EINDECKYODO

英德集团

2018 ANNUAL REPORT

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This annual report has been prepared by **Eindec Corporation Limited** (the "**Company**") and its contents have been reviewed by the Company's sponsor, **ZICO Capital Pte. Ltd.** (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. 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 assumes no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any information, statements or opinions made or reports contained in this annual report.

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.

CORPORATE PROFILE

Eindec Corporation Limited ("**Eindec**" or the "**Company**", and together with its subsidiaries, the "**Group**") is a regional clean air environmental technology solutions manufacturer and distributor with customised proprietary products for residential, commercial and industrial customers.

Established since 1984, the Group has expertise in design, manufacturing and distribution capabilities in cleanroom equipment ("**CRE**") as well as heating, ventilation and air-conditioning ("**HVAC**") equipment for the real estate sector.

Tapping on its technological expertise and customisation capabilities in cleanroom and HVAC equipment and systems, the Group broadened its product range to include air purification systems under its "Eindec" and "Kyodo" proprietary brands. These air purification systems are designed, manufactured and sold in the Southeast Asia region and the People's Republic of China (the "**PRC**").

Headquartered in Singapore, the Group operates a manufacturing facility in Malaysia and carries out its product research and development in Singapore and the PRC. The Group has also established offices in the PRC.

Eindec was listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 15 January 2016 under stock code 42Z.

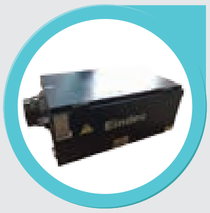
DIVERSIFIED RANGE OF PRODUCTS

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

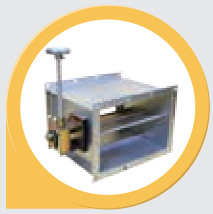
FAN FILTER UNIT

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.

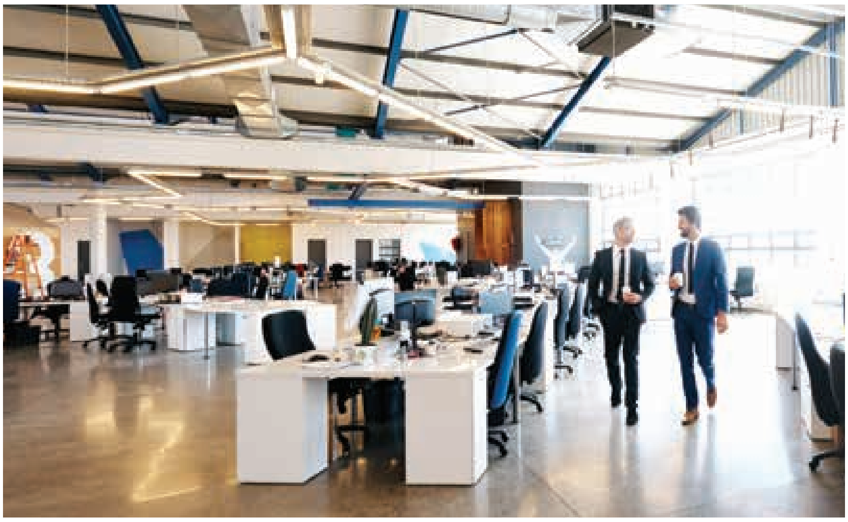
FIRE/SMOKE, MARINE DAMPER



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

LETTER TO SHAREHOLDERS

The Group began the new financial year ending 31 December 2019 with a healthy order book of S$8.03 million as at end February 2019. The Group strongly believes that the constant innovation of our established environmental air products and solutions through technological advancement will continue to place our established brand names, "Eindec" and "Kyodo" at the forefront of the air environmental protection industry.



DEAR SHAREHOLDERS,

Property tightening measures in the real estate sectors of both Singapore and China, global economic slowdown and geopolitical uncertainties weighed on the Group's environmental air solutions business in the financial year ended 31 December ("**FY**") 2018.

The Group, adversely affected by these macro business challenges, registered a 26% decline in revenue to S$10.4 million in FY2018, down from S$14.1 million in the financial year ended 31 December 2017. The prolonged depressed performance of the property development sector in both Singapore and China and lower industrial activities saw lower contribution across all our business segments in FY2018.

We grappled against the headwinds in our operating environment through stringent cost management implemented since FY2017 to further enhance our operational efficiencies. While gross profit decreased in tandem with revenue, from S$4.4 million in FY2017 to S$3.3 million in FY2018, the Group maintained gross margin at 31.7% in FY2018, slightly higher than the 31.4% in FY2017. The Group also reduced operating expenses by 13.7%, from S$6.7 million in FY2017 to S$5.8 million in FY2018. The Group's cost management would have been more effective if not for the accounting treatment for a one-off impairment loss in the intangible assets of S$0.7 million in respect of our subsidiary, Eindec (Shenzhen) Environmental Technology Co., Ltd. Consequently, our net loss attributable to shareholders widened from S$1.8 million in FY2017 to S$2.5 million FY2018.

STEPPING UP AGAINST THE HEADWINDS

The Group, with our new corporate management team, implemented initiatives to reinvent our traditional equipment manufacturing business into an environmental air protection solutions provider during FY2017. While the external environment continues to be challenging in FY2018, we continued our focus to strengthen our fundamentals.

We stepped up our capabilities to provide a full suite of airflow and air quality management solutions for our customers in the real estate sector comprising residential, commercial and industrial properties. We are capable of providing consultancy, design customisation and equipment manufacture, installation and after-sales maintenance services.

LETTER TO SHAREHOLDERS

The Group strongly believes that the constant innovation of our established environmental air products and solutions through technological advancement will continue to place our established brand names, "Eindec" and "Kyodo" at the forefront of the air environmental protection industry.

In December 2018, we formed a strategic collaboration with Aire-Max Asia Pte Ltd ("**Aire-Max**"), an air diffusion equipment distributor, to increase the market reach of the Group's proprietary brands of damper products in Singapore, Indonesia, and Vietnam. Aire-Max, led by a team of industry veterans whose technical know-how and close working relationships with developers, architects, and building engineers to ensure safety, wellness, energy efficiency, and climate control, is complementary to Eindec which specialises in a wide range of air environmental products. Through this collaboration, we believe the Group is able to tap on the strengths of our downstream peers to broaden our market reach, as well as to create value and better solutions for clean air control management in buildings.

PURSUING OPPORTUNITIES AMID UNCERTAINTIES

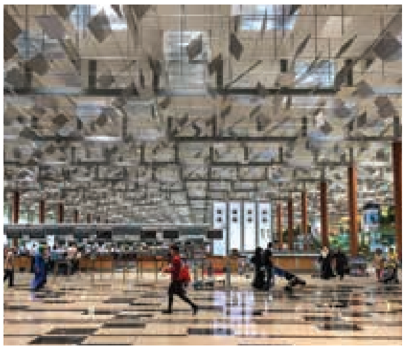
The increasing awareness of and demand for clean quality air in cities globally will continue to be the driving force for the Group. We are committed to innovate and provide high quality air purification products and systems across our three product segments – heating, ventilation and air-conditioning ("**HVAC**"), air purification ("**AP**") and cleanroom equipment ("**CRE**"), to enable clean air control management for the well-being of everyone.

The Group began the new financial year ending 31 December 2019 with a healthy order book of S$8.03 million as at end February 2019. Barring unforeseen circumstances, the order book will be predominantly recognised as revenue in FY2019 with the balance being recognised in FY2020.

As we continue to pursue opportunities amid uncertainties in the macroenvironment, we will actively pursue more business opportunities as we broaden our air purification products from residential properties to commercial buildings in the hospitality, education, and healthcare sectors.

ACKNOWLEDGMENTS AND APPRECIATION

On behalf of the Board of Directors ("**Board**"), we would like to convey our sincere appreciation to our fellow Board Directors for their invaluable advice and guidance, and the management team and employees for their dedication and commitment for the past year.



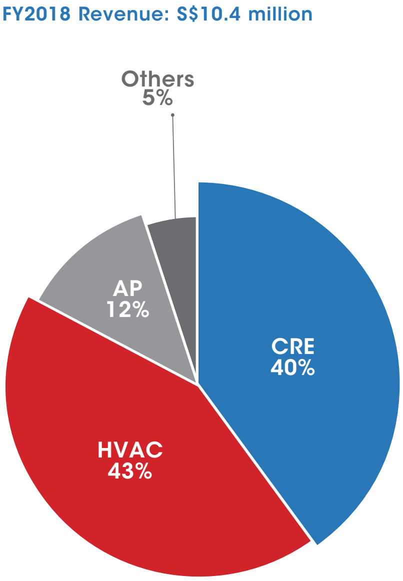
We would also like to express our warmest gratitude to our shareholders, customers, business associates and partners for their confidence and continued support for the Group as we continue to build on the Group's fundamentals and enhance value for all our stakeholders.

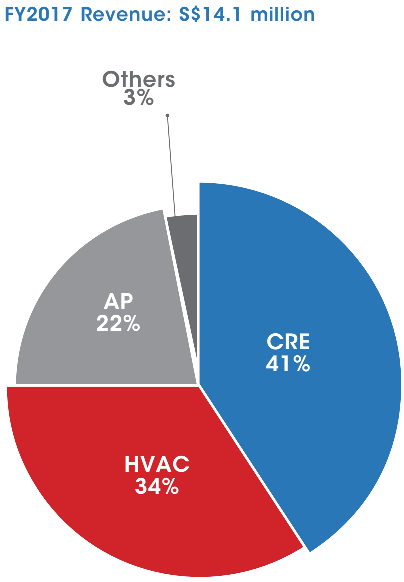
ZHANG WEI
Non-Executive Chairman

OPERATIONS REVIEW

In the year under review, the Group continued to operate under challenging business environment. Continuous tightening measures in the residential property development markets in China adversely affected the performance of the Group's air purification ("**AP**") segment. Beginning in July 2018, the China-United States trade war jolted the global manufacturing industry, resulting in the global economic slowdown. This led to delays in building construction contracts and accounted for the lower demand for the Group's industrial cleanroom equipment ("**CRE**"). There was no new sizeable project secured in the second half of FY2018.

REVENUE ANALYSIS BY PRODUCT SEGMENTS





The initiatives taken to streamline its manufacturing operations and optimise cost efficiency by relocating its production activities from Singapore to Malaysia in FY2017, had improved the Group's operational cost in FY2018.

Whilst the Group focuses on better cost management, it is also strengthening its innovation and development efforts to improvise clean environmental air solutions and systems for its proprietary brands of products across its three product segments at the same time.

One of its advanced technological solutions is the airflow management system for underground carparks of residential, commercial and industrial buildings. The Group completed such a project for a mixed-use building in Hainan, China in FY2017.

The Group was one of the first-movers in integrating software and technologies designed for operating, monitoring and data applications through the cloud system with its proprietary branded air purification system ("**Cloud Managed Air Purification System**"). This system ensures cloud computing-based resources work optimally on airflow management, air quality control and management, and performance monitoring at real-time. The Cloud Managed Air Purification System was implemented in a high school in Xi'an, China in FY2017, as an initiative by the Group in response to the Chinese government's drive to provide clean air environment for schools in China. The Group is also able to integrate LAN (a local area network) Managed Air Purification System as an alternative option for its customers.

The increasing demand for an equipment manufacturer to understand the evolving requirements of its end-customers prompted the Group to strengthen its downstream capabilities gradually. The Group has transformed from an equipment manufacturer to a customised clean environmental air solutions provider, offering a full suite of services including analysis of airflow management for buildings, design and manufacturing of customised equipment, installation, monitoring and maintenance of environmental air systems.

OPERATIONS REVIEW

The Group's corporate logo represents the integrated vision of both Eindec and Kyodo brands – innovations that are built on a heritage brand – with the aim of becoming a leading clean environmental air solutions provider under its proprietary "Eindec" and "Kyodo" brands.

The continued tightening of the residential and commercial property development sector in both Singapore and China, as well as the economic slowdown, undermined growth in all the geographical markets where the Group operates.

REVENUE ANALYSIS BY GEOGRAPHICAL LOCATION

(S$'000)	FY2018	FY2017	Change YoY
Singapore	**6,696**	7,500	- 10.7%
China	**1,223**	3,079	- 60.3%
Malaysia	**1,600**	2,401	- 33.4%
Others	**920**	1,122	- 18.0%
Total Revenue	**10,439**	**14,102**	**- 26.0%**

The Group through strategic collaboration with its downstream peers, will continue to harness technology to innovate and enhance its clean environmental air solutions and systems, to offer quality environmental air protection for everyone.

OPERATIONS REVIEW

HVAC SEGMENT

The Group has a strong track record in the design, manufacture, and distribution of HVAC equipment since 1984. HVAC products are essentially dampers, deflection grilles and air diffusers installed to channel and regulate the airflow into the environment within the building to ensure efficient distribution of air within the confined space. These products are used in commercial, residential and industrial buildings, as well as offshore platforms and vessels.

The Group has obtained ISO 9001:2008 certification for design, manufacture, and sales and marketing of its dampers. The Group is also among the first to produce Class H fire smoke dampers, which are used on oil rigs and in the offshore oil and gas industry.

CLEANROOM EQUIPMENT SEGMENT

A cleanroom provides an environment where the humidity, temperature and particles in the air are precisely controlled. The Group designs, manufactures and distributes cleanroom 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. It also provides value-added design services and cleanroom equipment customised according to our customers' specifications. Currently, most of the end users of our clean room equipment are from the electronics industry.

AIR PURIFICATION SEGMENT

Air purification equipment are electrical devices that remove solid and gaseous pollutants from the air such as formaldehyde and PM2.5, which may pose adverse health risks such as breathing difficulties, asthma and allergies. Through the action of air filters or sterilising systems built into air purification equipment, the concentration of dust, contaminants, fine particles and volatile organic compounds in the air can be reduced in the vicinity.

The Group leveraged its expertise and broadened its product offerings to include design, manufacture, and marketing of its proprietary "Eindec" brand of air purifiers in 2015. These air purifier products were first launched in China and subsequently, to the Southeast Asia region.

Eindec's fresh air purification and ventilation system uses sophisticated technology which draws fresh air from outside the building and passes through three stages of the filter before re-flowing into the house to replace the stale air.

The Group manufactured, supplied and installed its proprietary branded air purification systems for its inaugural residential project in Singapore in FY2017. Luxus Hills, a luxury landed property comprising of terrace houses and semi-detached units, was the first residential development in Singapore to incorporate air purification system in its development. The Group also won another air purification systems project for a residential development, Luneng Mansion in Nanjing, China.

Since the inception of this product segment, the Group has completed more than 12 projects, requiring the implementation of air purification systems in China, covering major cities like Beijing, Shanghai, Shenzhen, Shandong, and Henan.

