

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

(Company Registration No. 201508913H)

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

Unaudited Condensed Interim Financial Statements for the Six Months Ended 30 June 2021

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EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES

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

	Note	Group		Increase/ (Decrease) %
		6 months ended 30.6.2021 (unaudited)	6 months ended 30.6.2020 (unaudited)	
		S\$'000	S\$'000	
Revenue	4	7,687	3,106	n.m.
Cost of sales		(5,824)	(2,711)	n.m.
Gross profit		1,863	395	n.m.
Other income		66	299	(78)
Administrative expenses		(2,203)	(2,225)	(1)
Other operating expenses		(7)	-	n.m.
Results from operating activities		(281)	(1,531)	(82)
Finance income		18	23	(22)
Finance costs		(137)	(106)	29
Net finance cost		(119)	(83)	43
Loss before income tax	6	(400)	(1,614)	(75)
Income tax expense	7	(1)	-	n.m.
Loss for the period		(401)	(1,614)	(75)
Other comprehensive (loss)/ income				
<i>Items that will may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations		(55)	38	n.m.
Total comprehensive loss for		(456)	(1,576)	(71)
The period, net of tax		(456)	(1,576)	(71)
(Loss)/income for the period attributable to:				
Equity holders of the Company		(541)	(1,614)	(66)
Non-controlling interests		140	-	n.m.
		(401)	(1,614)	(75)
Total comprehensive (loss)/income for the period attributable to:				
Equity holders of the Company		(612)	(1,576)	(61)
Non-controlling interests		156	-	n.m.
		(456)	(1,576)	(71)
Loss per share attributable to owners of the Company				
Basic and diluted		(0.50)	(1.50)	(67)

n.m. denotes not meaningful

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(B) Condensed interim statements of financial position

	Note	Group		Company	
		As at	As at	As at	As at
		30.6.2021	31.12.2020	30.6.2021	31.12.2020
		(unaudited)	(audited)	(unaudited)	(audited)
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	6,024	7,437	-	-
Intangible assets	9	161	171	-	-
Subsidiaries		-	-	9,300	9,300
Total non-current assets		6,185	7,608	9,300	9,300
Current assets					
Inventories		4,295	3,160	-	-
Trade and other receivables		10,729	8,854	2,681	2,910
Cash and bank balances		1,981	5,144	114	115
Other investments	10	1,083	1,316	-	-
Total current assets		18,088	18,474	2,795	3,025
Total assets		24,273	26,082	12,095	12,325
EQUITY AND LIABILITIES					
Capital, reserves and non-controlling interests					
Share capital	11	14,917	14,917	14,917	14,917
Reserves		(10,772)	(10,701)	-	-
Retained earnings / (Accumulated losses)		2,234	2,775	(4,987)	(4,734)
Equity attributable to owners of the Company		6,379	6,991	9,930	10,183
Non-controlling interests		682	526	-	-
Total equity		7,061	7,517	9,930	10,183

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

	Note	Group		Company	
		As at	As at	As at	As at
		30.6.2021	31.12.2020	30.6.2021	31.12.2020
		(unaudited)	(audited)	(unaudited)	(audited)
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities					
Loans and borrowings	12	1,425	2,439	-	-
Deferred tax liabilities		177	180	-	-
Total non-current liabilities		1,602	2,619	-	-
Current liabilities					
Loans and borrowings	12	3,218	3,582	-	-
Trade and other payables		11,046	11,051	2,165	2,142
Contract liabilities		1,101	1,067	-	-
Income tax payable		245	246	-	-
Total current liabilities		15,610	15,946	2,165	2,142
Total liabilities		17,212	18,565	2,165	2,142
Total equity and liabilities		24,273	26,082	12,095	12,325
Net asset value per ordinary share		5.92	6.49	9.22	9.45

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(C) Condensed interim statements of changes in equity

