

EINDECKYODO

英德集团

ANNUAL REPORT 2022

WINDOW TO
THE FUTURE

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EINDECKYODO
—— 英德集团 ——



This annual report has been prepared by Eindeck Corporation Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “**Sponsor**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst.

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

The contact person for the Sponsor is Ms. Goh Mei Xian, Director, ZICO Capital Pte. Ltd., at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.

CORPORATE INFORMATION

BOARD OF DIRECTORS

ZHANG WEI Executive Chairman and Chief Executive Officer

JIANG NAN Non-Independent and Non-Executive Director

ONG KIAN GUAN Lead Independent Director

WONG CHEE MENG LAWRENCE Independent Director

ONG SHEN CHIEH (WANG SHENGJIE) (ALSO KNOWN AS JEFFREY ONG SHEN CHIEH) Independent Director

AUDIT COMMITTEE

ONG KIAN GUAN (Chairman)

WONG CHEE MENG LAWRENCE

JEFFREY ONG SHEN CHIEH

NOMINATING COMMITTEE

JEFFREY ONG SHEN CHIEH (Chairman)

WONG CHEE MENG LAWRENCE

ONG KIAN GUAN

REMUNERATION COMMITTEE

WONG CHEE MENG LAWRENCE (Chairman)

JEFFREY ONG SHEN CHIEH

ONG KIAN GUAN

PRINCIPAL PLACE OF BUSINESS AND REGISTERED ADDRESS

10 Bukit Batok Crescent

#06-05 The Spire

Singapore 658079

Tel: (65) 6265 1311

Fax: (65) 6265 8100

Website: www.eindec.com.sg

Email: enquiry@eindec.com.sg

COMPANY SECRETARY

SHIRLEY TAN SEY LIY (FCS, FCG)

EXTERNAL AUDITOR

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 BANKERS

UNITED OVERSEAS BANK LIMITED

80 Raffles Place

UOB Plaza

Singapore 048624

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

10 Marina Boulevard

#47-01 Marina Bay Financial Centre Tower 2

Singapore 018983

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 clean room equipment as well as heating, ventilation and air-conditioning equipment for the real estate sector.

Tapping on its technological expertise and customisation capabilities in clean room and heating, ventilation and air-conditioning equipment and systems, the Group broadened its product range to include air purification systems under its 'Eindec Kyodo' proprietary brand. Integrated with air purification systems, the Group also expanded its business to include 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.

These clean air environmental solutions and systems are designed, manufactured, marketed

and sold globally, with a strong foothold in Southeast Asia and the People's Republic of China (the "**PRC**").

Headquartered in Singapore, the Group's business activities are broadly classified into three segments, namely, (i) heating, ventilation, and air-conditioning ("**HVAC**"), (ii) clean room equipment ("**CRE**"), and (iii) air purification integrated solution ("**AP**"), which are customised to support the clean air environmental solutions and systems for industries such as electronics, healthcare, medical science, real estate, and marine. The sales and marketing, and project management for the HVAC and CRE segments in Singapore and overseas markets are carried out by the Singapore operations, Eindec Singapore, and supported by the manufacturing subsidiary in Johor, Malaysia, while the AP segment managed under Eindec China, focuses on providing air purification integrated solutions to residential property developments in the PRC.

Eindec is 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.

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

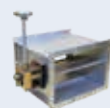
A self-contained ceiling unit used in turbulent mixing and laminar flow clean room applications that delivers high quality air filtration and air movement performance in clean rooms.



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 clean room.

FIRE/SMOKE, MARINE DAMPER



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



DEAR FELLOW SHAREHOLDERS,

We are pleased to report a set of commendable results for the financial year ended 31 December 2022 (“FY2022”), despite having started the financial year mindful of the challenges ahead amid the backdrop of COVID-19 restrictions, geopolitical uncertainties, and the outbreak of the Russia-Ukraine war in early 2022.

We registered a record revenue of S\$25.88 million and net profit attributable to shareholders of S\$1.62 million in FY2022, a reversal from a net loss of S\$0.95 million for the financial year ended 31 December 2021 (“FY2021”). This was made possible with our conscientious efforts in ensuring that we stay abreast with the evolving requirements and standards on clean air environmental products, as well as active follow-up with existing and potential customers. The reopening of borders and the relaxation of safe management measures against COVID-19 in various countries from the second quarter of 2022, particularly in Malaysia and Singapore, enabled the Group to ramp up our production. Our ability to raise production efficiency in the manufacturing of customised proprietary air environmental solutions for clean room equipment (“CRE”) and heating, ventilation and air-conditioning (“HVAC”) equipment enabled us to fulfil the bulk of our secured orders across all our business segments in FY2022.

Our CRE segment took the lead to register a 96.0% year-on-year growth in revenue, from S\$3.59 million in FY2021 to S\$7.03 million in FY2022. The growth stemmed from the completion of a few major clean

room projects that were secured in prior years, especially a major project in Malaysia. The air purification integrated solution (“AP”) segment, with its business operations located in China, forged ahead and registered a 42.5% year-on-year growth in revenue, from S\$7.24 million in FY2021 to S\$10.32 million in FY2022, as the Group progressed to fulfil the order book secured in prior years. With the increase in deliveries of secured orders, despite the absence of contribution from Hong Kong, our HVAC segment recorded a 41.5% year-on-year increase in revenue, from S\$5.87 million in FY2021 to S\$8.31 million in FY2022. Revenue recorded under the Others segment, relating to the sales of cooling towers, saw an increase of 62.4% year-on-year, from S\$133,000 in FY2021 to S\$216,000 in FY2022, on the back of general improvement in the business environment.

We are heartened that our relentless efforts in overcoming challenges as countries moved towards the endemic phase of COVID-19 and satisfying our customers’ orders, in turn, resulted in improvement in our financial performance. The Group’s gross profit increased by 65.0% year-on-year, from S\$3.89 million in FY2021 to S\$6.42 million in FY2022, and correspondingly, gross profit margin rose from 23.1% in FY2021 to 24.8% in FY2022. This, coupled with effective cost management, steered the Group back to profitability in FY2022 and strengthened our balance sheet. The Group’s net asset value per ordinary share increased from 5.52 Singapore cents as at 31 December 2021 to 6.58 Singapore cents as at 31 December 2022.

LETTER TO SHAREHOLDERS

WINDOW TO THE FUTURE

China's relaxation of its zero-COVID policy in late December 2022 and the reopening of its borders to international travellers in early 2023 are encouraging for businesses in the year ahead. Whilst we are cautiously optimistic as we continue to build on our secured order book of S\$10.56 million as at 31 December 2022, we remain mindful of operational inflationary pressure on the back of higher minimum wage and energy prices in the Group's respective countries of operations. These hikes are also likely to undermine our cost management efforts and resulting in margin pressure amidst geopolitical uncertainties including the ongoing Russia-Ukraine war.

The prolonged global shortage of electronics components attributable to supply chain disruptions¹ could potentially disrupt our ability to secure new projects in the CRE segment in the year ahead. The disequilibrium in the supply and demand of electronics components that are essential for our customised proprietary clean room equipment could slow down our growth in this segment. Nevertheless, the burgeoning activities in the residential property development sector in Singapore², where our HVAC segment is predominantly active, bodes well for the Group.

In a bid to support the potential growth in the Group's two key business segments – CRE and HVAC, we have included in our capital expenditure budget, funds to acquire more machines and to re-design some of our products to further improve the efficiency in our manufacturing facility located in Johor, Malaysia. We believe these efforts can maximise our manufacturing competence to support our downstream sales and marketing to garner more projects.

ACKNOWLEDGMENTS AND APPRECIATION

On behalf of the Board of Directors, I would like to express our gratitude to our management and staff for their dedication and efforts in steering the Group back on track amidst the challenges in the past year. I am also appreciative of the invaluable guidance and contribution from my fellow Directors. Most importantly, we are sincerely appreciative and thankful to the unrelenting support of our shareholders, business partners, and customers.

As we move forward, we will continue to harness our competence in clean air environmental solutions and products, to offer a better living environment. We look forward to our valued stakeholders for your continuous support and faith in us to delivering stable and sustainable positive value for everyone.

ZHANG WEI

Executive Chairman and Chief Executive Officer

Sources:

¹. <https://versae.com/electronic-component-shortage-2023-update/>

². <https://www.channelnewsasia.com/singapore/singapore-property-outlook-2023-prices-analysts-3162431>

OPERATIONS REVIEW

The Group began the financial year under review with much caution as the world continued to be plagued by the resurgence of new COVID-19 variants and sub-variants, prolonged global supply chain disruptions, and the outbreak of the Russia-Ukraine war in late February 2022.

The lifting of travel restrictions in various countries from the second quarter of 2022, particularly in Malaysia and Singapore where the Group operates, however, bolstered the Group's business activities. Whilst most countries worked towards the endemic phase during 2022, China remained steadfast with its dynamic zero-COVID policy until late December 2022.

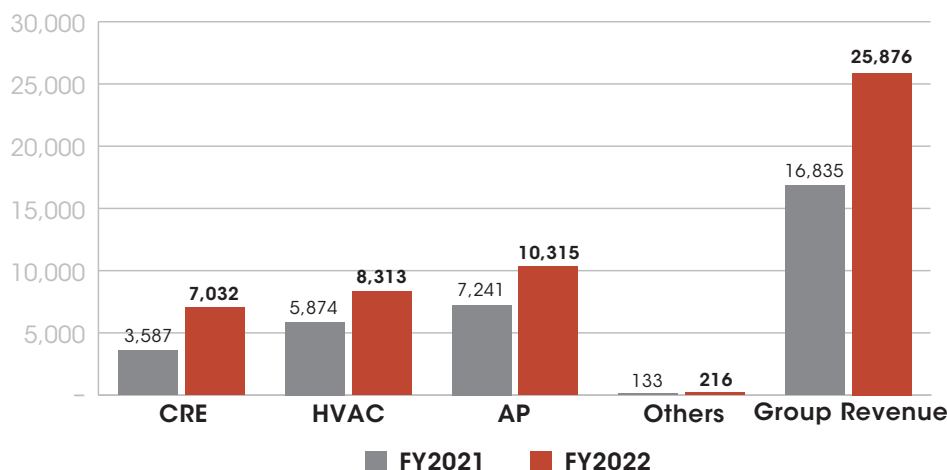
During the financial year ended 31 December ("FY") 2022, the Group continued to overcome challenges including the shortage in supply of electrical components that are essential for the manufacturing of its proprietary branded equipment, and manpower shortage as foreign workers left for their homelands following the lifting of travel restrictions. Nevertheless, the Group has since received the approval to increase the number of foreign workers for its manufacturing operations located in Malaysia. The Group was able to ramp up production of its manufacturing operations, and higher revenue was also recognised as deliveries and/or installation of secured orders were fulfilled across all business segments with the resumption of economic activities. Correspondingly, the Group registered a record revenue of S\$25.88 million for FY2022.