As the world continues to grapple with rising air pollution, the Group is committed to continuing its research and development efforts to further enhance all its environmental air protection solutions and systems to benefit humankind.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE ANALYSIS

The Group recorded a 26.0% year-on-year decline in revenue, from S$14.1 million for the financial year ended 31 December 2017 ("**FY2017**") to S$10.4 million for the financial year ended 31 December 2018 ("**FY2018**"). This was due to lower contributions from all product segments, particularly the Air Purification ("**AP**") segment.

In FY2018, the continuous tightening of the real estate sector, specifically residential properties, by the Chinese government, saw revenue for the Group's AP segment fell 60.2%, from S$3.1 million in FY2017 to S$1.2 million in FY2018. Revenue from the Group's Cleanroom Equipment ("**CRE**") segment slid 26.8%, from S$5.7 million in FY2017 to S$4.2 million in FY2018, on the back of the slowdown in the private sector construction activities. Slowdown in the Singapore real estate sector in prior years affected the Group's Heating, Ventilation and Air Conditioning ("**HVAC**") segment, which registered a 7.4% decline, from S$4.8 million in FY2017 to S$4.5 million in FY2018.

REVENUE ANALYSIS BY PRODUCT SEGMENTS

(S$'000)	FY2018	FY2017	YoY Change
CRE	**4,203**	5,740	– 26.8%
HVAC	**4,451**	4,809	– 7.4%
AP	**1,240**	3,112	– 60.2%
Others	**545**	441	+ 23.6%
Total Revenue	**10,439**	**14,102**	**– 26.0%**

In tandem with the lower revenue, gross profit decreased by 25.2% year-on-year, from S$4.4 million in FY2017 to S$3.3 million in FY2018. The Group's gross margin improved marginally from 31.4% in FY2017 to 31.7% in FY2018.

As a result of the absence of one-off income in FY2018, other income decreased by 92.4%, from S$0.5 million in FY2017 to S$39,000 in FY2018. The one-off income in FY2017 comprised (i) gain on disposal of fixed assets of S$0.2 million; and (ii) interest charged on the delay in repayment of the refundable deposit of S$0.3 million from a sales contract in China.

The Group's operating expenses declined by 13.7%, from S$6.7 million in FY2017 to S$5.8 million in FY2018, attributable to better cost management and an exchange gain of S$47,000 in FY2018. This was partially offset by an impairment loss on intangible assets of S$0.7 million after an internal assessment on the continuous operating losses of its subsidiary, Eindec (Shenzhen) Environmental Technology Co., Ltd amid intense competition and volatile business environment in China.

Net finance cost increased by 28.6%, from S$91,000 in FY2017 to S$117,000 in FY2018, due to (i) increase in finance leases of S$0.14 million for the purchase of plant and equipment; and (ii) increase in interest expense as a result of interest rate hike during FY2018. The increase in finance cost was partially offset by interest income of S$59,000 in FY2018 arising from the investment in short-term capital protected investment with banks.

In FY2018, the Group recognised a tax credit of S$80,000 due to an overprovision of tax expenses in the prior year for its subsidiaries in China and Malaysia.

As a result of the above, the Group recorded a net loss attributable to shareholders of S$2.5 million in FY2018. This net loss had widened by 33.5% as compared to S$1.8 million in FY2017.

FINANCIAL REVIEW

FINANCIAL POSITION ANALYSIS

(S$'000)	FY2018	FY2017	YoY Change
Non-current Assets	**4,373**	4,984	-12.3%
Current Assets	**13,088**	16,087	-18.6%
Non-current Liabilities	**355**	279	+27.2%
Current Liabilities	**7,796**	8,907	-12.5%
Working Capital	**5,292**	7,180	-26.3%
Equity Attributable to Owners of the Company	**9,310**	11,885	-21.7%
Net Asset Value Per Share (Singapore Cents)	**8.64**	11.04	-21.7%

The Group's balance sheet remained sound for FY2018 notwithstanding that working capital and net assets were weakened by the net loss incurred for the year under review. As at 31 December 2018, the Group reported a positive working capital of S$5.3 million and net asset value per share was approximately 8.64 Singapore cents based on the Company's existing share capital of 107.7 million shares.

Non-current assets decreased by 12.3% year-on-year to S$4.4 million as at 31 December 2018 as a result of (i) the decrease in intangible assets attributed to the impairment loss on intangible asset of S$0.7 million; and (ii) the increase in depreciation charges of S$0.1 million in relation to the renovation cost incurred for the office in Singapore.

Current assets decreased by 18.6% year-on-year to S$13.1 million as at 31 December 2018. This was mainly due to (i) the decrease in trade and receivables of 52.9% to S$4.0 million as at 31 December 2018; and (ii) the decrease in cash and bank balances of 30.7% to S$2.9 million, partially offset by (i) higher inventories of 11.8% to S$3.8 million due to the increase in work-in-progress; and (ii) short-term financial instrument of S$2.3 million related to the investment of short-term capital protected investment with banks to earn higher interest income. The tenure of the short-term capital protected investment is approximately 60 days with an interest rate of between 2.85% to 4.05% per annum.

The Group's non-current liabilities increased by 27.2% year-on-year to S$0.4 million as at 31 December 2018. This was due to (i) the increase in finance lease to S$76,000 for the purchase of plant and equipment, which was partially offset by the repayment of S$48,000 in finance lease and the reclassification of non-current portion of finance leases of S$48,000 to current liabilities, and (ii) the increase in deferred tax liabilities of S$28,000 to S$0.2 million as at 31 December 2018.

Current liabilities decreased by 12.5% year-on-year to S$7.8 million as at 31 December 2018. This was mainly due to (i) the repayment of approximately S$0.2 million in overdraft facilities and term loan; and (ii) lower trade and other payables of S$6.8 million in tandem with the decrease in revenue. This decrease was partially offset by the reclassification of finance leases from non-current liabilities to current liabilities.

The Group's shareholders' equity, comprising share capital, reserves and retained earnings, declined by 21.7% to S$9.3 million as at 31 December 2018.

CASH FLOW ANALYSIS

(S$'000)	FY2018	FY2017	YoY Change
Net Cash Generated from/ (Used in) Operating Activities	**1,803**	(1,098)	n.m.
Net Cash Used in Investing Activities	**(2,781)**	(261)	< 100%
Net Cash Used in Financing Activities	**(190)**	(142)	+33.8%
Net Cash and Cash Equivalents	**2,280**	**3,419**	**-33.3%**

The Group's cash and cash equivalents was S$2.3 million as at 31 December 2018. The net decrease in cash and cash equivalents of S$1.1 million in FY2018 was mainly due to:

- Net cash generated from operating activities of S$1.8 million was mainly attributed to the decrease in trade and other receivables of S$4.5 million, which was partially offset by (i) operating losses before changes in working capital of S$1.2 million; and (ii) the decrease in trade and other payables of S$0.8 million.

- Net cash outflow of S$2.8 million used in investing activities was attributed to (i) capital expenditure of S$0.3 million; (ii) investment of excess cash in short-term financial instrument of S$2.3 million; and (iii) development cost capitalised at S$0.2 million, which was partially offset by proceeds of S$23,000 from the disposal of plant and equipment.

- Net cash outflow of S$0.2 million used in financing activities was attributed to the interest payment of S$82,000, repayment of finance lease obligations of S$56,000 and repayment short-term financing of S$52,000.

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 Weiye Holdings Limited ("**Weiye**"), a company listed on Hong Kong Stock Exchange ("**HKEX**"), 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.

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.

BOARD OF DIRECTORS

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 continuing sponsor by the SGX-ST.

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 February 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 Independent Director of Kakiko Group Limited, a company listed on HKEX and Elec & Eltek International Company Limited, which is dual listed on the HKEX and SGX-ST.

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

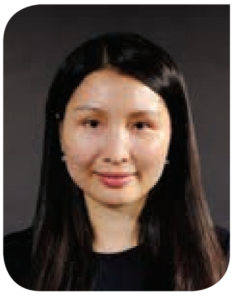
KEY MANAGEMENT

TAY MENG HENG
Acting Chief Executive Officer

Mr. Tay Meng Heng was appointed as acting Chief Executive Officer of the Group on 26 December 2017. Supported by the management team, he is responsible for the Group's overall business operation and performance until the Company identifies a suitable candidate.

Mr. Tay is currently the Chief Financial Officer of Weiye, the holding company of the Group, since October 2012. He is responsible for the overall accounting and finance operation of Weiye's Group. Prior to joining Weiye, Mr. Tay was a general manager, corporate finance of Falcon Capital Partners Pte. Ltd., a related company of RGE Group from November 2010 to September 2012 and was responsible for ship financing for woodchip bulk carriers. He worked in Advanced Systems Automation Limited, a semiconductor auto moulding equipment supplier listed on the Catalist of the SGX-ST, from October 1994 to October 2010, where he was promoted from the position of management accountant to vice president of finance, and was the overall in-charge of accounting and finance of the Company. He worked as an audit assistant and promoted to senior accountant in Ernst & Young in Singapore from July 1992 to 1994. Mr. Tay has 27 years of professional experience in private and public listed companies from diverse industries, especially in accounting and finance, company initial public offering, corporate finance and corporate debt restructuring.

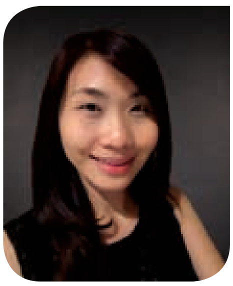
Mr. Tay obtained a Bachelor of Accountancy degree (Honours) from the Nanyang Technological University, Singapore in May 1992. He is also a member of Institute of Singapore Chartered Accountants.



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).



QUEENIE FOO QUEK CHENG
Chief Financial Officer

Ms. Queenie Foo is responsible for the entire financial management and statutory reporting for the Group since 16 August 2017.

Prior to joining our Group, Ms. Foo was the Chief Financial Officer of Heatec Jietong Holdings Ltd ("**Heatec**"), a company listed on the Catalist of the SGX-ST from July 2014 to August 2017, and was a Group Financial Controller of Heatec from September 2011 to June 2014, responsible for Heatec's corporate finance and accounting function and corporate secretarial matters. From January 2008 to August 2011, she was a Finance Manager of Asia Media Systems Pte. Ltd., responsible for regional financial reporting and had involved in a number of corporate exercises. She has 15 years of experience in auditing and accounting in various sectors including manufacturing, trading, plantations, property developer and investment holding company.

Ms. Foo is a certified Practicing Accountant of CPA Australia and holds a Degree of Bachelor of Commerce, major in Accounting from University of Adelaide, Australia.

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**" or "**Directors**") of Eindec Corporation Limited (the "**Company**", and together with its subsidiaries, "**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 outlines the Company's corporate governance structures and practices that were in place during the financial year ended 31 December 2018 ("**FY2018**"), with specific reference made to the principles of the Code of Corporate Governance 2012 ("**Code**") pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

The new Code of Corporate Governance 2018 was issued on 6 August 2018 ("**Revised Code**"), and will only take effect for annual reports covering financial years commencing from 1 January 2019. As such, the Revised Code will not affect the Company's latest financial year ended 31 December 2018, and accordingly, the Group will only make reference to the Code in reviewing and implementing its corporate governance structures and practices.

The Board is pleased to report that the Company has complied with the Code for FY2018, except where otherwise explained. In areas where there are deviations from the Code, appropriate explanations are provided and the Company will continue to assess its needs and implement appropriate measures accordingly.

1. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholder value. Its responsibilities are distinct from the management of the Group ("**Management**"). It sets the overall strategy and policies for the Group and supervises the Management. To fulfil this role, the Board sets 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 are:

(1) providing entrepreneurial leadership and sets the overall strategy and direction of the Group;

(2) reviewing and overseeing the management of the Group's business affairs, financial controls, performance and resource allocation;

(3) approving the Group's strategic plans, key business initiatives, acquisition and disposal of assets, significant investments and funding decisions as well as major corporate policies;

(4) overseeing the processes of risk management, financial reporting and compliance, and evaluating the adequacy and effectiveness of internal controls;

(5) 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 Sponsor and/or SGX-ST;

(6) appointing new Directors and key management staff, including the review of performance and remuneration packages; and

(7) assuming the responsibilities for corporate governance.

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group. They are always obliged to act in good faith, objectively discharge their duties and responsibilities, and take objective decisions in the interests of the Company.

To assist in the execution of its responsibilities, the Board has delegated specific responsibilities to the three (3) Board committees of the Company, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively "**Board Committees**"). The Board Committees operate within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis to ensure their continued relevance and efficacy. While the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters still lies with the entire Board.

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. Ad-hoc meetings are convened when circumstances require to address specific significant matters that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions and are circulated to the Board together with all relevant information to the proposed transaction. The Company's Constitution provides for Board meetings to be held via telephone conference or video conference.

The table below sets out the number of Board and Board Committees meetings held during FY2018 and the attendance of each Director at these meetings:

Name of Director	Board		AC		NC		RC	
	No. of meeting		No. of meeting		No. of meeting		No. of meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Zhang Wei	2	2	2	2*	2	2*	2	2*
See Yen Tarn	2	2	2	2	2	2	2	2
Jeffrey Ong Shen Chieh	2	2	2	2	2	2	2	2
Wong Chee Meng Lawrence	2	2	2	2	2	2	2	2

* By invitation

The Board has adopted a set of internal guidelines setting forth matters that require the Board's approval. Matters which require the Board's decision and approval include the following:

(1) major investments/divestments and funding decisions;

(2) announcements or press releases on SGXNet, including financial result announcements;

(3) transactions which are not in the ordinary course of business of the Company;

(4) major borrowings or corporate guarantees in relation to borrowings;

(5) new banking facilities and corporate guarantees;

(6) profit-sharing arrangements;

(7) incorporation or dissolution of any subsidiary;

(8) allotment and issuance of shares or declaration of dividends;

(9) operating budgets, annual report, Directors' statement and audited financial statements;

(10) change in corporate business strategy and direction; and

(11) material acquisitions and disposal of assets.

The Company does not have a formal training programme for the Directors but all newly appointed Directors will undergo an orientation in order to be provided with background information about the Group's history, business activities, strategic direction and industry-specific knowledge. Newly appointed Directors will also be briefed on director's duties, responsibilities, disclosure duties and statutory obligations, governance policies, policies on disclosure of interests in securities, the rules relating to disclosure of any conflict of interest in a transaction involving the Company, prohibitions in dealing in the Company's securities and restrictions on disclosure of price sensitive information.

The Company will also arrange for first-time Directors to attend training in relation to the roles and responsibilities of a director of a listed company and in areas such as accounting, legal and industry specific knowledge, as appropriate. With effective from 1 January 2019, pursuant to Rule 406(3)(a) of the Catalist Rules, a director of the Company who has no prior experience as a director of a listed company on the SGX-ST ("**First-time Director**") must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST under Practice Note 4D of the Catalist Rules. Practice Note 4D of the Catalist Rules prescribes the training that a First-time Director must undergo within one year from the date of his/her appointment to the board.

A formal letter of appointment would be furnished to every newly appointed Director upon his/her appointment explaining, among other matters, his/her roles, obligations, duties and responsibilities as a member of the Board. There were no new Directors appointed during FY2018.

