EINDECKYODO

英德集团

EINDEC CORPORATION LIMITED

(Company Registration No.: 201508913H)

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

10 Bukit Batok Crescent | The Spire | #06-05 | Singapore 658079

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EINDEC CORPORATION LIMITED

ANNUAL REPORT 2021

EINDECKYODO

英德集团

ADVANCING
TOGETHER IN UNITY

ANNUAL REPORT 2021

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CORPORATE INFORMATION

BOARD OF DIRECTORS
ZHANG WEI Non-Executive Chairman
JIANG NAN Non-Executive Director
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

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COMPANY SECRETARY
SHIRLEY TAN SEY LIY (FCS, FCG)

EXTERNAL AUDITORS
MOORE STEPHENS LLP
10 Anson Road
#29-15 International Plaza
Singapore 079903
Partner-in-charge: Lao Mei Leng
(Public Accountants and
Chartered Accountants Singapore)
(Appointed since financial year ended
31 December 2019)

SPONSOR
ZICO CAPITAL PTE. LTD.
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

SHARE REGISTRAR AND WARRANT AGENT
IN.CORP CORPORATE SERVICES PTE. LTD.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

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

INVESTOR RELATIONS
OCTAVE FINCOMM PRIVATE LIMITED
富登财经通讯私人有限公司
www.octavecomms.com
Email: enquiry@octavecomms.com

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 Kyodo" proprietary brand. 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. 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 four stages of filtration, our air purifiers are able to capture up to 99% of allergens and remove PM 2.5 to improve the quality of the indoor air. Our air purifiers are low in power consumption, ultra-quiet in operation and easy to maintain, which are perfect for uses in residential and commercial properties.

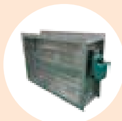
AIR PURIFICATION & VENTILATION SYSTEM

Our air purification and ventilation system have a small footprint, but efficient in generating fresh clean air through its sophisticated technology. This product is easy to install and maintain, which is suitable for residential, commercial and industrial properties.are perfect for uses in residential and commercial properties.

HEATING, VENTILATION, AND AIR-CONDITIONING

GRILLES & DIFFUSERS

Our range of grille & diffuser products provide thermal comfort in buildings, where temperature, humidity, air cleanliness and freshness satisfy the operational and thermal environment required for machinery or production processes.



DAMPERS & VAV TERMINAL UNIT

This range of products are used to vary the volume of air passing through a confined cross section by varying the cross-sectional area to maintain the thermal environment for people and business equipment.

CLEAN ROOM

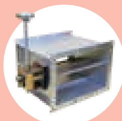
FAN FILTER

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 cleanrooms.

AIR SHOWER

Our air shower system is designed and manufactured to meet your specific requirements and comes with high degree of flexibility. The system uses blowing air jet to remove fine particles on clean room clothing and footwear before entry into the cleanroom.

FIRE/SMOKE, MARINE DAMPER



AIR PURIFIER

Our range of dampers complement the comprehensive range of automatic fire and smoke dampers and associated controls, providing the complete solution for ventilation and air conditioning systems on shipboards as part of their fire safety and engineering programs.

LETTER TO SHAREHOLDERS

As the world moves forward with the opening of borders, we will also continue to advance together in unity to overcome the evolving business conditions and rise above challenges to deliver our commitments to our stakeholders, particularly our customers and employees, who placed their trust and loyalty with us.

DEAR SHAREHOLDERS,

The financial year ended 31 December 2021 ("**FY2021**") was a trying year for the Group as the coronavirus ("**COVID-19**") pandemic continued its ravage with new variants in 2021. The precautionary and stringent safety measures to minimise virus transmission not only affected business operations and economic activities adversely but the businesses were also met with an uphill battle.

Our manufacturing plant in Malaysia that supports the Group in the production and supply of air environmental equipment saw an estimated 30% decline in production output in FY2021. This was mainly due to the mandated 60% workforce capacity and shorter working hours implemented by the Malaysia government at the Group's manufacturing facility from 28 May 2021 to the end of September 2021. Our marketing and project operations in Singapore were affected since early September 2021 as tougher measures were implemented with regards to infected workers in a bid to slow down community transmission. This resulted in a significant decline in revenue in the fourth quarter of 2021. Nevertheless, we continued to strive on and utilised every possible opportunity to be of service to our business partners and customers during these challenging times.

Whilst China emerged relatively unscathed in the financial year ended 31 December 2020 ("**FY2020**") and business operations resumed normalcy, the real estate sector slowed down as the Chinese government implemented credit tightening measures on real estate developers in early 2021. The slowdown in the real estate sector adversely impacted our broadened solutions and services in the air purification integrated solutions ("**AP**") segment, which focuses primarily on the Chinese market. For FY2021, we recorded a decrease of 32.1% year-on-year in revenue to S$7.24 million for the AP segment. Our cleanroom equipment ("**CRE**") segment that rides on the growth trend with the acceleration of 5G rollouts had faced delays in the awards of projects amidst the spread of the Delta variant in countries where we participated in the project tenders. This resulted in our revenue from the CRE segment declining by 31.3% year-on-year to S$3.59 million in FY2021. Our heating, ventilation, and air-conditioning ("**HVAC**") segment where we deliver and install customised environmental air systems in residential, commercial and/or industrial buildings, however, recorded an increase of 40.4% in revenue to S$5.87 million in FY2021. The uplift was due to the recognition of revenue in FY2021 as a result of a delay from the previous year in the delivery of secured projects and Additions and Alterations ("**A&A**") works in Singapore. Overall, the

LETTER TO SHAREHOLDERS

Group registered a 17.5% year-on-year decline in revenue from S$20.40 million in FY2020 to S$16.84 million in FY2021.

In tandem with the decrease in revenue, gross profit decreased by 9.8% year-on-year from S$4.31 million in FY2020 to S$3.89 million in FY2021. However, our gross margin was lifted from 21.1% in FY2020 to 23.1% in FY2021. The increase is a testament to our transformation from an equipment manufacturer to a customised clean environmental air solutions provider.

For the financial year under review, the Group widened our net loss attributable to shareholders for FY2021 by 55.7% year-on-year to S$0.95 million, up from S$0.61 million in FY2020.

ADVANCING TOGETHER IN UNITY

The supply chain continues to face tremendous stress as the COVID-19 pandemic extends with the emergence of new variants, where disruptions are likely to continue to hinder the progress of businesses. Our manufacturing operations in Malaysia have gradually resumed after 100% of the workforce had been vaccinated, but we are facing shortages in manpower and supply of key electrical components for the fabrication of our proprietary branded equipment. The disruption in the supply of electrical components is likely to undermine our performance in the CRE segment later in the financial year ending 31 December 2022 ("**FY2022**"), if we are unable to replenish our inventories by the first half of 2022. This could potentially have an adverse impact on our outstanding secured orders of approximately S$17.4 million as at 28 February 2022.

Nevertheless, we are upbeat of our future forward. We have reached out to new customers in new markets despite the challenging business environment, recorded maiden revenue from Hong Kong for our HVAC segment, as well as higher revenue contribution from Thailand, the Philippines, and others for our CRE segment. Out of our secured orders, we have a maiden sales order to supply fan filter units under the CRE segment to a laboratory under a Japanese University based in Egypt.

As the world moves forward with the opening of borders, we will also continue to advance together in unity to overcome the evolving business conditions and rise above challenges to deliver our commitments to our stakeholders, particularly our customers and employees, who placed their trust and loyalty with us.

The Group remains hopeful of its business outlook as the Building and Construction Authority of Singapore ("**BCA**") projected the value of construction contracts to be awarded in 2022 to be between S$27 billion and S$32 billion, of which the private sector is expected to reach between S$11 billion and S$13 billion. While residential building demand is anticipated to moderate amid cautious market sentiments with the latest property cooling measures in Singapore, commercial building demand is expected to increase as hotels and attractions undergo refurbishment to prepare for inbound tourism revival, as well as potential redevelopment of older commercial premises in a bid to enhance their asset value. In addition, the industrial building demand is also expected to rise with the construction of energy storage facilities and biopharmaceutical manufacturing plants.(1) We believe that we are well-placed to ride on the increasing construction demand for commercial and industrial buildings.

ACKNOWLEDGMENTS AND APPRECIATION

On behalf of the Board of Directors, I would like to convey my appreciation to my fellow Directors for their continued support and guidance, which are integral in the Group's journey towards future growth. We would like to extend our gratitude and appreciation to our staff and management for their relentless contributions and commitment during a tough year.

We would also like to express our sincere appreciation to our shareholders, business partners, and customers for their long-standing trust and loyalty. We will continue to advance together in unity and progress towards delivering sustainable positive value for all stakeholders.

ZHANG WEI
Non-Executive Chairman

(1) Source: Building and Construction Authority, Singapore
https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects

OPERATIONS REVIEW

In the financial year under review, the Group continued to grapple with challenges brought about by the coronavirus pandemic with the emergence of new variants. The Group, with operations in China, Malaysia and Singapore, was affected from time to time when safe management measures were heightened in the respective countries.

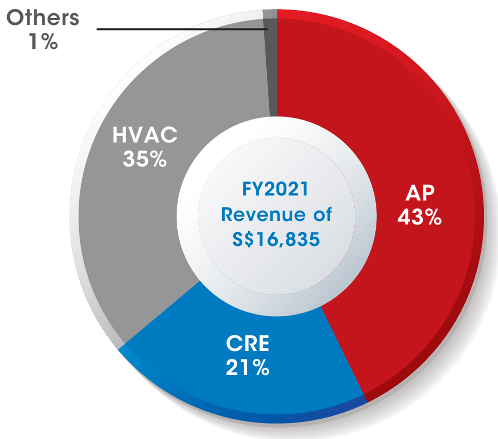
The Group's operations that focus on providing air purification integrated solutions ("**AP**") to residential property developments in China experienced normalised sales for the financial year ended 31 December ("**FY**") 2021 following a surge in the second half of FY2020 when lockdown of cities were lifted. Growth in the AP segment, however, was impeded by the Chinese authorities' implementation of a ceiling on the selling prices of residential properties, as well as the heightened pressure of a liquidity crunch among real estate developers in China. The slowdown in the real estate sector led to the decline in revenue contribution of the AP segment in FY2021.

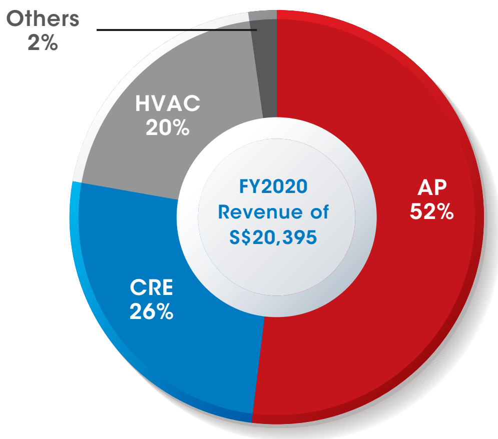
The acceleration of 5G rollouts that spurred demand and growth for the global electronics sector is a boon to the Group's cleanroom equipment ("**CRE**") segment that specialises in design, manufacturing, and distribution of cleanroom equipment. However, the Group recorded lower revenue from the CRE segment in FY2021 as it faced delays in the awards of orders amid the spread of the Delta variant in countries where the Group participated in the tender of the projects.

The manufacturing plant in Malaysia that supports the Group in the production and supply of air environmental equipment saw an estimated 30% decline in production output in FY2021. This was due to the mandated 60% workforce capacity and shorter working hours implemented by the Malaysia government at the Group's manufacturing facility from 28 May 2021 to the end of September 2021. The Group's marketing and project operations in Singapore were affected since early September 2021, with tougher measures on infected workers, in a bid to slow down community transmission. This inevitably resulted in a significant decline in revenue in the fourth quarter of 2021 as revenue can only be recognised after delivery and/or installation of equipment.

The lower revenue from both AP and CRE segments was cushioned by the higher revenue contributed by the heating, ventilation and air-conditioning ("**HVAC**") segment, where the Group delivers and installs customised environmental air equipment in residential, commercial and/or industrial buildings. The increase in revenue in FY2021 was a result of the delay in FY2020 in the delivery of secured projects and Additions and Alterations ("**A&A**") works in Singapore in FY2020, as such revenue was only subsequently recognised in FY2021.

REVENUE ANALYSIS BY PRODUCT SEGMENTS





● AP – Air Purification ● CRE – Cleanroom Equipment
● HVAC – Heating, Ventilation and Air-conditioning

As the pandemic extends with the emergence of new variants, disruptions across the supply chain also continued to hinder the progress of businesses. However, the challenges did not stop the Group from reaching out to new customers in new markets. In FY2021, the Group registered maiden revenue contribution from Hong Kong for its HVAC segment, as well as higher revenue contribution from Thailand, the Philippines and others for its CRE segment.

OPERATIONS REVIEW

REVENUE ANALYSIS BY GEOGRAPHICAL LOCATION AND PRODUCT SEGMENTS

	CRE		HVAC		AP		Others	
S$'000	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
Singapore	1,364	2,832	5,430	4,145	–	–	133	323
Malaysia	901	2,146	27	10	–	–	–	–
China	–	–	2	3	7,241	10,667	–	–
Vietnam	32	110	–	–	–	–	–	–
Thailand	747	11	–	–	–	–	–	–
Hong Kong	–	–	379	–	–	–	–	–
Philippines	272	53	–	–	–	–	–	–
Others	271	70	36	25	–	–	–	–

Whilst the Group's manufacturing operations have gradually resumed after its workforce had been vaccinated, it is facing shortages in manpower and supply of key electrical components for the fabrication of its proprietary equipment. The global chip crisis that affects the semiconductor sector in particular, due to the supply chain disruptions amid the pandemic, is likely to undermine the performance of the Group's cleanroom equipment business segment if the supply of electrical components fails to catch up by the first half of 2022.

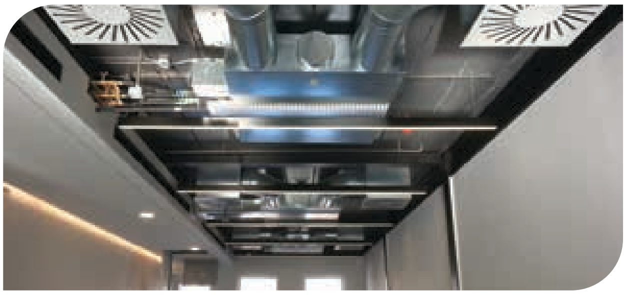
The continuous efforts to drive growth following its transformation from an equipment manufacturer to a customised clean environmental air solutions provider, offering a full suite of services including analysis of airflow management for buildings, design, and manufacturing of customised equipment, installation, monitoring and maintenance of environmental air systems, produced an outstanding balance-of-works on hand of approximately S$17.4 million as at 28 February 2022.

These secured orders include a maiden sales order to supply fan filter units under the CRE segment to a laboratory under a Japanese University based in Egypt. Barring unforeseen circumstances, the Group is committed and expects to deliver the bulk of the sales orders in the financial year ending 31 December 2022, as the global chip crisis eases and the supply of electrical components catches up in due course. The Group will also continue to overcome adversities and evolving challenges to operate its businesses according to the directives of the respective governments and authorities where it has operations.

HVAC SEGMENT

The Group specialises in the design, manufacture, and distribution of HVAC equipment and continues to build on its strong track record 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 the design, manufacture, and sales and marketing of our 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.



OPERATIONS REVIEW

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. While most of the end users of our clean room equipment are currently from the electronics industry, the Group is receiving more enquiries from laboratories.

AIR PURIFICATION INTEGRATED SOLUTION 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 leverages its expertise and broadened product offerings to include design, manufacture, and marketing of our proprietary 'Eindec' brand of air purifiers in 2015. These air purifier products were first launched in China and subsequently, in the Southeast Asia region.