The reopening of countries resulted in a surge in demand and growth in the global electronics sector. As a result, the Group's clean room equipment ("CRE") segment was able to deliver bulk of the several major projects, which were secured in prior years, in the first half of FY2022. However, the prolonged China-United States trade war that started in 2018 is likely to continue its disruption in the technology sector. The Group continues to feel the pressure from the impact of global semiconductor supply shortage. In the second half of FY2022, the Group saw a 24.7% year-on-year decline in revenue for the CRE segment, while all other business segments of the Group continued to register strong growth. Overall, the CRE segment registered a commendable 96.0% growth in revenue from S\$3.59 million in FY2021 to S\$7.03 million in FY2022.

During FY2022, the easing of safe management measures in phases in Singapore saw a recovery in economic activities, in particular, the real estate sector which has been experiencing delays in the completion of residential projects. In the second half of FY2022, the Group recorded a significant 71.5% year-on-year increase in revenue for the heating, ventilation and air-conditioning ("HVAC") segment, as compared to the 13.7% year-on-year increase recorded in the first half of FY2022. Revenue from the HVAC segment was primarily from Singapore as the Group delivered a mix of ongoing orders secured in prior years and in the year under review, as well as additions and alteration works in the year under review. Overall, the HVAC segment registered a revenue of S\$8.31 million in FY2022, an increase from S\$5.87 million in FY2021.

REVENUE ANALYSIS BY PRODUCT SEGMENTS

Revenue in S\$'000



OPERATIONS REVIEW

REVENUE ANALYSIS BY GEOGRAPHICAL LOCATION AND PRODUCT SEGMENTS

Countries/ Product Segments	CRE		HVAC		AP		Others	
(S\$'000)	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Singapore	1,244	1,364	8,227	5,430	-	-	216	133
Malaysia	4,363	901	-	27	-	-	-	-
People's Republic of China	-	-	-	2	10,315	7,241	-	-
Vietnam	116	32	-	-	-	-	-	-
Thailand	25	747	-	-	-	-	-	-
Hong Kong	-	-	-	379	-	-	-	-
Philippines	986	272	5	-	-	-	-	-
Others	298	271	81	36	-	-	-	-
Total	7,032	3,587	8,313	5,874	10,315	7,241	216	133

The Group operates its air purification integrated solution ("AP") segment primarily in China, where the Chinese government upheld its zero-COVID policy and stringent precautionary measures in China until late December 2022. Despite the slowdown in the real estate sector in China amidst the liquidity crunch among the real estate developers, the Group managed to register a 42.5% year-on-year growth in revenue from S\$7.24 million in FY2021 to S\$10.32 million in FY2022, as it fulfilled orders that were secured in prior years.

Others segment relates to the sales of cooling towers, which are primarily used for HVAC and industrial purposes as cost-effective and energy efficient systems to process waste heat into the atmosphere. In tandem with higher revenue in the HVAC segment, the Others segment also saw a 62.4% year-on-year increase in revenue from S\$133,000 in FY2021 to S\$216,000 in FY2022, where higher sales were registered in the second half of FY2022.

In view of the current macro environment amid inflationary pressures and geopolitical uncertainties, the Group seeks to maximise the potential of its existing manufacturing space in Malaysia while it continues to pursue new business opportunities. As at 31 December 2022, the Group has an outstanding confirmed balance-of-works on hand of approximately S\$10.56 million.



Established since 1984, the Group has expertise in design, manufacturing, and distribution capabilities in clean room equipment as well as HVAC equipment for the real estate sector. The Group will continue to tap on technological expertise and customisation capabilities to broaden its clean air environmental solutions and systems under its proprietary brand.

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

OPERATIONS REVIEW

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 9001:2015 certification for the sales and marketing of its air diffusion equipment, control dampers and clean room equipment. 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.

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.

CLEAN ROOM EQUIPMENT SEGMENT

A clean room provides an environment where the humidity, temperature and particles in the air are precisely controlled. The Group designs, manufactures and distributes clean room 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 clean room equipment customised according to its customers' specifications. While most of the end users of its 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 its proprietary 'Eindec' brand of air purifiers in 2015. 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 AP segment also includes the supply and/or installation of smart doors and windows, and the supply and installation of construction and renovation materials and/or system through one of the Group's China subsidiaries. This integrated solution to the Group's air purification systems has raised its competitiveness in bidding for residential property development projects in China.



FINANCIAL REVIEW

The Group's financial performance for the financial year ended 31 December 2022 ("FY2022") was bolstered by countries transiting into the endemic phase of COVID-19 and reopening their borders to international travellers from the second quarter of 2022. While this was uplifting for economies and businesses, recovery has been gradual as business operations continue to grapple with supply chain disruptions and manpower shortages.

Nevertheless, the ramp up in productivity saw the Group recorded a 53.7% year-on-year growth in revenue, from S\$16.84 million in the financial year ended 31 December 2021 ("FY2021") to S\$25.88 million in FY2022, a record revenue for the Group since its listing on the Singapore Exchange. Higher revenue contributions were registered across all business segments as the Group worked towards fulfilling secured orders.

The clean room equipment ("CRE") segment took the lead to register a 96.0% year-on-year growth in revenue, from S\$3.59 million in FY2021 to S\$7.03 million in FY2022. The growth stemmed from the completion of a few major clean room projects that were secured in prior years, especially a major project in Malaysia. The air purification integrated solution ("AP") segment, with its business operations located in China, forged ahead and registered a 42.5% year-on-year growth in revenue, from S\$7.24 million in FY2021 to S\$10.32 million in FY2022, as the Group progressed to fulfil the order books secured in prior years. With the increase in deliveries of secured orders, despite the absence of contribution from Hong Kong, the heating, ventilation, and air-conditioning ("HVAC") segment recorded a 41.5% year-on-year increase in revenue, from S\$5.87 million in FY2021 to S\$8.31 million in FY2022. Revenue recorded under the Others segment, relating to the sales of cooling towers, saw an increase of 62.4% year-on-year, from S\$133,000 in FY2021 to S\$216,000 in FY2022, on the back of general improvement in the business environment.

REVENUE ANALYSIS BY PRODUCT SEGMENTS

(S\$'000)	FY2022	FY2021	Variance
CRE	7,032	3,587	+ 96.0%
HVAC	8,313	5,874	+ 41.5%
AP	10,315	7,241	+ 42.5%
Others	216	133	+ 62.4%
Total	25,876	16,835	+ 53.7%

In tandem with higher revenue, the cost of sales increased by 50.3% year-on-year, from S\$12.95 million in FY2021 to S\$19.46 million in FY2022. The increase in the cost of sales was also due to the recognition of an allowance for inventory obsolescence and inventory written off of S\$55,000 and S\$125,000 respectively, in FY2022, which was S\$Nil respectively in FY2021. Correspondingly, gross profit increased by 65.0% year-on-year, from S\$3.89 million in FY2021 to S\$6.42 million in FY2022, and gross profit margin improved from 23.1% in FY2021 to 24.8% in FY2022.

Other income decreased by 32.2%, from S\$0.27 million in FY2021 to S\$0.18 million in FY2022, mainly due to (i) a decrease in foreign exchange gain of S\$35,000 arising from a depreciation of the Singapore Dollar against the US Dollar and a

lower rate of appreciation of the Singapore Dollar against the Malaysia Ringgit, and (ii) the absence of flexi-work arrangement grant in FY2022.

Administrative expenses decreased by 5.0%, from S\$4.37 million in FY2021 to S\$4.15 million in FY2022, resulting from lower depreciation charges on property, plant and equipment recognised in administrative expenses, and lower research and development expenses for air purifier products in FY2022.

Other operating expenses increased from S\$14,000 in FY2021 to S\$0.22 million in FY2022, mainly due to (i) impairment loss of plant and equipment, and (ii) expenses incurred for the relocation of the corporate office in Singapore in the year under review.

FINANCIAL REVIEW

FINANCIAL POSITION ANALYSIS

(S\$'000)	As at 31 Dec 2022	As at 31 Dec 2021	Variance
Non-Current Assets	5,982	5,618	+ 6.5%
Current Assets	15,288	20,239	- 24.5%
Non-Current Liabilities	1,749	1,359	+ 28.7%
Current Liabilities	11,441	17,739	- 35.5%
Working Capital	3,847	2,500	+ 53.9%
Equity Attributable to Owners of the Company	7,088	5,948	+ 19.2%
Net Asset Value Per Share (Singapore Cents) ¹	6.58	5.52	+ 19.2%

Note:

- 1 Net asset value per share as at 31 December 2022 and 2021 are computed based on the Company's total number of issued ordinary shares of 107.7 million.

Following the impairment review of trade receivables performed as at 31 December 2022, the Group recognised an expected credit loss on trade receivables of S\$90,000 in FY2022, as compared to a reversal of expected credit loss on trade receivables of S\$7,000 in FY2021.

Net finance costs increased by 47.5%, from S\$0.22 million in FY2021 to S\$0.33 million in FY2022 as a result of (i) the increase in loans and borrowings for the Group's working capital and newly purchased office property, (ii) higher interest rates on loans and borrowings, and (iii) a lower principal amount invested in short-term investments with banks.

The Group recorded an income tax credit of S\$0.11 million in FY2022, as compared to an income tax expense of S\$0.23 million in FY2021. The income tax credit was mainly due to reversal of prior year overprovision of current income tax expense as a result of a reduced tax rate applicable for small enterprises for FY2021 tax filing in FY2022.

Taking into account the aforementioned, the Group registered a net profit attributable to equity holders of the Company of S\$1.62 million in FY2022, as compared to a net loss of S\$0.95 million in FY2021.

The Group's balance sheet was strengthened with a positive working capital of S\$3.85 million as at 31 December 2022 with the reversal of a net loss reported in FY2021 to a net profit in FY2022. This resulted in an increase in equity attributable to the owners of the Company from S\$5.95 million as at 31 December 2021 to S\$7.09 million as at 31 December 2022. Correspondingly, net asset value per ordinary share increased from 5.52 Singapore cents as at 31 December 2021 to 6.58 Singapore cents as at 31 December 2022.

Non-current assets increased by 6.5%, from S\$5.62 million as at 31 December 2021 to S\$5.98 million as at 31 December 2022. This was mainly due to the increase in property, plant and equipment ("PPE") from S\$5.47 million as at 31 December 2021 to S\$5.89 million as at 31 December 2022, resulting from the purchase of PPE of S\$1.93 million, which was partially offset by depreciation charges. The increase in non-current assets was partially offset by the amortisation of software which lowered intangible assets by 40.8%, from S\$152,000 as at 31 December 2021 to S\$90,000 as at 31 December 2022.