The Management regularly updates and familiarises the Directors on the business activities of the Group 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.

The Directors are also updated regularly on changes to the Catalist Rules, risk management, corporate governance, insider trading, as well as key changes in the relevant regulatory requirements, financial reporting standards, and the relevant laws and regulations, to facilitate effective discharge of their fiduciary duties as members of the Board or Board Committees.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are regularly circulated to the Board. The Company Secretary would inform 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 new and revised financial reporting standards that are applicable to the Company or the Group.

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, training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Catalist Rules that affect the Company and/or the Directors in discharging their duties.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Corporate Governance Report, the Board comprises four (4) members, three (3) of whom are Independent Directors, and the composition of the Board and the Board Committees are as follows:

	Board Committee Membership			
Name of Director	**Designation**	**AC**	**NC**	**RC**
Zhang Wei	Non-Executive and Non-Independent Director	–	–	–
See Yen Tarn	Independent Director	Chairman	Member	Member
Wong Chee Meng Lawrence	Independent Director	Member	Member	Chairman
Jeffrey Ong Shen Chieh	Independent Director	Member	Chairman	Member

There is presently a strong and independent element on the Board. More than half of the Board is made up of Independent Directors whose independence is reviewed annually by the NC. The criteria for independence are determined based on the definition as provided in the Code. The Board considers an independent director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment of the Group's affairs. The Independent Directors do not have any relationships (including immediate family relationships) with other Directors, the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be perceived to interfere, with their independence. In addition, none of the Independent Directors has served on the Board beyond nine (9) years from the date of his first appointment.

For FY2018, the NC is of the view that each of the Independent Directors is independent (as defined in the Code) and is able to exercise judgement on the corporate affairs of the Group independent of the Management. After taking into account the views of the NC, the Board is satisfied that each Independent Director is independent in character and judgment and that there are no relationships or circumstances which are likely to affect, or could affect, each of the Independent Director's judgment.

The NC has reviewed the size and composition of the Board and is satisfied that the current size and composition of the Board is appropriate and effective, and provides the Board 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.

The Board's policy in identifying new director is primarily to have directors who are qualified and experienced in various fields including business administration, strategic planning, business management, legal, accounting and finance. The Board comprises Directors who, as a whole, have the core competencies and experience necessary to discharge their duties as Directors of the Company, lead and manage the Group's businesses and operations.

The current composition of the Board comprises Directors with diversity of skills, experience and knowledge to the Company. The core competencies of the Directors are as follows:

	Number of Directors	Proportion of Board (%)
Core competencies		
• Accounting or finance	2	50
• Business management	2	50
• Legal or corporate governance	2	50
• Relevant industry knowledge or experience	3	75
• Strategic planning experience	3	75
• Customer based experience or knowledge	2	50

Profile of the respective Directors are set out in the section titled "Board of Directors"of this Annual Report.

The Board noted that gender diversity on the Board is also one of the recommendations under the Code to provide an appropriate balance of diversity. Although there is currently no female Director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration.

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.

None of the Non-Executive Director nor the Independent Directors has been appointed as a director to the Company's principal subsidiaries, and each of them does not exercise management functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, the role of the Non-Executive Director and the 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 of the Company ("**Shareholders**"), but also of the employees, customers, suppliers and the communities in which the Group conducts its business. The Non-Executive Director and the Independent Directors also review and monitor the performance of Management on a periodic basis, to ensure that it meets the agreed goals and objectives of the Group.

The NC considers the current Board to be of sufficient calibre and size, and is able to provide the Management with a diverse and objective perspective on the issues at hand and there is no individual or small group of individuals who dominates the Board's decision-making.

The Company co-ordinates informal meetings for the Non-Executive Director and the Independent Directors 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 (if any).

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of the Chairman and the Chief Executive Officer ("**CEO**") are separate to ensure a clear division of responsibilities, increased accountability and greater capacity of the Board for independent decision-making. Mr. Zhang Wei is the Non-Executive Chairman while Mr. Tay Meng Heng is the acting CEO of the Company. The Non-Executive Chairman and the acting 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 Management.

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) setting the agenda (in consultation with the acting CEO and with the assistance of the Company Secretary) and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(3) ensuring that all Directors receive accurate, timely and clear information, and ensuring effective communication with Shareholders;

(4) ensuring the Group's compliance with the Code;

(5) promoting active engagement and open dialogue amongst the Directors as well as between the Board and the Management; and

(6) 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 acting CEO includes 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.

Although the Board currently does not have a Lead Independent Director, the Independent Directors make up more than half of the Board. The Independent Directors of the Company meet amongst themselves without the presence of the other Non-Executive Chairman where necessary and will provide feedback to the Non-Executive Chairman after such meetings. As such, the Board is satisfied that there is a strong independent element to contribute to effective decision making. The Independent Directors collectively are and will continue to be available to Shareholders as a channel of communication between Shareholders and the Board and/or Management. The Board will appoint a Lead Independent Director as and when deemed appropriate.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises three (3) members, all of whom including the NC Chairman, are Independent Directors. The NC comprises the following members:

1. Mr. Jeffrey Ong Shen Chieh (Chairman)
2. Mr. See Yen Tarn
3. Mr. Wong Chee Meng Lawrence

The NC has its terms of reference, setting out their duties and responsibilities, which include the following:

(1) 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;

(2) to determine annually whether or not a Director is independent;

(3) 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;

(4) to review and approve any new employment of related persons and the proposed terms of their employment; and

(5) 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).

Where a Director has multiple board representations in other listed companies and other principal commitments, 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 his/her 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. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deemed fits.

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.

There is no alternate director being appointed to the Board.

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 of the candidate 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. New Directors are appointed by way of a Board resolution following which they are subject to re-election at the next Annual General Meeting of the Company ("**AGM**").

In accordance with Rule 720(4) of the Catalist Rules, all Directors need to submit themselves for re-nomination and re-appointment at least once every three (3) years. Further, the Company's Constitution requires one-third of the Board to retire by rotation at every AGM. Pursuant to Regulation 99 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.

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, preparedness, participation and candour at such meetings as well as quality of input and contributions.

The NC has recommended to the Board that Mr. Zhang Wei and Mr. Jeffrey Ong Shen Chieh, be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation.

Mr. Zhang Wei and Mr. Jeffrey Ong Shen Chieh who are retiring at the AGM have offered themselves for re-election at the forthcoming AGM. Each member of the NC shall abstain from voting, approving or making a recommendation on any resolution of the NC in which he has a conflict of interest in the subject matter under consideration.

Please refer to the pages 37 to 44 of this Corporate Governance Report for the requisite information on Mr. Zhang Wei and Mr. Jeffrey Ong Shen Chieh, required pursuant to Rule 720(5) of the Catalist Rules.

Other than the key information regarding the Directors set out below, information pertaining to the Directors' interests in shares, options and other convertible securities are set out in the "Directors' Statement" section of this Annual Report, and information in relation to the background and principal commitments of the Directors are set out in the "Board of Directors" section of this Annual Report.

Name of Director	Academic/ Professional qualifications	Board appointment Executive/ Non-Executive	Board Committees as chairman or member	Date of first appointment	Date of last re-election	Directorships in Other Listed Companies and Other Major Appointments	Past Directorships in Other Listed Companies and Other Major Appointments Over the Preceding 3 Years
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	Chairman of the Board	2 September 2015	27 April 2017 (To be re-elected at the forthcoming AGM)	• Weiye Holdings Limited	Nil

Name of Director	Academic/ Professional qualifications	Board appointment Executive/ Non-Executive	Board Committees as chairman or member	Date of first appointment	Date of last re-election	Directorships in Other Listed Companies and Other Major Appointments	Past Directorships in Other Listed Companies and Other Major Appointments Over the Preceding 3 Years
See Yen Tarn	• Bachelor of Accountancy from the National University of Singapore • Chartered Accountant in England and Wales	Independent Director	Board member, Chairman of the AC, and member of the NC and the RC	8 December 2015	27 April 2018	• 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 • Lizhong Wheel Group Ltd.
Wong Chee Meng Lawrence	• Bachelor of Laws from the National University of Singapore • An advocate and solicitor in Singapore • A solicitor in the Hong Kong Special Administrative Region of the People's Republic of China	Independent Director	Board member, Chairman of the RC, and member of the AC and the NC	8 December 2015	27 April 2018	• Atlantic Navigation Holdings (Singapore) Limited	• Artivision Technologies Ltd. • China Bearing (Singapore) Ltd. • Sino Grandness Food Industry Group Limited
Jeffrey Ong Shen Chieh	• Bachelor of Science degree in Real Estate from the National University of Singapore	Independent Director	Board member, Chairman of the NC, and member of the AC and the RC	8 December 2015	8 December 2015 (To be re-elected at the forthcoming AGM)	• Sakal Investment Limited • Elec & Eltek International Company Limited • Kakiko Group Limited	P99 Holdings Limited (delisted on 31 October 2017)

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC has established a review process to assess:

(a) The performance and effectiveness of the Board as a whole;

(b) The effectiveness of the Board Committees; and

(c) The contribution by each Director to the effectiveness of the Board.

The Board has implemented a process to evaluate the performance of the Board and Board Committees through the adoption of the formal evaluation form for the Board as a whole and Board Committees.

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.

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.

During FY2018, the Board has met to discuss the evaluation of the performance of the Board and the Board Committees and is of the view that the Board and the Board Committees have satisfactorily met the performance objectives for FY2018. No external facilitator was engaged in the evaluation process for FY2018.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Management strives to provide Board members with adequate and timely information for Board and Board Committees meetings on an ongoing 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 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 respective Chairmen of the Board Committees requiring such advice) will be appointed at the Company's expense.

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 Board Committees function effectively.

The appointment and removal of the Company Secretary is subject to the Board's approval.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises three (3) members, all of whom including the RC Chairman, are Independent Directors. The RC comprises the following members:

1. Mr. Wong Chee Meng Lawrence (Chairman)
2. Mr. See Yen Tarn
3. Mr. Jeffrey Ong Shen Chieh

The RC has its terms of reference, setting out their duties and responsibilities, which include the following:

(1) to recommend to the Board a framework of remuneration for the Directors and Executive Officers, and to determine specific remuneration packages for each Executive Director (if any) 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;

(2) 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

(3) 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 (if any) 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.

The Board has not engaged any external remuneration consultants to advice on remuneration matters.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The remuneration for the Executive Directors (if any) 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. The performance of the Executive Directors (if any) and the acting CEO (together with other key management personnel) is reviewed periodically by the RC and the Board.

The Company has adopted the Eindec Performance Share Plan 2015 ("**PSP**") to:

(1) foster an ownership culture within the Group which aligns the interests of participants with the interests of Shareholders;

(2) 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

(3) 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.

The full time employees of the Group, the Executive Directors (if any), 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 a general meeting of the Company in separate resolutions for each such person. During FY2018 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.

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 proposed by the RC and recommended by the Board for Shareholders' approval at the AGM of the Company. Directors' fees of S$175,000 for the financial year ended 31 December 2018 (to be paid quarterly in arrears) had been approved by Shareholders at the last AGM held on 27 April 2018. Directors' fees of S$175,000 for the financial year ending 31 December 2019 (to be paid quarterly in arrears) have been recommended by the Board and will be subject to the approval of Shareholders at the forthcoming AGM.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors (if any) 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 (if any) owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors (if any) in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Company's remuneration policy is to reward 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. The RC will review the remuneration of the Directors and key management personnel from time to time.

The details of the level and mix of remuneration of the Directors and the acting CEO for the services rendered during FY2018 are as follows:

Remuneration Band and Name of Director and acting CEO	Salary (%)	Bonus (%)	Other Benefits (%)	Share Options (%)	Directors' Fees (%)	Total (%)
Below S$250,000						
Director						
Zhang Wei	–	–	–	–	100	100
See Yen Tarn	–	–	–	–	100	100
Jeffrey Ong Shen Chieh	–	–	–	–	100	100
Wong Chee Meng Lawrence	–	–	–	–	100	100
Acting CEO						
Tay Meng Heng	100	–	–	–	–	100

Given the competitive business environment and possible negative impact on the Group's business interest, the Board, on review, decided not to disclose the exact remuneration of each Director and the acting CEO in the Annual Report and that the disclosure made based on the above remuneration bands is appropriate.

For FY2018, 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.

The details of the remuneration of relevant key management personnel of the Group (who are not Directors or the acting CEO) for services rendered during FY2018 are as follows:

Name of Key Management Personnel(1)	Salary (%)	Bonus (%)	Other Benefits (%)	Share Options (%)	Total (%)
Below S$250,000					
Tang Sin	100	–	–	–	100
Queenie Foo Quek Cheng	100	–	–	–	100

Note:

(1) The Group has only two (2) key management personnel who are not Directors or the acting CEO during FY2018.

The Board, on review, decided not to disclose in aggregate the total remuneration paid to the key management personnel (who is not a Director or the acting CEO) as there are only two (2) such personnel and such disclosure may lead to possible poaching of key management personnel, given the competitive business environment.

There were no employees who were immediate family members of a Director or the acting CEO whose remuneration exceeds S$50,000 in the Group's employment during the financial year under review.

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The following performance conditions were chosen to determine the entitlement for the Executive Directors (if any) and key management personnel under the short-term incentives and long-term incentives:

Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives (such as PSP)
Qualitative	• Leadership • People development • Commitment • Teamwork • Current market and industry practices	• Leadership • People development • Commitment • Current market and industry practices
Quantitative	• Relative financial performance of the Group in terms of profit to its industry peer • Positive sales revenue	• Relative financial performance of the Group in terms of profit to its industry peer

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 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.

4. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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.

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.

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's action plans to be undertaken to address the recommendations. In FY2018, there were no material non-compliance or weaknesses in internal controls or recommendations from the internal auditors and external auditors.

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 2018.

The Directors have received and considered the representation letters from the acting CEO and Chief Financial Officer ("**CFO**") in relation to the financial information for the year. The acting CEO and the CFO have assured the Board that:

(1) the financial records have been properly maintained and the financial statements for the FY2018 give a true and fair view in all material respects, of the Company's operations and finances; and

(2) the Group's internal controls and risk management systems are adequate and operating effectively in all material respects given its current business environment.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises three (3) members, all of whom including the AC Chairman, are Independent Directors. The AC comprises the following members:

1. Mr. See Yen Tarn (Chairman)
2. Mr. Wong Chee Meng Lawrence
3. Mr. Jeffrey Ong Shen Chieh

The AC has its terms of reference, setting out their duties and responsibilities, which include the following:

(1) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the Management's response;

(2) review with the internal auditors the internal audit plan and evaluate the adequacy of our internal control and accounting system in our annual report;

(3) 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 the requisite statutory/regulatory requirements;

(4) review the internal control and procedures, ensure co-ordination between the external auditors and Management, review the assistance given by Management to the external 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 Management where necessary);

(5) 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 the Group's operating results or financial position, and Management's response;

(6) review, where applicable, the role and effectiveness of the internal audit procedures;

(7) review and approve interested person transactions and review procedures thereof;

(8) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the external and internal auditors;

(9) review the 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;

(10) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(11) review at least annually the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports of the Company or, where the findings are material, to announce such material findings immediately via SGXNet; and

(12) 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.