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

The Group manufactured, supplied and installed our proprietary brand of air purification systems for its inaugural residential project in Singapore in 2017. Luxus Hills, a luxury residential development comprising of terrace houses and semi-detached houses, was the first residential development in Singapore to incorporate the Group's air purification system. The Group had also secured 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.

The extension of the AP segment to include the supply and/or installation of smart doors and windows, and the supply and installation of construction and renovation materials and/or system through the two Chinese subsidiaries, Henan Yunzhi and Eindec Henan. This integrated solution to the Group's air purification systems has raised its competitiveness in bidding for residential property development projects in China.

FIRE/SMOKE AND MARINE DAMPERS

A damper is a valve or plate that stops or regulates the flow of air inside a duct, chimney, VAV box, air handler, or other air-handling equipment. A damper may be used to cut off central air conditioning (heating or cooling) to an unused room, or to regulate it for room-by-room temperature and climate control.

The Group has a range of dampers to complement its comprehensive range of automatic fire and smoke dampers and associated controls, providing the complete solution for ventilation and air conditioning systems on shipboards as part of their fire safety and engineering programs.

FINANCIAL REVIEW

As the coronavirus ("**COVID-19**") pandemic continued its ravage with new variants in 2021, various business operations and economic activities remained adversely affected as precautionary and stringent safety measures to minimise virus transmission continue to be in place. The Group's financial performance for the financial year ended 31 December 2021 ("**FY2021**") was impacted, in particular, with the mandated 60% workforce capacity and shorter working hours implemented by the Malaysia government at the Group's manufacturing facility from 28 May 2021 to the end of September 2021. This resulted in lower production output in FY2021, which in turn, translated into lower sales potential for the marketing and project operations in Singapore.

The Group registered a 17.5% year-on-year decline in revenue from S$20.40 million for the financial year ended 31 December 2020 ("**FY2020**") to S$16.84 million in FY2021. The decrease was mainly due to the decline in revenue from air purification integrated solutions ("**AP**") and cleanroom equipment ("**CRE**") segments. The AP segment registered a 32.1% year-on-year decline in revenue from S$10.67 million in FY2021 to S$7.24 million in FY2021, as credit tightening measures on real estate developers in China led to a slowdown in the sector. The CRE segment recorded lower revenue by 31.3% year-on-year, down from S$5.22 million in FY2020 to S$3.59 million in FY2021. This was mainly due to delays in the awards of projects amidst the spread of the Delta coronavirus variant in countries where the Group participated in the project tenders. Revenue recorded under Others segment referred mainly to the sales of cooling tower, which saw a 58.8% year-on-year decrease from S$0.32 million in FY2020 to S$0.13 million in FY2021. The lower revenue was due to the relocation of the supplier's factory from China to Vietnam, resulting in a longer lead time in delivery. The decline was partially cushioned by the increase in revenue from the heating, ventilation and air-conditioning ("**HVAC**") segment, where revenue was recognised in FY2021 as a result of a delay in the delivery of secured projects and Additions and Alterations ("**A&A**") works in Singapore.

REVENUE ANALYSIS BY PRODUCT SEGMENTS

(S$'000)	FY2021	FY2020	Variance
CRE	**3,587**	5,222	– 31.3%
HVAC	**5,874**	4,183	+ 40.4%
AP	**7,241**	10,667	– 32.1%
Others	**133**	323	– 58.8%
Total	**16,835**	**20,395**	**– 17.5%**

In tandem with lower revenue, the gross profit decreased by 9.8% from S$4.31 million in FY2020 to S$3.89 million in FY2021. Correspondingly, gross margin was lifted from 21.1% in FY2020 to 23.1% in FY2021.

Other income decreased by 59.1% from S$0.66 million in FY2020 to S$0.27 million in FY2021, mainly due to the reduction in government grants, in particular, the Job Support Scheme and foreign worker levy rebate. The decrease was partially offset by (i) an increase in miscellaneous income of S$51,000, (ii) a reversal of expected credit loss on trade receivables of S$7,000; and (iii) an increase in foreign exchange gain of S$24,000 resulting from an appreciation of the Singapore Dollar against the Malaysia Ringgit.

Administrative expenses decreased by 5.3% from S$4.60 million in FY2020 to S$4.37 million in FY2021,resulting from cost management measures and lower research and development expenses for air purifier products.

Net finance cost increased by 18.0% from S$189,000 in FY2020 to S$223,000 in FY2021 as a result of (i) the increase in right-of-use lease interest expenses on lease liabilities; and (ii) a lower principal amount invested in the short-term capital protected investments with banks.

Income tax expense decreased from S$0.28 million in FY2020 to S$0.23 million in FY2021 on the back of lower profits recorded by the subsidiaries in FY2021.

Taking into account the aforementioned, the Group registered a net loss attributable to equity holders of the Company of S$0.95 million in FY2021, widened by 55.7% from S$0.61 million in FY2020. The Group's balance sheet remains sound

FINANCIAL REVIEW

FINANCIAL POSITION ANALYSIS

(S$'000)	As at 31 Dec 2021	As at 31 Dec 2020	Variance
Non-current Assets	**5,618**	7,608	– 26.2%
Current Assets	**20,239**	18,474	+ 9.6%
Non-current Liabilities	**1,359**	2,619	– 48.1%
Current Liabilities	**17,739**	15,946	+ 11.2%
Working Capital	**2,500**	2,528	– 1.1%
Equity Attributable to Owners of the Company	**5,948**	6,991	– 14.9%
Net Asset Value Per Share (Singapore cents)[1]	**5.52**	6.49	– 14.9%

Note:

(1) Net asset value per share for FY2020 and FY2021 are computed based on the total number of issued ordinary shares of 107.7 million.

with a positive working capital of S$2.5 million as at 31 December 2021. This is despite a 14.9% decline in equity attributable to the owners of the Company, from S$6.99 million as at 31 December 2020 to S$5.95 as at 31 December 2021, which corresponded to the net losses reported in FY2021. Correspondingly, net asset value per ordinary share decreased from 6.49 Singapore cents as at 31 December 2020 to 5.52 Singapore cents as at 31 December 2021.

Non-current assets decreased by 26.2% from S$7.61 million as at 31 December 2020 to S$5.62 million as at 31 December 2021, which was mainly due to the decrease in property, plant and equipment ("**PPE**"). The decrease in PPE from S$7.44 million as at 31 December 2020 to S$5.47 million as at 31 December 2021, was mainly due to (i) termination of right-of-use ("**ROU**") assets amounted to S$0.85 million as a result of the termination of lease agreement; and (ii) depreciation charges of ROU assets and PPE of S$1.20 million and S$0.25 million, respectively. This decrease was partially offset by: (i) purchase of plant and machineries of S$40,000; and (ii) increase in ROU assets of S$0.27 million arising from the signing of a new tenancy agreement. The amortisation of software lowered intangible assets by 11.1%, from S$171,000 as at 31 December 2020 to S$152,000 as at 31 December 2021.

Current assets increased by 9.6% from S$18.47 million as at 31 December 2020 to S$20.24 million as at 31 December 2021. The increase was mainly due to (i) the increase in trade and other receivables by 28.4% to 11.36 million as at 31 December 2021, mainly due to the impact of the slowdown in the real estate sector in China resulting in slower repayment by customers in the AP segment in FY2021 with debtor turnover days increased from 150 days as at 31 December 2020 to 197 days as at 31 December 2021, (ii) the increase in inventories by 83.5% to S$5.80 million as at 31 December 2021, arose from the increase in the purchase of raw materials and work-in-progress inventories for the secured orders to be delivered in the first half of the financial year ending 31 December 2022 ("**FY2022**"). This was partially offset by (i) the decrease in the partial redemption of short-term financial instruments for working capital purposes that reduced other investments by 16.7% from S$1.32 million as at 31 December 2020 to S$1.10 million as at 31 December 2021, and (ii) the decrease in cash and bank balances by 61.5% from S$5.14 million as at 31 December 2020 to S$1.98 million as at 31 December 2021.

Non-current liabilities decreased by 48.1% from S$2.62 million as at 31 December 2020 to S$1.36 million as at 31 December 2021. This was due to (i) the decrease in ROU liabilities of S$1.21 million from the termination of lease agreements, and (ii) the repayment of finance leases and term loans of S$74,000, which was partially offset by (iii) a 12.2% increase in deferred tax liabilities of S$22,000, resulting from (a) origination of temporary differences of S$16,000 and (b) under-provision of deferred tax expense in prior years of S$9,000 that was partially offset by the exchange difference of S$3,000.

Current liabilities increased by 11.2% from S$15.95 million as at 31 December 2020 to S$17.74 million as at 31 December 2021. The increase was mainly due to (i) the increase in trade and other payables in line with the increase in the purchase of raw materials for the secured orders, as well as slower settlement of trade and other payables in the AP segment, (ii) the increase in contract liabilities by 32.7% from S$1.07 million as at 31 December 2020 to S$1.42 million as at 31 December 2021 arising from advance payments from customers for on-going projects, (iii) the increase in income tax payable by 72.0% from S$0.25 million as at 31 December 2020 to S$0.43 million as at 31 December 2021 resulting from provision of current year income tax recorded by profitable subsidiaries in FY2021. The increase in current liabilities were partially offset by the decrease in loan and borrowings by 15.9% from S$3.58 million as at 31 December 2020 to S$3.01 million as at 31 December 2021, mainly due to (i) termination of lease agreement and repayment of lease liabilities of S$0.44 million; (ii) repayment of short-term financing loans of S$0.14million upon maturity and (iii) repayment of finance lease of S$70,000.

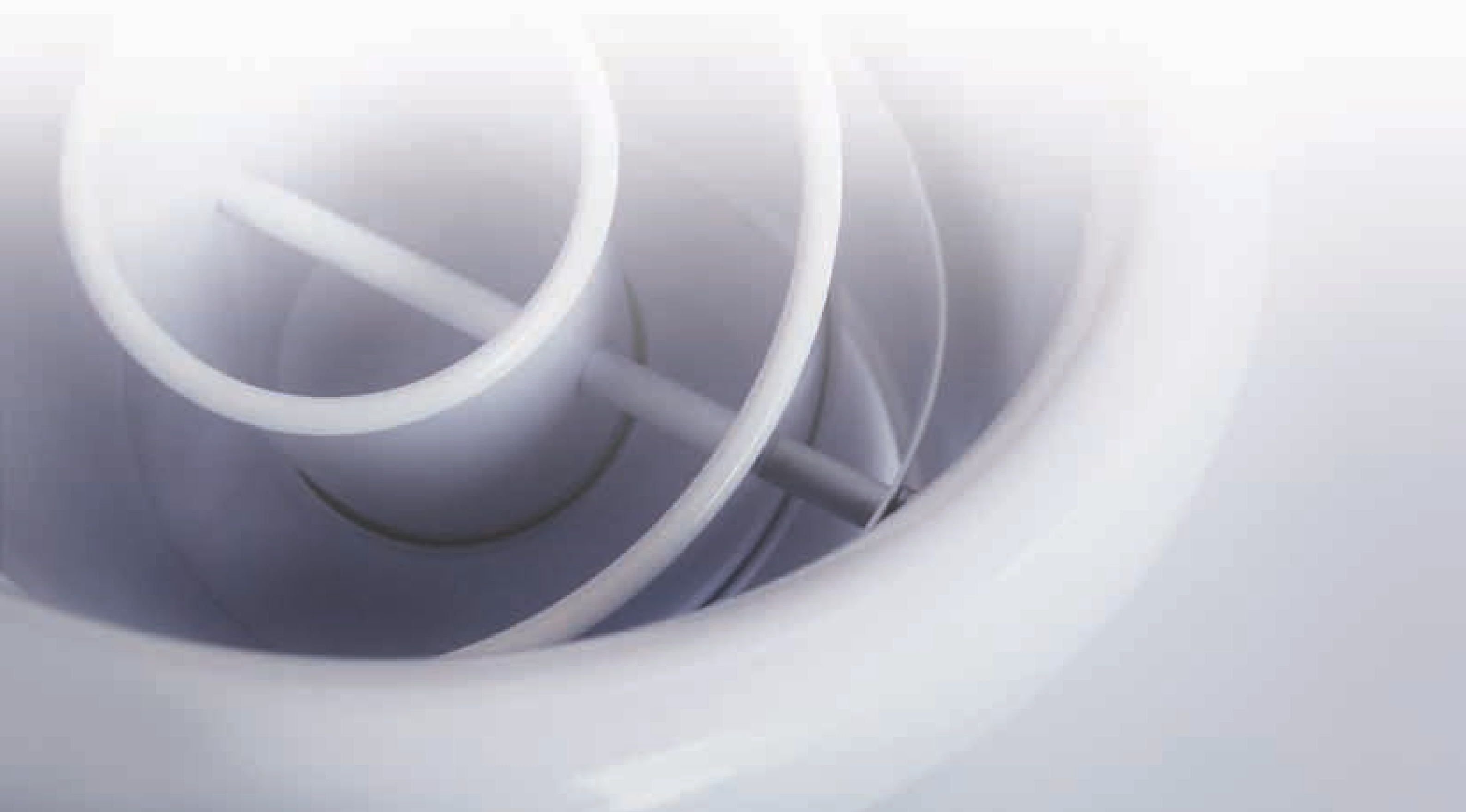
FINANCIAL REVIEW

CASH FLOW ANALYSIS

(S$'000)	FY2021	FY2020	Variance
Net Cash (Used in)/Generated from Operating Activities	(2,492)	2,877	N.M.
Net Cash from Investing Activities	169	298	– 43.3%
Net Cash (Used in)/Generated from Financing Activities	(598)	300	N.M.
Net Cash and Cash Equivalents	**1,148**	**4,249**	**– 73.0%**

The Group's cash and cash equivalents was S$1.15 million as at 31 December 2021. The cash of S$2.92 million utilised in FY2021 was mainly due to:

- Net cash used in operating activities in FY2021 was S$2.50 million. This was mainly due to (i) the increase in inventories of S$2.62 million, (ii) the increase in trade and other receivables of S$2.50 million, which was partially offset by (iii) the increase in trade and other payables of S$0.94 million, (iv) the increase in contract liabilities of S$0.35 million, and (v) profit before changes in working capital of S$1.35 million.
- Net cash generated from investing activities in FY2021 was S$0.17 million, mainly due to the redemption of short-term capital protected investments of S$0.21 million, which was partially offset by the purchase of property, plant and equipment of S$44,000.
- Net cash used in financing activities in FY2021 was S$0.59 million. This was mainly due to (i) the repayment of lease liabilities of S$0.53 million, (ii) the interest paid to financial institutions of S$0.12 million, (iii) the repayment of short-term financing and bank loan of S$56,000 and S$16,000 respectively, and offset by (iv) the proceeds from bank borrowings of S$0.12 million.



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.

MS. JIANG NAN
Non-Executive Director

Ms. Jiang Nan was appointed to our Board on 1 October 2020.

She is currently the Chairman of China Construction Investment Group Engineering Technology Co., Ltd.

From 2013 to 2015, she was the Chairman of Beijing Tianrong Wealth Investment Fund Investment Limited, where she led the issuance for various bonds and the management of investment fund. From 2010 to 2013, she was the Chairman of Beijing Jinhongda Financial Advisory Limited where she participated in merger and acquisition, equity financing and bond issuance exercises.

She graduated with Bachelor of Finance from the Beihang University in 2004.

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 was appointed to our Board on 8 December 2015.