	Share capital	Merger reserve	Translation reserve	Statutory Reserve	Retained earnings	Total	Non- controlling interests	Total equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.1.2021 (audited)	14,917	(9,138)	(1,687)	124	2,775	6,991	526	7,517
Loss for the period	-	-	-	-	(541)	(541)	140	(401)
<i>Other comprehensive loss</i>								
Foreign currency translation differences from foreign operations	-	-	(71)	-	-	(71)	16	(55)
Total comprehensive loss for the period, net of tax	-	-	(71)	-	(541)	(612)	156	(456)
							-	
Balance at 30.6.2021 (unaudited)	14,917	(9,138)	(1,758)	124	2,234	6,379	682	7,061

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

	Share capital	Merger reserve	Translation reserve	Statutory Reserve	Retained earnings	Total	Non-controlling interests	Total equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.1.2020 (audited)	14,917	(9,138)	(1,766)	124	3,382	7,519	-	7,519
Loss for the period	-	-	-	-	(1,614)	(1,614)	-	(1,614)
<i>Other comprehensive loss</i>								
Foreign currency translation differences from foreign operations	-	-	38	-	-	38	-	38
Total comprehensive loss for the period, net of tax	-	-	38	-	(1,614)	(1,576)	-	(1,576)
Balance at 30.06.2020 (unaudited)	14,917	(9,138)	(1,728)	124	1,768	5,943	-	5,943

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

	Share capital	Accumulated losses	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000
Balance at 1.1.2021 (audited)	14,917	(4,734)	10,183
Loss for the period, representing total comprehensive loss for the period	-	(253)	(253)
Balance at 30.6.2021 (unaudited)	14,917	(4,987)	9,930

	Share capital	Accumulated losses	Total
Company (unaudited)	S\$'000	S\$'000	S\$'000
Balance at 1.1.2020 (audited)	14,917	(4,283)	10,634
Loss for the period, representing total comprehensive loss for the period	-	(231)	(231)
Balance at 30.06.2020 (unaudited)	14,917	(4,514)	10,403

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(D) Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30.6.2021 (unaudited) S\$'000	6 months ended 30.6.2020 (unaudited) S\$'000
Cash flows from operating activities		
Loss before tax	(400)	(1,614)
Adjustments for:		
Amortisation of intangible assets	10	8
Expected credit loss on trade receivables	7	-
Depreciation of property, plant and equipment	798	372
Property, plant and equipment written off	1	-
Income from government grant – overprovision in previous year	(24)	-
Gain on lease modification	(8)	-
Interest expenses	137	106
Interest income	(18)	(23)
Effects of exchange rate changes	62	(81)
	565	(1,232)
Changes in working capital:		
- inventories	(1,135)	(810)
- trade and other receivables	(1,882)	1,614
- trade and other payables	(469)	(20)
- contract liabilities	34	(130)
Cash used in operations	(2,887)	(578)
Interest received	18	23
Tax paid	(10)	(31)
Net cash used in operating activities	(2,879)	(586)
Cash flows from investing activities		
Purchase of property, plant and equipment	(8)	(63)
Expenditure on intangible assets	-	(61)
Net proceeds from other investments	270	358
Net cash generated from investing activities	262	234

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

	Group	
	6 months ended 30.6.2021 (unaudited) S\$'000	6 months ended 30.6.2020 (unaudited) S\$'000
Cash flows from financing activities		
Interest paid	(112)	(69)
Repayment of short-term financing	(84)	(48)
Principal payment of lease liabilities	(268)	(248)
Proceeds from bank borrowings	-	488
Repayment of bank borrowings	(8)	(8)
Net cash generated (used in)/ from financing activities	(472)	115
Net decrease in cash and cash equivalents	(3,089)	(237)
Cash and cash equivalents at beginning of financial period	4,249	790
Effects of exchange rate changes on cash and cash equivalents	(108)	(7)
Cash and cash equivalents at end of financial period	1,052	546
Group		
Cash and cash equivalents as per statement of financial position comprising:		
Cash at bank	1,981	1,608
Bank overdraft	(929)	(1,062)
Cash and cash equivalents as per consolidated statement of cash flows	1,052	546

Note:

- (1) During the financial period ended 30 June 2021, the Group acquired plant and equipment with an aggregate cost of S\$145,000 (30.06.2020: S\$77,000) of which S\$8,000 (30.06.2020: S\$63,000) was paid in cash and S\$Nil (30.06.2020: S\$14,000) was acquired by means of lease liabilities.