The AC is updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. In the review of the financial statements, the AC had discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matter impacting the financial statements was discussed with the Management and the external auditors, and was reviewed by the AC:

Matters considered	How the AC reviewed these matters and what decisions were made
Valuation of non-financial assets	The AC considered the approach and methodology applied in the basis and appropriateness of the valuation methodologies used in determining the recoverable amounts of the cash-generating units. The AC also obtained understanding on the work performed by the external auditor, including their assessment on whether the cash generating units as identified by the Management were appropriate. The valuation of non-financial assets was also an area of focus for the external auditor. The external auditor has included this item as a key audit matter in its audit report for FY2018. Please refer to page 49 of this Annual Report.

CORPORATE GOVERNANCE REPORT

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.

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 FY2018.

The AC has reviewed the non-audit services provided by the external auditors and is satisfied that the nature and extent of such service would not prejudice the independence of the external auditors. The aggregate amount paid to the external auditors for audit and non-audit services for FY2018 are as follows:

	S$'000
Audit Fees	135
Non-audit Fees	16

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 FY2018. The AC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity 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.

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:

(1) independent investigations are carried out in an appropriate and timely manner;

(2) 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

(3) 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.

No former partner or director of the Company's existing external auditors (being KPMG LLP) has acted as a member of the AC.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function is currently outsourced to Nexia TS Risk Advisory Pte. Ltd. ("**Nexia**") and Nexia reports directly to the AC on audit matters and the acting CEO on administrative matters. Nexia, as 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 FY2018 and is satisfied that the internal audit functions is independent and have been adequately resourced and carried out its function effectively.

The AC is satisfied that the internal audit function which is currently outsourced to Nexia, 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 independence, adequacy and effectiveness of the internal audit function of the Company.

5. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

In line with the continuing obligations of the Company under the 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.

Shareholders are informed of the general meetings of the Company through announcements 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. Shareholders are also informed of the poll voting procedures at the general meetings. 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.

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.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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 is 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 will receive the Annual Report with notice of AGM by post and published in the newspapers within the mandatory period, the AGM of which is held within four months after the close of the financial year.

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.

Dividend were not declared or paid for FY2018 in order to retain internally generated funds for business expansion.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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 Board as well as the respective Chairmen of the AC, NC and RC are normally present and available to address questions relating to the work of the Board and their respective Board Committees at general meetings of the Company. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries by 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 adheres to the requirements of the Catalist Rules and the Code in that all resolutions at the Company's general meetings are put to vote by poll. For cost effectiveness, the Company had adopted manual polling for resolutions voted at the general meeting held in FY2018. The poll voting procedures are clearly explained by the scrutineers at such general meeting. The detailed results of each resolution are announced via SGXNet after the general meetings.

6. INTERESTED PERSON TRANSACTIONS ("IPTs")

The Company has established guidelines and review procedures for on-going and future 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.

All interested person transactions are subject to review by the AC to ensure compliance with established procedures. The Company has obtained a general mandate from its Shareholders at an EGM held on 27 April 2018 ("**IPT Mandate**") in respect of interested person transactions with entities with the Weiye Group Entities (being Weiye Holdings Limited and its subsidiaries). The Company is seeking the renewal of the IPT Mandate ("**Proposed Renewal of the IPT Mandate**") at the forthcoming AGM. Please refer to the Addendum to the notice of AGM dated 29 March 2019 for further information on the Proposed Renewal of the IPT Mandate.

There were no interested person transactions conducted under the IPT Mandate pursuant to Rule 920 that were more than S$100,000 in FY2018.

7. 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.

8. USE OF PROCEEDS

Pursuant to the Company's initial public offering on SGX-ST on 15 January 2016, ("**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:

Purpose	Allocation of Net Proceeds (as disclosed in the offer Document in respect of the IPO) (S$'000)	Amount Utilised from 8 August to the date of this Annual Report (S$'000)	Balance of Net Proceeds as at the date of this Annual Report (S$'000)
Establishment of a new business for environmental and technological solutions products in the People's Republic of China	3,300	3,300	–
Investment in the research and development of new and existing products and enhancement of manufacturing capabilities	500	500	–
Working Capital(1)	750	750	–
Total	**4,550**	**4,550**	**-**

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.

9. DEALINGS 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.

10. NON-SPONSORSHIP FEES

With reference to Rule 1204 (21) of the Catalist Rules, in FY2018, there were no non-sponsorship fees payable or paid to UOB Kay Hian Private Limited (being the then-continuing sponsor of the Company).or

Subsequent to FY2018, with effect from 15 January 2019, ZICO Capital Pte. Ltd. was appointed as the Company's continuing sponsor in place of UOB Kay Hian Private Limited.

Information for the Directors who are retiring and being eligible, offer themselves for re-election at the forthcoming AGM pursuant to Rule 720(5) of the Listing Manual of the SGX-ST:

	Name of Director	
Details	**Zhang Wei**	**Jeffrey Ong Shen Chieh**
Date of Appointment	2 September 2015	8 December 2015
Date of last re-appointment (if applicable)	27 April 2017	27 April 2017
Age	50	43
Country of principal residence	PRC	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Zhang's contribution as Non-Executive Director of the Company.	The Board of the Company has accepted the NC's recommendation, who has reviewed and considered that Mr. Ong is able to exercise judgement as the Independent Director on the corporate affairs of the Group and independent of the Management. The Board considers Mr. Ong to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Details	Name of Director	
	Zhang Wei	Jeffrey Ong Shen Chieh
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Board	Chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee
Professional qualifications	– Diploma in Law – Certified economist by Henan Province Science Committee – Master of Business Administration	Bachelor of Science in Real Estate
Working experience and occupation(s) during the past 10 years	June 2002 to present Executive Chairman and Chief Executive Officer of Weiye Holdings Limited ("**Weiye**")	March 2016 to present Managing Director of Sakal Investments Limited March 2012 to February 2016 Head of new business development at ORIX Leasing Singapore Limited 2008 to 2012 Vice President – Investment at EV Capital Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Mr. Zhang is deemed to have interest in the 71,900,000 shares of the Company held by Weiye, by virtue of his 54.46% shareholding in Weiye and Section 7 of the Companies Act, Chapter 50 of Singapore	Nil

CORPORATE GOVERNANCE REPORT

Details	Name of Director	
	Zhang Wei	**Jeffrey Ong Shen Chieh**
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	As disclosed above, Mr. Zhang is a substantial shareholder of the Company with an interest of 54.46% in the Company by virtue of his 54.46% shareholding in Weiye and Section 7 of the Companies Act, Chapter 50 of Singapore. Mr. Zhang is also the Executive Chairman and Chief Executive Officer of Weiye.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships	**Past (for the last 5 years)** NIL **Present** – Executive Chairman of Weiye – Director of Hainan Hongji Weiye Consulting Management Co., Ltd – Director of Hainan Hongji Weiye Property Development Co., Ltd – Director of Great Spirit Management Limited – Director of Max Fill International Limited	**Past (for the last 5 years)** NIL **Present** – Director of Husk Life Pte. Ltd. – Director of Elec & Eltek International Company Limited – Director of P99 Holdings Limited

Details		Name of Director	
		Zhang Wei	Jeffrey Ong Shen Chieh
The general statutory disclosures of the Directors are as follows:			
a.	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c.	Whether there is any unsatisfied judgment against him?	No	No

Details		Name of Director	
		Zhang Wei	Jeffrey Ong Shen Chieh
d.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f.	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

Details		Name of Director	
		Zhang Wei	Jeffrey Ong Shen Chieh
g.	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h.	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i.	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j.	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

CORPORATE GOVERNANCE REPORT

Details		Name of Director	
		Zhang Wei	Jeffrey Ong Shen Chieh
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Details	Name of Director	
	Zhang Wei	Jeffrey Ong Shen Chieh
Information required		
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience.	Weiye	– Eindec Corporation Limited – P99 Holdings Limited (delisted on 31 October 2017) – Elec & Eltek International Co. Ltd.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable	Not applicable

DIRECTORS' STATEMENT

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 2018.

In our opinion:

(a) the financial statements set out on pages 52 to 119 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 2018 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 (International) ("SFRS(I)s"); 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

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 ('000)**	**Holdings at end of the year ('000)**	**As at 21 January 2019 ('000)**	**Holdings at beginning of the year ('000)**	**Holdings at end of the year ('000)**	**As at 21 January 2019 ('000)**
The Company						
Ordinary shares						
Zhang Wei	–	–	–	71,900	71,900	71,900
Immediate and ultimate holding company						
Weiye Holdings Limited						
Ordinary shares						
Zhang Wei	–	–	–	91,030	106,822	106,822

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 at the end of the financial year.

Directors' interests (cont'd)

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, the immediate and ultimate holding company, at the beginning and at the end of the financial year.

Share awards

Eindec Performance Share Plan ("PSP")

The Company has adopted the PSP as per details set out in the Company's Offer Document dated 6 January 2016.

The Eindec Performance Share Plan 2015 is administered by the Remuneration Committee whose members are:

- See Yen Tarn, Independent Director
- Lawrence Wong Chee Meng (Chairman), Independent Director
- Jeffrey Ong Shen Chieh, Independent Director

During the financial year, no awards have been granted under the PSP.

Share options

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

There were no share options granted during the financial year to subscribe for unissued shares of the Company or any corporation in the Group.

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 2018, 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 Chee Meng, Independent Director

DIRECTORS' STATEMENT

Audit committee (cont'd)

- Jeffrey Ong Shen Chieh, 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 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.

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, including the key audit matters, 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	**See Yen Tarn**
Director	*Director*

21 March 2019

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 2018, 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 52 to 119.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2018 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.

<table>
<tr><td colspan="2">Valuation of non-financial assets
(Refer to Note 4 – Property, plant and equipment and Note 5 – Intangible assets)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group continues to incur losses amid intense competition and volatile economic conditions. Accordingly, management conducted an impairment assessment of its non-financial assets. 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 comprises 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 management's estimate of the fair value of its underlying freehold land and buildings.

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 South Asia CGU is above the carrying value of their net assets. Accordingly, the Group concluded that their non-financial assets are not impaired. Management has assessed that the recoverable amount of the North Asia CGU is lower than its carrying amount. Consequently, the Group recognised an allowance for impairment loss of $0.7 million (RMB 3.4 million equivalent) on the non-financial assets of the North Asia CGU.</td><td>• 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 assessed the reasonableness of the growth rates and discount rate by comparing these against CGU's own historical performance and externally derived data.

• For recoverable amount of the South Asia CGU, based on the FVLCTS, we compared the management's estimation of the CGU's freehold land and property's fair value to publicly available information on recently transacted prices for the sale of comparable properties.</td></tr>
</table>

Other Information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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 SFRS(I)s, 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.

- 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 the subsidiary corporation 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
21 March 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 31 Dec 2018 $'000	Group 31 Dec 2017 $'000	Group 1 Jan 2017 $'000	Company 31 Dec 2018 $'000	Company 31 Dec 2017 $'000	Company 1 Jan 2017 $'000
Assets							
Non-current assets							
Property, plant and equipment	4	4,373	4,344	4,387	–	–	–
Intangible assets	5	–	640	667	–	–	–
Subsidiaries	6	–	–	–	9,300	9,300	9,300
		4,373	4,984	5,054	9,300	9,300	9,300
Current assets							
Inventories	7	3,840	3,436	3,349	–	–	–
Trade and other receivables	8	4,062	8,472	8,590	4,841	4,870	5,371
Other investments	10	2,292	–	–	–	–	–
Cash and cash equivalents	9	2,894	4,179	4,924	30	21	50
		13,088	16,087	16,863	4,871	4,891	5,421
Total assets		17,461	21,071	21,917	14,171	14,191	14,721
Equity attributable to owners of the Company							
Share capital	11	14,917	14,917	14,917	14,917	14,917	14,917
Other reserves	12	(10,636)	(10,628)	(10,759)	–	–	–
Retained earnings/ (accumulated losses)		5,029	7,596	9,525	(3,759)	(3,104)	(2,349)
Total equity		9,310	11,885	13,683	11,158	11,813	12,568
Liabilities							
Non-current liabilities							
Loans and borrowings	13	76	28	4	–	–	–
Deferred government grant income	16	98	98	–	–	–	–
Deferred tax liabilities	14	181	153	175	–	–	–
		355	279	179	–	–	–
Current liabilities							
Loans and borrowings	13	926	1,086	205	–	–	–
Trade and other payables	15	6,757	7,411	7,195	3,013	2,378	2,153
Contract liabilities	18	57	357	35	–	–	–
Income tax payables		56	53	620	–	–	–
		7,796	8,907	8,055	3,013	2,378	2,153
Total liabilities		8,151	9,186	8,234	3,013	2,378	2,153
Total equity and liabilities		17,461	21,071	21,917	14,171	14,191	14,721

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 $'000	Group 2017 $'000
Revenue	18	10,439	14,102
Cost of sales		(7,133)	(9,680)
Gross profit		3,306	4,422
Other income	19	39	515
Administrative expenses		(5,095)	(6,610)
Other operating expenses		(680)	(84)
Results from operating activities		(2,430)	(1,757)
Finance income	20	65	6
Finance cost	20	(182)	(97)
Net finance costs		(117)	(91)
Loss before tax	21	(2,547)	(1,848)
Tax credit	22	80	–
Loss for the year		(2,467)	(1,848)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from foreign operations		(8)	50
Total other comprehensive income for the year, net of income tax		(8)	50
Total comprehensive income for the year		(2,475)	(1,798)
Earnings per share:			
Basic loss per share (cents)	23	(2.29)	(1.72)
Diluted loss per share (cents)	23	(2.29)	(1.72)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	Note	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Statutory reserve $'000	Retained earnings $'000	Total $'000
At 1 January 2017		14,917	(9,138)	(1,664)	43	9,525	13,683
Total comprehensive income for the year							
Loss for the year		–	–	–	–	(1,848)	(1,848)
Other comprehensive income							
Foreign currency translation differences – foreign operations/Total other comprehensive income		–	–	50	–	–	50
Total comprehensive income for the year		–	–	50	–	(1,848)	(1,798)
Transfer to statutory reserve		–	–	–	81	(81)	–
At 31 December 2017		14,917	(9,138)	(1,614)	124	7,596	11,885