He is a Managing Counsel of Bird & Bird ATMD. He is an experienced and established corporate practitioner and was previously a partner of reputable law firms. Before joining Bird & Bird ATMD LLP, he was the Managing Director of Equity Law LLC, a boutique corporation firm and prior to that, he was a founding member and equity partner of RHTLaw Taylor Wessing LLP, where he was the co-head of its corporate and securities practice and also headed RHT Capital Pte. Ltd, 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 has been recognised in leading legal publications such as IFLR 1000, The Legal 500 Asia Pacific for Corporate and M&A and Acquisition International.

He was a director of several public listed companies and is currently an independent director of Atlantic Navigation Holdings (Singapore) Limited.

He holds a Bachelor of Law (Honors) from the National University of Singapore.

JEFFREY ONG SHEN CHIEH
Independent Director

Mr. Jeffrey Ong was appointed to our Board on 8 December 2015.

He is currently the Chief Executive Officer and Executive Director of V2Y Corporation Ltd. (formerly known as Synagie Corporation Limited), a company listed on the Catalist of the SGX-ST. He was appointed to this position since December 2020. He is also 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 senior 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 holds a Bachelor of Science degree in Real Estate from the National University of Singapore.

KEY MANAGEMENT

QUEENIE FOO QUEK CHENG

Chief Financial Officer cum Acting Chief Executive Officer

Ms. Queenie Foo is responsible for the entire financial management and statutory reporting for the Group since 16 August 2017. Ms. Foo was appointed as acting Chief Executive Officer of the Group on 19 December 2019. Supported by the management team, she is responsible for the Group's overall business operation and performance until the Company identifies a suitable CEO candidate.

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 more than 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.

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).

CORPORATE GOVERNANCE REPORT

The board of directors ("**Board**" or "**Directors**") of Eindec Corporation Limited ("**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 2021 ("**FY2021**"), with specific reference made to the principles and the provisions of the Code of Corporate Governance 2018 ("**Code**") pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

The Board is pleased to report that for FY2021, the Company has adhered to the principles of the Code, and the provisions of the Code except where otherwise explained. In areas where the Company's practices vary from any provisions of the Code, the Company has stated herein the provision of the Code from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant principle of the Code. The Company will continue to assess its needs and implement appropriate measures accordingly.

1. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1

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 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.

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 fiduciaries duties and responsibilities, and take objective decisions in the interests of the Company. The Board holds the Management accountable for performance. Directors facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict. The Directors would abstain from voting and decision involving the issues of conflict.

CORPORATE GOVERNANCE REPORT

Provision 1.2

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, as well as the courses organised by the Singapore Institute of Directors ("**SID**") as prescribed by the SGX-ST under Practice Note 4D of the Catalist Rules.

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 FY2021.

The Company encourages existing Directors to attend training courses organised by the SID or other training institutions which are aimed at providing them with the latest updates on changes in relevant regulations, accounting standards, corporate governance practices and guidelines from the SGX-ST that affect the Group and/or the Directors in connection with their duties and responsibilities as a Director of a public-listed company in Singapore, and such training will be funded by the Company.

On an ongoing basis, the Directors are also updated regularly on changes to the Catalist Rules, risk management, corporate governance, insider trading, as well as the 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 the member 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.

Changes to regulations and accounting standards are monitored closely by the Management. Annually, the external auditors update the Audit Committee and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

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.

CORPORATE GOVERNANCE REPORT

Provision 1.3

The Board has adopted a set of internal guidelines setting forth matters that requires the Board's approval and clearly communicates this to Management in writing. Matters requiring board approval include the followings:

(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.

Provision 1.4

To assist in the execution of its responsibilities, the Board has delegated specific responsibilities to the three (3) Board Committees, 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 (as detailed under Provision 4.1, 6.1 and 10.1 of this report) which are reviewed on a regular basis to ensure their continued relevance and efficacy. The composition and description of each Board Committee are also set out in other sections of this report. 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.

As at the date of this report, the Board comprises five (5) members, three (3) of whom are Independent Directors, and the composition of the Board and the Board Committees are as follows:

Name of Director	**Designation**	**Board Committee Membership**		
		AC	**NC**	**RC**
Zhang Wei	Non-Executive and Non-Independent Chairman	–	–	–
Jiang Nan	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

CORPORATE GOVERNANCE REPORT

Provision 1.5

Directors attend and actively participate in Board and Board Committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the Company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

The table below sets out the number of Board and Board Committees meetings held during FY2021 and the attendance of each Director at these meetings:

	Board	AC	NC	RC	AGM
Number of meetings held	2	2	2	2	1
Directors	**Attendance**				
Zhang Wei	2	2*	2*	2*	1
Jiang Nan	2	2*	2*	2*	1
See Yen Tarn	2	2	2	2	1
Jeffrey Ong Shen Chieh	2	2	2	2	1
Wong Chee Meng Lawrence	2	2	2	2	1

* By invitation

Provision 1.6

Management provides Directors with complete, adequate and timely information prior to the Board and Board Committee meetings and regularly updates and familiarises the Directors on the business activities of the Group on an on-going basis and during Board meetings, to enable the Directors to make informed decisions and discharge their duties and responsibilities. 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.

Provision 1.7

Directors have separate and independent access to Management, the Company Secretary, and external advisers (where necessary) at the Company's expense. For FY2021, the Company did not engage any external advisers. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provision 2.1

The criterion for independence is based on the definition set out in the Code, and taking into consideration whether the Directors falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Board considers an "independent" Director as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

CORPORATE GOVERNANCE REPORT

The NC conducts an annual review to determine the independence of the Directors in accordance to the Code as well as the Catalist Rules. In its review, the NC considers all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its findings and recommendations to the Board for approval.

For FY2021, the Independent Directors, namely Mr. See Yen Tarn, Mr. Wong Chee Meng Lawrence and Mr. Jeffrey Ong Shen Chieh have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The Independent Directors did not own shares of the Company and were not in foreseeable situation that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent.

As at the date of this report, none of the Independent Directors has served on the Board beyond nine (9) years since the date of his first appointment.

Provision 2.2

The Independent Directors make up a majority of the Board (three (3) out of five (5) Directors), where the Chairman is not independent.

Provision 2.3

The Board is currently made up of Non-Executive Directors, comprising two (2) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors.

Provision 2.4

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. 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 comprises Directors who, as a whole, have the core competencies and experience necessary to discharge their duties as Directors, 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	3	60
• Business management	3	60
• Legal or corporate governance	2	40
• Relevant industry knowledge or experience	4	80
• Strategic planning experience	4	80
• Customer based experience or knowledge	3	60

CORPORATE GOVERNANCE REPORT

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. The Board reported that there is currently a female director on Board.

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 that dominates the Board's decision-making.

Provision 2.5

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 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 is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1

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 Ms. Queenie Foo Quek Cheng, is the acting CEO. The Non-Executive Chairman and the acting CEO are not related.

The Company is in the midst of identifying a suitable candidate to fill the position of CEO. In the interim, the acting CEO will manage and oversee the overall business and activities of the Group, and will report to the Non-Executive Chairman. Depending on the business need and the existing human resource of the Company, the Company does not rule out the possibility of the acting CEO to assume the position on a permanent basis.

CORPORATE GOVERNANCE REPORT

Provision 3.2

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 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.

Provision 3.3

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 meet amongst themselves without the presence of the 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.

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1

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 and re-appointment, 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 the independence of a Director annually;

(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 the succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

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

(6) 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).

Provision 4.2

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

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 requirements to determine the maximum number of listed Board representations as and when it deems fit.

CORPORATE GOVERNANCE REPORT

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.

Provision 4.3

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. Regulation 103 of the Company's Constitution requires any Director so appointed shall hold office until the next AGM.

At the forthcoming AGM of the Company, Mr. See Yen Tarn and Mr. Wong Chee Meng Lawrence (collectively, the "**Retiring Directors**") will be retiring pursuant to Regulation 99 of the Company's Constitution. The NC has recommended and the Board has agreed that the Retiring Directors be nominated for re-election at the forthcoming AGM. In making the recommendations, the NC takes into consideration, amongst others, the Retiring Directors' 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.

Mr. Wong Chee Meng Lawrence ("**Mr. Wong**") has re-submitted himself for re-election at the forthcoming AGM. Please refer to the section entitled "**Additional Information on Director Nominated for Re-election – Appendix 7F to the Catalist Rules**" of this report for the information as set out in Appendix 7F to the Catalist Rules relating to Mr. Wong.

Mr. See Yen Tarn ("**Mr. See**") has indicated his intention to retire and not seek re-election at the forthcoming AGM. Upon Mr. See's retirement at the forthcoming AGM, Mr. See would relinquish as the Chairman of the AC, as well as a member of the NC and the RC.

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.

CORPORATE GOVERNANCE REPORT

Provision 4.4

The Company has put in place a process to ensure the continuous monitoring of the independence of the Directors whereby the Directors must immediately report any changes in their external appointments that could affect their independence on the Board.

The NC reviews the independence of each Director annually in accordance with the definition of independence set out in the Code, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. In respect of the Company's current Independent Directors, namely Mr. See, Mr. Wong and Mr. Jeffrey Ong Shen Chieh, the Board is of the view that they are independent, taking into account the circumstances set forth in the Code, Rule 406(3)(d) of the Catalist Rules and any other salient factors. For FY2021, the Independent Directors have also confirmed their independence in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

Provision 4.5

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	Board Committees served	Date of first appointment	Date of last re-election	Directorships in Other Listed Companies
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	22 April 2021	• Weiye Holdings Limited
Jiang Nan	• Bachelor of Finance from Beihang University	Non-Executive Non-Independent Director	–	1 October 2020	22 April 2021	• Nil

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Name of Director	Academic/ Professional qualifications	Board appointment	Board Committees served	Date of first appointment	Date of last re-election	Directorships in Other Listed Companies
See Yen Tarn	• Bachelor of Accountancy from the National University of Singapore • Chartered Accountant in England and Wales	Independent Director	Chairman of the AC, and member of the NC and the RC	8 December 2015	24 June 2020 (To retire at the forthcoming AGM)	• CSC Holdings Limited
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	Chairman of the RC, and member of the AC and the NC	8 December 2015	24 June 2020 (To be re-elected at the forthcoming AGM)	• Atlantic Navigation Holdings (Singapore) Limited • International Cement Group Ltd.
Jeffrey Ong Shen Chieh	• Bachelor of Science degree in Real Estate from the National University of Singapore	Independent Director	Chairman of the NC, and member of the AC and the RC	8 December 2015	22 April 2021	• V2Y Corporation Ltd.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

<u>Provisions 5.1 and 5.2</u>

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.

CORPORATE GOVERNANCE REPORT

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 FY2021, 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 FY2021. No external facilitator was engaged in the evaluation process for FY2021.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1

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

(1) to recommend to the Board a framework of remuneration for the Directors and key management personnel, and to determine specific remuneration packages for each Executive Director (if any), CEO (or executive of equivalent rank) and key management personnel, if such CEO and key management personnel is not an Executive Director, such recommendations to be submitted for endorsement by the 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 key management personnel, to consider what compensation commitments the Directors' or key management personnel's 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.

CORPORATE GOVERNANCE REPORT

Provision 6.2

The RC comprises three (3) members, all of whom including the RC Chairman, are Independent and Non-Executive 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

Provision 6.3

The RC reviews and recommends to the Board the remuneration packages or policies for Executive Directors (if any) and key management personnel based on the performance of the Group, the individual Director and the key management personnel. 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. In FY2021, the Company does not have any Executive Directors.

Provision 6.4

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. For FY2021, the Board has not engaged any external remuneration consultants to provide advice on remuneration matters.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provisions 7.1 and 7.3

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 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.

CORPORATE GOVERNANCE REPORT

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 FY2021 and as at the date of this 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 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.

Provisions 7.2

The Non-Executive Directors 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 Non-Executive Directors shall not be over-compensated to the extent that their independence may be compromised. There were no share-based compensation schemes in place for Non-Executive Directors.

Directors' fees are endorsed by the RC and recommended by the Board for Shareholders' approval at the AGM of the Company. Directors' fees of S$215,000 for the financial year ended 31 December 2021 (to be paid quarterly in arrears) and the Director's fee for Ms. Jiang Nan (who was appointed on 1 October 2020) of S$10,000 for the financial year ended 31 December 2020 had been approved by Shareholders at the last AGM held on 22 April 2021. Directors' fees of S$215,000 for the financial year ending 31 December 2022 (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.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1 and 8.3

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.

CORPORATE GOVERNANCE REPORT

The details of the level and mix of remuneration of the Directors and the acting CEO for the services rendered during FY2021 are as follows:

Remuneration Band	Salary (%)	Bonus (%)	Other Benefits (%)	Share Options (%)	Directors' Fees (%)	Total (%)
Below S$250,000						
Directors						
Zhang Wei	–	–	–	–	100	100
Jiang Nan	–	–	–	–	100	100
See Yen Tarn	–	–	–	–	100	100
Jeffrey Ong Shen Chieh	–	–	–	–	100	100
Wong Chee Meng Lawrence	–	–	–	–	100	100
Acting CEO						
Queenie Foo Quek Cheng	93	7	–	–	–	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, and the disclosure made based on the above remuneration bands is appropriate.

For FY2021, 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 Group has only one (1) key management personnel who is not a Director or the acting CEO during FY2021. The details of the remuneration of key management personnel of the Group (who are not Directors or the acting CEO) for services rendered during FY2021 are as follows:

Remuneration Band	Salary (%)	Bonus (%)	Other Benefits (%)	Share Options (%)	Total (%)
Below S$250,000					
Tang Sin	100	–	–	–	100

The Board, on review, decided not to disclose in aggregate the total remuneration paid to the relevant key management personnel (who is not a Director or the acting CEO) as there is only one (1) such personnel and such disclosure may lead to possible poaching of key management personnel, given the competitive business environment.

Provision 8.2

There were no employees who were substantial shareholders of the Company, or are immediate family members of a Director, the acting CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 in the Group's employment during the financial year under review.

CORPORATE GOVERNANCE REPORT

3. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1

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, including the maintenance of proper accounting records and financial information, 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 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, including the Management's action plans to be undertaken to address the recommendations, were reported to the AC. In FY2021, 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.

The Group has an Enterprise Risk Management Framework in place to manage its exposure to risks that are associated with the conduct of its business. The Board will continue its risk assessment, which is an on-going process, with a view to improve the Group's internal control system.

CORPORATE GOVERNANCE REPORT

Provision 9.2

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 2021.

The Directors have received and considered the representation letters from the Chief Financial Officer ("**CFO**") cum acting CEO in relation to the financial information for FY2021. The CFO cum acting CEO have also assured the Board that:

(1) the financial records have been properly maintained and the financial statements for FY2021 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 10: The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1

The AC has its terms of reference, setting out its 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 the Group's internal control and accounting system;

(3) review the financial statements before submission to the 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 and 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;

CORPORATE GOVERNANCE REPORT

(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) 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 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 misconduct or wrongdoing relating to the Company and its officer, 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.

The AC is responsible for the oversight and monitoring of whistleblowing. Identity of the whistleblower is kept confidential at all times, and the whistleblower will not be subject to detrimental or unfair treatment. In FY2021, there were no whistleblowing instances reported to the AC or to any Directors.

Provision 10.2

The AC comprises three (3) members, all of whom including the AC Chairman, are Non-Executive and 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 members, including the AC Chairman, 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.

CORPORATE GOVERNANCE REPORT

Provisions 10.3 and 10.4

External Audit Function

The AC is kept 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 has 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 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 ("**CGUs**"). The AC also obtained understanding on the work performed by the EA, including their assessment on whether the CGUs as identified by the Management were appropriate. The valuation of non-financial assets was also an area of focus for the EA. The EA has included this item as a key audit matter in its audit report for FY2021. Please refer to page 46 of this Annual Report.