FINANCIAL REVIEW

Current assets decreased by 24.5%, from S\$20.24 million as at 31 December 2021 to S\$15.29 million as at 31 December 2022. The decrease was mainly due to (i) the decrease in trade and other receivables by 29.5%, from S\$11.36 million as at 31 December 2021 to S\$8.00 million as at 31 December 2022 as a result of the collections from customers and the disposal of an indirect subsidiary under the AP segment, (ii) the decrease in inventories by 26.9%, from S\$5.80 million as at 31 December 2021 to S\$4.24 million as at 31 December 2022 mainly due to the decrease in work-in-progress inventories and finished goods as secured orders were fulfilled and recognised as revenue in FY2022, and (iii) the decrease in other investments by 31.1%, from S\$1.10 million as at 31 December 2021 to S\$0.76 million as at 31 December 2022 due to partial redemption of short-term financial instruments for working capital purposes. This was partially offset by the increase in cash and bank balances by 15.5%, from S\$1.98 million as at 31 December 2021 to S\$2.28 million as at 31 December 2022.

Non-current liabilities increased by 28.7%, from S\$1.36 million as at 31 December 2021 to S\$1.75 million as at 31 December 2022. The increase was due to an aggregate increase of S\$0.44 million in loans and borrowings, comprising bank loans and lease liabilities, where the increase in bank loans was for the newly purchased office property,

which was partially offset by repayment of bank loans and decrease in lease liabilities in FY2022. The increase in non-current liabilities was partially offset by the 23.3% decrease in deferred tax liabilities, from S\$0.20 million as at 31 December 2021 to S\$0.16 million as at 31 December 2022 as a result of utilisation of temporary differences during FY2022.

Current liabilities decreased by 35.5%, from S\$17.74 million as at 31 December 2021 to S\$11.44 million as at 31 December 2022. The decrease was due to (i) the decrease in trade and other payables as payments were settled and disposal of an indirect subsidiary in the AP segment, (ii) the decrease in contract liabilities by 85.0%, from S\$1.42 million as at 31 December 2021 to S\$0.21 million as at 31 December 2022 mainly arising from repayment to customers, partially offset by advance payments from customers for on-going projects, (iii) the decrease in loans and borrowings by 12.4%, from S\$3.01 million as at 31 December 2021 to S\$2.64 million as at 31 December 2022, mainly due to repayment of bank loans and lease liabilities during FY2022, and (iv) the decrease in income tax payable by 43.6%, from S\$0.43 million as at 31 December 2021 to S\$0.24 million as at 31 December 2022 mainly resulting from reversal of prior year overprovision of current income tax expense as a result of reduced tax rate applicable for small enterprises for FY2021 tax filing in FY2022.

CASH FLOW ANALYSIS

(S\$'000)	FY2022	FY2021	Variance
Net cash generated from/(used in) operating activities	2,194	(2,492)	N.M.
Net cash (used in)/generated from investing activities	(799)	169	N.M.
Net cash used in financing activities	(753)	(598)	+ 25.9%
Net cash and cash equivalents at the end of the financial year	1,808	1,148	+ 57.5%

N.M. denotes as not meaningful.

FINANCIAL REVIEW

The Group generated cash and cash equivalents of S\$0.64 million in FY2022, and increased cash and cash equivalents (after taking into account the effect of exchange rate changes) from S\$1.15 million as at 1 January 2022 to S\$1.81 million as at 31 December 2022. The cash flow analysis is set out as follows:

- Net cash generated from operating activities in FY2022 was S\$2.19 million. This was mainly due to (i) the decrease in inventories of S\$1.07 million, and (ii) the decrease in trade and other receivables of S\$2.29 million, which was partially offset by (iii) the decrease in trade and other payables of S\$3.48 million, (iv) the decrease in contract liabilities of S\$1.15 million, and (v) profit before changes in working capital of S\$3.52 million.
- Net cash used in investing activities in FY2022 was S\$0.80 million. This was mainly due to the purchase of PPE of S\$0.69 million and net cash outflow from the disposal of an indirect subsidiary of S\$0.39 million, which was partially offset by net proceeds from other investments of S\$0.29 million.
- Net cash used in financing activities in FY2022 was S\$0.75 million. This was mainly due to (i) the repayment of lease liabilities of S\$0.77 million, (ii) the interest paid to financial institutions of S\$0.25 million, (iii) dividend payment to non-controlling interests of S\$41,000, and (iv) the repayment of bank loans of S\$0.11 million, which was partially offset by (v) the proceeds from bank loans of S\$0.41 million.



BOARD OF DIRECTORS



ZHANG WEI

Executive Chairman and
Chief Executive Officer

Mr. Zhang Wei was appointed to our Board as the Non-Executive Chairman on 2 September 2015. He was re-designated to assume the position of Executive Chairman and the Chief Executive Officer of our Company with effect from 15 August 2022, and is responsible for managing and overseeing the overall business operations and performance of our Group.

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, managing director of Henan Fenghua Industry Limited Company as well as Executive Chairman and Chief Executive Officer of Weiye Holdings Limited, a company listed on the Hong Kong Stock Exchange ("HKEX"), our controlling shareholder and immediate holding 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.



JIANG NAN

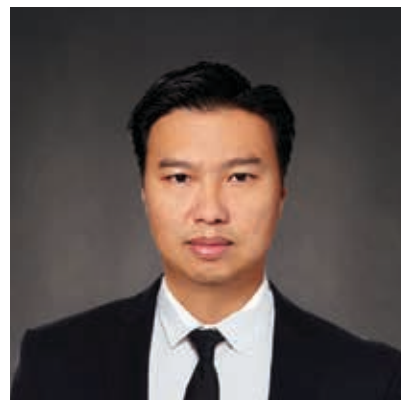
Non-Independent and
Non-Executive Director

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 a Bachelor of Finance degree from the Beihang University in 2004.



ONG KIAN GUAN

Lead Independent Director

Mr. Ong Kian Guan was appointed to our Board on 23 April 2022.

He is currently the Managing Partner and Head of Capital Market of Baker Tilly TFW LLP, one of the 10 largest accountancy and business advisory firms in Singapore. He has more than 30 years' audit, consulting, commercial financial control and accounting experience.

He has vast experience in serving as an independent director of the board and a member of the various board committees of a number of listed companies. He is currently an independent director of China XLX Fertiliser Ltd and Omnibridge Holdings Limited, companies listed on the HKEX.

He holds a Bachelor of Accountancy degree from the Nanyang Technological University in Singapore in 1992. He also holds fellow memberships with the Institute of Singapore Chartered Accountants and CPA Australia.

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 LLP. He is an experienced and established corporate practitioner and was previously a partner of a number 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 Singapore Stock Exchange ("SGX").

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 is currently an independent director of Atlantic Navigation Holdings (Singapore) Limited, 5E Resources Limited and International Cement Group Ltd., companies listed on the SGX.

He holds a Bachelor of Law (Honors) degree 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 Executive Director and Chief Executive Officer of V2Y Corporation Ltd. (formerly known as Synagie Corporation Limited), a company listed on the Catalist board of the SGX. 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 this 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

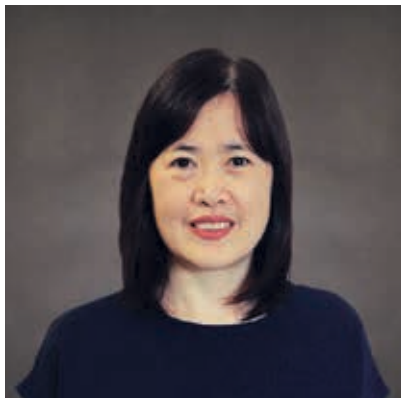


TANG SIN

Vice President
(Country Manager, PRC)

Ms. Tang Sin joined our Group in April 2015, and is responsible for the overall management of our Group's operations in the People's Republic of China. Prior to joining our Group, she was general manager of Dongguan C. RAY Automatic Technology Co., Ltd (東莞市希銳自動化科技股份有限公司) 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).



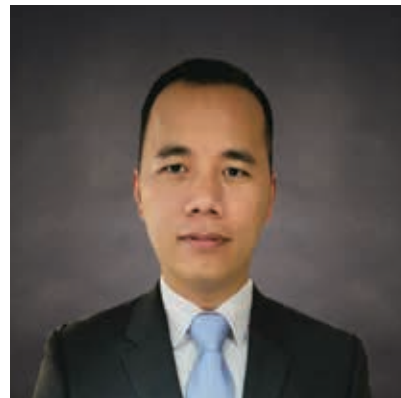
ZHAO YU

Chief Financial Officer

Ms. Zhao Yu was appointed as the Chief Financial Officer of the Company on 23 August 2022, and is responsible for the entire financial management and statutory reporting of our Group.

Prior to joining our Group, she worked in Multi-Chem Limited, a company listed on the Mainboard of the SGX, from May 2009 to June 2022, where she held various roles over the years within the finance department before assuming the position of Chief Financial Officer from March 2022 to June 2022, and was responsible for overseeing financial matters and corporate affairs of the group.

She is a member of the Institute of Singapore Chartered Accountants and a fellow member of The Association of Chartered Certified Accountants.



ZHUANG XIN

Vice President

Mr. Zhuang Xin joined our Group as Vice President on 1 August 2022, and is responsible for the overall management of our Group's operations in the Asia Pacific region.

Prior to joining our Group, he was a Financial Controller in Weiye Holdings Limited, the controlling shareholder and immediate holding company of our Group, where he was responsible for the financial reporting and corporate affairs of Weiye Holdings Limited. Prior to joining Weiye Holdings Limited in December 2016, he has 5 years of audit experience with a Singapore local audit firm and has in-depth knowledge and experience in the construction industry.

He holds a Bachelor of Accountancy degree from the Edith Cowan University of Australia.

SUSTAINABILITY REPORT

BOARD STATEMENT

The board of directors ("**Board**") of Eindex Corporation Limited ("**Eindex**" or the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to present the annual sustainability report for the financial year ended 31 December 2022 ("**FY2022**").

In FY2022, the resurgence of new COVID-19 variants and sub-variants, and prolonged global supply chain disruptions, was aggravated with the outbreak of the Russia-Ukraine war in late February 2022. This inevitably challenged the sustainability of our businesses with rising costs and delays in the fulfilment of secured orders to our customers.

Nevertheless, the lifting of travel restrictions in various countries from the second quarter of 2022, especially in Malaysia and Singapore where the Group operates, spurred the Group's business activities and turned the tide. While we ramp up our operations, in particular, our manufacturing operations in Malaysia where fabrication of our air environmental products takes place, we continue to stay vigilant in keeping our employees safe as we moved in tandem with the respective governments towards the endemic phase of COVID-19 during FY2022. Operations in China was stable as the Chinese government remained committed with its zero-COVID policy until late December 2022.

The Group also continued to grapple with the challenges of shortage in supply of electronic components that are essential for the fabrication of our proprietary branded air environmental products, and shortage in manpower as foreign workers left for their homelands following the lifting of travel restrictions. Together with our external stakeholders of customers and business partners, and the conscientious efforts of the members of our organisation, our resilience enabled us to overcome the challenges and fulfilled secured orders across all business segments. These concerted efforts also helped the Group to achieve a record revenue for FY2022 and placed us back on the profitability track.