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2018

	Share capital $'000	Merger reserve $'000	Foreign currency translation reserve $'000	Statutory reserve $'000	Retained earnings $'000	Total $'000
At 1 January 2018	14,917	(9,138)	(1,614)	124	7,596	11,885
Adjustment on initial application of SFRS (I) 9 (net of tax)	–	–	–	–	(100)	(100)
Adjusted balance at 1 January 2018	14,917	(9,138)	(1,614)	124	7,496	11,785
Total comprehensive income for the year						
Loss for the year	–	–	–	–	(2,467)	(2,467)
Other comprehensive income						
Foreign currency translation differences – foreign operations/Total other comprehensive income	–	–	(8)	–	–	(8)
Total comprehensive income for the year	–	–	(8)	–	(2,467)	(2,475)
At 31 December 2018	14,917	(9,138)	(1,622)	124	5,029	9,310

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Loss before tax		(2,547)	(1,848)
Adjustments for:			
Amortisation of intangible assets	21	121	195
Impairment loss on trade receivables	21	18	63
Depreciation of property, plant and equipment	21	419	305
Plant and equipment written-off	21	7	1
Impairment loss on intangible assets	21	705	94
Gain on disposal of property, plant and equipment	19	(7)	(168)
Interest expenses	20	182	97
Interest income	20	(65)	(6)
Effects of exchange rate changes		(47)	(21)
		(1,214)	(1,288)
Changes in:			
- inventories		(404)	(87)
- trade and other receivables		4,463	55
- trade and other payables		(754)	363
- contract liabilities		(300)	322
Cash generated from/(used in) operations		1,791	(635)
Interest received		12	6
Tax paid		–	(567)
Government grant received		–	98
Net cash from/(used in) operating activities		1,803	(1,098)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		23	577
Purchase of property, plant and equipment		(324)	(568)
Expenditure on development of intangible assets		(188)	(270)
Investment in other investments		(2,292)	–
Net cash used in investing activities		(2,781)	(261)
Cash flows from financing activities			
Interest paid		(82)	(97)
Proceeds from short-term financing		–	315
Repayment of finance lease obligations		(56)	(27)
Repayment of bank loans		(52)	(186)
Amount due to ultimate holding company (non-trade)		–	(147)
Net cash used in financing activities		(190)	(142)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Net decrease in cash and cash equivalents		(1,168)	(1,501)
Cash and cash equivalents at 1 January		3,419	4,924
Effect of exchange rate fluctuations on cash held		29	(4)
Cash and cash equivalents at 31 December	9	2,280	3,419

Non-cash transactions

During the financial year ended 31 December 2018, the Group acquired plant and equipment with an aggregate cost of $463,000 (FY2017: $607,000) of which $139,000 (FY2017: $39,000) was acquired by means of finance lease.

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 21 March 2019.

1 Domicile and activities

Eindec Corporation Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 100H Pasir Panjang Road, OC@ Pasir Panjang, #01-01 Singapore 118524.

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

The principal activities of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 6 of the consolidated financial statements.

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

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). These are the Group's first financial statements prepared in accordance with SFRS(I)s and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRSs). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 28.

2.2 Basis of measurement

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

2.3 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.

2.4 Use of estimates and judgements

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

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year are included in Note 27.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combination using the acquisition method when control is transferred to the Group.

Acquisition from 1 January 2017

For acquisition from 1 January 2017, 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,

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

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.

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.

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.

Acquisition before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017.

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.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

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.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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.

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.

3.2 **F**oreign 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 prevailing 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.

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2017, the Group's date of transition to SFRS (I), such differences have been recognised 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.

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.

3.3 Financial instrument

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 Significant accounting policies (cont'd)

3.3 Financial Instrument (cont'd)

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and

3 Significant accounting policies (cont'd)

3.3 Financial Instrument (cont'd)

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2018

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

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

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

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

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, bank overdrafts, and trade and other payables.

3 Significant accounting policies (cont'd)

3.3 Financial Instrument (cont'd)

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

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 an integral part of the Group's cash management are included in cash and cash equivalents.

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.

3 Significant accounting policies (cont'd)

3.3 Financial Instrument (cont'd)

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company 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 issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

Expected credit losses ("ECLs") are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Intra-group financial guarantees in the separate financial statements – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

3.4 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.

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.

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

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.

3.5 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. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

3 Significant accounting policies (cont'd)

3.5 Intangible assets (cont'd)

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.

3.6 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.

3.7 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.

3.8 Impairment

(i) Non-derivative financial assets and contract assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding beyond management's expected range of past due days taking into consideration past payment trends, macroeconomic and industry conditions.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default (as defined above);
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

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

Objective evidence that financial assets were impaired included 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 would enter bankruptcy, adverse changes in the payment status of borrowers or issuers or economic conditions that correlate with defaults.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

(ii) 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 other 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.

3.9 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.

3 Significant accounting policies (cont'd)

3.9 Employee benefits (cont'd)

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.

3.10 Revenue

Goods and services sold

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or completing a service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

A contract asset is recognised when the value of goods delivered or services rendered for a contract exceeds payments received from the customer. The contract asset is transferred to trade receivables when the entitlement to payment becomes unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

The classification of a contract asset and contract liability is determined separately for each individual customer contract.

3 Significant accounting policies (cont'd)

3.11 Government grant income

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.

3.12 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.

3.13 Finance income and finance costs

Finance income comprises on interest income earned from cash and cash equivalents and funds invested. Interest income is recognised as it accrues in the profit or loss, using the effective interest method.

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.

3.14 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.

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

The Group has determined that uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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.

Current tax assets and liabilities are offset only if certain criteria are met.

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.

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.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3 Significant accounting policies (cont'd)

3.14 Tax (cont'd)

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.

3.15 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 include bonus warrants issued to shareholders.

3.16 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 acting 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.

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. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), other investments, cash (managed at head office), head office expenses, tax assets and liabilities, loans and borrowings and head office accruals.

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

3.17 New standards and interpretation not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 29.

NOTES TO THE FINANCIAL STATEMENTS

4 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 2017	1,311	2,739	734	590	2,801	601	126	556	9,458
Additions	–	–	17	406	21	114	4	45	607
Written off	–	–	(2)	–	–	–	(1)	–	(3)
Disposals	(148)	(98)	(198)	(198)	(1,309)	(180)	(13)	(83)	(2,227)
Effects of movements in exchange rates	21	51	7	2	27	7	2	(1)	116
At 31 December 2017	1,184	2,692	558	800	1,540	542	118	517	7,951
At 1 January 2018	1,184	2,692	558	800	1,540	542	118	517	7,951
Additions	–	119	6	32	163	142	–	1	463
Written off	–	–	(15)	(6)	–	–	(9)	(2)	(32)
Disposals	–	–	–	–	–	–	–	(34)	(34)
Effects of movements in exchange rates	3	4	1	–	1	1	(1)	1	10
At 31 December 2018	1,187	2,815	550	826	1,704	685	108	483	8,358
Accumulated depreciation									
At 1 January 2017	–	712	650	222	2,514	530	110	333	5,071
Depreciation	–	53	20	44	63	38	5	82	305
Written-off	–	–	(1)	–	–	–	(1)	–	(2)
Disposals	–	(41)	(186)	(69)	(1,279)	(180)	(7)	(56)	(1,818)
Effects of movements in exchange rates	–	14	5	2	23	5	2	–	51
At 31 December 2017	–	738	488	199	1,321	393	109	359	3,607

4 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 2018	–	738	488	199	1,321	393	109	359	3,607
Depreciation	–	55	17	169	51	52	5	70	419
Written-off	–	–	(14)	(1)	–	–	(9)	(1)	(25)
Disposals	–	–	–	–	–	–	–	(18)	(18)
Reclassification	–	–	–	19	–	–	–	(19)	–
Effects of movements in exchange rates	–	1	1	–	3	–	(4)	1	2
At 31 December 2018	–	794	492	386	1,375	445	101	392	3,985
Carrying amounts									
At 1 January 2017	1,311	2,027	84	368	287	71	16	223	4,387
At 31 December 2017	1,184	1,954	70	601	219	149	9	158	4,344
At 31 December 2018	1,187	2,021	58	440	329	240	7	91	4,373

Assets held under finance lease

During the financial year ended 2018, the Group acquired plant and machinery with carrying amount of $139,000 (2017: $39,000; 1 January 2017: $Nil) under a finance lease.

The carrying amount of plant and machinery of the Group held under finance leases as at 31 December 2018 was $184,000 (2017: $81,000; 1 January 2017: $57,000).

Security

As at 31 December 2018, the Group's property, plant and equipment with a total carrying value of $3,611,000 (2017: $3,598,000; 1 January 2017: $3,595,000), were pledged as collaterals for the Group's loans and borrowings (see Note 13).

5 Intangible assets

Group	Capitalised development costs $'000
Cost	
At 1 January 2017	869
Capitalisation of qualifying development expenditure during the year	270
Effects of movements in exchange rates	(8)
At 31 December 2017	1,131
At 1 January 2018	1,131
Capitalisation of qualifying development expenditure during the year	188
Effects of movements in exchange rates	(2)
At 31 December 2018	1,317
Accumulated amortisation and impairment loss	
At 1 January 2017	202
Impairment loss	94
Amortisation charge for the year	195
At 31 December 2017	491
At 1 January 2018	491
Impairment loss	705
Amortisation charge for the year	121
At 31 December 2018	1,317
Carrying amounts	
At 1 January 2017	667
At 31 December 2017	640
At 31 December 2018	–

Intangible assets comprise development expenditure capitalised in relation to new product technologies developed by the Group. The amortisation of development costs is included in 'administrative expenses'.

Impairment loss

In current year, due to continued operating losses and tighter market conditions, management assessed that there were indicators of impairment on the recoverable amount of the North Asia CGU that included these development expenditures capitalised.

The Group assessed that the cash flows projection for the next three years to be negative and that there is no reliable source to estimate the fair value less cost to sell of the intangible assets. Accordingly, the Group recorded an impairment loss of $705,000 to the statement of comprehensive income ("other operating expenses").

5 Intangible assets (cont'd)

The recoverable amount of the North Asia CGU was estimated based on the present value of the future cash flows expected to be derived (i.e. value-in-use). The key assumptions applied in the value-in-use computation are as follows:

	2018
	%
3 years compounded sales growth rate	65.6
Average gross profit margin	27.5
Discount rate	12.2

In prior year, the Group assessed that certain development expenditure capitalised related to a product in the South Asia CGU was deemed impaired as the sale of this product had ceased during the year and was not expected to be generating future economic benefits for the Group. The Group determined that the recoverable amount of these intangible assets, based on the fair value less costs to sell, is $Nil. Hence, impairment losses of $94,000 were recognised in prior year.

6 Subsidiaries

		Company	
			1 Jan
	2018	**2017**	**2017**
	$'000	**$'000**	**$'000**
Unquoted equity shares, at cost	9,300	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**		
						1 Jan
				2018	**2017**	**2017**
				%	**%**	**%**
*	Eindec Holdings Pte. Ltd.	Singapore	Investment holding	100	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	100
▲	Eindec Technology (Malaysia) Sdn. Bhd.	Malaysia	Manufacturers and traders in air-conditioning and clean room equipment	100	100	100

6 Subsidiaries (cont'd)

Name	Country of incorporation	Principal activities	Equity interest		
			2018 %	2017 %	1 Jan 2017 %
@ Eindec (Shanghai) Co., Ltd	People's Republic of China	Clean room equipment and ventilation equipment wholesale, agency, import and export of industrial products and related supporting businesses	100	100	100
+ Eindec (Shenzhen) Environmental Technology Co., Ltd.	People's Republic of China	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	100

* Audited by KPMG LLP, Singapore

▲ Audited by member firm of KPMG International

\+ Audited for the purpose of group consolidation by a 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.

7 Inventories

	Group		
	2018 $'000	2017 $'000	1 Jan 2017 $'000
Finished goods	1,339	1,349	921
Work-in-progress	490	155	552
Raw materials	2,011	1,932	1,876
	3,840	3,436	3,349

During the current year, inventories of $5,343,000 (2017: $7,913,000) were recognised as an expense and included in 'cost of sales'.

The Group recognised a net reversal of $4,046 from provision for stock obsolescence upon the sale of the inventory items. Inventories have been reduced by $Nil (2017: $79,773) as a result of the write-down to net realisable value.

8 Trade and other receivables

	Group			Company		
	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000	2017 $'000	1 Jan 2017 $'000
Trade receivables						
- third parties	3,552	7,843	2,838	–	–	–
- related corporations	6	56	–	–	–	–
Accrued trade receivables	36	154	3,180	–	–	–
Non-trade amounts due from:						
- related corporations	–	–	–	–	–	1,890
- subsidiaries	–	–	–	4,838	4,864	3,463
Other receivables and deposits	202	239	2,372	–	–	–
	3,796	8,292	8,390	4,838	4,864	5,353
Tax recoverable	68	–	–	–	–	–
Prepayments	198	180	200	3	6	18
	4,062	8,472	8,590	4,841	4,870	5,371

Trade and other receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables.

Non-trade amounts due from related corporation and subsidiaries are unsecured, interest-free, and are repayable on demand.

The Group and the Company's exposure to credit and currency risks, impairment losses for trade and other receivables are disclosed in Note 26.

9 Cash and cash equivalents

		Group			Company		
	Note	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000	2017 $'000	1 Jan 2017 $'000
Fixed deposits with financial institutions		750	750	2,752	–	–	–
Cash at bank and on hand		2,144	3,429	2,172	30	21	50
Cash and cash equivalents in the statements of financial position		2,894	4,179	4,924	30	21	50
Bank overdrafts	13	(614)	(760)	–	–	–	–
Cash and cash equivalents in the statement of cash flows		2,280	3,419	4,924	30	21	50

10 Other investments

	Group 2018 $'000
Debt investments at fair value through profit or loss (FVTPL)	1,620
Debt investment at amortised cost	672
	2,292

Debt investment classified as at amortised cost of the Group have fixed interest rate of 2.8% per annum and mature within 3 months.

Debt investments at FVTPL have variable returns of 2.5% to 4.0% per annum.

On 1 March 2019, the Group recovered the proceeds (i.e. principal and investment returns) of the debt investments at amortised cost and debt investment at FVTPL, with carrying amount of S$2,005,000 upon the redemption of those instruments.

11 Share capital

	No. of shares	
	2018	2017
Fully paid ordinary shares, with no par value:		
At 1 January 2017, 31 December 2017 and 31 December 2018	107,700,000	107,700,000

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.

All issued shares are fully paid, with no par value.

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.

For the years ended 31 December 2018 and 2017, 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		
			1 Jan
	2018	2017	2017
	$'000	$'000	$'000
Merger reserve	(9,138)	(9,138)	(9,138)
Foreign currency translation reserve	(1,622)	(1,614)	(1,664)
Statutory reserve	124	124	43
	(10,636)	(10,628)	(10,759)

Reserves

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.

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.

