

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 ("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.

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Unaudited Financial Statements for the Financial Year Ended 31 December 2020

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF FULL YEAR RESULTS

1(a)(i) 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>	Full Year Ended	Full Year Ended	Increase/
	31.12.2020 (unaudited)	31.12.2019 (audited)	(Decrease)
	S\$'000	S\$'000	%
Revenue	20,395	11,248	81
Cost of sales	(16,083)	(8,325)	93
Gross profit	4,312	2,923	48
Other income	664	437	52
Administrative expenses	(4,604)	(5,177)	(11)
Other operating expenses	(26)	(5)	n.m.
Results from operating activities	346	(1,822)	n.m.
Finance income	41	53	(23)
Finance costs	(230)	(176)	31
Net finance cost	(189)	(123)	54
Profit/ (Loss) before income tax	157	(1,945)	n.m.
Income tax (expense)/ credit	(275)	298	n.m.
Loss for the year	(118)	(1,647)	(93)
(Loss)/ income for the year attributable to:			
Equity holders of the Company	(651)	(1,647)	(60)
Non-controlling interests	533	-	n.m.
	(118)	(1,647)	(93)

Loss per share attributable to owners of the Company

<u>Group</u>	Full Year Ended	Full Year Ended	Increase/
	31.12.2020 (unaudited)	31.12.2019 (audited)	(Decrease)
	Singapore Cents	Singapore Cents	%
Basic and diluted	(0.60)	(1.53)	(61)

n.m. denotes not meaningful

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Statement of Comprehensive Income

<u>Group</u>	Full Year Ended	Full Year Ended	Increase/
	31.12.2020 (unaudited)	31.12.2019 (audited)	(Decrease)
	S\$'000	S\$'000	%
Loss for the year	(118)	(1,647)	(93)
Other comprehensive income			
<i>Items that will may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	86	(144)	n.m.
Total comprehensive loss for the year, net of tax	(32)	(1,791)	(98)
Total comprehensive (loss)/ income for the year attributable to:			
Equity holders of the Company	(572)	(1,791)	(68)
Non-controlling interests	533	-	n.m.
	(32)	(1,791)	(98)

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1(a)(ii) Notes to consolidated statement of comprehensive income

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

<u>Group</u>	Full Year Ended 31.12.2020 (unaudited)	Full Year Ended 31.12.2019 (audited)	Increase/ (Decrease)
	S\$'000	S\$'000	%
Bad debts written off	1	-	n.m.
Depreciation of property, plant and equipment ⁽¹⁾	962	788	22
Gain on disposal of plant and equipment	-	(1)	(100)
Amortisation of intangible assets	15	-	n.m.
(Write back)/ Write down of inventories (net)	(89)	100	n.m.
Overprovision for service fee	(26)	-	n.m.
Income from government grant	-	(98)	(100)
Property, plant and equipment written off	3	5	(40)
Expected/ (Reversal of) credit loss on trade receivables	22	(45)	n.m.
Net foreign exchange gain	(143)	(113)	27

Note:

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

n.m. denotes not meaningful

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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 31.12.2020 (unaudited) S\$'000	As at 31.12.2019 (audited) S\$'000	As at 31.12.2020 (unaudited) S\$'000	As at 31.12.2019 (audited) S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	7,437	5,258	-	-
Intangible assets	171	171	-	-
Subsidiaries	-	-	9,300	9,300
Total non-current assets	7,608	5,429	9,300	9,300
Current assets				
Inventories	3,160	3,136	-	-
Trade and other receivables	8,854	4,889	2,910	3,375
Other investment	1,316	1,738	-	-
Cash and bank balances	5,144	1,656	115	67
Total current assets	18,474	11,419	3,025	3,442
Total assets	26,082	16,848	12,325	12,742
EQUITY AND LIABILITIES				
Capital, reserves and non-controlling interests				
Share capital	14,917	14,917	14,917	14,917
Reserves	(10,701)	(10,780)	-	-
Retained earnings / (Accumulated losses)	2,731	3,382	(4,734)	(4,283)
Equity attributable to owners of the Company	6,947	7,519	10,183	10,634
Non-controlling interests ("NCI")	570	-	-	-
Total equity	7,517	7,519	10,183	10,634