The Board remains committed in the oversight and validation of the sustainability practices that are material to our business as well as progressively include the assessment of climate-related risks and opportunities and the Group's strategy to strengthen our business fundamentals.

This sustainability report is prepared with reference to the Global Reporting Initiative ("**GRI**") Standards and in compliance with Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst (the "**Catalist Rules**"). We have chosen the GRI framework as it is a well-known and globally-recognised sustainability reporting standard.

This sustainability report includes our performance of material economic, environmental, social, and governance ("**EESG**") factors in FY2022, focusing on the Group's manufacturing facility in Malaysia and operations in Singapore.

Due to the business nature of the air purification system solutions segment, which is usually on project basis as well as the economic slowdown in the real estate sector in China, particularly the disruptions arising from the COVID-19 pandemic, we have not included the performance data from our China operations. We endeavour to expand the scope of our sustainability performance to include our China operations when our business activities in China improve.

While internal review on this sustainability report was conducted by the internal auditors, no external assurance was sought for this sustainability report.

This sustainability report forms part of the annual report of the Company for FY2022, which is available on Eindex's corporate website at www.eindex.com.sg and on SGXNet at www.sgx.com/securities/company-announcements.

We thank our stakeholders for their support and welcome feedback from them with regards to our sustainability practices, which could potentially assist us to improve on our policies and systems. You may reach out to us at enquiry@eindex.com.sg.

On behalf of the Board

ZHANG WEI

Executive Chairman and Chief Executive Officer

11 April 2023

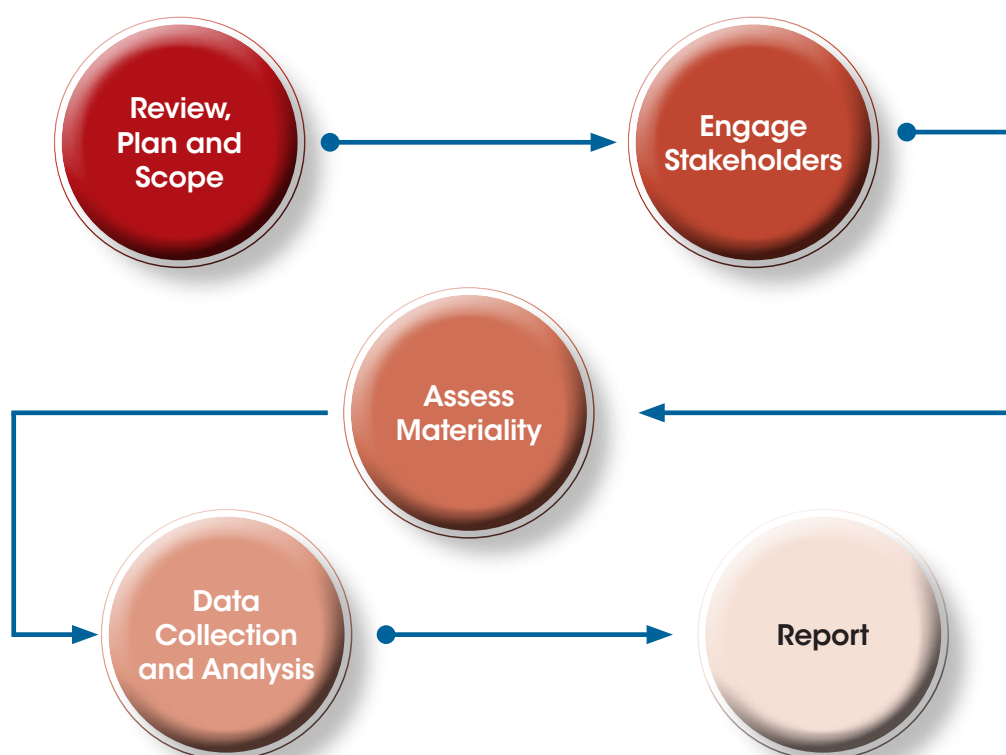
SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

Sustainability Approach

The Group's sustainability approach is focused on generating stable and sustainable value for our stakeholders by managing the impact of material EESG factors, as well as assessing the risks and opportunities within these areas of concerns in our businesses.

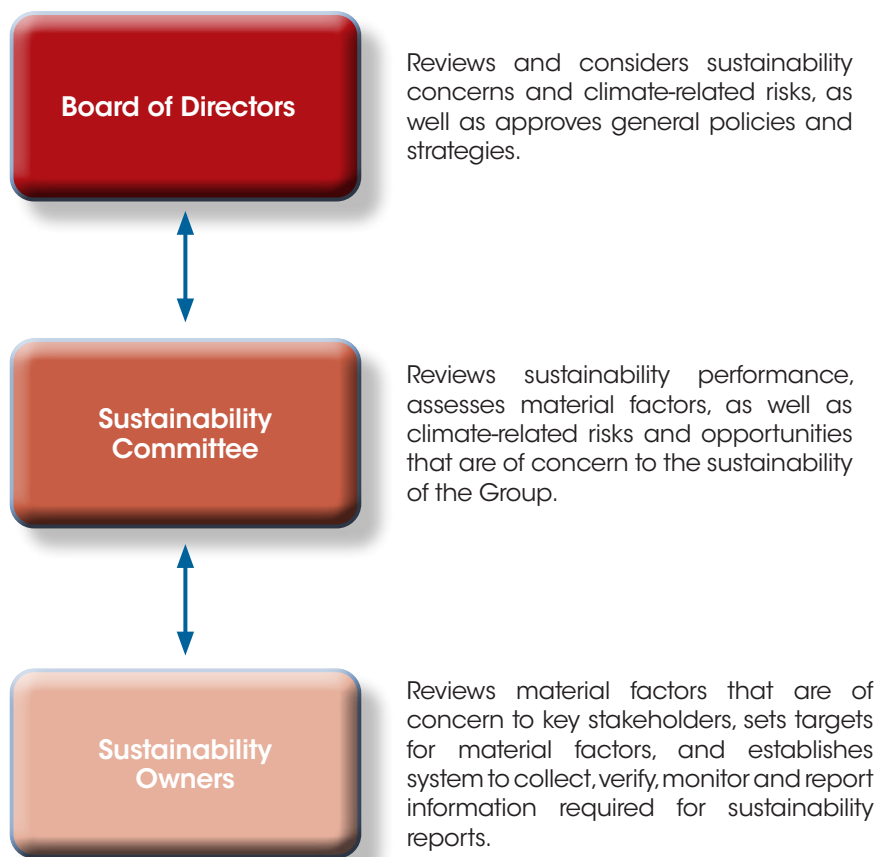
We acknowledge the importance of effective EESG strategy and implementation across our business operations, as we continue to expand our scope of review with a strategic and comprehensive approach. The Board reviews and considers sustainability issues raised by the Sustainability Committee during board meetings, and will deliberate on the possibilities that could be adopted into our day-to-day operations to improve the overall well-being.



The Group has in place a Sustainability Committee ("SC"), comprising key management executives and supported by representatives from various departments, and chaired by the Executive Chairman and Chief Executive Officer of the Company. The SC reports to the Board during board meetings, where the Board will review and deliberate on the sustainability issues. The SC is responsible for reviewing the Group's sustainability performance and material topics, analysing climate-related risks and opportunities, addressing stakeholder concerns, setting of targets and goals for material factors, and establishing systems to collect, verify, monitor and report information required for this sustainability report. The SC meets at least once a year to discuss, propose, coordinate, and promote the Group's sustainability practices.

SUSTAINABILITY REPORT

In FY2022, we formalised the Sustainability Reporting Policy to reinforce our commitment to the sustainability of our businesses, and this policy serves as a reference on the conduct of our sustainability reporting. The Board has also kept themselves abreast of the rising concerns about sustainability and climate-related topics through continuous training and education.



The Board maintains efficient oversight over the SC, reviews and considers sustainability issues and practices as part of the formulation of our strategies and policies to better manage sustainability risks and opportunities while ensuring all EESG and climate-related matters significant to our business are addressed. Material EESG factors are determined by the Board, who also oversees the management and monitoring of such material EESG factors, while the management of the Company has the responsibility to ensure that the EESG factors are monitored on an ongoing basis and properly managed.

We believe that managing the EESG impacts from within will manage the risks and opportunities present in our business, and correspondingly, generate sustainable value for our stakeholders.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Sustainable operations require regular communication of both internal and external stakeholders. The Group remains committed to establishing efficient communication platforms and strengthening mutually beneficial relationships with our stakeholders, to grow sustainably together.

Our engagements with our key stakeholders are summarised as follows:

Key Stakeholders	Engagement Methods	Stakeholders' Expectations	Our Initiatives
INTERNAL			
Board of Directors	<ul style="list-style-type: none"> ▶ Board meetings ▶ Regular updates via electronic communications (emails, phone calls, video conferencing) 	<ul style="list-style-type: none"> • Ensure that the internal policies and systems are current, effectively implemented and monitored throughout the organisation 	<ul style="list-style-type: none"> • Regular update on corporate activities, developments, and financial performance • Seek advice and approvals from the Board on all material proposed developments
Employees	<ul style="list-style-type: none"> ▶ Regular internal communications through meetings and electronic communications (emails, phone calls, video conferencing) ▶ Training and development programmes ▶ Recreational activities ▶ Employee feedback 	<ul style="list-style-type: none"> • Career growth • Training opportunities • Competitive remuneration and benefits • Pleasant and safe working environment 	<ul style="list-style-type: none"> • Ensure effective implementation of internal systems and policies • Regular meetings to review health and safety measures • Sponsor employees to attend courses and conferences regularly • Formal and informal get-togethers to strengthen working relationships among employees • Annual performance appraisal

SUSTAINABILITY REPORT

Key Stakeholders	Engagement Methods	Stakeholders' Expectations	Our Initiatives
EXTERNAL			
Shareholders and Investors	<ul style="list-style-type: none"> ▶ Announcements on SGXNet ▶ Annual general meeting or extraordinary general meeting ▶ Company website ▶ Annual report 	<ul style="list-style-type: none"> • Higher financial returns • Business sustainability and profitability • Industry conditions and prospects • Market presence • Transparency and corporate governance 	<ul style="list-style-type: none"> • Ensure all public disclosures on corporate results and developments are factual, timely, and accurate to provide fair and equitable treatment to all shareholders and investing public
Customers	<ul style="list-style-type: none"> ▶ Customer feedback via surveys, dialogue sessions, and meetings ▶ Regular follow-up via calls and face-to-face meetings ▶ Email enquiries ▶ Networking events 	<ul style="list-style-type: none"> • Quality control • On-time delivery, installation, and post-project services • Technical support • Reasonable payment terms • Competitive pricing 	<ul style="list-style-type: none"> • Product and quality certifications to ensure a consistent level of product quality • Active follow-ups with customers on product applications and requirements • Update customers on new products • Provide timely feedback to customers
Suppliers/ Business Partners	<ul style="list-style-type: none"> ▶ Regular meetings ▶ Electronic communications (emails, phone calls, video conferencing) 	<ul style="list-style-type: none"> • Timely payment and adherence to agreed terms • Competitive pricing • Quality of goods and services 	<ul style="list-style-type: none"> • Regular review, assessment, and feedback • Ensure compliance with safety standards and environmental laws and regulations
Government and Regulators	<ul style="list-style-type: none"> ▶ Meetings ▶ Electronic communications ▶ Through external professionals and agencies ▶ Announcements on SGXNet 	<ul style="list-style-type: none"> • Regulatory compliance • Occupational health and safety • Environmental compliance • Socioeconomic issues 	<ul style="list-style-type: none"> • Ensure compliance with applicable laws in respective countries of operations • Regular communication with external professionals and agencies • Meeting relevant authorities as and when necessary