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

1 Corporate information

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

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

These unaudited condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

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

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

COVID-19 Impact

The COVID-19 outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has negatively impacted the Group’s operations and its financial performance for the financial period. To adhere to the measures adopted by the Government of Malaysia, the Group’s manufacturing plant in Malaysia has been operating with maximum 60% workforce and shorter working hour since 28 May 2021, where the output of production is estimated to have fallen by approximately 30% since then. In response, the Group has set up a small welding and assembly team in Singapore to cushion for the reduction in production output since 1 August 2021.

The COVID-19 pandemic remains fluid, and there is a significant degree of uncertainty over the length and severity of the outbreak. The Group’s business operations will eventually be affected by the safe measurement management implemented by governments in the region where the Group is operating. Given the viruses constantly evolve through mutations, Delta variant poses the biggest risk to world currently, the outbreak may have an adverse impact on the Group’s business operations and consequently may have an adverse effect on the Group’s financial condition and operating results. Hence, the Group will continue to maintain a cautious outlook for the next twelve months. To ensure long term sustainability, the Group will continue to exercise prudence and vigilance to safeguard its financial position.

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2 Basis of Preparation

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

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

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

2.1 New and amended standards adopted by the Group

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

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

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

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

2.2 Use of judgements and estimates

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

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

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

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

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Basis of Preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

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

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

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

3 Seasonal Operations

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

4 Segment and Revenue Information

The Group is organised into the following main business segments:

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

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

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

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

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

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

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4 Segment and Revenue Information (cont'd)

(iv) Others.

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

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

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

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

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

There are no inter-segment sales within the Group.

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

4.1 Reportable Segments

	Group			
	Revenue		Segments results	
	6 months ended	6 months ended	6 months ended	6 months ended
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	S\$'000	S\$'000	S\$'000	S\$'000
CRE	1,824	970	(381)	(453)
HVAC	3,046	1,592	243	(873)
AP	2,750	437	(155)	(381)
Others	67	107	(27)	(18)
	7,687	3,106	(320)	(1,725)
Unallocated items:				
Other income			62	217
Other operating expenses			(7)	-
Finance income			-	-
Finance cost			(135)	(106)
Loss before income tax			(400)	(1,614)
Income tax expense			(1)	-
Loss after income tax			(401)	(1,614)

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4 Segment and Revenue Information (cont'd)

4.1 Reportable Segments (cont'd)

	Group	
	Segments results	
	6 months ended 30.6.2021 (unaudited) S\$'000	6 months ended 30.6.2020 (unaudited) S\$'000
<u>Segment assets</u>		
CRE	2,584	849
HVAC	2,432	1,665
AP	11,171	3,278
Others	45	42
Total segment assets	16,232	5,834
Unallocated assets [#]	8,041	9,721
Consolidated total assets	24,273	15,555
<u>Segment liabilities</u>		
CRE	837	439
HVAC	51	8
AP	7,509	1,788
Others	5	20
Total segment liabilities	8,402	2,255
Unallocated liabilities [^]	8,810	7,357
Consolidated total liabilities	17,212	9,612

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4 Segment and Revenue Information (cont'd)

4.1 Reportable Segments (cont'd)

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.