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	<u>Group</u>		<u>Company</u>	
	As at 31.12.2020 (unaudited) S\$'000	As at 31.12.2019 (audited) S\$'000	As at 31.12.2020 (unaudited) S\$'000	As at 31.12.2019 (audited) S\$'000
Non-current liabilities				
Loans and borrowings	2,439	653	-	-
Deferred tax liabilities	180	173	-	-
Total non-current liabilities	2,619	826	-	-
Current liabilities				
Loans and borrowings	3,582	2,078	-	-
Trade and other payables	11,051	5,933	2,142	2,108
Contract liabilities	1,067	463	-	-
Income tax payable	246	29	-	-
Total current liabilities	15,946	8,503	2,142	2,108
Total equity and liabilities	26,082	16,848	12,325	12,742

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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 31.12.2020 (unaudited)		As at 31.12.2019 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,582	-	2,078	-

Amount repayable after one year

Group			
As at 31.12.2020 (unaudited)		As at 31.12.2019 (audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,439	-	653	-

Details of any collateral

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

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

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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.

Group	Full Year Ended 31.12.2020 (unaudited)	Full Year Ended 31.12.2019 (audited)
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/ (Loss) before tax	157	(1,945)
Adjustments for:		
Amortisation of intangible assets	15	-
Bad debts written off	1	-
Expected/ (Reversal of) credit loss on trade receivables	22	(45)
Depreciation of property, plant and equipment	962	788
Property, plant and equipment written off	3	5
(Write back)/ Write down of inventories (net)	(89)	100
Overprovision for service fee	(26)	-
Income from government grant	-	(98)
Gain on disposal of property, plant and equipment	-	(1)
Interest expenses	230	176
Interest income	(41)	(53)
Unrealised exchange differences	104	(69)
	1,338	(1,142)
Changes in:		
Inventories	93	493
Trade and other receivables	(3,930)	(850)
Contract liabilities	604	406
Trade and other payables	4,813	(688)
Cash generated from/ (used in) operations	2,981	(1,781)
Interest received	41	53
Tax (paid)/refund	(60)	331
Net cash generated from/ (used in) operating activities	2,899	(1,397)

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<u>Group</u>	Full Year Ended 31.12.2020 (unaudited) S\$'000	Full Year Ended 31.12.2019 (audited) S\$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	1
Purchase of property, plant and equipment ⁽¹⁾	(111)	(203)
Expenditure on intangible assets	(15)	(171)
Short-term financial instrument	422	554
Net cash generated from investing activities	296	181
Financing activities		
Interest paid	(161)	(112)
Amount due to ultimate holding company (non-trade)	-	(200)
Proceeds from short-term financing	1,010	456
Repayment of lease liabilities	(701)	(463)
Capital contribution from NCI	132	-
Net cash generated from/ (used in) financing activities	280	(319)
Net increase/ (decrease) in cash and cash equivalents	3,475	(1,535)
Cash and cash equivalents at beginning of financial year	790	2,280
Effects of exchange rate changes on cash and cash equivalents	(16)	45
Cash and cash equivalents at end of financial year	4,249	790
Group		
Cash and cash equivalents as per statement of financial position comprising:		
Cash at bank	5,144	1,656
Bank overdraft	(895)	(866)
Cash and cash equivalents as per consolidated statement of cash flows	4,249	790

Note:

- ⁽¹⁾ During the financial year ended 31 December 2020, the Group acquired plant and equipment with an aggregate cost of S\$0.11 million (FY2019: S\$0.65 million) of which S\$0.11 million (FY2019: S\$0.21 million) was paid in cash and S\$Nil (FY2019: S\$0.44 million) was acquired by means of lease liabilities.