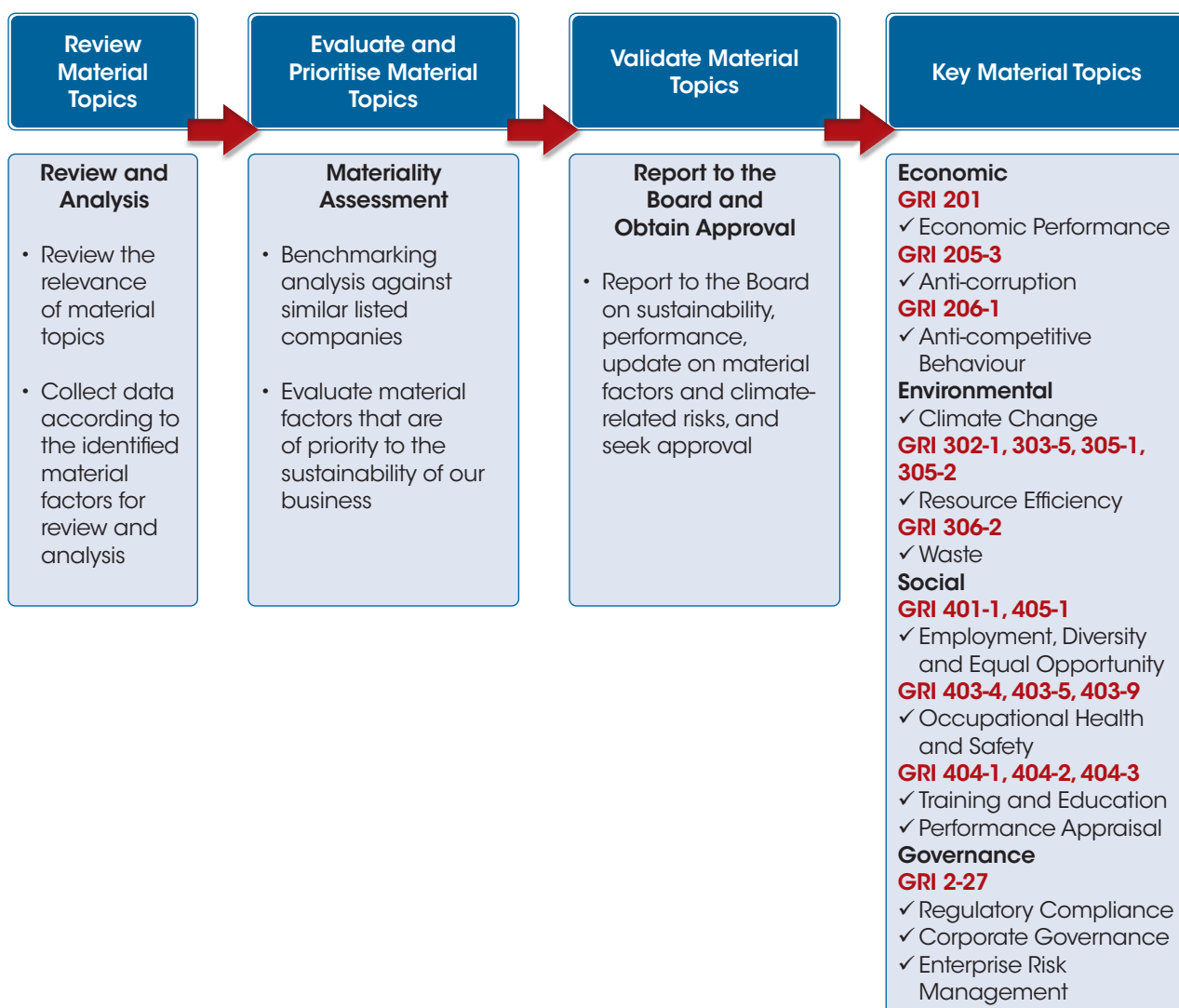
SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

The Group carried out an internal review on the relevance of the material topics for FY2022. We explored the criteria of material analysis based on industry standards, and reviewed peer benchmarking based on companies with similar operations and management awareness. The selection of the material topics and their respective level of importance were based on discussion with internal stakeholders, as well as the newly appointed Sustainability Champions, and the impact on our business risks and opportunities in FY2022. These material topics were also presented to the Board for review and approval for their inclusion in this sustainability report.

Whilst the Group continues to overcome challenges brought about by the COVID-19 pandemic, we expanded coverage on the material topics to include resource efficiency, which covers our energy usage, greenhouse gas emissions and water consumption at our manufacturing operations. Correspondingly, data has been collected according to our material topics to facilitate analysis of our performance to set targets for the respective material topics for the financial year ending 31 December 2023 ("FY2023").

The chart below summarises our materiality assessment process on material topics and the relevant GRI Standards which we have referenced in this sustainability report. We will continue to improve our interactions with our stakeholders related to the material topics identified as countries move towards an endemic phase of COVID-19, as well as the impact of climate-related risks and opportunities on our business.



SUSTAINABILITY REPORT

MATERIAL TOPIC: ECONOMIC

Economic Performance

GRI 201

The reopening of borders by various countries from the second quarter of 2022, set the stage for a recovery as economies and businesses transit into the endemic phase of COVID-19.

As its manufacturing facility increased productivity during FY2022, the Group went on to record a 53.7% year-on-year growth in revenue to S\$25.88 million, a record revenue for the Group since its listing on the Singapore Exchange. Higher revenue contributions were registered across all business segments as the Group worked towards fulfilling its orders that were secured in prior years.

The clean room equipment ("CRE") segment took the lead to register a 96.0% year-on-year growth in revenue from S\$3.59 million in FY2021 to S\$7.03 million in FY2022 with the completion of a few major clean room projects, especially a major one in Malaysia. The air purification integrated solution ("AP") segment, with its business operations located in China, registered a 42.5% year-on-year growth in revenue from S\$7.24 million in FY2021 to S\$10.32 million in FY2022, as the Group progressed to fulfil the order book secured in prior years. As property development activities increased, the heating, ventilation, and air-conditioning ("HVAC") segment also saw higher contribution, recording a 41.5% year-on-year increase in revenue, from S\$5.87 million in FY2021 to S\$8.31 million in FY2022. Revenue relating to the sales of cooling towers, which were recorded under the Others segment, also saw an increase of 62.4% year-on-year from S\$133,000 in FY2021 to S\$216,000 in FY2022 on the back of general improvement in the business environment.

In tandem with higher revenue, gross profit increased by 65.0% year-on-year from S\$3.89 million in FY2021 to S\$6.42 million in FY2022. Correspondingly, gross profit margin improved from 23.1% in FY2021 to 24.8% in FY2022.

Taking into account the operating expenses and tax credit, the Group registered a net profit attributable to equity holders the Company of S\$1.62 million in FY2022, a reversal from a net loss of S\$0.95 million in FY2021.

Please refer to the following sections in this annual report for FY2022 for more details on our operations and financial information:

- Operations Review on pages 5 to 7
- Financial Review on pages 8 to 11
- Financial Statements and Notes to the Financial Statements on pages 79 to 142

Performance in FY2022

- Achieved target set in FY2022 of recording a better financial performance as countries including Singapore and Malaysia lifted travelling restrictions during FY2022.
- Registered a record revenue of S\$25.88 million and a net profit attributable to shareholders of S\$1.62 million in FY2022, a reversal from a net loss attributable to shareholders of S\$0.95 million in FY2021.

Targets for FY2023

- The Group will strive to maintain profitable in FY2023 amidst geopolitical uncertainties and rising inflationary pressure barring unforeseen circumstances.
- The Group is exploring to maximise the potential of its existing manufacturing to further improve efficiency, while it continues to expand its market outreach to drive growth with its existing range of proprietary products.

SUSTAINABILITY REPORT

Anti-corruption

GRI 205-3

The Group has zero-tolerance on fraudulent and corrupt practices that may disrupt business operations and impede the growth of our business. We remain committed to conducting our business with integrity and transparency with no compromise on corruption.

We have in place the Fraud and Whistle-Blowing Policy, where all members of the organisation are reminded as pre-emptive measures to prevent, govern, and facilitate the reporting of any illegal or unethical practices in the organisation.

There was zero non-compliance relating to corruption, bribery, extortion, fraud, and money laundering in FY2022.

Performance in FY2022

- Achieved the target set for FY2022.
- Recorded zero incidence of non-compliance with the relevant laws and regulations that cover corruption, bribery, extortion, fraud, and money laundering.

Targets for FY2023

- To monitor and keep policy relevant and updated.
- To maintain zero incidence of non-compliance with the relevant laws and regulations involving corruption, bribery, extortion, fraud and money laundering.

Anti-competitive Behaviour

GRI 206-1

The Group remains committed in ensuring our businesses are conducted in an ethical and fair manner. While we continue to seek improvement in our clean air environmental solutions and services to satisfy evolving requirements of our customers, we also collaborate with business partners to broaden our product range and services, and to expand our market presence in our existing overseas markets. Please refer to the Operations Review section of this annual report for FY2022 for more details on the revenue analysis by geographical location and product segments of the Group.

The Group has implemented a Fraud and Whistle-blowing Policy whereby a designated mailing address and email address are provided for all employees to raise concerns about possible improprieties in matters of financial reporting or any other matters of concern, 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, balanced, and fair while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

Please refer to the Corporate Governance Report section of this annual report for FY2022 for more details on the following Group's policies and practices:

- The Board's Conduct of Affairs on pages 34 to 39
- Risk Management and Internal Controls on pages 53 to 59

Performance in FY2022

- Achieved the target set for FY2022.
- Recorded zero incidence of anti-competitive behaviour or anti-trust violation in FY2022.

Target for FY2023

- To maintain zero incidence of anti-competitive behaviour or anti-trust violation.

SUSTAINABILITY REPORT

MATERIAL TOPIC: ENVIRONMENTAL

Climate Change

The Group is aware that climate change poses risks to our business and industry, as well as broader society. As part of our commitment to operate ethically and sustainably, we are dedicated to understanding climate-related risks and opportunities, and embedding responses to these into our business strategy and operations.

We recognise that the aim of the Task Force on Climate-related Financial Disclosures ("TCFD") is to improve transparency of organisations' climate-related risks and opportunities so that investors can make informed decisions on where to deploy their capital.