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		
				1 Jan
	Note	2018	2017	2017
		$'000	$'000	$'000
Current liabilities				
Secured fixed rate bank loans		264	315	182
Finance lease liabilities		48	11	23
Bank overdrafts	9	614	760	–
		926	1,086	205
Non-current liabilities				
Finance lease liabilities		76	28	4
Total loans and borrowings		1,002	1,114	209

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	2018 Face value $'000	2018 Carrying amount $'000	2017 Face value $'000	2017 Carrying amount $'000	1 Jan 2017 Face value $'000	1 Jan 2017 Carrying amount $'000
Group									
Secured fixed bank loans	MYR	3.76 – 3.80	2019	264	264	315	315	182	182
Finance lease liabilities	MYR	3.30 – 3.50	2019 – 2022	124	124	39	39	27	27
Bank overdrafts	MYR	MBLR* + 0.75%	N.A	614	614	760	760	–	–
Total interest-bearing liabilities				1,002	1,002	1,114	1,114	209	209

** Malaysia base lending rate*

The Group's exposure to interest rate and liquidity risks is disclosed in Note 26.

The loans and borrowings of the Group are secured by the property, plant and equipment of a subsidiary (see Note 4) and deed of debenture provided by a subsidiary for Malaysian Ringgit ("MYR") 10 million.

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 2018 $'000	Interest 2018 $'000	Present value of payments 2018 $'000	Future minimum lease payments 2017 $'000	Interest 2017 $'000	Present value of payments 2017 $'000	Future minimum lease payments 1 Jan 2017 $'000	Interest 1 Jan 2017 $'000	Present value of payments 1 Jan 2017 $'000
Group									
Within one year	55	7	48	13	2	11	24	1	23
After one year but within five years	80	4	76	31	3	28	4	–	4
	135	11	124	44	5	39	28	1	27

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

13 Loans and borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				
	Bank overdrafts $'000	**Secured bank loans $'000**	**Finance lease liabilities $'000**	**Non-trade amount due from ultimate holding company (Note 15) $'000**	**Total $'000**
At 1 January 2017	–	182	27	2,080	2,289
Changes from financing cash flows					
Interest paid	–	(43)	(2)	(52)	(97)
Repayment of finance lease obligations	–	–	(27)	–	(27)
Repayment of bank loans	–	(186)	–	–	(186)
Proceeds from short-term financing	–	315	–	–	315
Amount due from ultimate holding company (non-trade)	–	–	–	(147)	(147)
Total changes from financing cash flows	–	86	(29)	(199)	(142)
The effect of changes in foreign exchange rates	–*	4	–*	–	4
Liability-related other changes					
Change in bank overdraft	760	–	–	–	760
New finance leases	–	–	39	–	39
Interest expense	–	43	2	52	97
Total liability-related other changes	760	43	41	52	896
Balance as at 31 December 2017	760	315	39	1,933	3,047
At 1 January 2018	760	315	39	1,933	3,047
Changes from financing cash flows					
Interest paid	(45)	(29)	(8)	–	(82)
Repayment of finance lease obligations	–	–	(56)	–	(56)
Repayment of bank loans	–	(52)	–	–	(52)
Total changes from financing cash flows	(45)	(81)	(64)	–	(190)
The effect of changes in foreign exchange rates	-	1	2	–	3
Liability-related other changes					
Change in bank overdraft	(146)	–	–	–	(146)
New finance leases	–	–	139	–	139
Interest expense	45	29	8	100	182
Total liability-related other changes	(101)	29	147	100	175
Balance as at 31 December 2018	614	264	124	2,033	3,035

*Amount less than $1,000

14 Deferred tax liabilities

Movements in temporary differences during the year are as follows:

	Balance as at 1 January 2017 $'000	Recognised in profit or loss (Note 22) $'000	Effects of exchange rate changes $'000	Balance as at 31 December 2017 $'000	Recognised in profit or loss (Note 22) $'000	Effects of exchange rate changes $'000	Balance as at 31 December 2018 $'000
Group							
Property, plant and equipment	230	(23)	3	210	30	–*	240
Others	(55)	(7)	5	(57)	(2)	–*	(59)
	175	(30)	8	153	28	–*	181

*Amount less than $1,000

Unrecognised deferred tax liabilities

At 31 December 2018, there was no temporary difference (2017: $1,484,000; 1 Jan 2017: $1,878,676) related to investment in subsidiaries 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		
	2018 $'000	2017 $'000	1 Jan 2017 $'000
Unutilised tax losses carried forward	6,933	5,168	3,339

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 2018 and 2017 are expected to expire as follows:

	Group		
	2018 $'000	2017 $'000	1 Jan 2017 $'000
Between 1 year and 5 years	2,155	596	217

The remaining tax losses of $4,778,000 (2017: $4,572,000; 1 Jan 2017: $3,122,000) relating to tax losses arising from the Group's Singapore operations and are not expected to expire under the applicable tax legislation.

14 Deferred tax liabilities (cont'd)

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		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Trade payables	2,977	4,223	3,871	–	–	–
Non-trade amounts due to:						
- ultimate holding company	2,033	1,933	2,080	2,033	1,933	2,080
- subsidiary	–	–	–	836	295	–
Accrued operating expenses	1,362	503	541	124	69	44
Other payables	385	752	703	20	81	29
	6,757	7,411	7,195	3,013	2,378	2,153

Included in the non-trade amount due to ultimate holding company is a loan of $1,718,000 (2017: $1,718,000; 1 Jan 2017: $1,950,000) which is interest-bearing, unsecured and is repayable on demand. Interest is charged based on the three-month Singapore swap offer rate plus a margin of 3.5%. The remaining amount of the non-trade amount due to ultimate holding company is unsecured, interest-free and is repayable on demand.

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

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables are disclosed in Note 26.

16 Deferred government grant income

	Group		
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Government grant	98	98	–

In 2017, the Group received $98,000 from a local government authority in China for the research and development of a new fresh air purification and ventilation system. The technology is still under development as at 31 December 2018.

17 Related parties

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2018	**2017**
	$'000	**$'000**
Directors' fees		
- directors of the Company	175	175
Salaries, representing total compensation to key management personnel	249	438
Contributions to defined contribution plans	18	39
	442	652
Comprises amounts paid/payable to:		
- directors of the Company	175	392
- other key management personnel	267	260
	442	652

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	
	2018	**2017**
	$'000	**$'000**
Expenses/(Income)		
Immediate and ultimate holding company		
- Interest expenses paid/payable	100	52
- Sale of goods	(91)	–
- Shared services income received/receivable	(12)	(12)
Others		
Professional fees paid to a firm in which a director is a member	3	–

18 Revenue

	Group	
	2018	**2017**
	$'000	**$'000**
Sale of goods	10,013	13,815
Installation service	426	287
	10,439	14,102

The nature of goods and services is similar for the Group's three operating segments. There is no significant difference in the contractual arrangements made in the three operating segments.

18 Revenue (cont'd)

The following table provide information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Nature of goods or services	The Group manufactures clean air environmental technology solutions equipment and clean room equipment based on the customer's specification. There is no significant customisation of the clean room equipment. In addition, the Group also installs certain equipment for their customers at the delivery of the equipment.
When revenue is recognised	For sales of goods, revenue is recognised at a point in time when goods are delivered to the customer and criteria for acceptance have been satisfied. For installation service, revenue is recognised at the completion of the installation service. The installation service is typically completed shortly after delivery of goods. The lead time between the delivery of goods and installation of the delivered goods is insignificant.
Significant payment terms	Invoices are issued upon delivery of goods or the completion of service and are payable within 30-60 days. In cases where, the Group received cash paid in advance of goods delivered and to the extent that they remain undelivered at balance sheet date, the Group defers recognition of revenue and recognise such amounts in the statement of financial position as "contract liabilities".
Obligations for warranties	For North Asia business, the equipment come with a standard warranty of one year, under which customers are able to return and replace any defective products. The standard warranty is consistent with market practice. There is no right to return the goods. There are no variable considerations such as volume discounts or sales rebates provided to customers.

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18 Revenue (cont'd)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 25).

	Reportable segment									
	Clean room equipment		Heat ventilation and air distribution equipment		Air purification equipment		Others		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Primary geographical markets										
Singapore	1,729	2,389	4,407	4,471	17	199	543	441	6,696	7,500
Malaysia	1,593	2,388	7	13	–	–	–	–	1,600	2,401
PRC	–	–	–	168	1,223	2,911	–	–	1,223	3,079
Others	881	963	37	157	–	2	2	–	920	1,122
	4,203	5,740	4,451	4,809	1,240	3,112	545	441	10,439	14,102
Major products/ service line										
Sales of goods	4,203	5,740	4,451	4,809	814	2,825	545	441	10,013	13,815
Installation service	–	–	–	–	426	287	–	–	426	287
	4,203	5,740	4,451	4,809	1,240	3,112	545	441	10,439	14,102
Timing of revenue recognition										
At a point in time	4,203	5,740	4,451	4,809	1,240	3,112	545	441	10,439	14,102

18 Revenue (cont'd)

Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	Group		
	31 Dec 2018 $'000	**31 Dec 2017 $'000**	**1 Jan 2017 $'000**
Trade receivables	3,558	7,889	2,838
Contract liabilities	(57)	(357)	(35)

The contract liabilities primarily relate to advance consideration received from customers for sale of equipment.

Significant changes in the contract liabilities balances during the period are as follows.

	Group		
	Contract liabilities 31 Dec 2018 $'000	**Contract liabilities 31 Dec 2017 $'000**	**Contract liabilities 1 Jan 2017 $'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	357	35	–
Increase due to cash received, excluding amounts recognised as revenue during the year	(57)	(357)	(35)

19 Other income

	Group	
	2018 $'000	**2017 $'000**
Gain on disposal of property, plant and equipment	7	168
Government grants	–	276
Sale of scrap	8	–
Others	24	71
	39	515

20 Net finance costs

	Group 2018 $'000	Group 2017 $'000
Interest income	65	6
Finance income	65	6
Interest expense on loans and borrowings	(82)	(45)
Interest expense on non-trade amounts due to ultimate holding company	(100)	(52)
Finance costs	(182)	(97)
Net finance cost	(117)	(91)

21 Loss before tax

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

	Note	Group 2018 $'000	Group 2017 $'000
Amortisation of intangible assets	5	121	195
Audit fees paid to:			
- auditors of the Company		100	89
- other auditors		65	90
Non-audit fees paid to:			
- auditors of the Company		13	11
- other auditors		3	4
Depreciation of property, plant and equipment	4	419	305
Employee benefits expense		3,440	4,300
Expected credit loss on trade receivables	26	18	63
Exchange (gain)/loss, net		(47)	21
Impairment of intangible assets	5	705	94
Operating lease expenses		401	470
Plant and equipment written-off		7	1
Professional fee paid to a firm in which a director is a member		3	–
Raw materials, changes in finished goods and work-in-progress recognised as cost of sales	7	5,343	7,913
(Write-back)/Write-down of inventories (net)	7	(4)	158
Employee benefits expense			
Directors' fees		175	175
Salaries, bonuses and other costs		2,929	3,610
PRC statutory welfare fund		62	109
Contributions to defined contribution plans		274	406
		3,440	4,300

22 Tax credit

	Group	
	2018	**2017**
	$'000	**$'000**
Current tax (credit)/expense		
Current year	–	58
Over provision in respect of prior years	(108)	(28)
	(108)	30
Deferred tax expense		
Origination and reversal of temporary differences	5	(25)
Under/(Over) provision in respect of prior years	23	(5)
	28	(30)
Tax credit on operations	(80)	–
Reconciliation of effective tax rate		
Loss before tax	(2,547)	(1,848)
Tax using the Singapore tax rate of 17% (2017: 17%)	(433)	(314)
Effect of different tax rate in different jurisdictions	(18)	(19)
Non-taxable income	–	(29)
Non-deductible expenses	156	54
Current year losses for which no deferred tax asset was recognised	300	341
Over provision in respect of prior years	(85)	(33)
	(80)	–

23 Earnings per share

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

		Group	
		2018	**2017**
		$'000	**$'000**
Basic earnings per share is based on			
Loss for the year attributable to owners of the Company		(2,467)	(1,848)
		Number of shares	
	Note	**2018**	**2017**
		'000	**'000**
Issued ordinary shares at 1 January	11	107,700	107,700
Effect of new ordinary shares issued		–	–
Weighted average number of ordinary shares		107,700	107,700
Basic loss per share (SGD cents)		(2.29)	(1.72)

23 Earning per share (cont'd)

Basic EPS is calculated on the Group's loss 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 and warrants as at 31 December 2018 and 2017.

24 Commitments

Leases – As lessee

The Group leases a number of warehouse and office premises under operating leases. The leases typically run for a period of 2 to 5 years. None of these leases include contingent rentals.

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	385	313
Later than one year but not later than five years	696	979
	1,081	1,292

25 Operating segments

For management purposes, the Group is organised into business units based on the products and services offered, and has four 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 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

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.

25 Operating segments (cont'd)

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 acting CEO monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below.

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

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

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

There are no inter-segment sales within the Group.

	Revenue		**Segments results**	
Group	**31 Dec 2018 $'000**	**31 Dec 2017 $'000**	**31 Dec 2018 $'000**	**31 Dec 2017 $'000**
Clean room equipment	4,203	5,740	(606)	(1,045)
Heating ventilation and air-conditioning products	4,451	4,809	(123)	(381)
Air purification equipment	1,240	3,112	(1,814)	(614)
Others	545	441	86	69
	10,439	14,102	(2,457)	(1,971)
Unallocated items:				
Other income			33	241
Other operating expenses			(6)	(27)
Finance income			65	6
Finance costs			(182)	(97)
Loss before income tax			(2,547)	(1,848)
Tax income			80	–
Loss attributable to equity holders of the Company			(2,467)	(1,848)

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25 Operating segments (cont'd)

Group	Clean room equipment		Heating ventilation and air-conditioning products		Air purification equipment		Others		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Other segment information:												
Expected credit loss on trade receivables	3	16	9	10	6	37	–*	–*	–	–	18	63
Impairment loss on intangible assets	–	–	–	–	705	94	–	–	–	–	705	94
Amortisation of intangible assets	–	–	–	–	121	195	–	–	–	–	121	195
Depreciation of property, plant and equipment	138	151	148	124	114	24	19	6	–	–	419	305
Capital expenditure	–	–	–	–	188	270	–	–	463	607	651	877

*Amount less than $1,000

25 Operating segments (cont'd)

Group	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000
Segment assets			
Clean room equipment	1,339	3,437	2,510
Heating ventilation and air-conditioning products	4,170	2,473	2,656
Air purification equipment	5,444	8,609	8,607
Others	139	37	36
Total segment assets	11,092	14,556	13,809
Unallocated assets#	6,369	6,515	8,108
Consolidated total assets	17,461	21,071	21,917
Segment liabilities			
Clean room equipment	436	610	788
Heating ventilation and air-conditioning products	85	29	85
Air purification equipment	2,768	4,276	3,824
Others	188	–	–
Total segment liabilities	3,477	4,915	4,697
Unallocated liabilities*	4,674	4,271	3,537
Consolidated total liabilities	8,151	9,186	8,234

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

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

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.