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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	Non-controlling interests	Total equity
Group (unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2020 (audited)	14,917	(9,138)	(1,766)	124	3,382	7,519	-	7,519
(Loss)/ Profit for the year	-	-	-	-	(651)	(651)	533	(118)
<i>Other comprehensive income</i>								
Foreign currency translation differences from foreign operations	-	-	79	-	-	79	7	86
Total comprehensive income/ (loss) for the year, net of tax	-	-	79	-	(651)	(572)	540	(32)
Capital contribution from NCI	-	-	-	-	-	-	132	132
Losses before capital injection into a subsidiary relating to NCI	-	-	-	-	-	-	(102)	(102)
Balance at 31 December 2020	14,917	(9,138)	(1,687)	124	2,731	6,947	570	7,517

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	Share capital	Merger reserve	Translation reserve	Statutory Reserve	Retained earnings	Total	Non-controlling interests	Total equity
Group (audited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019 (audited)	14,917	(9,138)	(1,622)	124	5,029	9,310	-	9,310
Loss for the year	-	-	-	-	(1,647)	(1,647)	-	(1,647)
<i>Other comprehensive loss</i>								
Foreign currency translation differences from foreign operations	-	-	(144)	-	-	(144)	-	(144)
Total comprehensive loss for the year, net of tax	-	-	(144)	-	(1,647)	(1,791)	-	(1,791)
Balance at 31 December 2019	14,917	(9,138)	(1,766)	124	3,382	7,519	-	7,519

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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 (unaudited)	S\$'000	S\$'000	S\$'000
Balance at 1 January 2020	14,917	(4,283)	10,634
Loss for the year, representing total comprehensive loss for the year	-	(451)	(451)
Balance at 31 December 2020	14,917	(4,734)	10,183

	Share capital	Accumulated losses	Total
Company (audited)	S\$'000	S\$'000	S\$'000
Balance at 1 January 2019	14,917	(3,759)	11,158
Loss for the year, representing total comprehensive loss for the year	-	(524)	(524)
Balance at 31 December 2019	14,917	(4,283)	10,634

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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 (S\$'000)
Ordinary shares		
Balance as at 31 December 2020 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 31 December 2020 and 31 December 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	
	31.12.2020	31.12.2019
Total number of issued shares excluding treasury shares ('000)	107,700	107,700

There were no treasury shares as at 31 December 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 financial year ended 31 December 2020 ("FY2020").

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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 FY2020.

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 modifications 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 audit issues on the financial statements have been adequately disclosed.

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2019 ("FY2019") 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 year reported on are consistent with those used in its most recently audited financial statements for FY2019.

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.

Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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:

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- 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 year based on net loss attributable to owners of the Company are as follows:-

	Group	
	Full Year Ended	Full Year Ended
	31.12.2020 (unaudited)	31.12.2019 (audited)
Basic and diluted loss per ordinary share (Singapore cents)	(0.60)	(1.53)
Weighted average number of ordinary shares in issue ('000)	107,700	107,700

Loss per ordinary share for FY2020 and FY2019 are calculated based on net loss attributable to the owners of the Company for the respective financial years divided by the weighted average number of ordinary shares in issue during the respective financial years.

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- 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 31.12.2020	As at 31.12.2019	As at 31.12.2020	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)	6.45	6.98	9.45	9.87

The net asset value per ordinary share of the Group and the Company as at 31 December 2020 and 31 December 2019 are calculated based on equity attributable to owners of the Company and 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 increased by S\$9.15 million or 81%, from S\$11.25 million in FY2019 to S\$20.40 million in FY2020, mainly as a result of the following:

1. The Clean Room Equipment segment reported an increase in revenue of S\$0.77 million or 17%, from S\$4.45 million in FY2019 to S\$5.22 million in FY2020, due to increase in demand from the semiconductor industry, particularly for the semiconductor plants located in Malaysia. The Group saw a decline in demand in other Asia Pacific region mainly due to the COVID-19 pandemic.