We have started gradually adopting the recommendations of the TCFD, as well as begun developing and reporting our Scope 1 and Scope 2 greenhouse gas emissions to understand our baseline emissions for the first time in FY2022. We endeavour to share our progress towards meeting all the recommendations of the TCFD in our subsequent sustainability reports.

Resource Efficiency

GRI 302-1, 303-5, 305-1, 305-2

We continued to monitor and measure our environmental footprint from our fuel, energy and water consumption in FY2022. As our business activities resumed to normal with the easing of precautionary measures against COVID-19 and reopening of borders in the second half of 2022, we took the opportunity to ramp up our manufacturing operations to fulfil our secured orders.

We collected energy data from our operations in both Malaysia and Singapore, and computed the total annual greenhouse gas emissions. Electricity usage is mainly for the production of clean room equipment and heating ventilation and air-conditioning products in our manufacturing facility in Malaysia, as well as offices in Singapore and Malaysia. With activities picking up in the construction industry, we saw significantly higher level of activities that include production, deliveries and sales, resulting in higher fuel consumption of vehicles and generator sets used in both our Singapore and Malaysia operations in FY2022.

Our total energy consumed for the Group in FY2022 was 5,973.9 gigajoules ("GJ") comprising 2,028.1 GJ of fuel and 3,945.8 GJ of electricity. The energy consumed was for the Group's operations in both Singapore and Malaysia. The Group's overall greenhouse gas ("GHG") emissions were significantly higher at 7,900.7 tonnes CO₂e ("tCO₂e") in FY2022, as compared with GHG emissions of 4,338.6 tCO₂e in FY2021 due to higher level of business activities in FY2022 and the omission on electricity consumption data in FY2021. The carbon emission intensity was 305.3 tCO₂e per SGD million of revenue in FY2022.

Nevertheless, we are committed to taking positive and proactive actions on climate change and reducing carbon emission in our operations. As we are planning to maximise existing space in our manufacturing facility to expand our production capacity, we shall continue to monitor our performance so as to be able to set quantitative targets once we have a better understanding on our baseline.

The total volume of water consumed in FY2022 for the Group's operations in Singapore and Malaysia was approximately 2.5 megaliters.

Performance in FY2022

- Did not achieve target set in FY2022.
- Recorded an energy consumption of 2,028.1 GJ of fuel and 3,945.8 GJ of electricity.
- Overall GHG emissions were 7,900.7 tCO₂e in FY2022, as compared to 4,338.6 tCO₂e in FY2021. This significant difference was due to the omission of electricity consumption data in FY2021.
- Carbon emission intensity was 305.3 tCO₂e per SGD million of revenue in FY2022.
- Total volume of water consumed was 2.5 megaliters.

Targets for FY2023

- To monitor our overall performance as we roll out plans to maximise existing space in our manufacturing facility to enhance our production efficiency.
- To reduce or at least maintain our carbon emission intensity level as we strive to raise production efficiency against revenue generated.

SUSTAINABILITY REPORT

Energy consumed from non-renewable sources

GRI 302-1

Energy Source	Group Consumption	
	FY2022	FY2021
Fuel (petrol and diesel)	2,028.1 GJ	1,667.8 GJ
Electricity	3,945.8 GJ	N.A.
Total	5,973.9 GJ	1,667.8 GJ

Note: The Group started to collect data for electricity usage in FY2022.

Direct (Scope 1) and Energy Indirect (Scope 2) GHG Emissions for FY2022

GRI 305-1, GRI 305-2

Scope 1	5,284.9 tCO ₂ e
Scope 2	2,615.8 tCO ₂ e
Total	7,900.7 tCO ₂ e

Note: Conversion factors are sourced from https://www.ema.gov.sg/cmsmedia/Publications_and_Statistics/Statistics/18RSU.pdf and <https://pub.iges.or.jp/pub/iges-list-grid-emission-factors>.

As stated above, we begun developing and reporting our Scope 1 and Scope 2 GHG emissions to understand our baseline emissions for the first time in FY2022. As such, we do not have the necessary data to present our Scope 1 and Scope 2 GHG emissions for FY2021 for comparison purposes.

Waste

GRI 306-2

Our manufacturing facility in Malaysia that manufactures our proprietary range of clean room equipment and heating ventilation and air-conditioning products, continues to abide the rules and regulations applicable to Licensed Manufacturing Warehouse under the Malaysian Customs Act.

The waste materials generated from our production activities are classified and separated into hazardous and non-hazardous wastes for proper handling and disposal. Hazardous waste consists mainly paint and used thinner, while non-hazardous waste includes aluminium and paper related materials. We continue to engage third-party service providers to manage all proper disposal of our waste materials.

The easing of precautionary measures against COVID-19 and the reopening of borders during FY2022, saw our manufacturing facility in Malaysia improved on productivity to fulfil the secured orders by the Singapore operations. The total amount of waste materials increased by 21.3%, from 57,982 kilograms in FY2021 to 70,308 kilograms in FY2022.

Types of waste	FY2022	FY2021	Variance
Hazardous	35,256	25,218	39.8%
Non-hazardous	35,052	32,764	7.0%
Total	70,308	57,982	21.3%

Performance in FY2022

- Did not achieve target set on the overall amount of waste materials generated for FY2022.
- The Group generated a total of 70,308 kilograms of waste from the manufacturing facility in Malaysia as operations were ramped up in FY2022, on the back of the reopening of borders as well as the easing of shortage of essential components that affected the fulfilment of secured orders.
- 2,717.1 kilograms of total waste materials were generated per SGD million of revenue in FY2022, as compared to 3,444.1 kilograms per SGD million of revenue in FY2021.

Targets for FY2023

- To reduce the amount of total waste materials generated per SGD million of revenue.
- To monitor the amount of waste materials of metal and aluminium which are sold as scraps.

SUSTAINABILITY REPORT

The increase in the waste materials was mainly due to the increase in the quantity of clean room equipment and heating ventilation and air-conditioning products manufactured in our manufacturing facility in Malaysia and omission of used thinner data in FY2021. The waste materials of metal and aluminium are sold as scraps to recover some cost savings.

The Group remains committed to do our part for environmental conservation, and continues to step up effort on energy savings and recycling within our offices. These include minimising unnecessary wastage through measures such as two-sided printing, using recycled paper for printing, and switching off lights in office premises when not in use.

MATERIAL TOPIC: SOCIAL

Employment, Diversity and Equal Opportunity

GRI 401-1, 405-1

The Group remains committed to providing a nurturing workplace that advocates fairness, justice, respect and inclusiveness for employees, as our diverse workforce reflects the diversity of markets and customers we serve. We believe the continual growth of our business and sustainable success is integrated with the health, career growth, and well-being of our employees.

At Eindec, we value our employees as fellow members of the organisation with an aligned vision of doing well together in our roles and responsibilities. We prohibit any form of forced labour, human trafficking and modern slavery in our Group. The Group does not discriminate against our employees or potential recruits based on their race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints, or nationality. Recruitment, remuneration, promotion and benefits are required to be handled based on objective assessment of merit, equal opportunity, and non-discrimination.

We have in place our Employees Handbook that adhere to the legislation and guidelines in the respective country of operations. Performance bonuses are granted to eligible employees based on their performance, contributions to the Group and the Group's performance. Remuneration packages are reviewed regularly to ensure that compensation and benefits are in line with the industry. This helps the Group in our recruitment and retention of talent.

Due to the nature of the work, the diversity by gender continues to be male dominated, particularly in the manufacturing operations in Malaysia. In FY2022, approximately 75.2% of our employees are males, a slight increase from 73.6% in FY2021, and approximately 24.8% of our employees are females, as compared to 26.4% in FY2021. With our recruitment focusing on production expansion, we expect the proportion of male employees to increase further in FY2023.

Our headcount increased by 25.6%, from 125 in FY2021 to 157 in FY2022 for our operations in Singapore and Malaysia. We continue to face tight manpower supply even though we stepped up our recruitment efforts during FY2022. With the reopening of borders of Malaysia, the Group is allowed to recruit foreign workers after more than two years of limited travelling to increase our staff strength as we ramp up productivity in FY2022. This also attributed to higher employee turnover rate at 17.0% in FY2022, up from 4.7% in FY2021, as foreign workers returned to their homelands upon the easing of travelling restrictions and overall competitive labour market in Singapore.

Performance in FY2022

- Recorded no reported incidence of non-compliance with the relevant laws and regulations relating to fair employment practices.
- Maintained approximately 85% of our workforce to be below 50 years old of age.

Targets for FY2023

- Continue to maintain zero reported incidence of non-compliance with the relevant laws and regulations relating to fair employment practices.
- Continue to monitor and review the recruitment procedures and systems to ensure fair and non-discrimination in hiring.
- To resume group activities to foster better relations and team work among employees.

SUSTAINABILITY REPORT

All our employees are paid fair wages in line with the respective local regulations and overtime work is optional and our employees are given the option to decide if they wish to work overtime in accordance with the local employment law in the respective countries of operations.

The demographics of our employees for our operations in Singapore and Malaysia are as follows:

Employees by Gender and Location

Location/Gender	FY2022		FY2021	
	Male	Female	Male	Female
Singapore	58.8%	41.2%	64.3%	35.7%
Malaysia	79.7%	20.3%	76.3%	23.7%
Group Average	75.2%	24.8%	73.6%	26.4%

Employees by Age Group and Location

Location/Age Group (year old)	FY2022			FY2021		
	Below 30	30 - 50	Above 50	Below 30	30 - 50	Above 50
Singapore	20.6%	47.1%	32.3%	17.9%	46.4%	35.7%
Malaysia	56.1%	35.8%	8.1%	40.2%	51.5%	8.3%
Group Average	48.4%	38.2%	13.4%	35.2%	50.4%	14.4%

New Employees by Gender and Location

Location/Gender	FY2022		FY2021	
	Male	Female	Male	Female
Singapore	46.7%	53.3%	0.0%	0.0%
Malaysia	87.8%	12.2%	100.0%	0.0%
Group Average	76.8%	23.2%	100.0%	0.0%

New Employees by Age Group and Location

Location/Age Group (year old)	FY2022			FY2021		
	Below 30	30 - 50	Above 50	Below 30	30 - 50	Above 50
Singapore	20.0%	66.7%	13.3%	0.0%	0.0%	0.0%
Malaysia	78.0%	22.0%	0%	100.0%	0.0%	0.0%
Group Average	62.5%	33.9%	3.6%	100.0%	0.0%	0.0%

SUSTAINABILITY REPORT

New Employees and Employee Turnover

Gender	New Hires		Resigned		Employee Turnover	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Male	76.8%	0.0%	70.8%	57.1%	16.2%	4.3%
Female	23.2%	100.0%	29.2%	42.9%	19.4%	5.9%
Total					17.0%	4.7%

Board Diversity

Gender	FY2022	FY2021
Male	80%	80%
Female	20%	20%

Occupational Health and Safety

GRI 403-4, 403-5, 403-9

We continue to stay vigilant in managing and monitoring the health and safety risks through enforcement of policies and procedures including Workplace Safety Policy as well as employee behaviour and responsibility guidelines stated in Employees Handbook as part of our effort to keep a healthy and safe working environment for members of our organisation. We believe self-responsibility through regular reminders and education will minimise work-related injuries and accidents at the workplace.