	Singapore $'000	PRC $'000	Malaysia $'000	Others $'000	Total $'000
31 December 2018					
Revenue	6,696	1,223	1,600	920	10,439
Non-current assets	539	39	3,795	–	4,373
31 December 2017					
Revenue	7,500	3,079	2,401	1,122	14,102
Non-current assets	509	795	3,680	–	4,984

Major customer

Revenue from one customer of the Group's Singapore segment represented approximately 14% (2017: 14%) of the Group's total revenue.

26 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.

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 and debt investments.

The carrying amounts of financial assets 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 financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

	2018 $'000	2017 $'000
Impairment loss on trade receivables arising from contract with customers	18	63

26 Financial risk management (cont'd)

Credit risk (cont'd)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in Note 25.

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

The Group's top 3 (2017: 3) customer accounts for 28.4% (2017: 54.1%) of the trade and other receivables as at 31 December 2018.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Exposure to credit risk profile

The Group monitors credit risk by the country and industry sector exposures for its trade and accrued receivables. The credit risk concentration profile of the Group's trade and accrued receivables at the respective reporting dates are as follows:

	Group		
	2018	**2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**
By country			
Singapore	2,303	3,078	1,817
PRC	1,169	4,507	3,598
Malaysia	122	100	479
Others	–	368	124
	3,594	8,053	6,018
By products			
Clean room equipment	551	2,068	503
Heating ventilation and air distribution equipment	1,810	1,268	1,779
Air purification equipment	1,171	4,708	3,586
Others	62	9	150
	3,594	8,053	6,018

26 Financial risk management (cont'd)

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	Group			
	31 Dec 2018		31 Dec 2017	1 Jan 2017
	Not credit-impaired	Credit-impaired		
	$'000	$'000	$'000	$'000
Customers within:				
• two or more years trading history with the Group	2,538	–	4,684	1,928
• less than two years trading with the Group	1,237	–	3,432	4,090
Total gross carrying amount	3,775	–	8,116	6,018
Loss allowance	(181)	–	(63)	–
	3,594	–	8,053	6,018

Comparative information under FRS 39

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of loans and other receivables that were past due but not impaired is as follows:

	Gross 31 Dec 2017 $'000	Impairment losses 31 Dec 2017 $'000	Gross 1 Jan 2017 $'000	Impairment losses 1 Jan 2017 $'000
Group				
Neither past due nor impaired	4,109	–	6,344	–
Past due 1 – 30 days	774	–	824	–
Past due 31 – 60 days	288	–	414	–
Past due 61 – 90 days	177	–	502	–
Past due more than 90 days	3,007	63	306	–
	8,355	63	8,390	–
Company				
Neither past due nor impaired	4,864	–	5,353	–

When 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 that relates to individually significant exposures.

Expected credit loss assessment as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different geographic region.

26 Financial risk management (cont'd)

The following table provides information about the exposure to credit risk and ECLs for current trade receivables customers as at 31 December 2018:

	Group			
	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Current (not past due)	0.78	1,499	(12)	No
1 – 30 days past due	0.91	727	(7)	No
31 – 60 days past due	1.55	405	(6)	No
61 – 90 days past due	2.91	270	(8)	No
91 – 180 days past due	6.65	310	(21)	No
181 – 365 days past due	9.14	306	(28)	No
More than 365 days past due	38.37	258	(99)	No
		3,775	(181)	

Loss rates are based on actual credit loss experience over the past two years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Scalar factors are based on actual and forecast gross domestic product and are as follows: 1.2 for Singapore and 2.7 for People's Republic of China.

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group Individual impairments $'000
At 1 January 2017 per FRS 39	–
Impairment loss recognised	63
At 31 December 2017 per FRS 39	63

	Group Lifetime ECL $'000
At 1 January 2018 per FRS 39	63
Adjustment on initial application of SFRS(I) 9	100
At 1 January 2018 per SFRS(I) 9	163
Impairment loss recognised	18
At 31 December 2018 per SFRS(I) 9	181

26 Financial risk management (cont'd)

Non-trade amounts due from related corporations and subsidiaries

The Company held non-trade receivables from related corporations and subsidiaries of $4,838,000 (2017: $4,864,000; 1 Jan 2017: $3,463,000). These balances are amounts extended to the related parties to satisfy short term funding requirements. The Company uses a similar approach for assessment of ECLs for these receivables to those used for trade and other receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the impairment allowance on these balances is insignificant.

Debt investment at amortised cost

The Group limits its exposure to credit risk on investments held by investing only in liquid debt securities and only with counterparties that have a credit rating of at least Baa3 from Moody's.

Impairment on debt investments are measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group assessed that the risk of impairment allowance on the debt investment at amortised cost is insignificant. The Group had received the proceeds (i.e. principal plus related returns) for investment amounting to $2,020,001 on 1 March 2019.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of $2,894,000 and $30,000 respectively at 31 December 2018 (2017: $4,179,000 and $21,000; 1 Jan 2017: $4,924,000 and $50,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties which are rated Baa2 and Aa1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt investments. The amount of the allowance on cash and cash equivalents is negligible.

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, if the loan facility is drawn down by a subsidiary, is $1,549,000 (2017: $1,537,000; 1 Jan 2017: $1,647,000). At the reporting date, no loan 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.

26 Financial risk management (cont'd)

Liquidity risk (cont'd)

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loan facilities. Approximately 92.4% (2017: 97.5%; 1 January 2017: 98%) 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 2018.

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 $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Between 2 to 5 years $'000**
Group				
31 December 2018				
Non-derivative financial liabilities				
Loans and borrowings	1,002	(1,070)	(990)	(80)
Trade and other payables	6,757	(6,864)	(6,864)	–
	7,759	(7,934)	(7,854)	(80)
31 December 2017				
Non-derivative financial liabilities				
Loans and borrowings	1,114	(1,187)	(1,156)	(31)
Trade and other payables	7,411	(7,503)	(7,503)	–
	8,525	(8,690)	(8,659)	(31)
1 January 2017				
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)
Company				
31 December 2018				
Non-derivative financial liabilities				
Trade and other payables	3,013	(3,120)	(3,120)	–
31 December 2017				
Non-derivative financial liabilities				
Trade and other payables	2,378	(2,469)	(2,469)	–
1 January 2017				
Non-derivative financial liabilities				
Trade and other payables	2,153	(2,242)	(2,242)	–

26 Financial risk management (cont'd)

Liquidity risk (cont'd)

Cash flows included in the maturity analysis of the Group and the Company are not expected to occur significantly earlier, or at significantly different amounts.

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 from its 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 the US dollar.

The Group manages its transactional exposure by adopting 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	
	31 Dec 2018 $'000	**31 Dec 2017 $'000**	**1 Jan 2017 $'000**
US dollar			
Trade and other receivables	79	183	117
Cash and cash equivalents	68	170	109
Trade and other payables	(253)	(104)	(84)
	(106)	249	142

The Company is not exposed to any foreign currency risk.

Sensitivity analysis for foreign currency risk

A 5% strengthening of the Singapore dollar against the US dollar 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 2017, as indicated below:

	Group	
	2018 $'000	**2017 $'000**
US dollar	5	(12)

26 Financial risk management (cont'd)

Foreign currency risk (cont'd)

A 5% weakening of the Singapore dollar against the above currency 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		
	2018 $'000	**2017 $'000**	**1 Jan 2017 $'000**
Fixed rate instrument			
Other investments	672	–	–
Fixed deposits	750	750	2,752
Bank overdrafts	(614)	(760)	–
Finance lease liabilities	(124)	(39)	(27)
	684	(49)	2,725
Variable rate instrument			
Other investments	1,620	–	–
Non-trade amount due to ultimate holding company	(1,718)	(1,718)	(1,950)
Secured bank loans	(264)	(315)	(182)
	(362)	(2,033)	(2,132)

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 2017.

26 Financial risk management (cont'd)

Interest rate risk (cont'd)

	Profit or loss	
	100 bp increase $'000	100 bp decrease $'000
Group		
31 December 2018		
Variable rate instruments	(4)	4
31 December 2017		
Variable rate instruments	(20)	20

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 2018 and 2017.

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 2018 and 2017.

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.

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

	Group		
	2018 $'000	2017 $'000	1 Jan 2017 $'000
Total liabilities	8,151	9,186	8,234
Less: Cash and cash equivalents	(2,894)	(4,179)	(4,924)
Adjusted net debt	5,257	5,007	3,310
Equity attributable to owners of the Company	9,310	11,885	13,683
Adjusted net debt to equity ratio	0.56	0.42	0.24

26 Financial risk management (cont'd)

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.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows:

	Carrying amount				Fair value
Group	**Amortised cost $'000**	**Fair value through profit or loss $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 2 $'000**
31 December 2018					
Trade and other receivables	3,796	–	–	3,796	–
Cash and cash equivalents	2,894	–	–	2,894	–
Debt investments	672	1,620	–	2,292	1,620
	7,362	1,620	–	8,982	
Loan and borrowings	–	–	(1,002)	(1,002)	–
Trade and other payables	–	–	(6,757)	(6,757)	–
	–	–	(7,759)	(7,759)	

26 Financial risk management (cont'd)

Fair value (cont'd)

	Carrying amount			Fair value
	Loans and receivables $'000	**Other financial liabilities $'000**	**Total $'000**	**Level 2 $'000**
Group				
31 December 2017				
Trade and other receivables	8,292	–	8,292	–
Cash and cash equivalents	4,179	–	4,179	–
	12,471	–	12,471	
Loan and borrowings	–	(1,114)	(1,114)	–
Trade and other payables	–	(7,411)	(7,411)	–
	–	(8,525)	(8,525)	
1 January 2017				
Trade and other receivables	8,390	–	8,390	–
Cash and cash equivalents	4,924	–	4,924	–
	13,314	–	13,314	
Loan and borrowings	–	(209)	(209)	–
Trade and other payables	–	(7,195)	(7,195)	–
	–	(7,404)	(7,404)	

26 Financial risk management (cont'd)

Fair value (cont'd)

	Amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000
Company			
31 December 2018			
Trade and other receivables	4,838	–	4,838
Cash and cash equivalents	30	–	30
	4,868	–	4,868
Trade and other payables	–	(3,013)	(3,013)

	Loans and receivables $'000	Other financial liabilities $'000	Total carrying amount $'000
31 December 2017			
Trade and other receivables	4,864	–	4,864
Cash and cash equivalents	21	–	21
	4,885	–	4,885
Trade and other payables	–	(2,378)	(2,378)
1 January 2017			
Trade and other receivables	5,353	–	5,353
Cash and cash equivalents	50	–	50
	5,403	–	5,403
Trade and other payables	–	(2,153)	(2,153)

No fair value hierarchy information is disclosed for the Group and Company's financial assets and liabilities measured at amortised cost as the carrying amount of these financial assets and liabilities approximate their fair values because of the short period to maturity.

26 Financial risk management (cont'd)

Fair value (cont'd)

Measurement of fair values

Valuation techniques and significant unobservable inputs

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement
Debt investment	The fair value is determined by using the present value of expected future cash flows, discounted using a market discount rate.	Not applicable	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique
Other financial liabilities*	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

* Other financial liabilities relate to loans and borrowings.

27 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 judgements and estimates used in the preparation of the financial statements.

Sources of estimation uncertainty

Impairment of non-financial assets, including property, plant and equipment and intangible asset

The Group assesses at each reporting date whether there is objective evidence that its non-financial assets are impaired. The Group's non-financial assets comprise of two CGUs; the South Asia and the North Asia. To determine whether there is objective evidence of impairment, the Group considers factors such as general economic conditions, industries development, local government policies and other factors which could affect the carrying value of these assets. 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.

27 Accounting estimates and judgments (cont'd)

The recoverable amount for the South Asia CGU was based on the estimated fair value of the property which is determined by management using comparable property values based on their recent transacted prices. 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 amount could change significantly as a result of changes in market conditions.

When value-in-use calculations are undertaken for the North Asia CGU, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate and growth rate in order to calculate the present value of those cash flows. The estimation of future cash flows requires judgement and the computed recoverable amount could change significantly if actual market conditions deviates from management's judgement.

Depreciation of property, plant and equipment and amortisation of intangible asset

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. Intangible assets are amortised on a straight-line basis over their useful lives which are estimated to be 3 years.

The Group reviews the estimated useful lives of these assets annually in order to determine the amount of depreciation and amortisation 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 and intangible asset would increase depreciation and amortisation expense respectively and decrease non-current assets.

Valuation of trade receivables

Trade receivables balances are subjected to the expected credit loss impairment model. Measurement of ECL allowance for trade receivables and key assumptions in determining the weighted-average loss rate is disclosed in Note 26.

The Group evaluates whether there is any objective evidence that trade 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 trade receivables balance, credit quality of the debtors and historical write-off experience. If, however, the financial conditions of the trade receivables were to deteriorate, actual write-offs would be higher than estimated.

Valuation of inventories

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 inventory utilisation experience. The required level of allowance could change significantly as a result of changes in market conditions.

28 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued equity instruments in a public market in Singapore will apply SFRS(I) with effect from annual period beginning on or after 1 January 2018.

As stated in Note 2.1, these are the first financial statements of the Group prepared in accordance with SFRS(I).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value issued by the IASB* in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

The application of the above standards and interpretations do not have material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 and SFRS(I) 15 have affected the Group's financial position, financial performance and cash flows, and the Group's financial position is set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The following reconciliations summarise the impacts on initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 on the Group's financial positions as at 1 January 2017, 31 December 2017 and 1 January 2018. There were no material adjustments to the Group's statement of other comprehensive income and statement of cash flows for the year ended 31 December 2017 and the Company's statement of financial position as at 1 January 2017, 31 December 2017 and 1 January 2018 arising on the transition to SFRS(I).