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2. The Air Purification Integrated Solution (“AP”) segment reported an increase in revenue of S\$9.93 million, from S\$0.73 million in FY2019 to S\$10.67 million in FY2020, due to the following:
- (i) The AP segment which mainly used to cater for the supply and installation of air purification system to the People’s Republic of China (“PRC”) market, reported an increase in revenue of S\$0.77 million or 104%, from S\$0.73 million in FY2019 to S\$1.50 million in FY2020, as a result of completion of projects secured in the previous year and an increase in demand for air purification system amidst the COVID-19 pandemic.
 - (ii) In FY2020, the Group expanded its business in AP segment to include the supply and/or installation of smart doors and windows, and the supply and installation of construction and renovation materials and/or system in the PRC, through an acquisition of a 35%-owned subsidiary¹ named Henan Yunzhi Security Technology Co., Ltd (“Henan Yunzhi”) on 30 September 2020 (the “Acquisition”), and the 51%-owned subsidiary, Henan Construction & Technology Co., Ltd (“Henan Construction”) incorporated on 13 August 2019. The enhanced AP segment contributed S\$9.17 million in FY2020 (FY2019: S\$Nil).
3. The Heating, Ventilation and Air-Conditioning (“HVAC”) segment reported a decline in revenue of S\$1.28 million or 23%, from S\$5.46 million in FY2019 to S\$4.18 million in FY2020. The decline was mainly a result of the COVID-19 pandemic, where deliveries for all on-going projects undertaken by the Group were affected by the safe management measures implemented by the government of Singapore, as most of the construction sites were suspended from 4 April 2020 to 9 August 2020.

In tandem with the increase in revenue, cost of sales increased by S\$7.76 million or 93%, from S\$8.33 million in FY2019 to S\$16.08 million in FY2020.

As a result, the Group’s gross profit increased by 48%, from S\$2.92 million in FY2019 to S\$4.31 million in FY2020. Gross profit margin decreased by 5 percentage points, from 26% in FY2019 to 21% in FY2020, mainly due to high volume low margin business model in the enhanced AP segment segment, which lowered the overall gross profit margin reported by the Group in FY2020.

¹ The Group has de-facto control over Henan Yunzhi as it holds the substantive rights to direct the relevant activities of Henan Yunzhi. Accordingly, it is considered a subsidiary of the Company.

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(ii) Other income

Other income increased \$0.22 million or 52%, from S\$0.44 million in FY2019 to S\$0.66 million in FY2020, mainly due to (i) receipt of S\$0.43 million grant in FY2020, pursuant to the Job Support Scheme and foreign worker levy rebate implemented by the government of Singapore, (ii) foreign exchange gain of S\$0.14 million due to appreciation of Singapore Dollar against Ringgit Malaysia and depreciation of United State Dollars against Ringgit Malaysia, and (iii) other sundry income amounted to S\$22,000.

(iii) Administrative expenses

Administrative expenses decreased by \$0.58 million or 11%, from S\$5.18 million in FY2019 to S\$4.60 million in FY2020. The decrease in administrative expenses was 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.

Depreciation expense increased by S\$0.17 million, from S\$0.79 million in FY2019 to S\$0.96 million in FY2020, mainly due to increase in right-of-use (“**ROU**”) assets which resulted in the Group recording higher depreciation charges of plant and equipment.

(iv) Finance income

Finance income decreased by 23%, from S\$53,000 in FY2019 to S\$41,000 in FY2020, due mainly to lower principal amount invested in the short-term capital protected investments with banks.

(v) Finance costs

Finance cost increased by 31%, from S\$0.18 million in FY2019 to S\$0.23 million in FY2020, mainly due to increase in term loan and higher utilisation rate of bank overdraft.

(vi) Income tax expense

The Group recorded income tax expense of S\$0.28 million in FY2020, as compared to an income tax credit of S\$0.30 million in FY2019, due to taxable profits recorded by subsidiaries in FY2020.

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(vii) Loss for the year

As a result of the above, the Group recorded (i) a profit before tax of S\$0.16 million in FY2020, as compared to a loss before tax of S\$1.95 million in FY2019; and (ii) a lower loss for the year of S\$0.12 million for FY2020, as compared to a loss for the year of S\$1.65 million in FY2019.

