

For Immediate Release

Eindec Delivers FY2016 Revenue of S\$16.68 million

Highlights

- Gross profit at S\$6.65 million
- Air purification segment posts strong growth
- Building new team for air purification and environmental solution products

Full year ended 31 December (S\$'000)	FY2016	FY2015	Change
Revenue	16,684	16,851	▼ 1%
Gross Profit	6,654	6,694	▼ 1%
(Loss)/Profit Before Tax	(289)	1,268	NM
(Loss)/Profit After Tax	(841)	789	NM
Net asset value per Share (Singapore cents)	12.70	12.68	-

SINGAPORE, 24 February 2017: CATALIST-LISTED Eindec Corporation Limited (英德集团有限公司) (“Eindec” or together with its subsidiaries, the “Group”), a regional air purification and environmental solutions provider, announced a revenue of S\$16.68 million and net loss of S\$0.84 million for the full year ended 31 December 2016 (“FY2016”).

Revenue dipped 1.0% from FY2015 as a 157.0% growth in the air purification equipment segment mitigated for the 44.9% drop in revenue in the clean room equipment segment.

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

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

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

Mr. Darran Lim, the Group's Executive Director and CEO said: *"We have re-strategised to focus on the air purification equipment sales to tap on rising demand amid increasing concerns over the hazardous impact of air pollution in China. At the same time, we will continue our business growth in the burgeoning Chinese market and Southeast Asian markets like Malaysia, Indonesia and Vietnam."*

Financial Position

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

Business Outlook

The Group has steered a firm course in 2016 amidst the global uncertainties capped by Brexit and the US presidential election.

The global business outlook for 2017 remains cautious and sentiments are generally weak. The recovery in the advanced economies is slow and uneven while the momentum of growth is slowing down in Asia, even in China. The unpredictable consequences of the United Kingdom's vote to leave the European Union further dented confidence globally¹.

With the lacklustre global economic growth, the corresponding growth of the global building, electronics, pharmaceutical, biotechnology, chemical and food and beverage industries which require cleanroom equipment and HVAC equipment maybe negatively affected.

¹ Monetary Authority of Singapore's Annual Report 2015/2016.

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

The current global downturn in offshore oil and gas sector due to the low oil prices may continue to affect customers' demand for fire and smoke dampers to be used on board of oil rigs in the next 12 months.

The dire state of air pollution, which plagues the major cities in China with increasing urban population, spells enormous growth opportunities for our range of air purification and environmental solutions. The middle class in the People's Republic of China ("PRC") has continued to become increasingly affluent and public awareness on air pollution has increased. This has resulted in increased demand for air purifiers from urban household consumers. The prospects of the PRC's Consumer Air Purifier Industry are buoyed by challenges in air pollution control, with an expected compounded annual growth rate of 30.2% from 2014 to 2017².

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

Progress of our joint research and development project for outdoor air purifiers with a renown Chinese University is in progress. While we have submitted the conceptual design proposal to local authority to obtain approval for grant of government incentives, the grant is currently pending approval due to administrative progress.

Installation of our new series of residential and commercial air purification equipment in our maiden residential project in Singapore is expected to be completed in the next few months.

We will ride on the success and continue to bid for projects across residential and commercial sectors.

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² Article entitled Singapore's Economic Growth Potential Up to 2020 (https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-First-Quarter-2015/BA_1Q15.pdf).

This press release is to be read in conjunction with the Company's announcement posted on the SGX website on 24 February 2017.

ABOUT EINDEC CORPORATION LIMITED (SGX STOCK CODE: 42Z)

Eindec Corporation Limited, together with its subsidiaries ("**Eindec**" or the "**Group**") is a regional air purification and environmental solutions group with diversified product lines spanning the commercial, industrial and consumer market segments.

With an operating history since 1984, we have an established track record in the design, manufacture and distribution of Air purification system, Special Damper, Cleanroom and Heating Ventilation and air-conditioning ("HVAC") equipment across a diversified customer base.

Leveraging on our technological expertise in clean room equipment, we have ventured into the commercial air purifier market with our own brand of smart air purifiers. We have completed the design and prototype of a new line of smart air purifiers for distribution to the consumer market in China and ASEAN market.

We operate various manufacturing facilities in Singapore, Malaysia and China with our centralised facility in Malaysia, and Singapore serving as our regional headquarters and research and development ("R&D") centre. We have also established offices in Malaysia, Singapore and China.

Eindec is listed on the Catalist Board of the SGX-ST.

Issued on behalf of **EINDEC CORPORATION LIMITED** by:

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