Annually, the AC conducts a review of all non-audit services provided by the external auditors. The AC will receive an audit report from the external auditors setting out the non-audit services provided and fees charged, and review the nature and extent of such services, to ensure that the non-audit services will not prejudice the independence and objectivity of the external auditors. In FY2021, there were no non-audit services provided by the external auditors.

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 AC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. The AC also recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors. The re-appointment of the external auditors is always subject to Shareholders' approval at the AGM.

In reviewing the nomination of Moore Stephens LLP for re-appointment for the financial year ending 31 December 2022, the AC has considered the adequacy of the resources, experience and competence of Moore Stephens LLP, and has taken into account the audit engagement level. Consideration was also given to the experience of the engagement partner and key team members handling the audit. The Board also considered the audit team's ability to work in a cooperative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

CORPORATE GOVERNANCE REPORT

On the basis of the above, the AC and the Board are satisfied with the standard and quality of work performed by Moore Stephens LLP and have recommended the nomination of Moore Stephens LLP for re-appointment as external auditors of the Company for the ensuring year be tabled for Shareholders' approval at the forthcoming AGM.

For FY2021, the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of audit firms for the Group. The AC and the Board are satisfied with the standards and the effectiveness of the audits performed by the external auditors of the significant subsidiaries of the Group.

No former partner or director of the Company's existing auditing firm has acted as a member of the AC (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Internal Audit Function

The internal audit function is currently outsourced to TRS Forensics Pte Ltd ("**TRS Forensics**"). TRS Forensics is staffed by suitably qualified and experienced professionals with the relevant experience. TRS Forensics reports directly to the AC on audit matters and the acting CEO on administrative matters. TRS Forensics, as the Internal Auditor, has unfettered access to all the Company's documents, records, properties and personnel, including access to AC and has appropriate standing within the Company.

The AC decides on the appointment, removal, termination, evaluation and compensation of the internal auditors. The AC would annually review the independence, adequacy and effectiveness of the internal audit function of the Company. The AC is satisfied that the outsourced audit function is independent, adequately resourced, effective, and has the appropriate standing within the Group. The AC is also of the view that the outsourced internal audit function is adequately staffed with persons with the relevant qualification and experience, and adhere to professional standards including those promulgated by The Institute of Internal Auditors.

Provision 10.5

In the course of FY2021, the AC carried out the following activities:

(a) reviewed half-year and full-year financial statements (unaudited and audited), and recommended such reports to the Board for approval;

(b) reviewed the adequacy and effectiveness of the Group's risk management and internal control systems;

(c) reviewed interested person transactions;

(d) reviewed whistle-blowing reports;

(e) reviewed and approved the annual external audit plan of the external auditors;

(f) reviewed and approved the internal audit plan of the internal auditors;

(g) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for Board approval; and

(h) met with the external auditors and the internal auditors once without the presence of the Management.

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In discharging the above duties, the AC confirms that it has full access to and co-operation from the Management and is given dull discretion to invite any Director or executive officer to attend its meetings. In addition, the AC has also been given reasonable resources to enable it to perform its function properly.

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1

Shareholders are informed of the general meetings through the announcement 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 the proxy form sent in advance.

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.

For FY2021, due to the COVID-19 outbreak and the circuit breaker put in place by the Singapore Government, the Company's last AGM for the financial ended 31 December 2020 held on 22 April 2021 ("**2021 AGM**") was held by way of electronic means, through "live webcast" and "audio-only means", pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**"). The notice of AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of the AGM pursuant to the COVID-19 Order. The Company had also published a notice to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the 2021 AGM, during the COVID-19 pandemic.

Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member of the Company (whether individual or corporate and including a relevant intermediary) entitled to vote at the AGM must appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate and including a relevant intermediary) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. Shareholders participated in the 2021 AGM via electronic means, voting by appointing the Chairman of the 2021 AGM as proxy and their questions (if any) in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the 2021 AGM, and responses to the questions were provided via announcement on SGXNet and the Company's corporate website. The Company did not receive any questions from Shareholders before the 2021 AGM.

CORPORATE GOVERNANCE REPORT

The Company acknowledges that voting by poll in all its general meeting is integral in the enhancement of corporate governance. All resolutions at the Company's general meetings are put to vote by poll. 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.

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.

The Company's Constitution also provides that Shareholders who are entitled to attend and vote at the AGM, are entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company. The instrument appointing a proxy must be deposited at the place specified in the notice of the general meetings not less than seventy-two (72) hours before the time appointed for holding the general meetings.

Provision 11.2

The resolutions tabled at the general meetings are on each substantially separate issue, unless the issues are interdependent and linked so as to form one significant proposal. If a scenario arises where the resolutions are inter-conditional, the Company will explain the reasons and material implications in the notice of meeting. The Company typically ensures that there are separate resolutions at general meetings on each distinct issue. Detailed information on each resolution is set out in the notice of the general meeting.

Provision 11.3

The Chairman of the AC, NC and RC are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries from Shareholders, including the conduct of audit and the preparation and content of the auditors' report. All Directors will endeavour to be present at the Company's general meetings of Shareholders to address Shareholders' queries. In FY2021, all Directors were present at the 2021 AGM.

Provision 11.4

Voting by absentia by mail, facsimile or email is currently not provided in the Company's Constitution as such voting methods would need to be cautiously studied for its feasibility to ensure that the integrity of the information and the authenticity of the shareholder's identity is not compromised.

Provision 11.5

Minutes are taken of all general meetings, and where appropriate, include all substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting and the responses from the Board and the Management. Such minutes, which are subsequently approved by the Board, will be made available to Shareholders on the Company's website at www.eindec.com.sg, as well as on the SGXNet. The Company had on 5 May 2021 announced the minutes of the 2021 AGM on its corporate website and on the SGXNet, in compliance with the COVID-19 Order.

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Provision 11.6

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.

The Company did not declare any dividend for FY2021 as the Group recorded net loss in FY2021 and the Board deems it appropriate to conserve funds for the Group's business activities.

5. ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provision 12.1

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;

- Notice of explanatory memoranda for AGM and Extraordinary General Meeting ("**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 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, which is held within four months after the close of the financial year.

Please refer to Principle 11 above for information on the proceedings of the 2021 AGM.

CORPORATE GOVERNANCE REPORT

Provisions 12.2 and 12.3

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 focuses 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 contact details of the investor relations firm are set out in "**Corporate Information**" section of the Annual Report.

6. MANAGING STAKEHOLDINGS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2

The Company acknowledges the importance for establishing effective communication among the stakeholders through regular engagement and various communication platforms to achieve mutually beneficial goals.

The Company has identified six stakeholders' groups, namely, the Board, employees, shareholders, investors, customers, government and regulators. The Company's approach to the engagement with key stakeholders and materiality assessment were disclosed in the Company's Sustainability Report for FY2020, where the Company would continue to monitor and improve to ensure the best interest of the Company. The Company will issue its Sustainability Report for FY2021 on or before 31 May 2022.

Provision 13.3

To promote regular, effective and fair communication with Shareholders, the Company maintains a corporate website at www.eindec.com.sg through which Shareholders are able to access up-to-date information on the Group. The website provides annual reports, financial information, stock information, profiles of the Group, and contact details of the investor relations of the Group.

7. 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 IPTs are subject to review by the AC to ensure compliance with established procedures. The Company had 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 within the Weiye Group Entities (being Weiye Holdings Limited and its subsidiaries) and was last renewed at the AGM of the Company held on 22 April 2021. The Company is seeking the renewal of the IPT Mandate ("**Proposed Renewal of the IPT Mandate**") at the forthcoming AGM. Further details on the Proposed Renewal of the IPT Mandate are set out in the Appendix to the Notice of the AGM to be convened on 22 April 2022.

There were no IPTs or IPTs conducted under the IPT Mandate pursuant to Rule 920 that were more than S$100,000, in FY2021. There were also no IPTs carried out in FY2021, excluding transactions of less than S$100,000.

CORPORATE GOVERNANCE REPORT

8. MATERIAL CONTRACTS

There were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interest of the Non-Executive Chairman, or any Director or controlling shareholder which are either still subsisting as at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

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. 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-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, in FY2021, there were no non-sponsorship fees payable or paid to ZICO Capital Pte. Ltd.

CORPORATE GOVERNANCE REPORT

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 Catalist Rules:

	Name of Director
Details	**Wong Chee Meng Lawrence**
Date of Appointment	8 December 2015
Date of last re-appointment (if applicable)	24 June 2020
Age	54
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Wong was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, Mr. Wong's qualifications, experience, and overall contribution since he was appointed as a Director of the Company. The Board considers Mr. Wong to be independent for the purpose of Rule 704(6) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of the Remuneration Committee, and a member of the Audit Committee and the Nominating Committee
Professional qualifications	– Bachelor of Laws from National University of Singapore – Advocate and solicitor in Singapore – Solicitor in Hong Kong SAR
Working experience and occupation(s) during the past 10 years	July 2020 to present: Bird & Bird ATMD, Managing Counsel June 2014 to June 2020: Equity Law LLC, Managing Director May 2011 to December 2013: RHTLaw Taylor Wessing LLP, Equity Partner, Co-head of Corporate and Securities Practice August 2011 to December 2013: RHT Capital Pte. Ltd., Head and Registered Professional
Shareholding interest in the listed issuer and its subsidiaries	Nil

CORPORATE GOVERNANCE REPORT

Details		Name of Director Wong Chee Meng Lawrence
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		Nil
Conflict of interest (including any competing business)		Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer		Yes
Other Principal Commitments Including Directorships		**Past Directorship (for the last 5 years)** – Sino Grandness Food Industry Group Limited – China Bearing (Singapore) Ltd (now known as Silkroad Nickel Ltd) – Equity Law LLC – EQ Compliance Pte Ltd **Present Directorship and Other Principal Commitments** – EQ Advisory Pte Ltd – Atlantic Navigation Holdings (Singapore) Ltd – International Cement Group Ltd
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
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

CORPORATE GOVERNANCE REPORT

Details		Name of Director
		Wong Chee Meng Lawrence
c.	Whether there is any unsatisfied judgment against him?	No
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
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
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
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
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

CORPORATE GOVERNANCE REPORT

Details		Name of Director Wong Chee Meng Lawrence
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
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
	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
	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
	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
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
Any prior experience as a director of an issuer listed on the Exchange?		Not applicable for re-election of Director.
If yes, please provide details of prior experience.		Not applicable.
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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors present their statement to the members together with the audited consolidated financial statements of Eindec Corporation Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

In our opinion:

(a) the financial statements are drawn up 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 2021 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 Companies Act 1967 (the "Act") 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.

1 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
Jiang Nan

2 Directors' Interests in Shares or Debentures

According to the register kept by the Company for the purposes of Section 164 of 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	As at 1.1.2021 ('000)	As at 31.12.2021 ('000)	As at 21.1.2022 ('000)	As at 1.1.2021 ('000)	As at 31.12.2021 ('000)	As at 21.1.2022 ('000)
	No. of Ordinary shares					
The Company						
Zhang Wei	-	-	-	71,900	71,900	71,900
Immediate and ultimate holding company						
- Weiye Holdings Limited						
Zhang Wei	-	-	-	106,822	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 or end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Directors' Interests in Shares or Debentures (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.

3 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 PSP is administered by the Remuneration Committee whose members are:

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

Since the adoption of the PSP, no awards have been granted under the PSP.

4 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.

5 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
- Jeffrey Ong Shen Chieh, Independent Director

The Audit Committee performs the functions specified in Section 201B of the Act, the Catalist Rules and the Code of Corporate Governance.

The Audit Committee has held two scheduled meetings and other discussions with the management on periodical basis 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.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 Audit Committee (cont'd)

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 Catalist Rules); 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, Moore Stephens LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing the independent auditors of the Company and its subsidiaries, the Company has complied with Rules 712 and 715 of the Catalist Rules.

6 Independent Auditors

The independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors,

ONG SHEN CHIEH

SEE YEN TARN

Singapore
1 April 2022

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EINDEC CORPORATION LIMITED
(Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eindec Corporation Limited (the "Company") and its subsidiaries (collectively 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 2021, and 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.

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 Companies Act 1967 (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 2021 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 *Auditor's 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EINDEC CORPORATION LIMITED
(Incorporated in Singapore)

Valuation of Non-Financial Assets

Key audit matter

We refer to Notes 3(g)(ii), 4(a), Note 11 and Note 12 to the consolidated financial statements.

The Group has property, plant and equipment and intangible assets of approximately S$5,466,000 and S$152,000 respectively as at 31 December 2021. The Group continues to incur losses for the year ended 31 December 2021, and 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.

This is a key audit matter as the determination of the recoverable amounts of the CGUs involves significant judgement in the determination of the CGUs and the selection of the appropriate valuation methodology to estimate recoverable amounts of each CGU.

The Group has identified two CGUs; the South Asia CGU and the North Asia CGU. The recoverable amount for the North Asia CGU was based on its VIU whilst that for the South Asia CGU was based on its FVLCTS. For the South Asia CGU, the fair value of the CGU was largely based on management's estimate of the fair value of its underlying freehold land and building.

Management has assessed that the non-financial assets of North Asia CGU should remain fully impaired since prior years. Management has also assessed that the recoverable amount of the South Asia CGU is above the carrying value of its net assets, and concluded that its non-financial assets of South Asia CGU are not impaired.

How our audit addressed the key audit matter

We have performed the following key audit procedures:

- Evaluated the identification of the CGUs of the Group against the requirements of the financial reporting standard.
- Reviewed the basis and appropriateness of the valuation methodologies used in determining the recoverable amounts of the CGUs.
- Assessed the reasonableness of key assumptions used in the cash flow projections by management to determine the recoverable amount of the North Asia CGU based on VIU. We also evaluated the reasonableness of the growth rates and discount rate by comparing these against the CGU's own historical performance and externally derived data.
- Assessed the reasonableness of management's estimation of the South Asia CGU's recoverable amount based on FVLCTS by comparing its freehold land and building's fair value to publicly available information on recently transacted prices for the sale of comparable properties.

Based on our audit procedures performed, we found management's assessment of the valuation of non-financial assets to be reasonable and the disclosures to be appropriate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EINDEC CORPORATION LIMITED
(Incorporated in Singapore)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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.