8(b) Statement of financial position

The Group's working capital decreased from S\$2.92 million as at 31 December 2019 to S\$2.52 million as at 31 December 2020, mainly due to the financial effect of applying SFRS(I) 16 on the Acquisition

(i) Non-current assets

Non-current assets increased by S\$2.18 million or 40%, from S\$5.43 million as at 31 December 2019 to S\$7.61 million as at 31 December 2020, due to increase in property, plant and equipment ("PPE"). PPE increased from S\$5.26 million as at 31 December 2019 to S\$7.44 million as at 31 December 2020. The increase was mainly due to (i) capitalization of ROU assets of S\$2.93 million by Henan Yunzhi arising from the Acquisition, (ii) purchases of plant and equipment of S\$0.21 million, partially offset by (iii) depreciation charges of ROU assets and PPE of S\$0.96 million.

(ii) Current assets

Current assets increased by S\$7.05 million or 62%, from S\$11.42 million as at 31 December 2019 to S\$18.47 million as at 31 December 2020, mainly due to increase in trade and other receivables, and cash and bank balances, partially offset by decrease in short-term financial instrument.

In tandem with the increase in revenue reported by the Group, trade and other receivables increased by S\$3.97 million or 81%, from S\$4.89 million as at 31 December 2019 to S\$8.85 million as at 31 December 2020. Affected by slowdown in the marine industry, resulting in slower repayment by customers in this industry, the Group's debtor turnover days increased from 143 days as at 31 December 2019 to 150 days as at 31 December 2020.

Cash and cash equivalents increased from S\$1.66 million as at 31 December 2019 to S\$5.14 million as at 31 December 2020. Please refer to Section 8(c) below on statement of cash flows for explanations on the increase in cash and cash equivalents of the Group.

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Other investments at 31 December 2020 and 31 December 2019 relates to investment in short-term capital protected investment with banks. The decrease in other investment of S\$0.42 million or 24%, from S\$1.74 million as at 31 December 2019 to S\$1.32 million as at 31 December 2020, was due to partial redemption of short-term financial instruments for working capital purpose.

(iii) Non-current liabilities

Non-current liabilities increased by S\$1.79 million or 217%, from S\$0.83 million as at 31 December 2019 to S\$2.62 million as at 31 December 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\$2.44 million as at 31 December 2020, mainly due to (i) increase in ROU liabilities of S\$1.47 million recognised by Henan Yunzhi arising from the Acquisition, (ii) term loan secured in FY2020 of S\$0.46 million, partially offset by (iii) repayment of ROU liabilities and finance leases of S\$0.14 million.

(iv) Current liabilities

The Group recorded an increase in current liabilities by S\$7.45 million or 88%, from S\$8.50 million as at 31 December 2019 to S\$15.95 million as at 31 December 2020, mainly due to increase in short-term loan and borrowings, trade and other payables, contract liabilities and income tax payables.

Loans and borrowings increased from S\$2.08 million as at 31 December 2019 to S\$3.58 million as at 31 December 2020, mainly due to (i) net increase in ROU liabilities of S\$0.94 million recognized by Henan Yunzhi arising from the Acquisition; and (ii) increase in utilisation of credit facility and overdraft of S\$0.55 million.

Trade and other payables increased by S\$5.12 million or 86%, from S\$5.93 million as at 31 December 2019 to S\$11.05 million as at 31 December 2020. The increase in trade and other payables was in line with the increase in cost of sales. Notwithstanding the aforementioned, the Group's creditor's turnover days remained at 210 days in FY2020 and FY2019.

Contract liabilities increased by S\$0.61 million or 130%, from S\$0.46 million as at 31 December 2019 to S\$1.07 million as at 31 December 2020, mainly due to receipt of advance payment from a customer for on-going projects.

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Income tax payable increased by S\$0.22 million from S\$29,000 as at 31 December 2019 to S\$0.25 million as at 31 December 2020, mainly due to provision of current year income tax recorded by profitable subsidiaries in FY2020.

(v) Non-controlling interest

Non-controlling interests of S\$0.57 million as at 31 December 2020 (S\$Nil as at 31 December 2019) related to profits accounted by Henan Yunzhi and Henan Construction, less pre-acquisition losses prior to the Acquisition of S\$0.10 million.

8(c) Statement of cash flows

Net cash generated from operating activities in FY2020 was S\$2.90 million. This was mainly due to (i) profit before changes in working capital of S\$1.34 million, (ii) increase in trade and other receivables of S\$3.93 million, partially offset by (iii) decrease in inventories of S\$93,000, (iv) increase in contract liabilities of S\$0.60 million, and (v) increase in trade and other payables of S\$4.81 million.