	CRE	HVAC	AP	Others	Unallocated	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>6 months ended 30.6.2021</u>						
<u>(unaudited)</u>						
<u>Group</u>						
(Reversal of)/Expected						
credit loss on trade						
receivables	-	29	-	-	(22)	7
Amortisation of						
intangible assets	-	-	-	-	10	10
Depreciation of PPE	294	493	*-	11	-	798
Capital expenditure	-	-	-	4	4	8
<u>6 months ended 30.6.2020</u>						
<u>(unaudited)</u>						
<u>Group</u>						
(Reversal of)/Expected						
credit loss on trade						
receivables	-	-	-	-	-	-
Amortisation of						
intangible assets	-	-	-	-	8	8
Depreciation of PPE	135	222	-	15	-	372
Capital expenditure	-	-	-	-	77	77

* Amount less than S\$1,000

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4 Segment and Revenue Information (cont'd)

4.2 Disaggregation of Revenue

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

Group	CRE S\$'000	HVAC S\$'000	AP S\$'000	Others S\$'000	Total S\$'000
6 months ended 30.6.2021 (unaudited)					
Primary geographical markets					
Singapore	781	2,647	-	75	3,503
Malaysia	84	1	-	-	85
People's Republic of China	-	1	2,750	-	2,751
Vietnam	10	-	-	-	10
Thailand	745	-	-	-	745
Hong Kong	-	380	-	-	380
Others	195	18	-	-	213
	1,815	3,047	2,750	75	7,687
Major products/ service line					
Sale of goods	1,815	3,047	536	75	5,473
Installation service	-	-	2,214	-	2,214
	1,815	3,047	2,750	75	7,687
Timing of revenue recognition					
At a point in time	1,815	3,047	2,750	75	7,687
6 months ended 30.6.2020 (unaudited)					
Primary geographical markets					
Singapore	611	1,416	-	109	2,136
Malaysia	435	-	-	-	435
People's Republic of China	-	-	437	-	437
Thailand	11	-	-	-	11
Others	84	3	-	-	87
	1,141	1,419	437	109	3,106
Major products/ service line					
Sale of goods	1,141	1,419	437	109	3,106
Installation service	-	-	-	-	-
	1,141	1,419	437	109	3,106
Timing of revenue recognition					
At a point in time	1,141	1,419	437	109	3,106

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5 Financial assets and financial liabilities

Fair value measurement

The fair value hierarchy has the following levels:

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

The carrying amounts and fair values of financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020, including their levels in the fair value hierarchy are as follows:

	Carrying amount				Fair value
	Amortised cost	Fair value through profit or loss	Other financial liabilities	Total	Level 2
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group					
30.6.2021 (unaudited)					
Trade and other receivables	10,481	-	-	10,481	-
Cash and cash equivalents	1,981	-	-	1,981	-
Debt investments	625	458	-	1,083	458
	13,087	458	-	13,545	
Loan and borrowings	-	-	(4,643)	(4,643)	-
Trade and other payables	-	-	(11,046)	(11,046)	-
	-	-	(15,689)	(15,689)	
31.12.2020 (audited)					
Trade and other receivables	8,642	-	-	8,642	-
Cash and cash equivalents	5,144	-	-	5,144	-
Debt investments	709	607	-	1,316	607
	14,495	607	-	15,102	
Loan and borrowings	-	-	(6,021)	(6,021)	-
Trade and other payables	-	-	(11,051)	(11,051)	-
	-	-	(17,072)	(17,072)	
Company					
30.6.2020 (unaudited)					
Trade and other receivables	2,669	-	-	2,669	-
Cash and cash equivalents	114	-	-	114	-
	2,783	-	-	2,783	-
Trade and other payables	-	-	(2,165)	(2,165)	-
31.12.2020 (audited)					
Trade and other receivables	2,901	-	-	2,901	-
Cash and cash equivalents	115	-	-	115	-
	3,016	-	-	3,016	-
Trade and other payables	-	-	(2,142)	(2,142)	-

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6 Loss Before Taxation

6.1 Significant Items

	Group		
	6 months ended 30.6.2021 (unaudited) S\$'000	6 months ended 30.6.2020 (unaudited) S\$'000	Increase/ (Decrease) %
Income			
Income from government grants			
- Overprovision in previous year	24	-	n.m.
- Current year	(11)	(263)	(96)
Net foreign exchange gains	(68)	(27)	n.m.
Expenses			
Amortisation of intangible assets	10	8	25
Depreciation of property, plant and equipment ⁽¹⁾	798	372	n.m.
Employee benefits expense	1,841	1,816	1
Raw materials, changes in finished goods and work-in-progress recognised as cost of sales	4,148	1,778	n.m.
Research and development	93	162	(43)