All new employees will be briefed by the Human Resources personnel on health and safety topics at the workplace. We have in place an Occupational Safety and Health Committee, comprising of workers' representatives, to be involved in the occupational safety and health workplace inspection and related activities, as well as to promote the importance of occupational safety and health at the workplace in our manufacturing operations in Malaysia. Regular committee meetings are held by the representatives every quarterly and toolbox briefings are conducted every six months to remind employees of important safety measures. In addition, all workers are required to undergo emergency response training.

In FY2022, we recorded eight recordable work-related injuries and an aggregate of 38 lost days at our manufacturing facility in Malaysia, as compared to four recordable work-related injuries and 17 lost days in FY2021. Despite these being minor injuries, we remain committed to ensure health, safety and well-being of our employees as our highest priority. We will continue to strive to minimise occurrences through conducting regular refresher training for all our employees to emphasise safe work procedures in our operational facilities.

Performance in FY2022

- Recorded zero incidence resulting in work-related fatality and permanent disability.
- Recorded zero incidence of non-compliance with the relevant laws and regulations relating to occupational health and safety.
- Achieved targets set for FY2022.
- Recorded eight recordable work-related minor injuries at the manufacturing operations in Malaysia in FY2022, an increase of four cases as compared to FY2021.
- Aggregate lost days increased from 17 days in FY2021 to 38 days in FY2022.

Targets for FY2023

- To maintain zero incidence of significant work-related injuries and zero incidence resulting in work-related fatality and permanent disability.
- To maintain zero incidence of non-compliance with the relevant laws and regulations relating to occupational health and safety, providing a safe working environment and protecting employees from occupational hazards.

SUSTAINABILITY REPORT

Training and Education

GRI 404-1, 404-2

We believe that it is essential to enhance the value of our employees through learning opportunities to upgrade and equip themselves so as to improve their knowledge, qualification and skills to perform better in their roles and responsibilities.

As our operations resumed gradually upon the reopening of borders, we had scheduled relevant trainings for our employees across different operational levels during FY2022. These courses include AutoCAD design, Fire Safety, and Licensed Manufacturing Warehouse Training, which recorded a total of 240 hours of training for 21 employees in both Singapore and Malaysia operations in FY2022.

While we recorded an improvement in training hours for our employees from 4.0% of our total employees of 125 in FY2021 to 13.4% of our total employees of 157 in FY2022, we remain committed to provide enrichment opportunities for our employees.

Performance Appraisal

GRI 404-3

Our human resource department has established a system to carry out performance review for employees on their roles and responsibilities in the Group.

The employee performance review comprises mainly quantifiable evaluation criteria for all employees. We also actively collect performance information through inputs from direct supervisors, as well as periodical employee communication sessions. We believe that regular communication with employees enables us to foster better working relationships and keep us attune to the growth and well-being of our employees, which will improve talent retention.

With the easing of precautionary measures against COVID-19, we have initiated to conduct interactive meetings with our employees to gain insights of the operational situations faced by them on a monthly basis. We believe this form of interaction allows greater participation amongst employees to improve together with the organisation.

Performance in FY2022

- Achieved target for higher training hours for employees in FY2022.

Targets for FY2023

- To continue to explore knowledge and skills enrichment courses for employees.
- To maintain the total number of 240 training hours for employees in Singapore and Malaysia operations conducted internally and externally.

Performance in FY2022

- Conducted quarterly employee interactive meetings in FY2022.

Target for FY2023

- To continue to conduct interactive meetings for employees on regular basis to encourage active participation in the business operations.

SUSTAINABILITY REPORT

MATERIAL TOPIC: GOVERNANCE

Regulatory Compliance

GRI 2-27

The Group remains committed to operating our business in compliance with the relevant social and economic as well as environmental regulations and standards. The Group also continues to strive on having good corporate governance and observing compliance with applicable laws and regulations, and performing beyond these requirements.

We remain committed to conducting our business with integrity and safeguarding the interest of all our stakeholders, both internal and external.

Corporate Governance

GRI 2-27

At Eindex, we remain committed to the best practices in corporate governance to ensure the sustainability of the Group's operations. We believe our consistent motivation for corporate excellence will continue to reinforce a more transparent, accountable, and equitable system, and thereby delivering higher value to our stakeholders.

Please refer to pages 34 to 64 of this annual report for FY2022 for details of the Group's corporate governance principles and practices.

The Corporate Governance Report outlines the Group's corporate governance practices that were in place during FY2022, with specific reference made to the principles and the provisions of the Code of Corporate Governance 2018 pursuant to Rule 710 of the Catalist Rules.

Enterprise Risk Management

GRI 2-27

The Board maintains overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group has established the Risk Management Policy to identify and analyse the key risks faced by the Group, to assess the risk rating, to set internal controls and to implement procedures to monitor and mitigate risks.

The risk management policies and procedures are reviewed as and when appropriate to reflect changes in market conditions against the Group's activities. The Group, through the established policies and procedures, aims to develop a disciplined and constructive control environment to manage emerging and strategic risks that may impact our sustainability.

The Audit Committee of the Company oversees how the management of the Company monitors compliance with the Group's risk management policies and procedures, and from time to time, reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted by the internal auditors of the Company in its oversight of the Group's risk management. In turn, the internal auditors of the Company undertake both regular and ad-hoc reviews of the Group's risk management controls and procedures, and reports their findings to the Audit Committee.

The Group remains vigilant and continues to perform risk assessment on our business operations at least once per year, either internally or with the assistance of a third party professional as determined by the Audit Committee.

Performance in FY2022

- Achieved target set for FY2022.
- Recorded zero incidence of non-compliance with the relevant laws and regulations in the social and economic areas that could potentially result in internal disciplinary action or public allegation.

Targets for FY2023

- To maintain zero incidence of non-compliance with the relevant laws and regulations in the social and economic areas that could potentially result in internal disciplinary action or public allegation.
- Continue to monitor and update the adequacy of the risk management policies and procedures as and when appropriate.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of use	Eindec Corporation Limited has reported this information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Reference
MATERIAL TOPICS		
GRI 2: General Disclosures (2021)	2-27	Compliance with laws and regulations Sustainability Report ("SR") - Governance, page 29
GRI 201: Economic Performance	201	Direct economic value generated and distributed SR - Economic Performance, page 21
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken SR - Anti-corruption, page 22
GRI 206: Anti-competitive Behaviour 2016	206-1	Confirmed incidents of anti-competitive behaviour, violations of anti-trust, and monopoly legislation SR - Anti-competitive Behaviour, page 22
GRI 302: Energy 2016	302-1	Energy Consumption SR - Resource Efficiency, page 23
GRI 303: Water and Effluents 2018	303-5	Water Consumption SR - Resource Efficiency, page 23
GRI 305: Emissions 2016	305-1 305-2	Direct (Scope 1) and Energy Indirect (Scope 2) GHG Emissions SR - Resource Efficiency, page 24
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts SR - Waste, pages 24 to 25
GRI 401: Employment 2016	401-1	New employee hires and employee turnover SR - Employment, Diversity and Equal Opportunity, pages 25 to 27
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees SR - Employment, Diversity and Equal Opportunity, pages 25 to 27
GRI 404: Training and Education 2016	404-1 404-2 404-3	Average hours of training per year per employee Performance Appraisal SR - Training and Education, page 28 SR - Performance Appraisal, page 28
GRI 403: Occupational health and safety 2018	403-4 403-5 403-9	Worker participation, consultation, and communication on occupational health and safety Worker training on occupational health and safety Work related injuries SR - Occupational Health and Safety, page 27

SUSTAINABILITY REPORT

TCFD CONTENT INDEX

TCFD Recommendations	Disclosure	Reference
GOVERNANCE		
Describe the board's oversight of climate-related risks and opportunities.	Our Board oversees the Group's enterprise risk management process to identify and manage risks, including any risks related to environmental and social issues, and periodically reviews the processes established by management to identify and manage risks and communicates with management about these processes.	SR – Board Statement, page 15 SR – Sustainability Governance, pages 16 to 17 SR – Climate Change, page 23
Describe management's role in assessing and managing climate-related risks and opportunities.	<p>The Group has in place a Sustainability Committee ("SC"), comprising key management executives and supported by representatives from various departments, and chaired by the Executive Chairman and Chief Executive Officer of the Company. The SC reports to the Board during board meetings, where the Board will review and deliberate on the sustainability issues. The SC is responsible for reviewing the Group's sustainability performance and material topics, analysing climate-related risks and opportunities, addressing stakeholder concerns, setting of targets and goals for material factors, and establishing systems to collect, verify, monitor and report information required for this sustainability report.</p> <p>The Board maintains efficient oversight over the SC, reviews and considers sustainability issues and practices as part the formulation of our strategies and policies to better manage sustainability risks and opportunities while ensuring all EESG and climate-related matters significant to our business are addressed.</p>	SR – Sustainability Governance, pages 16 to 17

SUSTAINABILITY REPORT

TCFD Recommendations	Disclosure	Reference
STRATEGY		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Eindec is adopting a progressive strategy towards managing climate-related risks. Identifying climate-related risks and opportunities of the Group will be carried out post-FY2022.	-
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Eindec is adopting a progressive strategy towards managing climate-related risks. Identifying the impact on climate-related risks and opportunities on the Group's business, strategy and financial planning will be carried out post-FY2022.	-
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Eindec is adopting a progressive strategy towards managing climate-related risks. Scenario analysis will be carried out post-FY2022.	-
RISK MANAGEMENT		
Describe the organisation's processes for identifying and assessing climate-related risks.	Eindec is adopting a progressive strategy towards managing climate-related risks. Identifying and assessing climate-related risks will be carried out post-FY2022.	-
Describe the organisation's processes for managing climate-related risks.	Eindec is adopting a progressive strategy towards managing climate-related risks. The Group's processes for managing climate-related risks will be determined and carried out post-FY2022.	-
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Eindec is adopting a progressive strategy towards managing climate-related risks. Analysis on integration with enterprise risk management of the Group will be carried out post-FY2022.	-

SUSTAINABILITY REPORT

TCFD Recommendations	Disclosure	Reference
METRICS AND TARGETS		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>As part of Eindex's annual sustainability reporting, we track metrics such as:</p> <ul style="list-style-type: none"> – Scope 1 and 2 GHG emissions – Electricity and fuel consumption 	SR – Resource Efficiency, pages 23 to 24
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	<p>Scope 1 and Scope 2 GHG emissions are disclosed in our SR.</p> <p>We begun developing and reporting our Scope 1 and Scope 2 GHG emissions to understand our baseline emissions for the first time in FY2022.</p> <p>We will review and develop and report our Scope 3 GHG emissions, as and when appropriate.</p>	SR – Resource Efficiency, pages 23 to 24
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Eindex is adopting a progressive strategy towards managing climate-related risks. Appropriate targets shall be analysed and set post-FY2022.	–

CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**” or “**Directors**”) of Eindex Corporation Limited (the “**Company**” and together with its subsidiaries, the “**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 shareholders’ 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 2022 (“**FY2022**”), with specific reference made to the principles and the provisions of the Code of Corporate Governance 2018 (the “**Code**”) pursuant to Rule 710 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

The Board is pleased to report that for FY2022, 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 the interests of the shareholders of the Company (“**Shareholders**”) and enhance long-term Shareholders’ value. Its responsibilities are distinct from the management of the Group (the “**Management**”). It sets the overall strategy and policies for the Group and supervises the Management. To fulfil this role, the Board sets strategic direction, establishes goals for the 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:

- (a) providing entrepreneurial leadership and setting the overall strategy and direction of the Group;
- (b) reviewing and overseeing the management of the Group’s business affairs, financial controls, performance and resource allocation;
- (c) 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;
- (d) overseeing the processes of risk management, financial reporting and compliance, and evaluating the adequacy and effectiveness of internal controls and risk management systems;
- (e) 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 the SGX-ST;
- (f) appointing new Directors and key management staff, including the review of performance and remuneration packages; and
- (g) assuming the responsibilities for corporate governance.