Net cash generated from investing activities in FY2020 was S\$0.30 million, mainly due to (i) redemption of short-term capital protected investments of S\$0.42 million, partially offset by purchase of plant and equipment of S\$0.11 million and expenditure on intangible assets of S\$15,000.

Net cash generated from financing activities in FY2020 was S\$0.28 million, mainly due to (i) proceeds from short-term financing of S\$1.01 million, (ii) capital injection from non-controlling shareholders of S\$0.13 million, partially offset by (iii) repayment of lease liabilities of S\$0.70 million; and (iv) interest paid to financial institutions of S\$0.16 million.

As a result, the Group generated cash and cash equivalents of S\$3.48 million in FY2020. The cash and cash equivalents as at 31 December 2020 amounted to S\$4.25 million.

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

The unaudited financial results for FY2020 set out in this announcement are in line with the profit guidance announcement released by the Company on 17 February 2021.

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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 Group's business is closely related to activities in the construction industry. The contractors and suppliers in Singapore have asked for more time to assess the impact of the COVID-19 pandemic on resource management and project implementation timeline since the third quarter of FY2020. Following the revision of construction demand for FY2020 by S\$10 billion² by the Building and Construction Authority ("BCA"), the BCA anticipated improvement in construction demand in 2021 and projected total construction demand (which consists of both public and private sector projects) to be between S\$23 billion and S\$28 billion³, contingent on the successful deployment and effectiveness of COVID-19 treatment and vaccines as well as easing of lockdown restrictions. However, it is expected that infrastructure projects and public housing in the public sector will drive the construction demand for 2021, As such, the Group expects to face more severe competitions and anticipates the pressure on margin will persist due to insufficient building construction demand locally.

On 10 January 2021, the Malaysia government imposed nationwide lockdown following a surge in COVID-19 cases⁴. On 16 February 2021, the on-going lockdown was extended by another two weeks to 4 March 2021 in Selangor, Kuala Lumpur, Johor and Penang⁵. The Group's manufacturing plant located in Johor, Malaysia had obtained approval to operate as usual under the movement control order. To mitigate the risks of infection within the Group's manufacturing plant, the Group has taken all necessary steps to prevent and safeguard the Group and its staff against the risk of outbreak. The Group has also planned for advanced ordering and additional storage to ensure prompt deliveries without undue delay.

The COVID-19 pandemic remains fluid, and there is a significant degree of uncertainty over the length and severity of the outbreak. As such, the outbreak may have an adverse impact on the Group's business operations and consequently may have adverse effect on the Group's financial condition and operating results. Hence, the Group will continue to maintain a cautious outlook

² [https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2020/09/17/projected-construction-demand-for-2020-revised-to-\\$18-\\$23-billion-but-expected-to-recover-to-some-extent-from-2021](https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2020/09/17/projected-construction-demand-for-2020-revised-to-$18-$23-billion-but-expected-to-recover-to-some-extent-from-2021)

³ <https://www.businesstimes.com.sg/government-economy/2021-construction-demand-forecast-at-s23-28b-public-sector-to-drive-bulk-of>

⁴ <https://www.businesstimes.com.sg/government-economy/malaysia-imposes-nationwide-lockdown-following-surge-in-covid-19-cases>

⁵ <https://www.straitstimes.com/asia/se-asia/mco-extended-in-kl-selangor-johor-and-penang-until-march-4>

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for the financial year ending 31 December 2021. To ensure long term sustainability, the Group will continue to exercise prudence and vigilance to safeguard its financial position.

As at the date of this announcement, the Group has current outstanding balance-of-works on hand of approximately S\$8.11 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 FY2020.

(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 FY2020, as the Group recorded net loss in FY2020 and the Board of Directors deems it appropriate to conserve funds for the Group's business activities.