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

6.2 Related Party Transactions

	Group	
	6 months ended 30.6.2021 (unaudited) S\$'000	6 months ended 30.6.2020 (unaudited) S\$'000
Expenses/(Income)		
<i>Immediate and ultimate holding company</i>		
- Interest expenses paid/payable	32	37
- Shared services income received/receivable	(6)	(6)
<i>Non-controlling shareholders</i>		
- Rental paid/payable	531	269

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7 Income Tax Expense

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

	Group	
	6 months ended 30.6.2021 (unaudited) S\$'000	6 months ended 30.6.2020 (unaudited) S\$'000
Current tax expense		
- Current year	1	-

8 Property, Plant and Equipment

During 1H2021, the Group acquired assets amounting to S\$145,000 (1H2020: S\$77,000). No disposal of assets and no impairment are charged for six months ended 30 June 2021 and 30 June 2020 respectively.

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

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

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

On 30 June 2021, the Group has reviewed the fair value of the Group's Property assets for financial reporting purposes, which has been determined based on the Property assets' highest and best use. Management has assessed that the recoverable amount of the Group's Property assets is above of its carrying value, and concluded that the Group's Property assets are not impaired.

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9 Intangible assets

During the six months ended 30 June 2021, the Group do not have additions to intangible assets.

During the six months ended 30 June 2020, the Group have additions to intangible assets amounting to S\$61,000.

9.1 Impairment loss

During the financial year ended 31 December 2020, the North Asia cash-generating units (“CGU”) continued to incur losses. Management continues to apply the same key assumptions and is of the view that any reasonably possible changes to the key assumptions applied will not likely cause the recoverable amounts to be above the carrying amounts of the CGU.

10 Other Investments

	Group	
	As at 30.6.2021 (unaudited) S\$'000	As at 31.12.2020 (audited) S\$'000
Debt investments at fair value through profit or loss (“FVTPL”)	458	607
Debt investment at amortised cost	625	709
	1,083	1,316

Debt investment classified as at amortised cost of the Group has a fixed interest rate of 1.30% - 3.42% (As at 31 December 2020: 3.50%) per annum and matures within 3 months.

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

11 Share Capital

	Group and Company			
	As at 30.6.2021 (unaudited) No. of shares	As at 31.12.2020 (audited) S\$'000	As at 30.6.2021 (unaudited) No. of shares	As at 31.12.2020 (audited) S\$'000
At the beginning and the end of the financial period	107,700,000	14,917	107,700,000	14,917

The Company did not hold any treasury shares as at 30 June 2021, 31 December 2020 and 30 June 2020.

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11 Share Capital (cont'd)

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021, 31 December 2020 and 30 June 2020.

The Company did not have any outstanding options and convertible securities as at 30 June 2021, 31 December 2020 and 30 June 2020.

12 Loans and borrowings

	Group	
	As at 30.6.2021 (unaudited) S\$'000	As at 31.12.2020 (audited) S\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	3,218	3,582
Unsecured	-	-
	3,218	3,582
<u>Amount repayable after one year</u>		
Secured	1,425	2,439
Unsecured	-	-
	1,425	2,439

Details of any collateral

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

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

13 Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

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

OTHER INFORMATION

1 Review

The condensed consolidated statement of financial position of Eindex Corporation Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

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

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

2 Review of performance of the Group

2(a) Income Statement

(i) Revenue, cost of sales and gross profit

The Group reported considerable revenue increase of S\$4.58 million, from S\$3.11 million for the six months ended 30 June 2020 (“1H2020”) to S\$7.69 million in 1H2021, from all three business segments of the Group (being, HVAC, CRE and AP). Please refer to Section E, Note 4.1 of this announcement for further details.

