipment of S\$63,000 and expenditure on intangible assets of S\$61,000.

Net cash from financing activities in 1H2020 was S\$0.12 million, mainly due to proceeds from short-term financing of S\$0.43 million, partially offset by (i) repayment of leases of S\$0.25 million; and (ii) interest paid to financial institutions of S\$69,000.

As a result, the Group used cash and cash equivalents of S\$0.24 million in 1H2020. The cash and cash equivalents as at 30 June 2020 amounted to S\$1.61 million.

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

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

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

The COVID-19 pandemic situation that arose since early this year had adversely affected the global business economy. Despite the easing of containment and lockdown measures in many countries, measures to combat this pandemic are expected to remain for the rest of 2020. The slowdown in industries and control measures in place to contain the spread of the COVID-19 pandemic inevitably affects the economy and disrupts supply chains.

The Group's business is closely related to activities in the construction industry, and has been adversely affected. We foresee that with the continued implementation of containment measures in the regions the Group operates in, the delivery of on-going projects will be delayed.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

There could also be heightened credit risk in light of the COVID-19 pandemic. The Group foresees the outbreak to increase pressure on margins, consequently to have an adverse effect on the Group's financial condition and operating results in the next 12 months.

Amid concerns about the ongoing COVID-19 outbreak and the heightened uncertainties of the global economy, the Group will strive to drive the business with improved efficiencies, improving processes with latest technologies in its work place and better cost management to ride the waves of uncertainties.

As at the date of this announcement, the Group has current outstanding balance-of-works on hand of approximately S\$9.72 million.

11 Dividend

(a) Current Financial Period Reported On

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

No dividend has been declared or recommended for 1H2020.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for 1H2020, as the Group recorded net loss in 1H2020 and the Board of Directors deems it appropriate to conserve funds for the Group's business activities.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

- 13 If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group had obtained a general mandate from shareholders for IPTs at the Company’s extraordinary general meeting held on 27 April 2018 and was last renewed at the annual general meeting held on 24 June 2020. Please refer to the addendum to the 2018 annual report of the Company dated 29 March 2019 for further details.

There were no interested person transactions conducted under the IPT Mandate pursuant to Rule 920 that were more than S\$100,000 in 1H2020.

- 15 Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Catalist Rules**

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

- 16 Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules**

The Board of Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group for the half year ended 30 June 2020 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD
EINDEC CORPORATION LIMITED**

Zhang Wei
Non-Executive Chairman

13 August 2020