28 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Reconciliation of the Group's equity
Consolidated statement of financial position

	31 December 2017			1 January 2018	
	FRS framework $'000	SFRS(I)15 $'000	SFRS(I) framework $'000	SFRS(I) 9 $'000	SFRS(I) framework $'000
Assets					
Non-current assets					
Property, plant and equipment	4,344	–	4,344	–	4,344
Intangible assets	640	–	640	–	640
	4,984	–	4,984	–	4,984
Current assets					
Inventories	3,436	–	3,436	–	3,436
Trade and other receivables	8,472	–	8,472	(100)	8,372
Cash and cash equivalents	4,179	–	4,179	–	4,179
	16,087	–	16,087	(100)	15,987
Total assets	21,071	–	21,071	(100)	20,971
Equity attributable to owners of the Company					
Share capital	14,917	–	14,917	–	14,917
Other reserves	(10,628)	–	(10,628)	–	(10,628)
Retained earnings	7,596	–	7,596	(100)	7,496
Total equity	11,885	–	11,885	(100)	11,785
Liabilities					
Non-current liabilities					
Loans and borrowings	28	–	28	–	28
Deferred government grant income	98	–	98	–	98
Deferred tax liabilities	153	–	153	–	153
	279	–	279	–	279
Current liabilities					
Loans and borrowings	1,086	–	1,086	–	1,086
Trade and other payables	7,768	(357)	7,411	–	7,411
Contract liabilities	–	357	357	–	357
Income tax payables	53	–	53	–	53
	8,907	–	8,907	–	8,907
Total liabilities	9,186	–	9,186	–	9,186
Total equity and liabilities	21,071	–	21,071	(100)	20,971

28 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Reconciliation of the Group's equity
Consolidated statement of financial position

	1 January 2017		
	FRS framework $'000	**SFRS(I)15 $'000**	**SFRS(I) framework $'000**
Assets			
Non-current assets			
Property, plant and equipment	4,387	–	4,387
Intangible assets	667	–	667
	5,054	–	5,054
Current assets			
Inventories	3,349	–	3,349
Trade and other receivables	8,590	–	8,590
Cash and cash equivalents	4,924	–	4,924
	16,863	–	16,863
Total assets	21,917	–	21,917
Equity attributable to owners of the Company			
Share capital	14,917	–	14,917
Other reserves	(10,759)	–	(10,759)
Retained earnings	9,525	–	9,525
Total equity	13,683	–	13,683
Liabilities			
Non-current liabilities			
Loans and borrowings	4	–	4
Deferred tax liabilities	175	–	175
	179	–	179
Current liabilities			
Loans and borrowings	205	–	205
Trade and other payables	7,230	(35)	7,195
Contract liabilities	–	35	35
Income tax payables	620	–	620
	8,055	–	8,055
Total liabilities	8,234	–	8,234
Total equity and liabilities	21,917	–	21,917

28 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

Notes to the reconciliations

SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

SFRS(I) 15

SFRS(I) 15 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.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the information presented for 2017 has been restated.

The Group has applied the practical expedients where completed contracts that began and ended in the same annual reporting period in 2017 and contracts completed at 1 January 2017 are not restated.

The impact upon the adoption of SFRS(I) 15 is described below.

Presentation of contract assets and liabilities

On adopting SFRS(I) 15, the Group has changed the presentation of 'Advance receipt from customers' classified as 'Trade and other payables' of $357,000 as at 31 December 2017 and $35,000 as at 1 January 2017 were reclassified to 'Contract liabilities'.

SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement.* Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

28 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

SFRS(I) 9 (cont'd)

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except for the following assessments which were made on the basis of facts and circumstances that existed at 1 January 2018.

- The determination of the business model within which a financial asset is held; and
- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 3.3.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

			1 January 2018	
Group	**Original classification under FRS 39**	**New classification under SFRS(I) 9**	**Original carrying amount under FRS 39 $'000**	**New carrying amount under SFRS(I) 9 $'000**
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	8,472	8,372
Cash and cash equivalents	Loans and receivables	Amortised cost	4,179	4,179
Total financial assets			12,651	12,551

Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. An increase of $100,000 in the allowance for impairment was recognised in opening retained earnings of the Group at 1 January 2018 on transition to SFRS(I) 9.

28 Explanation of transition to SFRS(I) and adoption of new standards (cont'd)

SFRS(I) 9 (cont'd)

Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments.

As a result of the adoption of SFRS(I) 9, the Group presented impairment loss related to trade receivables, separately in the statement of comprehensive income. As a result, the Company reclassified impairment loss amounting to $63,000, recognised under FRS 39, from 'other expenses' to 'impairment loss on trade receivables' in the consolidated statement profit or loss for the year ended 31 December 2017.

The application of SFRS(I) 9 impairment requirements at 1 January 2018 results in additional allowances for impairment as follows:

	Group $'000
Loss allowance at 31 December 2017 under FRS 39	63
Additional impairment recognised at 1 January 2018 on:	
Trade receivables as at 31 December 2017	100
Loss allowance at 1 January 2018 under SFRS(I) 9	163

Loss allowances for trade receivables measured at amortised cost are deducted from the gross carrying amount of trade receivables.

Additional information about how the Company measure the allowance for impairment is described in Note 26.

Transition impact on equity

The following table summarises the impact, net of tax, of transition to SFRS(I) 9 on reserves and retained earnings at 1 January 2018.

	Impact of adopting SFRS(I) 9 at 1 January 2018 Group $'000
Retained earnings	
Closing balance under FRS 39 (31 December 2017)	7,596
Recognition of expected credit losses under SFRS(I) 9	(100)
Opening balance under SFRS(I) 9 (1 January 2018)	7,496

29 New standards and interpretations not yet adopted

SFRS(I) 9 (cont'd)

A number of new standards, amendments to standards and interpretations are not yet effective for the annual periods beginning after 1 January 2018 and earlier applications are permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements
- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I)1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I)1-19)

Applicable to 2021 financial statements
- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group is described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

29 New standards and interpretations not yet adopted (cont'd)

SFRS(I) 16 (cont'd)

The Group as lessee

The Group expect to measure lease liabilities by applying a single discount rate to their portfolio. Furthermore, the Group are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group are expected to use hindsight in determining the lease term.

The Group expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every five years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

As at 1 January 2019, the Group expects an increase in ROU assets of $1,000,039, an increase in lease liabilities of $1,085,383, and decrease in retained earnings of $85,344. The Company does not have lease obligations as at 31 December 2018.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's finance leases.

STATISTICS OF SHAREHOLDINGS

AS AT 6 MARCH 2019

Issued and Fully Paid-up Capital	:	S$16,818,001
Number of Issued Shares	:	107,700,000
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share (excluding treasury shares and subsidiary holdings)
Number of Treasury Shares and percentage	:	Nil
Number of Subsidiary Holdings and percentage	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	–	–	–	–
100 – 1,000	3	2.46	1,200	–
1,001 – 10,000	11	9.01	67,000	0.06
10,001 – 1,000,000	99	81.15	20,973,600	19.48
1,000,001 AND ABOVE	9	7.38	86,658,200	80.46
TOTAL	**122**	**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	2,873,000	2.67
3	UOB KAY HIAN PRIVATE LIMITED	2,488,400	2.31
4	SIM POH PING	2,186,200	2.03
5	TAN SZE SENG	2,175,900	2.02
6	TAN POH GUAN (CHEN BAOYUAN)	1,500,000	1.39
7	SIM PEI HWA	1,238,000	1.15
8	OCBC SECURITIES PRIVATE LIMITED	1,166,700	1.08
9	TANG AH HOY	1,130,000	1.05
10	LEE LOI SING	1,000,000	0.93
11	PECK CHUAN YONG	1,000,000	0.93
12	CHENG CHAI HAP	950,000	0.88
13	WU YING KUM	850,000	0.79
14	LIM THIAM SOON	800,000	0.74
15	LIAO YUSHEN	760,000	0.71
16	NG GEOK TIN (HUANG YUZHEN)	742,300	0.69
17	ONG WEE MING	720,000	0.67
18	QUEK HAN BOON	708,500	0.66
19	MAYBANK KIM ENG SECURITIES PTE. LTD.	579,100	0.54
20	RAFFLES NOMINEES (PTE.) LIMITED	549,100	0.51
	TOTAL	**95,317,200**	**88.51**

STATISTICS OF SHAREHOLDINGS

AS AT 6 MARCH 2019

SUBSTANTIAL SHAREHOLDERS AS AT 6 MARCH 2019
(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interests	
		No. of shares		No. of shares	
No.	**Name**	**held**	**%**	**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 Limited ("**Weiye**") by virtue of his 54.46% shareholding in Weiye and 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 20.52% shareholding in Weiye and Section 7 of the Companies Act, Chapter 50.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on the information available to the Company as at 6 March 2019 and to the best knowledge of the Directors of the Company, approximately 33.24% of the issued ordinary shares of the Company was held in the hands of the public, as defined in the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules which requires at least 10% of the equity securities to be in the hands of the public is complied with.

STATISTICS OF WARRANTHOLDINGS

AS AT 6 MARCH 2019

DISTRIBUTION OF WARRANTHOLDERS BY THE SIZE OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	7	6.31	330	–
100 – 1,000	1	0.90	133	–
1,001 – 10,000	16	14.41	66,060	0.09
10,001 – 1,000,000	80	72.07	14,158,105	19.72
1,000,001 AND ABOVE	7	6.31	57,575,330	80.19
TOTAL	**111**	**100.00**	**71,799,958**	**100.00**

TWENTY LARGEST SHAREHOLDERS

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	TAN SZE SENG	1,129,500	1.57
6	TANG AH HOY	1,066,666	1.49
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	**64,891,059**	**90.40**

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 100H Pasir Panjang Road, OC@Pasir Panjang, #01-01, Singapore 118524, on Monday, 15 April 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018, 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 2019, to be paid quarterly in arrears (2018: S$175,000). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Regulation 99 of the Constitution of the Company, and who, being eligible, offer themselves for re-election, as Directors of the Company:

   (i) Mr. Zhang Wei **(Resolution 3)**
   (ii) Mr. Jeffrey Ong Shen Chieh **(Resolution 4)**

   [See Explanatory Notes (i) and (ii)]

4. To re-appoint Messrs KPMG LLP, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

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

AS SPECIAL BUSINESS

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

6. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore ("**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), 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,

("**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 and subsidiary holdings) 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 and subsidiary holdings) 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 subparagraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) 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 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 (iii)] **(Resolution 6)**

7. **Authority to grant awards and allot and issue shares under the Eindec Performance Share Plan 2015 ("Share Plan")**

That pursuant to Section 161 of the Companies Act, 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 and subsidiary holdings) 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 (iv)] **(Resolution 7)**

8. **Renewal of the Shareholders' general mandate for Interested Person Transactions -**

That for the purposes of Chapter 9 of the Catalist Rules:

(a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules ("**Chapter 9**") for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into any of the transactions falling within the categories of interested person transactions described in the Section 2.6 of the Addendum to the Notice of AGM dated 29 March 2019 ("**Addendum**"), with any party who is of the class of interested persons described in the Section 2.6 of the Addendum, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, and are in accordance with the method and procedures of the Company for such Interested Person Transactions as set out in the Addendum ("**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the next AGM of the Company;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendments to Chapter 9 which may be prescribed by the SGX-ST from time to time as described in Section 2.12 of the Addendum; and

(d) the Board of Directors of the Company and any of them be and are hereby authorised to complete and do all such acts and things (including without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this Resolution.

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

By Order of the Board

Shirley Tan Sey Liy
Company Secretary

Singapore, 29 March 2019

Explanatory Notes:

(i) Resolution 3

Mr. Zhang Wei will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Company. Detailed information on Mr. Zhang Wei can be found in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2018.

(ii) Resolution 4

Mr. Jeffrey Ong Shen Chieh will, upon re-election as a Director of the Company, remain as an Independent and Non-Executive Director of the Company, the Chairman of the Nominating Committee, as well as a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Jeffrey Ong Shen Chieh is considered to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Detailed information on Mr. Jeffrey Ong Shen Chieh can be found in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2018. Save as disclosed therein, there are no material relationships (including immediate family relationships) between Mr. Jeffrey Ong Shen Chieh and the other Directors of the Company, the Company or its 10% shareholders.

(iii) Resolution 6

The Ordinary Resolution 6, 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 and subsidiary holdings) 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 and subsidiary holdings) 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.

(iv) Resolution 7

The Ordinary Resolution 7, 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 and subsidiary holdings) in the capital of the Company from time to time.

(v) Resolution 8

Mr. Zhang Wei will, and will procure his associates to, abstain from voting on this Resolution in respect of his/ her/its shareholdings, and shall decline appointment to act as proxies to vote at the AGM in respect of this Resolution for other Shareholders unless specific instructions have been given in the Proxy Form by the relevant Shareholder appointing them on how he/she it wishes his/her/its votes to cast.

Notes:

1. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM of the Company ("**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 or proxies must be deposited at the registered office of the Company at 100H Pasir Panjang Road, OC@Pasir Panjang, #01-01, Singapore 118524 not less than seventy-two (72) hours before the time appointed for holding the Meeting.

4. This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), ZICO Capital Pte. Ltd., for compliance with the Catalist Rules. The Sponsor has not independently verified the contents of this notice.

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

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.

* 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 or proxies and/or representative(s) to attend, speak and vote at the Meeting 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 Meeting (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 or proxies and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy or proxies and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy or proxies 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.

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

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 ("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			

or failing *him/her, the Chairman of the Annual General Meeting of the Company (the "**Meeting**") as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Meeting to be held at 100H Pasir Panjang Road, OC@Pasir Panjang, #01-01, Singapore 118524 on Monday, 15 April 2019 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. All Resolutions put to vote at the Meeting shall be decided by way of poll. Please indicate the number of votes as appropriate.

No.	Ordinary Resolutions	No. of votes 'For'**	No. of votes 'Against'**
Ordinary Business			
1	Adoption of the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018, and the Auditors' Report thereon		
2	Payment of Directors' fees of S$175,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears		
3	Re-election of Mr. Zhang Wei as a Director of the Company		
4	Re-election of Mr. Jeffrey Ong Shen Chieh as a Director of the Company		
5	Re-appointment of Messrs KPMG LLP as the Auditors of the Company and authority to Directors of the Company to fix their remuneration		
Special Business			
6	Authority to allot and issue shares		
7	Authority to grant awards and to allot and issue shares under the Eindec Performance Share Plan 2015		
8	Renewal of the Shareholders' general mandate for Interested Person Transactions		

** *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 ___________ 2019

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

____
Signature of Shareholder(s)
**and/or 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 of the Company from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member of the Company 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 100H Pasir Panjang Road, OC@Pasir Panjang #01-01, Singapore 118524 not less than seventy-two (72) 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 of the Company 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 or proxies 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 29 March 2019.

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CORPORATE INFORMATION

BOARD OF DIRECTORS
ZHANG WEI Non-Executive Chairman
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
100H Pasir Panjang Road, OC@Pasir Panjang,
#01-01 Singapore 118524
Tel: (65) 6265 1311
Fax: (65) 6265 8100
www.eindec.com.sg
Email: enquiry@eindec.com.sg

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
ZICO CAPITAL PTE. LTD.
8 Robinson Road #09-00
ASO Building
Singapore 048544

SHARE REGISTRAR AND WARRANT AGENT
RHT CORPORATE ADVISORY PTE. LTD.
9 Raffles Place #29-01
Republic Plaza Tower 1,
Singapore 048619

PRINCIPAL BANKER
UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza
Singapore 048624

INVESTOR RELATIONS
EQUITIQUE COMMUNICATIONS PTE LTD
远璟财经通讯私人有限公司
1 Raffles Place #31-03
One Raffles Place
Singapore 048616
Email: equtique@eqtqc.com.sg

EINDEC KYODO

英德集团

EINDEC CORPORATION LIMITED

(Company Registration No.: 201508913H)

(Incorporated in the Republic of Singapore on 2 April 2015)

100H Pasir Panjang Road | OC@Pasir Panjang | #01-01 | Singapore 118524