1. The Group’s core business in HVAC and CRE saw significant improvement from 1H2020 wherein the core business was inevitably affected by the lockdowns in various cities where the Group is operating back then.
2. Albeit the operation of the Group’s manufacturing plant in Malaysia continues to be affected by Movement Control Order (“MCO”) implemented by the Government of Malaysia to curb the spread of COVID-19, revenue from HVAC reported an increase of S\$1.46 million from S\$1.59 million in 1H2020 to S\$3.05 million in 1H2021. Projects delivered in 1H2021 represented a mix of on-going projects secured in prior years and Additions & Alterations (“A&A”) works in Singapore.
3. CRE segment reported an increase in revenue by S\$0.85 million from S\$0.97 million in 1H2020 to S\$1.82 million in 1H2021 mainly due to increase in demand from semiconductor plant located in Malaysia and Thailand.

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4. The Group's AP segment includes the supply and installation for air purification system, supply and/or installation of smart doors and windows, and the supply and/or installations of construction materials and/or systems in the People's Republic of China ("PRC"). Revenue from AP segment increased by S\$2.31 million, from S\$0.44 million in 1H2020 to S\$2.75 million in 1H2021, mainly due to increase in revenue contribution from the newly acquired subsidiary, Henan Yunzhi Security Technology Co., Ltd ("Henan Yunzhi") on 30 September 2020. Henan Yunzhi reported a revenue of S\$2.63 million in 1H2021 (1H2020: S\$Nil).

In tandem with the increase in revenue, cost of sales increased by S\$3.11 million, from S\$2.71 million in 1H2020 to S\$5.82 million in 1H2021.

As a result, the Group's gross profit increased from S\$0.40 million in 1H2020 to S\$1.97 million in 1H2021. With the increase in business activities as compared to 1H2020, the Group's gross profit margin had normalized to pre-Covid level.

(ii) Other income

Other income decreased by 78%, from S\$0.30 million in 1H2020 to S\$66,000 in 1H2021, mainly due to the absence of Job Support Scheme and foreign worker levy rebate implemented by the Singapore government where the Group was not eligible to receive in 1H2021. The other income recorded in 1H2021 was mainly attributed to foreign exchange gain of S\$68,000 due to appreciation of Singapore Dollar against Ringgit Malaysia and depreciation of United States Dollars against Ringgit Malaysia.

(iii) Administrative expenses

The Group's administrative expenses decreased slightly by 1% from S\$2.23 million in 1H2020 to S\$2.20 million in 1H2021.

Depreciation expense increased by S\$0.43 million, from S\$0.37 million in 1H2020 to S\$0.80 million in 1H2021, mainly due to increase in right-of-use ("ROU") assets which resulted in higher depreciation charges of property, plant and equipment.

(iv) Finance income

Finance income decreased by S\$5,000, from S\$23,000 in 1H2020 to S\$18,000 in 1H2021, due mainly to lower principal amount invested in the short-term capital protected investments with banks.

(v) Finance costs

Finance cost increased by S\$31,000, from S\$0.11 million in 1H2020 to S\$0.14 million in 1H2021, mainly due to increase in ROU lease interest expense on lease liabilities recorded by Henan Yunzhi.

(vi) Loss for the period

As a result of the aforementioned, the Group's net loss decreased by S\$1.21 million, from S\$1.61 million in 1H2020 to S\$0.40 million in 1H2021.

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2(b) Statement of financial position

The Group's working capital and net assets decreased slightly in tandem with the losses reported by the Group in 1H2021. As at 30 June 2021, the Group recorded positive working capital of S\$2.48 million and the net asset value per share of 5.92 Singapore cents.

(i) **Non-current assets**

Non-current assets decreased by S\$1.42 million or 19%, from S\$7.61 million as at 31 December 2020 to S\$6.19 million as at 30 June 2021, mainly due to decrease in property, plant and equipment ("PPE"). PPE decreased from S\$7.44 million as at 31 December 2020 to S\$6.02 million as at 30 June 2021. The decrease was mainly due to (i) termination of ROU assets of S\$0.76 million in Henan Yunzhi as a result of termination of lease agreement, and (ii) depreciation charges of ROU assets and PPE of S\$0.67 million and S\$0.13 million respectively.