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

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meeting held on 24 June 2020. Please refer to the addendum to the 2019 annual report of the Company dated 9 June 2020 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 FY2020.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

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

(i) Clean room equipment ("CRE")

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

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

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

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

Air purification equipment (also referred to as air cleaners) are electrical devices that remove solid and gaseous pollutants from the air such as formaldehyde and PM2.5 which may pose adverse health risks that include breathing difficulties, asthma and allergies. Through the function of air filters or sterilizing systems built into each air purification equipment, the concentration of dust, contaminants, fine particles and volatile organic compounds in the air are reduced to the benefit of individuals within the immediate vicinity.

Integrated with air purification system, other solutions such as smart home equipment with integrated security system implementation services, renovation materials, and supply and installation of smart door and window system have been included in this segment.

(iv) Others

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

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Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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.

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

<u>Group</u>	Revenue		Net Loss	
	FY2020	FY2019	FY2020	FY2019
	(unaudited)	(audited)	(unaudited)	(audited)
	S\$'000	S\$'000	S\$'000	S\$'000
CRE	5,222	4,450	(142)	(913)
HVAC	4,183	5,462	(272)	(211)
AP	10,667	733	266	(976)
Others	323	603	(39)	84
	<u>20,395</u>	<u>11,248</u>	<u>(187)</u>	<u>(2,016)</u>
<u>Unallocated items:</u>				
Other income			577	199
Other expenses			(26)	(5)
Finance income			-	53
Finance costs			(207)	(176)
Profit/ (loss) before income tax			<u>157</u>	<u>(1,945)</u>
Income tax (expense)/ credit			<u>(275)</u>	<u>298</u>
Loss for the year			<u>(118)</u>	<u>(1,647)</u>

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	As at 31.12.2020 (unaudited) S\$'000	As at 31.12.2019 (audited) S\$'000
<u>Segment Assets</u>		
CRE	2,638	2,102
HVAC	2,983	3,825
AP	12,302	3,749
Others	89	110
Total segment assets	18,012	9,786
Unallocated assets	8,070	7,062
Consolidated total assets	26,082	16,848
<u>Segment Liabilities</u>		
CRE	576	599
HVAC	68	131
AP	7,710	2,002
Others	30	70
Total segment liabilities	8,384	2,802
Unallocated liabilities	10,181	6,527
Consolidated total liabilities	18,565	9,329

Other segment information

FY2020 (unaudited) <u>Group</u>	CRE S\$'000	HVAC S\$'000	AP S\$'000	Others S\$'000	Unallocated S\$'000	Total S\$'000
(Reversal of)/Expected credit loss on trade receivables	(18)	(29)	-	-	69	22
Amortisation of intangible assets	-	-	-	-	15	15
Depreciation of PPE	331	275	342	14	-	962
Capital expenditure	-	-	2,989	-	168	3,157

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FY2019 (audited) Group	CRE	HVAC	AP	Others	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(Reversal of)/Expected credit loss on trade receivables	-	(19)	(26)	-	-	(45)
Amortisation of intangible assets	-	-	-	-	-	-
Depreciation of PPE	249	349	154	36	-	788
Capital expenditure	-	-	6	-	814	820

Geographical information

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.

Group	Revenue		Non-Current Assets	
	FY2020 (unaudited)	FY2019 (audited)	FY2020 (unaudited)	FY2019 (audited)
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	7,300	7,522	777	1,131
PRC	10,670	732	2,715	66
Malaysia	2,156	276	4,116	4,232
Others	269	2,718	-	-
	20,395	11,248	7,608	5,429

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15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to section 8 of this announcement.

16. A breakdown of sales

	Group		Increase/ (Decrease)
	FY2020	FY2019	
	S\$'000	S\$'000	%
(a) Sales reported for first half of year	3,106	5,537	(44)
(b) Operating loss after tax before deducting minority interests reported for first half year	(1,614)	(833)	94
(c) Sales reported for second half of year	17,289	5,711	n.m
(d) Operating profit/ (loss) after tax before deducting minority interests reported for second half year	1,496	(814)	n.m

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	FY2020	FY2019
	S\$'000	S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

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

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

19 Confirmation 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.

BY ORDER OF THE BOARD

Zhang Wei
Non-Executive Chairman

24 February 2021