Auditor's 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 auditor's 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EINDEC CORPORATION LIMITED
(Incorporated in Singapore)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 auditor's 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 auditor's 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 auditor's 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 those subsidiary corporations 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 auditor's report is Lao Mei Leng.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
1 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 S$'000	Group 2020 S$'000
Revenue	5	16,835	20,395
Cost of sales		(12,945)	(16,083)
Gross profit		3,890	4,312
Other income	6	267	664
Administrative expenses		(4,368)	(4,604)
Reversal of expected credit loss/ (Expected credit loss) on trade receivables		7	(22)
Other operating expenses		(14)	(4)
Results from operating activities		(218)	346
Finance income	7	35	41
Finance cost	7	(258)	(230)
Net finance costs		(223)	(189)
(Loss)/Profit before income tax	8	(441)	157
Income tax expense	9	(234)	(275)
Loss for the year		(675)	(118)
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences from foreign operations		(83)	86
Total comprehensive loss for the year		(758)	(32)
Loss for the year attributable to:			
Owners of the Company		(953)	(607)
Non-controlling interests		278	489
		(675)	(118)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(1,043)	(528)
Non-controlling interests		285	496
		(758)	(32)
Loss per share:			
Basic loss per share (cents)	10	(0.88)	(0.56)
Diluted loss per share (cents)	10	(0.88)	(0.56)

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

STATEMENT OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021	2020	2021	2020
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	5,466	7,437	-	-
Intangible assets	12	152	171	-	-
Subsidiaries	13	-	-	9,300	9,300
		5,618	7,608	9,300	9,300
Current Assets					
Inventories	14	5,797	3,160	-	-
Trade and other receivables	15	11,362	8,854	2,445	2,910
Cash and cash equivalents	16	1,977	5,144	102	115
Other investments	17	1,103	1,316	-	-
		20,239	18,474	2,547	3,025
Total Assets		25,857	26,082	11,847	12,325
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	18	14,917	14,917	14,917	14,917
Other reserves	19	(10,791)	(10,701)	-	-
Retained earnings/(Accumulated losses)		1,822	2,775	(5,245)	(4,734)
Equity attributable to owners of the Company		5,948	6,991	9,672	10,183
Non-controlling interests		811	526	-	-
Total Equity		6,759	7,517	9,672	10,183
LIABILITIES					
Non-Current Liabilities					
Loans and borrowings	20	1,157	2,439	-	-
Deferred tax liabilities	21	202	180	-	-
		1,359	2,619	-	-
Current Liabilities					
Loans and borrowings	20	3,009	3,582	-	-
Trade and other payables	22	12,887	11,051	2,175	2,142
Contract liabilities	5	1,416	1,067	-	-
Income tax payables		427	246	-	-
		17,739	15,946	2,175	2,142
Total Liabilities		19,098	18,565	2,175	2,142
Total Equity and Liabilities		25,857	26,082	11,847	12,325

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to equity holders of the Company							
	Share Capital S$'000	Merger Reserve S$'000	Foreign Currency Translation Reserve S$'000	Statutory Reserve S$'000	Retained Earnings S$'000	**Total S$'000**	Non-controlling interests S$'000	**Total Equity S$'000**
At 1 January 2021	14,917	(9,138)	(1,687)	124	2,775	**6,991**	526	**7,517**
Loss for the year	-	-	-	-	(953)	**(953)**	278	**(675)**
Other comprehensive (loss)/income								
Foreign currency translation differences from foreign operations	-	-	(90)	-	-	**(90)**	7	**(83)**
Total comprehensive (loss)/income for the year	-	-	(90)	-	(953)	**(1,043)**	285	**(758)**
At 31 December 2021	14,917	(9,138)	(1,777)	124	1,822	**5,948**	811	**6,759**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to equity holders of the Company							
	Share Capital S$'000	Merger Reserve S$'000	Foreign Currency Translation Reserve S$'000	Statutory Reserve S$'000	Retained Earnings S$'000	**Total S$'000**	Non-controlling interests S$'000	**Total Equity S$'000**
At 1 January 2020	14,917	(9,138)	(1,766)	124	3,382	**7,519**	-	**7,519**
Loss for the year	-	-	-	-	(607)	**(607)**	489	**(118)**
Other comprehensive income								
Foreign currency translation differences from foreign operations	-	-	79	-	-	**79**	7	**86**
Total comprehensive (loss)/income for the year	-	-	79	-	(607)	**(528)**	496	**(32)**
Capital injection from non-controlling interests	-	-	-	-	-	**-**	132	**132**
Losses before capital injection into a subsidiary relating to non-controlling interests	-	-	-	-	-	**-**	(102)	**(102)**
At 31 December 2020	14,917	(9,138)	(1,687)	124	2,775	**6,991**	526	**7,517**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 S$'000	Group 2020 S$'000
Cash Flows from Operating Activities			
(Loss)/Profit before income tax		(441)	157
Adjustments for:			
Amortisation of intangible assets	8	19	15
Bad debts written off	8	2	1
(Reversal of expected credit loss)/ Expected credit loss on trade receivables		(7)	22
Depreciation of property, plant and equipment	8	1,452	962
Loss on disposal of property, plant and equipment	6	4	-
Government grants	6a	(24)	-
Property, plant and equipment written-off	8	1	3
Overprovision of service fee		-	(26)
Write-back of inventories (net)	8	(20)	(89)
Gain on lease modification	6	(9)	-
Interest expense	7	258	230
Interest income	7	(35)	(41)
Effects of exchange rate changes		148	95
		1,348	1,329
Changes in working capital:			
- inventories		(2,617)	93
- trade and other receivables		(2,503)	(3,935)
- trade and other payables		938	4,813
- contract liabilities		349	604
Cash generated (used in)/from operations		(2,485)	2,904
Interest received		35	41
Tax paid		(42)	(68)
Net cash (used in)/ generated from operating activities		(2,492)	2,877
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(44)	(109)
Expenditure on intangible assets		-	(15)
Net proceeds from other investments		213	422
Net cash generated from investing activities		169	298
Cash Flows from Financing Activities			
Interest paid		(124)	(161)
(Payment of)/Proceeds from short-term financing		(56)	1,010
Principal payment of lease liabilities		(527)	(681)
Proceeds from bank loan		125	-
Repayment of bank loan		(16)	-
Capital injection from non-controlling interests		-	132
Net cash (used in)/generated from financing activities		(598)	300
Net (decrease)/increase in cash and cash equivalents		(2,921)	3,475
Cash and cash equivalents at the beginning of the financial year		4,249	790
Effect of exchange rate fluctuations on cash held		(180)	(16)
Cash and cash equivalents at the end of the financial year	16	1,148	4,249

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

1 Domicile and Activities

Eindec Corporation Limited (the "Company") is a company incorporated in Singapore. The address of the Company's registered office is 10 Bukit Batok Crescent, #06-05 The Spire, Singapore 658079.

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

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 13 of the consolidated financial statements.

The immediate and ultimate holding company is Weiye Holdings Limited, a company incorporated in Singapore and 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 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Basis of Preparation

(a) Statement of Compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)").

(b) Basis of Measurement

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

(c) 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.

(d) 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.

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 4.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 Basis of Preparation (cont'd)

(d) Use of Estimates and Judgements (cont'd)

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, unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

(a) Basis of Consolidation

Business combinations

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether an integrated set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create output. The Group has an option to apply a 'fair value concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test can be applied on a transaction-by-transaction basis. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the test is met, the set of activities and assets is determined not to be a business and no further assessment is needed. If the test is not met, or if the Group elects not to apply the test, a detailed assessment must be performed applying the normal requirements in SFRS(I) 3.

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, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Significant Accounting Policies (cont'd)

(a) Basis of Consolidation (cont'd)

Business combinations (cont'd)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 **Significant Accounting Policies** (cont'd)

(a) Basis of Consolidation (cont'd)

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.

(b) Foreign 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.

Foreign currency differences are recognised in other comprehensive income and 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Significant Accounting Policies (cont'd)

(c) Financial Instruments

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 fair value through profit or loss ("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

On initial recognition, a financial asset is classified as measured at: amortised cost or 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.

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

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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 **Significant Accounting Policies** (cont'd)

(c) Financial Instruments (cont'd)

Financial assets: Business model assessment (cont'd)

- 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

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
- 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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Significant Accounting Policies (cont'd)

(c) Financial Instruments (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 **Significant Accounting Policies** (cont'd)

(c) Financial Instruments (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.

(d) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Significant Accounting Policies (cont'd)

(d) Property, Plant and Equipment (cont'd)

Depreciation (cont'd)

The estimated useful lives for the current and comparative years are as follows:

Freehold building	50 years
Leasehold building (right-of-use assets)	As per lease term
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.

(e) 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 is measured at cost less accumulated amortisation and accumulated impairment losses.

Software

Software is initially recognised at cost and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses, once the Group commences usage of the software.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Significant Accounting Policies (cont'd)

(e) Intangible Assets (cont'd)

Amortisation (cont'd)

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 as follows:

Capitalised development costs	3 years
Software	10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined using the weighted average method, 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.

(g) Impairment

(i)Non-derivative financial assets and contract assets

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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Significant Accounting Policies (cont'd)

(g) Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

General approach (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 **Significant Accounting Policies** (cont'd)

(g) Impairment (cont'd)

(i) Non-derivative financial assets and contract assets (cont'd)

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.

(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.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Significant Accounting Policies (cont'd)

(h) 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.

(i) Revenue

Goods and services sold

Revenue from the 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 the 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 is recognised at a point in time following the timing of satisfaction of the 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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Significant Accounting Policies (cont'd)

(k) Leases

<u>When the Group is a lessee</u>

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets in "Property, plant and equipment" and lease liabilities in "Loans and borrowings" in the statement of financial position.

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Significant Accounting Policies (cont'd)

(k) Leases (cont'd)

When the Group is a lessee (cont'd)

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

Short-term lease and lease of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payment on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(l) 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.

(m) Income 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 **Significant Accounting Policies** (cont'd)

(m) Income Tax (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 Significant Accounting Policies (cont'd)

(n) 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.

(o) 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.

(p) 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 27.

4 Critical Accounting Estimates, Assumptions 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.

(a) 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 an indication that its non-financial assets are impaired. The Group's non-financial assets comprise of two CGUs; South Asia and North Asia. To determine whether there is an indication of impairment, the Group considers factors such as general economic conditions, industry developments, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(a) Sources of Estimation Uncertainty (cont'd)

Impairment of non-financial assets, including property, plant and equipment and intangible asset (cont'd)

The recoverable amount for the South Asia CGU was largely based on the estimated fair value of its underlying freehold land and building 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.

A value-in-use calculation was undertaken for the North Asia CGU whereby management estimated the expected future cash flows from the asset or cash-generating unit and chose 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 deviate from management's judgement.

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

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 to 10 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(a)(i).

The Group evaluates the ECLs using a provision matrix estimate for trade receivables. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 **Critical Accounting Estimates, Assumptions and Judgements** (cont'd)

(b) Critical Judgements in Applying Accounting Policies

In the process of applying the Group's accounting policies, the application of judgements that are expected to have a significant effect on the amounts recognised in the financial statements are discussed below.

Control over Henan Yunzhi Security Technology Co., Ltd ("Yunzhi")

The Group has an effective interest of 35% in Yunzhi, a company incorporated in the People's Republic of China. In assessing whether the Group has control over entities where it holds less than a majority of voting rights, the Group has concluded that it holds the substantive rights to direct the entities' relevant activities (i.e. financing and operating activities). Accordingly, the Group has accounted for Yun Zhi as a subsidiary acting through a de facto agent.

5 **Revenue**

	Group	
	2021 S$'000	2020 S$'000
Sale of goods	10,610	16,720
Installation service	6,225	3,675
	16,835	20,395

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 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: (cont'd)

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 the 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 the North Asia business, the equipment comes 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 is no variable consideration such as volume discounts or sales rebates provided to customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 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-conditioning products		Air purification integrated solutions		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Primary geographical markets										
Singapore	1,364	2,832	5,430	4,145	-	-	133	323	6,927	7,300
Malaysia	901	2,146	27	10	-	-	-	-	928	2,156
People's Republic of China ("PRC")	-	-	2	3	7,241	10,667	-	-	7,243	10,670
Vietnam	32	110	-	-	-	-	-	-	32	110
Thailand	747	11	-	-	-	-	-	-	747	11
Hong Kong	-	-	379	-	-	-	-	-	379	-
Philippines	272	53	-	-	-	-	-	-	272	53
Others	271	70	36	25	-	-	-	-	307	95
	3,587	5,222	5,874	4,183	7,241	10,667	133	323	16,835	20,395
Major products/ service line										
Sale of goods	3,535	5,142	5,874	4,183	1,068	7,072	133	323	10,610	16,720
Installation service	52	80	-	-	6,173	3,595	-	-	6,225	3,675
	3,587	5,222	5,874	4,183	7,241	10,667	133	323	16,835	20,395
Timing of revenue recognition										
At a point in time	3,587	5,222	5,874	4,183	7,241	10,667	133	323	16,835	20,395

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 Revenue (cont'd)

Contract balances

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

	Group		
	31 December		1 January
	2021	2020	2020
	S$'000	S$'000	S$'000
Contract liabilities	1,416	1,067	463

The contract liabilities primarily relate to advance consideration received from customers for sale of equipment. The increase in contract liabilities was mainly due to advances received from customers for sales of goods to mitigate credit risk exposure.

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

	Group	
	2021	2020
	S$'000	S$'000
Contract liabilities		
Revenue recognised that was included in the contract liability balance at the beginning of the year	1,067	463
Increase due to cash received, excluding amounts recognised as revenue during the year	(1,416)	(1,067)

6 Other Income

	Group	
	2021	2020
	S$'000	S$'000
Gain on lease modification	9	-
Government grants		
- Overprovision in previous year	(24)	-
- Current year (a)	51	464
Rental rebates (Note 27)	-	35
Sale of scrap	18	10
Net foreign exchange gain	167	143
Others	46	12
	267	664

(a) Included in government grants was Jobs Support Scheme (the "JSS") of S$296,000 recognised in 2020. The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7 Finance Income and Cost

	Group 2021 S$'000	Group 2020 S$'000
Interest income	35	41
Finance income	35	41
Interest expense on:		
- bank loans and overdrafts	(109)	(99)
- non-trade amounts due to the ultimate holding company	(65)	(69)
- lease liabilities	(84)	(62)
Finance costs	(258)	(230)
Net finance cost	(223)	(189)

8 (Loss)/Profit before Income Tax

(Loss)/Profit before tax is arrived after charging/(crediting):

	Group 2021 S$'000	Group 2020 S$'000
Amortisation of intangible assets	19	15
Audit fees paid to:		
- auditors of the Company	78	77
- other auditors	34	33
Non-audit fees paid to:		
- auditors of the Company	-	-
- other auditors	-	-
Bad debts written off	2	1
Depreciation of property, plant and equipment	1,452	962
Employee benefits expense	3,654	3,618
Property, plant and equipment written-off	1	3
Raw materials, changes in finished goods and work-in-progress recognised as cost of sales	9,854	13,760
Research and development	161	281
Short-term and low value leases expenses	158	158
Write-back of inventories (net)	(20)	(89)

	Group 2021 S$'000	Group 2020 S$'000
Employee benefits expense		
Directors' fees	215	185
Salaries, bonuses and other costs	3,137	3,153
PRC statutory welfare fund	73	36
Contributions to defined contribution plans	229	244
	3,654	3,618

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 Income Tax

	Group	
	2021	2020
	S$'000	S$'000
Current tax expense		
- Current year	199	259
- Under provision in respect of prior years	10	9
	209	268
Deferred tax expense		
- Origination and reversal of temporary differences	16	10
- Under/(Over) provision in respect of prior years	9	(3)
	25	7
Tax expense on operations	234	275
Reconciliation of effective tax rate		
(Loss)/Profit before tax	(441)	157
Tax using the Singapore tax rate of 17%	(75)	27
Effect of different tax rates in different jurisdictions	17	42
Non-deductible expenses	145	83
Non-taxable income	(7)	(53)
Current year losses for which no deferred tax asset was recognised	135	170
Under provision in respect of prior years	19	6
	234	275

10 Loss per Share

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share:

	Group	
	2021	2020
	S$'000	S$'000
Basic loss per share is based on		
Loss for the year attributable to owners of the Company	(953)	(607)

	Number of shares	
	2021	2020
	'000	'000
Weighted average number of ordinary shares	107,700	107,700
Basic and diluted loss per share (SGD cents)	(0.88)	(0.56)

Basic loss per share 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 loss per share is calculated on the same basis as basic loss per share as there were no dilutive potential ordinary shares as at 31 December 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 Property, Plant and Equipment

	Freehold land S$'000	Freehold and leasehold building S$'000	Factory equipment S$'000	Building and factory improvements S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Furniture and fittings S$'000	Office equipment & computers S$'000	Total S$'000
Group									
2021									
Cost									
At 1 January	1,186	4,600	335	885	4,193	686	111	471	12,467
Additions	-	266	14	-	2	-	1	27	310
Written off	-	-	(6)	-	-	-	(2)	(66)	(74)
Disposals	-	-	-	-	-	-	-	(57)	(57)
Derecognition of ROU assets upon lease expired	-	(420)	-	-	(697)	-	-	-	(1,117)
Effects of movements in exchange rates	(21)	(8)	(6)	(1)	42	(4)	(2)	-	-
At 31 December	1,165	4,438	337	884	3,540	682	108	375	11,529
Accumulated depreciation									
At 1 January	-	1,468	296	596	1,690	525	102	353	5,030
Depreciation	-	641	8	102	627	51	2	21	1,452
Written-off	-	-	(6)	-	-	-	(2)	(65)	(73)
Disposals	-	-	-	-	-	-	-	(53)	(53)
Derecognition of ROU assets upon lease expired	-	(114)	-	-	(155)	-	-	-	(269)
Effects of movements in exchange rates	-	(8)	(5)	1	(12)	(4)	(2)	6	(24)
At 31 December	-	1,987	293	699	2,150	572	100	262	6,063
Net book value									
At 31 December	1,165	2,451	44	185	1,390	110	8	113	5,466

11 Property, Plant and Equipment (cont'd)

	Freehold land S$'000	Freehold and leasehold building S$'000	Factory equipment S$'000	Building and factory improvements S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Furniture and fittings S$'000	Office equipment & computers S$'000	Total S$'000
Group (cont'd)									
2020									
Cost									
At 1 January	1,185	3,863	332	872	2,235	656	110	486	9,739
Additions	-	1,046	10	8	1,957	28	1	90	3,140
Written off	-	(318)	(7)	-	-	-	-	(114)	(439)
Effects of movements in exchange rates	1	9	-	5	1	2	-	9	27
At 31 December	1,186	4,600	335	885	4,193	686	111	471	12,467
Accumulated depreciation									
At 1 January	-	1,282	286	489	1,427	474	100	423	4,481
Depreciation	-	498	14	102	261	49	2	36	962
Written-off	-	(318)	(4)	-	-	-	-	(114)	(436)
Effects of movements in exchange rates	-	6	-	5	2	2	-	8	23
At 31 December	-	1,468	296	596	1,690	525	102	353	5,030
Net book value									
At 31 December	1,186	3,132	39	289	2,503	161	9	118	7,437

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 Property, Plant and Equipment (cont'd)

Security

As at 31 December 2021, the Group's property, plant and equipment with a total carrying value of S$3,513,000 (2020: S$3,704,000), was pledged as collateral for the Group's loans and borrowings (see Note 20).