(ii) **Current assets**

Current assets decreased marginally by S\$0.38 million or 2%, from S\$18.47 million as at 31 December 2020 to S\$18.09 million as at 30 June 2021, due to increase in trade and other receivables and inventories, partially offset by decrease in short-term financial instrument and cash and bank balances.

In tandem with the increase in revenue reported by the Group, trade and other receivables increased by S\$1.88 million or 21%, from S\$8.85 million as at 31 December 2020 to S\$10.73 million as at 30 June 2021. Affected by slowdown in the marine industry, resulting in slower repayment by customers in this industry, the Group's debtor turnover days increased from 150 days as at 31 December 2020 to 184 days as at 31 December 2021.

Inventories increased by S\$1.14 million or 36%, from S\$3.16 million as at 31 December 2020 to S\$4.30 million as at 30 June 2021, mainly due to increase in finished goods pending for deliveries where the deliveries were delayed partially due to the MCO in Malaysia and vessel delay caused by disruption in supply chain amidst the COVID-19 pandemic.

Other investments as at 30 June 2021 and 31 December 2020 relate to investment in short-term capital protected investment with banks. Decrease in other investment of S\$0.24 million or 18%, from S\$1.32 million as at 31 December 2020 to S\$1.08 million as at 30 June 2021, was due to partial redemption of short-term financial instruments for working capital purpose.

Cash and cash equivalents decreased from S\$5.14 million as at 31 December 2020 to S\$1.98 million as at 30 June 2021. Please refer to Section 2(c) below on statement of cash flows for explanations on the decrease in cash and cash equivalents of the Group.

(iii) **Non-current liabilities**

Non-current liabilities decreased by S\$1.02 million or 39%, from S\$2.62 million as at 31 December 2020 to S\$1.60 million as at 30 June 2021, mainly due to decrease in loans and borrowings.

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Loans and borrowings, which comprised term loan, finance leases and ROU liabilities, decreased from S\$2.44 million as at 31 December 2020 to S\$1.43 million as at 30 June 2021, mainly due to (i) decrease in ROU liabilities of S\$0.77 million resulted from the termination of lease agreements in Henan Yunzhi, and (ii) repayment of ROU liabilities and finance leases of S\$0.27 million.

(iv) Current liabilities

The Group recorded a decrease in current liabilities by S\$0.34 million or 2%, from S\$15.95 million as at 31 December 2020 to S\$15.61 million as at 30 June 2021, mainly due to decrease in short-term loan and borrowings.

Loans and borrowings decreased from S\$3.58 million as at 31 December 2020 to S\$3.22 million as at 30 June 2021, mainly due to (i) repayment of short-term financing loan of S\$0.11 million upon maturity, and (ii) termination of ROU assets of S\$4.70 million in Henan Yunzhi as a result of termination of lease agreement.

(v) Non-controlling interests

Non-controlling interests of S\$0.68 million as at 30 June 2021 (S\$0.53 million as at 31 December 2020) related to profits accounted by 35%-owned subsidiary, Henan Yunzhi and 51%-owned subsidiary, Henan Eindex Construction & Technology Co., Ltd.

2(c) Statement of cash flows

Net cash used in operating activities in 1H2021 was S\$2.89 million. This was mainly due to (i) increase in inventories of S\$1.14 million, (ii) increase in trade and other receivables of S\$1.88 million, (iii) decrease in trade and other payables of S\$0.47 million, partially offset by (iv) profit before changes in working capital of S\$0.57 million.

Net cash generated from investing activities in 1H2021 was S\$0.26 million, mainly due to redemption of short-term capital protected investments of S\$0.27 million, partially offset by purchase of plant and equipment of S\$8,000.

Net cash used in financing activities in 1H2021 was S\$0.47 million, mainly due to (i) repayment of lease liabilities of S\$0.27 million, (ii) interest paid to financial institutions of S\$0.11 million, and (iii) repayment of short-term financing of S\$0.08 million.

As a result, the Group utilised cash and cash equivalents of S\$3.09 million in 1H2021. The cash and cash equivalents as at 30 June 2021 amounted to S\$1.05 million.

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

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

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

The Government of Malaysia has implemented a nationwide lockdown following a surge in COVID-19 cases since 10 January 2021¹. The COVID-19 situation in Malaysia remains highly fluid where MCO has been extended several times and the Government of Malaysia had on 28 May 2021 announced a more stringent MCO (“MCO 3.0”) with work from home rule and restricting the opening of economic activities to essential services only². The Government of Malaysia further announced the indefinite extension of MCO 3.0 until the number of COVID-19 cases drop below 4,000 a day on 27 June 2021³. Adhering to the new standard of operating procedure under MCO 3.0, the Group’s manufacturing plant in Malaysia has been operating with maximum 60% workforce and shorter working hour since 28 May 2021. The operation in the Group’s manufacturing plant in Malaysia has been affected by MCO 3.0 where the output of production is estimated to fall by approximately 30%. With the recent surge in community cases in Malaysia, there is a significant degree of uncertainty over the length and severity of the outbreak in Malaysia.

With the roll out of vaccines, Singapore targets having two-thirds of its population fully vaccinated against COVID-19 by National Day⁴ and moving from Covid-19 pandemic to endemic with most restrictions expected to be lifted before the year ends⁵. However, a spike in community cases and clusters in the week of 12 July 2021 prompted further tightening of safe management measures back to phase 2 (Heightened Alert) from 22 July to 18 August 2021. While the border control measures continue to be tightened, the construction activity in Singapore will continue to be restricted by shortage in manpower from South Asian nations and may cause delay in the award of new projects. The delivery of the on-going projects may also be affected which then have an adverse effect on the Group’s financial condition and operating results in the next 12 months.

As viruses constantly evolve through mutations, Delta variant poses the biggest risk to world currently. Apart from taking all necessary steps to prevent and safeguard the Group and its staff against the risk of outbreak, the Group has encouraged its employees to take their vaccination to minimise the possible operational disruption under the measure adopted by various governments. The Group will continue to maintain a cautious outlook for the next 12 months. To ensure long term sustainability, the Group will continue to exercise prudence and vigilance to safeguard its financial position.

As at 30 June 2021, the Group has current outstanding balance-of-works on hand of approximately S\$9.25 million.

¹ <https://www.businesstimes.com.sg/government-economy/malaysia-imposes-nationwide-lockdown-following-surge-in-covid-19-cases>

² <https://www.straitstimes.com/asia/se-asia/full-lockdown-for-malaysia-from-june-1-14>

³ <https://www.malaysiakini.com/news/580631>

⁴ <https://www.channelnewsasia.com/news/singapore/covid-19-vaccine-target-national-day-lawrence-wong-15082394>

⁵ <https://www.straitstimes.com/singapore/health/moving-from-covid-19-pandemic-to-endemic>

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5 Dividend information

5a. Current Financial Period Reported on

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

No dividend has been declared or recommended for 1H2021, as the Group recorded net loss for 1H 2021 and the Board of Directors deems it appropriate to conserve funds for the Group's business activities.

5b. Corresponding Period of the Immediately Preceding Financial Year

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

None.

5c. Date Payable

Not applicable.

5d. Books Closure Date

Not applicable.

6 Interested person transactions ("IPTs")

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

There were no interested person transactions conducted under the IPT Mandate pursuant to Rule 920 that were more than S\$100,000 in 1H2021.

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

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

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8 Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

9 Disclosure pursuant to Rule 706A of the Catalist Rules

The Company did not acquire or dispose shares in an entity which will result in that entity in becoming or ceasing to be, a subsidiary or associated company of the Company, or result in a change in the Company's shareholding percentage in a subsidiary or associated company during 1H2021.

BY ORDER OF THE BOARD

EINDEC CORPORATION LIMITED

Zhang Wei
Non-Executive Chairman

Singapore
12 August 2021