Right-of-use assets

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 24.

12 Intangible Assets

	Development Cost S$'000	Software under development S$'000	Software S$'000	Total S$'000
Group				
Cost				
At 1 January 2020	1,237	171	-	1,408
Additions	-	15	-	15
Transfer	-	(186)	186	-
Effects of movements in exchange rates	46	-	-	46
At 31 December 2020	1,283	-	186	1,469
Effects of movements in exchange rates	48	-	-	48
At 31 December 2021	1,331	-	186	1,517
Accumulated amortisation				
At 1 January 2020	474	-	-	474
Amortisation	-	-	15	15
Effects of movements in exchange rates	14	-	-	14
At 31 December 2020	488	-	15	503
Amortisation	-	-	19	19
Effects of movements in exchange rates	14	-	-	14
At 31 December 2021	502	-	34	536
Impairment loss				
At 1 January 2020	763	-	-	763
Effects of movements in exchange rates	32	-	-	32
At 31 December 2020	795	-	-	795
Effects of movements in exchange rates	34	-	-	34
At 31 December 2021	829	-	-	829
Net book value				
At 31 December 2020	-	-	171	171
At 31 December 2021	-	-	152	152

Intangible assets comprise development expenditure capitalised in relation to new product technologies developed by the Group and software.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 Intangible Assets (cont'd)

Impairment loss

In the prior financial years, 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 the development cost capitalised. Accordingly, the Group recorded an impairment loss in the statement of comprehensive income in the prior financial year to fully impair the development costs capitalised.

During the financial year ended 31 December 2021, the North Asia CGU continued to incur losses, and management has assessed that the recoverable amounts will not likely be above the carrying amounts of the CGU, hence the development costs remain fully impaired.

13 Subsidiaries

	Company	
	2021 S$'000	2020 S$'000
Unquoted equity shares, at cost	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 2021 %	 2020 %
Eindec Holdings Pte. Ltd. (1) Singapore	Investment holding	100	100
Held through *Eindec Holdings Pte. Ltd.* Eindec Singapore Pte. Ltd. (1) Singapore	Manufacturers and traders in air-conditioning, air purification and clean room equipment	100	100
Eindec Technology (Malaysia) Sdn. Bhd. (2) Malaysia	Manufacturers and traders in air-conditioning and clean room equipment	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 Subsidiaries (cont'd)

Details of the subsidiaries at the end of the financial year are as follows: (cont'd)

Name Country of incorporation	Principal Activities	Equity Interest 2021 %	 2020 %
Held through *Eindec Holdings Pte. Ltd.* (cont'd)			
Eindec (Shanghai) Co., Ltd [4] PRC	Clean room equipment and ventilation equipment wholesale, agency, import and export of industrial products and related supporting businesses	100	100
Eindec (Shenzhen) Environmental Technology Co., Ltd. [3] PRC	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
Held through *Eindec (Shenzhen) Environmental Technology Co., Ltd.*			
Henan Eindec Construction & Technology Co., Ltd [3] PRC	Trading and distribution of cleanroom equipment, heating, ventilation and air conditioning equipment, marine dampers, air purification and filtration system and equipment and related supporting businesses including technical consultation, research and development technology services and after sales	51	51
Held through *Eindec (Shanghai) Co., Ltd.*			
Henan Yunzhi Security Technology Co., Ltd [3] [5] PRC	Smart home equipment provider with integrated security system implementation services, trading and distribution of cleanroom equipment, heating, ventilation and air conditioning equipment, marine dampers, air purification and filtration system and equipment and related supporting businesses including technical consultation, research and development technology services and after sales	35	35

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 Subsidiaries (cont'd)

Details of the subsidiaries at the end of the financial year are as follows: (cont'd)

(1) Audited by Moore Stephens LLP, Singapore.

(2) Audited by a member firm of Moore Global Network Limited, of which Moore Stephens LLP is a member.

(3) Audited for the purpose of group consolidation by a member firm of Moore Global Network Limited.

(4) 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.

(5) Accounted for as a subsidiary as the Group has the power to control the entity.

Interest in subsidiaries with material non-controlling interests

The Group has the following subsidiaries that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests	
		2021	2020
Henan Eindec Construction & Technology Co., Ltd	PRC	49%	49%
Henan Yunzhi Security Technology Co., Ltd	PRC	65%	65%

Interest in subsidiaries that have material non-controlling interests are as follows:

Name of subsidiary	Place of incorporation and principal place of business	Total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Henan Eindec Construction & Technology Co., Ltd	PRC	(3)	61	58	61
Henan Yunzhi Security Technology Co., Ltd	PRC	288	435	753	465
		285	496	811	526

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 Subsidiaries (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Henan Eindec Construction & Technology Co., Ltd

	2021 S$'000	2020 S$'000
Current assets	1,606	3,651
Current liabilities	(1,487)	(3,526)
Equity attributable to owners of the Company	61	64
Non-controlling interests	58	61
Revenue	16	4,002
Expenses	(26)	(3,879)
Profit for the year	(10)	123
Profit attributable to owners of the Company	(5)	63
Profit attributable to the non-controlling interests	(5)	60
Profit for the year	(10)	123
Total comprehensive income attributable to owners of the Company	(3)	64
Total comprehensive income attributable to the non-controlling interests	(3)	61
Total comprehensive income for the year	(6)	125
Net cash inflow from operating activities	(3,568)	3,571
Net cash inflow	(3,568)	3,571

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 Subsidiaries (cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Henan Yunzhi Security Technology Co., Ltd

	2021 S$'000	2020 S$'000
Current assets	7,058	2,672
Non-current assets	1,215	2,694
Current liabilities	(6,473)	(2,883)
Non-current liabilities	(586)	(1,746)
Equity attributable to owners of the Company	461	272
Non-controlling interests	753	465
Revenue	6,858	5,171
Expenses	(6,423)	(4,509)
Profit for the year	435	662
Profit attributable to owners of the Company	152	232
Profit attributable to the non-controlling interests	283	430
Profit for the year	435	662
Total comprehensive income attributable to owners of the Company	189	233
Total comprehensive income attributable to the non-controlling interests	288	435
Total comprehensive income for the year	477	668
Net cash outflow from operating activities	(121)	(141)
Net cash outflow from investing activities	-	(1)
Net cash inflow from financing activities	121	167
Net cash inflow	-	25

a) Henan Yunzhi Security Technology Co., Ltd ("Henan Yunzhi")

In 2020, the Group, through its wholly-owned subsidiary, Eindec (Shanghai) Co., Ltd ("Eindec Shanghai"), entered into a share subscription agreement (the "Agreement") with three unrelated parties (the "Minority Shareholders"). Pursuant to the Agreement, Eindec Shanghai contributed RMB175,000 (equivalent to approximately S$35,714) as the paid-up capital of the 35% share capital of Henan Yunzhi (the "Capital Contribution"), and thus became the single largest shareholder of Henan Yunzhi.

Eindec Shanghai has de-facto control of Henan Yunzhi as it holds the substantive rights to direct the relevant activities of Henan Yunzhi based on the contractual arrangement between Eindec Shanghai and the Minority Shareholders. As a result, Eindec Shanghai accounted for Henan Yunzhi as a subsidiary.

The carrying value of net liabilities of Henan Yunzhi as at the date of acquisition was S$102,000. It was mutually agreed between Eindec Shanghai and the Minority Shareholders that all losses prior to the Capital Contribution shall be borne by the Minority Shareholders, hence these losses had been recognised within equity as non-controlling interest upon completion of the Capital Contribution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 Subsidiaries (cont'd)

b) Henan Eindec Construction & Technology Co., Ltd ("Eindec Henan")

In 2019, a wholly-owned subsidiary of the Group – Eindec (Shenzhen) Environmental Technology Co., Ltd. ("Eindec Shenzhen") incorporated a new subsidiary – Eindec Henan, in the PRC with two third parties to engage in the business of trading and distribution of cleanroom equipment, heating, ventilation and air conditioning equipment, marine dampers, air purification and filtration system and equipment and related supporting businesses including technical consultation, research and development technology services and after sales. Eindec Shenzhen holds a 51% equity interest in Eindec Henan.

14 Inventories

	Group	
	2021	2020
	S$'000	S$'000
Finished goods	1,300	717
Work-in-progress	2,196	606
Raw materials	2,301	1,837
	5,797	3,160

During the current year, inventories of S$9,854,000 (2020: S$13,760,000) were recognised as an expense and included in "cost of sales".

The Group recognised a net write-back of S$20,000 (2020: S$89,000) from provision for stock obsolescence. Certain inventories previously written down have been written back when they were successfully sold at prices above their carrying amounts.

15 Trade and Other Receivables

	Group		Company	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Trade receivables				
- third parties	9,077	8,368	-	-
- related corporations	32	54	-	-
Non-trade amounts due from:				
- ultimate holding company	2	1	-	-
- subsidiaries	-	-	2,434	2,896
Amount due from non-controlling shareholder of a subsidiary	1,557	-	-	-
Other receivables and deposits	374	219	1	5
	11,042	8,642	2,435	2,901
Tax recoverable	40	15	-	-
Prepayments	280	197	10	9
	11,362	8,854	2,445	2,910

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 ultimate holding company, subsidiaries and amount due from non-controlling shareholder of a subsidiary are unsecured, interest-free, and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15 Trade and Other Receivables (cont'd)

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

16 Cash and Cash equivalents

	Group		Company	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Cash at bank and on hand	1,977	5,144	102	115

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group		Company	
	2021 S$'000	2020 S$'000	2021 S$'000	2020 S$'000
Cash and cash equivalents in the statements of financial position	1,977	5,144	102	115
Bank overdrafts (Note 20)	(829)	(895)	-	-
Cash and cash equivalents in the statement of cash flows	1,148	4,249	102	115

17 Other Investments

	Group	
	2021 S$'000	2020 S$'000
Debt investments at fair value through profit or loss ("FVTPL")	467	607
Debt investment at amortised cost	636	709
	1,103	1,316

Debt investment classified as at amortised cost of the Group has a fixed interest rate of 3.30% (2020: 3.50%) per annum and matures within 3 months.

Debt investments at FVTPL have variable returns of 3.17% (2020: 3.2%) per annum.

The movement in the debt investments in FVTPL is as follows:

	Group	
	2021 S$'000	2020 S$'000
Balance as at 1 January	607	1,448
Additions in the financial year	-	1,417
Disposals in the financial year	(169)	(2,328)
Effects of foreign exchange	29	70
	467	607

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18 Share Capital

	Group and Company			
	2021		2020	
	No. of shares	S$'000	No. of shares	S$'000
Issued and fully paid:				
At the beginning and the end of the financial year	107,700,000	14,917	107,700,000	14,917

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.

19 Other Reserves

	Group	
	2021	2020
	S$'000	S$'000
Merger reserve	(9,138)	(9,138)
Foreign currency translation reserve	(1,777)	(1,687)
Statutory reserve	124	124
	(10,791)	(10,701)

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 an 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20 Loans and Borrowings

	Group 2021 S$'000	Group 2020 S$'000
Current liabilities		
Secured fixed bank loans	1,164	1,241
Term loan	101	25
Lease liabilities (Note 24)	915	1,421
Bank overdrafts	829	895
	3,009	3,582
Non-current liabilities		
Term loan	488	464
Lease liabilities (Note 24)	669	1,975
	1,157	2,439
Total loans and borrowings	4,166	6,021

Terms and debt repayment schedule

Terms and conditions of outstanding bank loans and overdrafts are as follows:

	Currency	Nominal interest rate %	Year of maturity	2021 Face value S$'000	2021 Carrying amount S$'000	2020 Face value S$'000	2020 Carrying amount S$'000
Group							
Secured fixed bank loans	MYR	2.54 – 2.59	2021	1,164	1,164	1,241	1,241
Term loan	MYR	3.47	2035	589	589	489	489
Bank overdrafts	MYR	MBLR* + 0.75%	N.A	829	829	895	895

** 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 11) and deed of debenture provided by a subsidiary for Malaysian Ringgit ("MYR") 10.00 million.

During the current financial year, a subsidiary has secured an additional credit facility limit of S$939,000 (MYR 2,900,000 equivalent) with Public Bank Berhad for the subsidiary's working capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20 Loans and Borrowings (cont'd)

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

	Liabilities					
Group	Bank overdrafts S$'000	Secured bank loans S$'000	Term loans S$'000	Lease liabilities S$'000	Non-trade amount due to ultimate holding company (Note 22) S$'000	Total S$'000
2021						
At 1 January	895	1,241	489	3,396	1,966	7,987
Changes from financing cash flows						
Interest paid	(51)	(39)	(19)	(15)	-	(124)
Principal payment of lease liabilities	-	-	-	(527)	-	(527)
Proceeds from short-term financing	-	(56)	(16)	-	-	(72)
Proceeds from bank loan	-	-	125	-	-	125
Total changes from financing cash flows	(51)	(95)	90	(542)	-	(598)
The effect of changes in foreign exchange rates	(15)	(21)	(9)	108	-	63
Liability-related other changes						
Change in bank overdraft	(51)	-	-	-	-	(51)
Addition of lease liabilities	-	-	-	266	-	266
Accrued expenses/payables	-	-	-	(871)	-	(871)
Rent concession	-	-	-	(857)	-	(857)
Interest expense	51	39	19	84	65	258
Total liability-related other changes	-	39	19	(1,378)	65	(1,255)
Balance as at 31 December	829	1,164	589	1,584	2,031	6,197

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20 Loans and Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities					
Group	Bank overdrafts S$'000	Secured bank loans S$'000	Term loans S$'000	Lease liabilities S$'000	Non-trade amount due to ultimate holding company (Note 22) S$'000	Total S$'000
2020						
At 1 January	866	720	-	1,145	1,897	4,628
Changes from financing cash flows						
Interest paid	(46)	(35)	(18)	(62)	-	(161)
Principal payment of lease liabilities	-	-	-	(716)	-	(716)
Proceeds from short-term financing	-	521	489	-	-	1,010
Total changes from financing cash flows	(46)	486	471	(778)	-	133
The effect of changes in foreign exchange rates	-*	-*	-*	(4)	-	(4)
Liability-related other changes						
Change in bank overdraft	29	-	-	-	-	29
Addition of lease liabilities	-	-	-	3,031	-	3,031
Accrued expenses/payables	-	-	-	(95)	-	(95)
Rent concession	-	-	-	35	-	35
Interest expense	46	35	18	62	69	230
Total liability-related other changes	75	35	18	3,033	69	3,230
Balance as at 31 December	895	1,241	489	3,396	1,966	7,987

The total cash outflow for leases is S$743,000, net of rent concession of S$35,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21 Deferred Tax Liabilities

Movements in temporary differences during the year are as follows:

	Group		
	Property, plant and equipment S$'000	Other S$'000	Total S$'000
2021			
At 1 January	255	(75)	180
Recognised in profit or loss (Note 9)	26	(1)	25
Effect of exchange rate changes	(2)	(1)	(3)
At 31 December	279	(77)	202
2020			
At 1 January	246	(73)	173
Recognised in profit or loss (Note 9)	9	(2)	7
Effect of exchange rate changes	-*	-*	-*
At 31 December	255	(75)	180

*Amount less than $1,000

Unrecognised deferred tax liabilities

At 31 December 2021, there was no temporary difference (2020: S$Nil) 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	
	2021 S$'000	2020 S$'000
Unutilised tax losses carried forward	6,316	5,419

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 2021 and 2020 are expected to expire as follows:

	Group	
	2021 S$'000	2020 S$'000
Between 1 year and 5 years	3,728	2,991

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21 Deferred Tax Liabilities (cont'd)

The remaining tax losses of S$2,588,000 (2020: S$2,428,000) relating to tax losses arising from the Group's Singapore operations are not expected to expire under the applicable tax legislation.

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.

22 Trade and Other Payables

	Group		Company	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Trade payables	8,447	7,750	-	-
Non-trade amounts due to:				
- ultimate holding company	2,031	1,966	2,031	1,966
Accrued operating expenses	594	445	127	135
Other payables	1,815	890	17	41
	12,887	11,051	2,175	2,142

Included in the non-trade amount due to the ultimate holding company is a loan of S$1,718,000 (2020: S$1,718,000) 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 the ultimate holding company 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.

23 Related Party Transactions

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2021	2020
	S$'000	S$'000
Directors' fees		
- directors of the Company	215	185

In FY2021, the total remuneration paid to the key management personnel (who is not a director) did not exceed S$300,000 (FY2020: S$300,000). The Board, on review, decided not to disclose detailed remuneration paid to the relevant key management personnel as there are only two (2) such personnel. Given the competitive business environment, disclosure of such detailed remuneration may lead to possible poaching of key management personnel and could have an adverse effect on the working relationships and contributions to the operation of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23 Related Party Transaction (cont'd)

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	
	2021 S$'000	2020 S$'000
Expenses/(Income)		
Immediate and ultimate holding company		
- Interest expenses paid/payable	65	69
- Shared services income received/receivable	(12)	(12)
Non-controlling shareholders of a subsidiary		
- Rental paid/payable	792	269

24 Lease Liabilities

Leases – As lessee

(a) Nature of the Group's Leasing Activities

The Group leases a number of warehouses, office premises and plant and machinery. The leases typically run for a period of 2 to 5 years. The leases include term extension options for which the Group has the right to exercise. For leases that the Group are expected to exercise that option, lease payments in the extension period have been capitalised in the Group's right-of-use assets and lease liabilities.

(b) Carrying Amount of Right-Of-Use Assets classified within Property, Plant and Equipment

	Group				
	Leasehold building S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Office equipment & computers S$'000	Total S$'000
2021					
At 1 January	1,212	2,349	33	13	3,607
Additions during the year	266	-	-	-	266
Depreciation	(585)	(587)	(23)	(3)	(1,198)
Derecognition of ROU assets upon lease expired/terminated	(306)	(542)	-	-	(848)
Effect of exchange rate changes	33	58	-	-	91
At 31 December	620	1,278	10	10	1,918
2020					
At 1 January	605	624	22	-	1,251
Additions during the year	1,046	1,942	28	15	3,031
Depreciation	(442)	(215)	(17)	(2)	(676)
Effect of exchange rate changes	3	(2)	-	-	1
At 31 December	1,212	2,349	33	13	3,607

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24 Lease Liabilities (cont'd)

Leases – As lessee

(c) Nature of the Group's Leasing Activities

The Group leases a number of warehouses, office premises and plant and machinery. The leases typically run for a period of 2 to 5 years. The leases include term extension options for which the Group has the right to exercise. For leases that the Group are expected to exercise that option, lease payments in the extension period have been capitalised in the Group's right-of-use assets and lease liabilities.

(d) Carrying Amount of Right-Of-Use Assets classified within Property, Plant and Equipment

	Group				
	Leasehold building S$'000	Plant and machinery S$'000	Motor vehicles S$'000	Office equipment & computers S$'000	Total S$'000
2021					
At 1 January	1,212	2,349	33	13	3,607
Additions during the year	266	-	-	-	266
Depreciation	(585)	(587)	(23)	(3)	(1,198)
Derecognition of ROU assets upon lease expired/terminated	(306)	(542)	-	-	(848)
Effect of exchange rate changes	33	58	-	-	91
At 31 December	620	1,278	10	10	1,918
2020					
At 1 January	605	624	22	-	1,251
Additions during the year	1,046	1,942	28	15	3,031
Depreciation	(442)	(215)	(17)	(2)	(676)
Effect of exchange rate changes	3	(2)	-	-	1
At 31 December	1,212	2,349	33	13	3,607

(e) Lease Liabilities

The carrying amounts of lease liabilities (included under Loans and Borrowings) and the movements during the year are described in Note 20.

(f) Amounts recognised in Profit or Loss

	Group	
	2021 S$'000	2020 S$'000
Depreciation charged for the year:		
- Building and factory improvements	585	442
- Plant and machinery	587	215
- Motor vehicle	23	17
- Office equipment	3	2
Interest expense on lease liabilities	84	62
Expenses relating to short-term and low value leases	158	158

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24 Lease Liabilities (cont'd)

(g) Other Disclosures

	Group	
	2021	2020
	S$'000	S$'000
Total cash outflow for leases (Note 20)	(542)	(743)

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extensions options are reasonably certain to be exercised.

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.

(iii) Air purification integrated solutions

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25 Operating Segments (cont'd)

(iv) Others (cont'd)

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	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Group				
Clean room equipment	3,587	5,222	(203)	(142)
Heating ventilation and air-conditioning products	5,874	4,183	(47)	(272)
Air purification integrated solutions	7,241	10,667	(93)	266
Others	133	323	(70)	(39)
	16,835	20,395	(413)	(187)
Unallocated items:				
Other income			240	577
Other operating expenses			(14)	(26)
Finance income			-	-
Finance cost			(254)	(207)
(Loss)/Profit before income tax			(441)	157
Income tax expense			(234)	(275)
Loss after income tax			(675)	(118)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25 Operating Segments (cont'd)

	Clean room equipment		Heating ventilation and air-conditioning products		Air purification integrated solutions		Others		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group												
Other segment information:												
(Reversal of expected credit loss)/Expected credit loss on trade receivables	1	(18)	3	(29)	-	-	-	-	(11)	69	(7)	22
Amortisation of intangible assets	-	-	-	-	-	-	-	-	19	15	19	15
Depreciation of property, plant and equipment	306	331	253	275	881	342	12	14	-	-	1,452	962
Capital expenditure	-	-	-	-	266	2,989	-	-	44	166	310	3,155

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25 Operating Segments (cont'd)

	Group	
	2021	2020
	S$'000	S$'000
Segment assets		
Clean room equipment	1,391	2,638
Heating ventilation and air-conditioning products	2,109	2,983
Air purification integrated solutions	12,706	12,302
Others	35	89
Total segment assets	16,241	18,012
Unallocated assets#	9,616	8,070
Consolidated total assets	25,857	26,082
Segment liabilities		
Clean room equipment	626	576
Heating ventilation and air-conditioning products	84	68
Air purification integrated solutions	9,476	7,710
Others	39	30
Total segment liabilities	10,225	8,384
Unallocated liabilities*	8,873	10,181
Consolidated total liabilities	19,098	18,565

\# *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.

	Revenue		Non-Current Asset	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Singapore	6,927	7,300	391	777
PRC	7,243	10,670	1,348	2,715
Malaysia	928	2,156	3,879	4,116
Vietnam	32	110	-	-
Thailand	747	11	-	-
Hong Kong	379	-	-	-
Philippines	272	53	-	-
Others	307	95	-	-
	16,835	20,395	5,618	7,608

Major customer

Revenue from one customer of the Group's Singapore segment represented approximately 6% (2020: 14%) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments

(a) Financial Risk Management and Policies

Overview

The Group has exposure to the following risks arising from financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) 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.

(i) 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:

	Group	
	2021 S$'000	2020 S$'000
(Reversal of expected credit loss)/ Expected credit loss on trade receivables	(7)	22

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(i) 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 (2020: 3) customers account for 74.0% (2020: 31.4%) of the trade and other receivables as at 31 December 2021.

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 receivables. The credit risk concentration profile of the Group's trade receivables at the respective reporting dates are as follows:

	Group	
	2021 S$'000	2020 S$'000
By country		
Singapore	1,827	4,255
PRC	7,282	4,167
	9,109	8,422
By products		
Clean room equipment	456	1,941
Heating ventilation and air-conditioning products	1,359	2,242
Air purification integrated solutions	7,282	4,169
Others	12	70
	9,109	8,422

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(i) Credit risk (cont'd)

Exposure to credit risk profile (cont'd)

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

	Group			
	2021		2020	
	Not credit-impaired	Credit-impaired	Not credit-impaired	Credit-impaired
	S$'000	S$'000	S$'000	S$'000
Customers within:				
- two or more years trading history with the Group	6,850	-	4,298	86
- less than two years trading with the Group	2,292	42	4,196	-
Total gross carrying amount	9,142	42	8,494	86
Loss allowance	(33)	(42)	(72)	(86)
	9,109	-	8,422	-

Expected credit loss assessment

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 regions.

The following table provides information about the exposure to credit risk and ECLs for current trade receivables customers as at 31 December 2021 and 2020:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(i) Credit risk (cont'd)

Expected credit loss assessment (cont'd)

	Group			
	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
2021				
Current (not past due)	0.33	7,855	(26)	No
1 – 30 days past due	0.33	700	(2)	No
31 – 60 days past due	0.42	132	(1)	No
61 – 90 days past due	0.59	236	(1)	No
More than 90 days past due	1.26	219	(3)	No
More than 90 days past due	100	42	(42)	Yes
		9,184	(75)	
2020				
Current (not past due)	0.56	5,449	(31)	No
1 – 30 days past due	0.62	1,425	(9)	No
31 – 60 days past due	0.93	153	(1)	No
61 – 90 days past due	1.65	267	(4)	No
More than 90 days past due	2.25	1,200	(27)	No
More than 90 days past due	100	86	(86)	Yes
		8,580	(158)	

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: 1.98 (2020: 1.82) for Singapore and 1.30 (2020: 1.20) for PRC.

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 Lifetime ECL	
	2021 S$'000	2020 S$'000
Balance as at 1 Jan	158	136
Recognised profit or loss during the year		
Additions	42	121
Reversal of unutilised amounts	(49)	(99)
	(7)	22
Bad debts written off against allowance	(76)	-
Balance as at 31 Dec	75	158

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(i) Credit risk (cont'd)

Non-trade amounts due from ultimate holding company and a subsidiary

The Group held non-trade receivables from ultimate holding company of S$2,000 (2020: S$1,000) and the Company held non-trade receivables from a subsidiary of S$2,434,000 (2020: S$2,896,000). 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.

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of S$1,977,000 and S$102,000 (2020: S$5,144,000 and S$115,000) respectively at 31 December 2021. 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.

(ii) 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.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loan facilities. Approximately 72.23% (2020: 59.49%) 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 2021.

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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(ii) Liquidity risk (cont'd)

	Carrying amount	Cash flows: Contractual cash flows	Within 1 year	Between 2 to 5 years	More than 5 years
	S$'000	S$'000	S$'000	S$'000	S$'000
Group					
31 December 2021					
Loans and borrowings	4,166	(4,315)	(3,120)	(869)	(326)
Trade and other payables	12,887	(12,965)	(12,965)	-	-
	17,053	(17,280)	(16,085)	(869)	(326)
31 December 2020					
Loans and borrowings	6,021	(6,226)	(3,711)	(2,149)	(366)
Trade and other payables	11,051	(11,124)	(11,124)	-	-
	17,072	(17,350)	(14,835)	(2,149)	(366)
Company					
31 December 2021					
Trade and other payables	2,175	(2,253)	(2,253)	-	-
31 December 2020					
Trade and other payables	2,142	(2,215)	(2,215)	-	-

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.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(iii) Market risk (cont'd)

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	
	2021 S$'000	2020 S$'000
US dollar		
Trade and other receivables	60	223
Cash and cash equivalents	556	164
Trade and other payables	(100)	(38)
	516	349

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 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 2020, as indicated below:

	Group	
	2021 S$'000	2020 S$'000
US dollar	(26)	(17)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(iii) Market risk (cont'd)

Interest rate risk (cont'd)

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	
	2021	2020
	S$'000	S$'000
Fixed rate instrument		
Other investments	636	709
Lease liabilities	(1,584)	(3,396)
	(948)	(2,687)
Variable rate instrument		
Other investments	467	607
Bank overdrafts	(829)	(895)
Non-trade amount due to ultimate holding company	(1,718)	(1,718)
Secured bank loans	(1,753)	(1,730)
	(3,833)	(3,736)

A fundamental financial industry reform of interest rate benchmarks is being undertaken globally, including the cessation and replacement of interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "interest rate benchmark reform"). The Group's interest rate risk that is directly affected by the interest rate benchmark reform predominantly comprises its variable rate non-trade amount due to the ultimate holding company. During the current financial year, the Group has a non-trade amount due to the ultimate holding company of $1,718,000 indexed to Singapore Swap Offer Rate ("SOR") which has yet to transit to an alternative benchmark rate.

Other than above, the IBORs adoption does not have a significant impact to the Group.

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 variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(a) Financial Risk Management and Policies (cont'd)

(iii) Market risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments (cont'd)

Cash flow sensitivity analysis for variable rate instruments (cont'd)

	Profit or loss	
	100 bp increase S$'000	100 bp decrease S$'000
Group		
31 December 2021		
Variable rate instruments	(38)	38
31 December 2020		
Variable rate instruments	(37)	37

(b) Fair Value

Determination of fair values

Lease liabilities

The fair value of the non-current lease liabilities are determined by discounted expected cash flows. The discount rate used is based on the market rate for similar instruments as at the statement of financial position date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year 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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(b) Fair Value (cont'd)

Accounting classifications and fair values (cont'd)

	Carrying amount				Fair value
	Amortised cost S$'000	Fair value through profit or loss S$'000	Other financial liabilities S$'000	Total S$'000	Level 2 S$'000
Group					
31 December 2021					
Trade and other receivables	11,042	-	-	11,042	-
Cash and cash equivalents	1,977	-	-	1,977	-
Debt investments	636	467	-	1,103	467
	13,655	467	-	14,122	
Loan and borrowings	-	-	(4,166)	(4,166)	-
Trade and other payables	-	-	(12,887)	(12,887)	-
	-	-	(17,053)	(17,053)	-
31 December 2020					
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)	

	Amortised cost S$'000	Other financial liabilities S$'000	Total carrying amount S$'000
Company			
31 December 2021			
Trade and other receivables	2,435	-	2,435
Cash and cash equivalents	102	-	102
	2,537	-	2,537
Trade and other payables	-	(2,175)	(2,175)
31 December 2020			
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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(b) Fair Value (cont'd)

Accounting classifications and fair values (cont'd)

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.

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.

(c) 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 2021 and 2020.

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 2021 and 2020.

The Group monitors capital using net debt to equity ratio, which is net debt divided by total equity attributable to owners of the Company. For this purpose, net debt is defined as total liabilities less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 Financial Instruments (cont'd)

(c) Capital Management (cont'd)

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

	Group	
	2021 S$'000	2020 S$'000
Total liabilities	19,098	18,565
Less: Cash and cash equivalents	(1,977)	(5,144)
Net debt	17,121	13,421
Equity attributable to owners of the Company	5,948	6,991
Adjusted net debt to equity ratio	2.88	1.92

27 Adoption of New and Revised Singapore Financial Reporting Standards (International) ("SFRS(I)")

Adoption of New and Revised SFRS(I) issued which are effective

On 1 January 2021, the Group has adopted the following new or amended SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INTs. The adoption of these new amendments SFRS(I) and SFRS(I) INTs did not results in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27 Adoption of New and Revised Singapore Financial Reporting Standards (International) ("SFRS(I)") (cont'd)

Adoption of New and Revised SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the following standards that have been issued and are relevant to the Group and Company but not yet effective:

		Effective for annual financial periods beginning on or after
SFRS(I) 10 and SFRS(I) 1-28	*Amendments to SFRS(I) 10 and SFRS(I) 1-28 Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture*	Deferred indefinitely, early application is still permitted
Annual Improvements to SFRS(I) 2018-2021	*SFRS(I) 9 Financial Instruments – Fee in the '10 per cent' test for derecognition*	1 January 2022
Amendments to SFRS(I) 3	*Amendments to SFRS(I) 3: Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16	*Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37	*Amendment to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to SFRS(I) 1	*Amendment to SFRS(I) 1 Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 1	*Disclosure of Accounting Policies and SFRS(I) Practice Statement to Making Materiality Judgements*	1 January 2023
Amendments to SFRS(I) 1-8	*Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12	*Deferred Tax related to Assets and Liabilities arising from a Single Transactions*	1 January 2023

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

28 Event Occurring After Reporting Date

On 13 January 2022, the Company announced that, a wholly owned subsidiary of the Company - Eindec Singapore Pte. Ltd, had exercised two options to purchase two office units at 10 Bukit Batok Crescent, The Spire, Singapore 658079 (the "Properties") to be used as the Company's office premises upon expiry of its existing tenancy at 100H Pasir Panjang Road, #01-01 OC@Pasir Panjang, Singapore 118524. The consideration for the Property amounted to an aggregate cash consideration of S$1,500,000 (the "purchase consideration"), where S$1,200,000 or 80% of the Purchase Consideration will be financed by the bank borrowings.

As at the date of this report, the purchase of the Properties is still in progress.

29 Authorisation of Financial Statements

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2022

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	:	Nil
Number of Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	16	4.86	6,400	0.00
1,001 – 10,000	46	13.98	310,700	0.29
10,001 – 1,000,000	261	79.33	30,034,100	27.89
1,000,001 AND ABOVE	6	1.83	77,348,800	71.82
TOTAL	329	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	TAN POH GUAN (CHEN BAOYUAN)	1,170,000	1.09
3	OCBC SECURITIES PRIVATE LIMITED	1,151,000	1.07
4	SIM POH PING	1,116,200	1.04
5	PHILLIP SECURITIES PTE LTD	1,008,800	0.94
6	LIM TIONG KHENG STEVEN	1,002,800	0.93
7	PECK CHUAN YONG	1,000,000	0.93
8	TEO HUI WEN	960,000	0.89
9	DBS NOMINEES (PRIVATE) LIMITED	921,800	0.86
10	RAFFLES NOMINEES (PTE.) LIMITED	839,200	0.78
11	CHENG CHAI HAP	749,800	0.70
12	SIM PEI HWA	738,000	0.69
13	TOH CHIN CHOON	700,000	0.65
14	TENG SOO HUANG MARGARET	520,000	0.48
15	NG HON PO	500,000	0.46
16	MAYBANK SECURITIES PTE. LTD.	483,000	0.45
17	HENG PHECK THOI	460,000	0.43
18	TAN KOI YONG	452,000	0.42
19	TIGER BROKERS (SINGAPORE) PTE. LTD.	437,900	0.41
20	CHU SOR CHENG	400,000	0.37
	TOTAL	**86,510,500**	**80.35**

STATISTICS OF SHAREHOLDINGS

AS AT 21 MARCH 2022

SUBSTANTIAL SHAREHOLDERS AS AT 21 MARCH 2022

(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interests	
No.	Name	No. of shares held	%	No. of shares 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 by virtue of Section 7 of the Companies Act 1967.

(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 by virtue of Section 7 of the Companies Act 1967.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 21 March 2022, 33.24% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual – Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited which requires 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Eindec Corporation Limited (the "**Company**") will be convened and held by electronic means on Friday, 22 April 2022 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 2021, together with the Auditors' Report thereon.

(Resolution 1)

2. To approve the payment of Directors' fees of S$215,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears (2021: S$215,000).

(Resolution 2)

3. To note the retirement of Mr. See Yen Tarn, who is retiring by rotation pursuant to Regulation 99 of the Constitution of the Company.

4. To re-elect Mr. Wong Chee Meng Lawrence as Director of the Company retiring pursuant to Regulation 99 of the Constitution of the Company, and who, being eligible, offers himself for re-election, as Director of the Company.

(Resolution 3)

[See Explanatory Note (i)]

5. To re-appoint Messrs Moore Stephens LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

(Resolution 4)

6. 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:

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

That pursuant to Section 161 of the Companies Act 1967 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) allot and issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/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

NOTICE OF ANNUAL GENERAL MEETING

(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 outstanding at the time of passing of this Ordinary Resolution;

   (b) (where applicable) new shares arising from exercising share options or vesting of share awards, provided that such share awards or share options (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares,

   adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority 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), all applicable legal requirements under the Companies Act and the Constitution of the Company for the time being in force; and

(4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution 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 (ii)]

(Resolution 5)

NOTICE OF ANNUAL GENERAL MEETING

8. **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 (iii)]

   (Resolution 6)

9. **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 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 types of interested person transactions (details of which will be set out in an addendum to the Notice of AGM ("**Addendum**") to be sent to shareholders of the Company at a later date), with any party who is of the class of interested persons, 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 guidelines of the Company for 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 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; and

   (c) authority be given to the Directors of the Company 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 (iv)]

   (Resolution 7)

By Order of the Board

Shirley Tan Sey Liy
Company Secretary

Singapore, 7 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Resolution 3

Mr. Wong Chee Meng Lawrence will, upon re-election as a Director of the Company, remain as an Independent and Non-Executive Director, the Chairman of the Remuneration Committee, a member of the Audit Committee and the Nominating Committee of the Company. There are no relationships (including family relationships) between Mr. Wong Chee Meng Lawrence and the other Directors, the Company, its related corporation, its officer or its substantial shareholders, which may affect his independence. The Board considers Mr. Wong Chee Meng Lawrence to be independent for the purposes of Rule 704(7) of the Catalist Rules. Further detailed information on Mr. Wong Chee Meng Lawrence can be found in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2021.

(ii) Resolution 5

Ordinary Resolution 5, 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.

(iii) Resolution 6

Ordinary Resolution 6, 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.

(iv) Resolution 7

Ordinary Resolution 7, if passed, will authorise the interested person transactions as described in the Addendum and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. Mr. Zhang Wei, who is deemed to be interested in the IPT Mandate, will abstain from voting and has undertaken to ensure that his Associates will abstain from voting.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Annual General Meeting (or the "**Meeting**") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on (i) the Company's website at the URL http://www.eindec.com.sg/ir.html, the SGX website at the URL https://www.sgx.com/securities/company-announcements, and (iii) at the URL https://conveneagm.com/sg/eindec2022.

2. Alternative arrangements relating to attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Company in advance of the Annual General Meeting, addressing of substantial and relevant questions at the Annual General Meeting and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting, are set out in the accompanying Company's announcement dated 7 April 2022. This announcement may be accessed at (i) the Company's website at the URL http://www.eindec.com.sg/ir.html, and (ii) the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. **The Company will not be arranging for a physical meeting, accordingly, a member will not be able to attend the Annual General Meeting in person. Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) entitled to vote at the Meeting must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting, if such member wishes to exercise his/her/its voting rights at the Meeting.** In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. The accompanying proxy form for the Annual General Meeting may be accessed at (i) the Company's website at the URL http://www.eindec.com.sg/ir.html, (ii) the SGX website at the URL https://www.sgx.com/securities/company-announcements and (iii) the URL https://conveneagm.com/sg/eindec2022. Where a member (whether individual or corporate and including a Relevant Intermediary*) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

4. For investors who hold Shares in the capital of the Company under Supplementary Retirement Scheme ("**SRS Investors**") and wishes to appoint the Chairman of the Meeting to act as their proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the Meeting (i.e. by 10.00 a.m. on 12 April 2022).

5. The Chairman of the Meeting, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) be completed digitally at https://conveneagm.com/sg/eindec2022; or

   (b) if submitted by post, be lodged with the Company's registered address at 10 Bukit Batok Crescent, #06-05 The Spire, Singapore 658079; or

   (c) if submitted electronically, be submitted via email to the Company's registered email at management@eindec.com.sg,

   in either case, by 10.00 a.m. on 19 April 2022 (being not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

7. The Annual Report for the financial year ended 31 December 2021 and the Addendum to the Notice of Annual General Meeting dated 7 April 2022 in relation to the proposed renewal of the shareholders' general mandate for interested person transactions have been published on the Company's website, and may be assessed at (i) the Company's website at the URL http://www.eindec.com.sg/ir.html, (ii) the SGX website at the URL https://www.sgx.com/securities/company-announcements and (iii) the URL https://conveneagm.com/sg/eindec2022.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 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 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the Meeting as a proxy to vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the registration to attend the Meeting via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any question prior to the Meeting in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing and administration by the Company (or its agents) of proxy forms appointing the Chairman of the Meeting as a proxy for the Meeting (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);

(ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from members received before the Meeting and if necessary, following up with the relevant members in relation to such questions;

(iv) preparation and compilation of the attendance list, proxy list, minutes and other documents relating to the Meeting (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Catalist Rules.

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 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

EINDEC CORPORATION LIMITED

(Company Registration No. 201508913H)
(Incorporated In the Republic of Singapore)

IMPORTANT:
1. The Annual General Meeting ("**AGM**" or the "**Meeting**") is being convened and will be held, by way of electronic means pursuant to First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and the Proxy Form will NOT be sent to members. Instead, the Notice of AGM and the Proxy Form will be sent to members by electronic means via publication on SGXNet, the Company's corporate website at http://www.eindec.com.sg/ir.html and at the URL https://conveneagm.com/sg/eindec2022.
2. Alternative arrangements relating to the attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast ("**LIVE WEBCAST**") or "live" audio only stream ("**AUDIO ONLY MEANS**"), submission of question in advance of the Meeting, addressing of substantial queries and relevant comments, prior to, or at, the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the Notice of AGM.
3. The Company will not be arranging for a physical meeting for the Meeting. Accordingly, a member of the Company will not be able to attend the Meeting in person. A member (whether individual or corporate and including a Relevant Intermediary*) entitled to vote at the Meeting must appoint the Chairman of the Meeting to act as proxy and direct to vote at the AGM if such member wished to exercise his/her/its voting rights at the AGM.
4. Please read the notes to this Proxy Form.

ANNUAL GENERAL MEETING
PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being a *member/members of **EINDEC CORPORATION LIMITED** ("**Company**"), hereby appoint Chairman of the Annual General Meeting of the Company (the "**Meeting**") as *my/our proxy to vote for *me/us on *my/our behalf at the Meeting to be held by electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Friday, 22 April 2022 at 10.00 a.m. and at any adjournment thereof. *I/We direct the Chairman of the Meeting, being *my/our proxy to vote for or against, or abstain from voting the Ordinary Resolutions to be 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 appointment of the Chairman of the Meeting as my/our proxy will be treated as invalid. All Resolutions put to vote at the Meeting shall be decided by way of poll.

No.	Resolutions relating to:	No. of votes 'For'**	No. of votes 'Against'**	No. of votes 'Abstain'**
1	Adoption of the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2021, together with the Auditors' Report thereon			
2	Approval of Directors' fees of S$215,000 for the financial year ending 31 December 2022, to be paid quarterly in arrears			
3	Re-election of Mr. Wong Chee Meng Lawrence as a Director			
4	Re-appointment of Messrs Moore Stephens LLP as Auditors of the Company and authority to Directors to fix their remuneration			
5	Authority to allot and issue shares in the capital of the Company			
6	Authority to grant awards and allot and issue shares under the Eindec Performance Share Plan 2015			
7	Renewal of Shareholders' general mandate for Interested Person Transactions			

Notes:
* Delete accordingly
** If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" the relevant resolution, please mark an "X" in the relevant box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the relevant box provided in respect of that resolution. If you mark an "X" in the abstain box for a particular resolution, you are directing your proxy, who is the Chairman of the Meeting, not to vote on that resolution.

Dated this ______ day of ____________________ 2022

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 2001 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 the Chairman of the Meeting a proxy shall be deemed to relate to all the Shares held by you.

2. The Company will not be arranging for a physical meeting, accordingly, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary*) entitled to vote at the Meeting must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid. This proxy form has been made available on (i) the Company's website at the URL http://www.eindec.com.sg/ir.html, (ii) the SGX website at the URL https://www.sgx.com/securities/company-announcements and (iii) the URL https://conveneagm.com/sg/eindec2022 (digital copy). A printed copy of the proxy form will NOT be despatched to members.

3. This duly executed proxy form, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must:

   (a) be completed digitally at https://conveneagm.com/sg/eindec2022; or

   (b) if submitted by email, be received by the Company's Investor Relations Team at management@eindec.com.sg; or

   (c) if sent personally or by post, be lodged at the registered office of the Company at 10 Bukit Batok Crescent, #06-05 The Spire, Singapore 658079,

   in either case, by 10.00 a.m. on 19 April 2022 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy form by post, members of the Company are strongly encouraged to submit the completed proxy forms electronically via email.

4. This proxy form must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

5. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instruction of the appointor specified in the instrument appointing the Chairman of the Meeting as a proxy. In addition, in the case of member of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as a proxy lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

6. A Depositor shall not be regarded as a member of the Company entitled to attend the Meeting and vote thereat unless his/her name appears on the Depository Register seventy-two (72) before the time appointed for holding the Meeting.

7. For investors who hold Shares in the capital of the Company under Supplementary Retirement Scheme ("**SRS Investors**"), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS Investors who wish to appoint the Chairman of the Meeting to act as their proxy should approach their respective SRS Operators to submit their votes at least seven (7) working days before the Meeting (i.e. by 10.00 a.m. on 12 April 2022).

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 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 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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 the Chairman of the Meeting as a proxy 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 the Chairman of the Meeting as a proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as a proxy 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(ies) 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 7 April 2022.