CORPORATE GOVERNANCE REPORT

The Board has in place a code of conduct and ethics, which sets an appropriate tone-from-the-top and desired organisational culture and ensures proper accountability within the Company. 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.

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.

Any newly appointed Director will be given briefings on the business activities of the Group, its strategic directions, governance practices and Directors' duties and obligations. Mr. Ong Kian Guan was appointed onto the Board during the financial year under review. He has prior experience as a director of a listed company on the SGX-ST and thus, he is not required to undergo the relevant mandatory trainings on his roles and responsibilities as a director of a listed company on the SGX-ST pursuant to Practice Note 4D of the Rules of Catalist. As a newly appointed Director, Mr. Ong Kian Guan had received the abovementioned relevant orientation and briefing from the Company.

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 affecting the Group, to facilitate effective discharge of their fiduciary duties as a member of the Board or Board Committees.

New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") and news/articles/reports (including analyst reports) which are relevant to the Group's businesses and regulatory requirements are regularly circulated to all the Directors. The Company Secretary informs the Directors on the availability of relevant courses, conferences and seminars for them to stay abreast of relevant business developments and outlook.

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.

CORPORATE GOVERNANCE REPORT

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, the Group and/or the Directors in discharging their duties at the Company's expense.

During the financial year under review, save for Ms. Jiang Nan, all the Board members have attended the mandated sustainability training course organised by the prescribed training providers as required under the enhanced sustainability reporting rules announced by the SGX-ST in December 2021. Ms. Jiang Nan has registered for the sustainability training course (to be conducted in Mandarin via an online webcast) organised by the SID in year 2022. However, Ms. Jiang Nan was unable to attend the sustainability training course (via an online webcast) on that day due to technical issues. Ms. Jiang Nan will be attending the mandated sustainability training course organised by the SID in year 2023. In addition, during the financial year under review, Mr Wong Chee Meng Lawrence, an Independent Director of the Company, has attended an online webinar on Anti-Money Laundering/Combating the Financing of Terrorism course organised by the Institute of Singapore Chartered Accountants and Chartered Secretaries Institute of Singapore.

Provision 1.3

The Board has adopted a set of internal guidelines setting forth matters that requires the Board's approval, which has been clearly communicates to the Management.

The matters that require the Board's approval include:

- major investments/divestments and funding decisions;
- announcements or press releases on SGXNet, including financial result announcements;
- transactions which are not in the ordinary course of business of the Company;
- major borrowings or corporate guarantees in relation to borrowings;
- new banking facilities and corporate guarantees;
- profit-sharing arrangements;
- incorporation or dissolution of any subsidiary;
- allotment and issuance of shares or declaration of dividends;
- operating budgets, annual report, Directors' statement and audited financial statements;
- change in corporate business strategy and direction; and
- material acquisitions and disposals of assets.

Provision 1.4

To assist the Board in discharging its oversight functions and to enhance the Company's corporate governance framework, 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

CORPORATE GOVERNANCE REPORT

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 as well as a summary of each Board Committee's activities 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	Executive Chairman and Chief Executive Officer	-	-	-
Jiang Nan	Non-Independent and Non-Executive Director	-	-	-
Ong Kian Guan ⁽¹⁾	Lead Independent Director	Chairman	Member	Member
Wong Chee Meng Lawrence	Independent Director	Member	Member	Chairman
Jeffrey Ong Shen Chieh	Independent Director	Member	Chairman	Member

Note:

(1) Mr. Ong Kian Guan was appointed as the Lead Independent Director on 23 April 2022.

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 meetings, Board Committee meetings and general meeting(s) of the Company held during FY2022 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
Ong Kian Guan ⁽¹⁾	1	1	1	1	-
Jeffrey Ong Shen Chieh	2	2	2	2	1
Wong Chee Meng Lawrence	2	2	2	2	1
See Yen Tarn ⁽²⁾	1	1	1	1	1

* By invitation

The Company only held one (1) general meeting during FY2022, being its annual general meeting.

Notes:

(1) Mr. Ong Kian Guan was appointed as the Lead Independent Director on 23 April 2022.

(2) Mr. See Yen Tarn retired as an Independent Director at the annual general meeting of the Company held on 22 April 2022.

CORPORATE GOVERNANCE REPORT

The dates of all the Board and Board Committee meetings, as well as the annual general meeting of the Company ("**AGM**"), are scheduled well in advance each year, in consultation with the Board. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Constitution of the Company provides for Directors to conduct meetings by teleconferencing, videoconferencing, or other similar means of communication. The Board and Board Committees also make decisions through circulating resolutions.

The Board holds meetings at regular intervals. In FY2022, the Board held two (2) scheduled meetings. Besides the scheduled Board meetings, the Board meets on an-hoc basis as warranted by circumstances. Key matters discussed at these meetings include financial performance, annual budget, corporate strategy, significant operational matters, business opportunities and governance issues.

If a Director is unable to attend a Board or Board Committee meeting, he/she will still receive all the papers and materials for discussion at that meeting. He/She will review and advise the Chairman of the Board or the Board Committee of his/her views and comments on the matters to be discussed so that they can be conveyed to other members at the meeting.

Provision 1.6

The 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.

The Board receives half yearly management financial statements, annual budgets and explanation on material variances to enable the Directors to understand and oversee the Group's operational and financial performance. Directors are also informed on a regular basis as and when there are any significant developments or events relating to the Group's business operations.

As a general rule, Board papers prepared for each meeting are normally circulated five (5) days in advance of each meeting. This is to give sufficient time for the Board to review and consider the matters to be discussed so that discussions can be more meaningful and productive. However, sensitive matters may be tabled at the meeting itself or discussed without papers being circulated. The Board papers provide sufficient background and explanatory information to enable the Directors to be properly briefed on issues to be considered at the Board and Board Committee meetings. Such explanatory information may be in the form of briefings to provide additional insights to the Directors or formal presentations made by the Management in attendance at the meetings, or by external and internal auditors or external consultants engaged on specific projects.

Provision 1.7

Directors have separate and independent access to the Management, the Company Secretary, external and internal auditors, and external advisers (where necessary) at all times through email, telephone and face-to-face meetings. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished by the Management.

Under the direction of the Chairman of the Board, the Company Secretary ensures timely and good information flows within the Board and its Board Committees and between the Management and the Independent Directors.

CORPORATE GOVERNANCE REPORT

The Company Secretary assists the Chairman of the Board and of each Board Committee in the development of the agendas for the various Board and Board Committee meetings. She and/or her representative administers and attends all Board and Board Committee meetings of the Company and prepares minutes of the meetings. She is also responsible for, among other things, ensuring that Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies Act 1967 of Singapore, Securities and Futures Act 2001 of Singapore and the Catalist Rules, are complied with.

As the primary compliance officer for the Group's compliance with the Catalist Rules, the Company Secretary is responsible for designing and implementing a framework for the Management to comply with the Catalist Rules, including advising the Management to ensure that material information is disclosed on a prompt basis. The Company Secretary also assists the Chairman of the Board and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhance long-term stakeholders' value.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

Independent Professional Advice

Where the Directors, whether individually or collectively, require independent professional advice in furtherance of their duties and responsibilities, the Company Secretary will assist in appointing a professional advisor to render the relevant advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company.

For FY2022, the Company had engaged an external adviser to advise the Board on matters relating to sustainability reporting.

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 fall under any circumstances pursuant to the accompanying Practice Guidance of the Code and 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.

Currently, the Board consists of five (5) Directors, of whom three (3) are considered independent by the Board. The current Board composition is in compliance with the Code's guidelines where Independent Directors make up a majority of the Board when the Chairman of the Board is not independent, being the Executive Chairman and Chief Executive Officer of the Company, as well as a controlling Shareholder. The Board is capable of exercising independent and objective judgement on corporate affairs of the Group and ensures that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long-term interests of the Group and its stakeholders. No individual or small group of individuals dominates the Board's decision-making.

CORPORATE GOVERNANCE REPORT

The NC conducts an annual review to determine the independence of the Directors in accordance to the Code and its accompanying Practice Guidance as well as the Catalist Rules. In the review and deliberation of the independence of the three (3) Independent Directors, the NC has considered the applicable Catalist Rules, the definition of “independent” as set out under Provision 2.1 of the Code and all nature of relationships and circumstances (including those as set out under the accompanying Practice Guidance to the Code) that could influence the judgement and decisions of the Directors.

Each Independent Director is required to complete an annual declaration to confirm his/her independence based on the applicable Catalist Rules, and the definition of “independent” and guidelines as set out under the Code and its accompanying Practice Guidance. The Independent Directors must also confirm whether they consider themselves independent despite not having any relationship identified under the applicable Catalist Rules and the Code and its accompanying Practice Guidance.

For the year under review, the Independent Directors, namely Mr. Ong Kian Guan, 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 in the best interests of the Company, and do not fall under any of the relationships and circumstances pursuant to the accompanying Practice Guidance to the Code and 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. For the year under review, (i) the NC has assessed and is satisfied that all the three (3) Independent Directors are independent; and (ii) the Board, based on the review conducted by the NC, is of the view that all the three (3) Independent 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

Provision 2.3

As at the date of this report, the Board comprises five (5) members, whereby the Chairman of the Board is not independent and three (3) of the members are Independent and Non-Executive Directors. Accordingly, the Company has complied with the relevant Provisions 2.2 and 2.3 of the Code as Independent and Non-Executive Directors make up a majority of the Board.

Provision 2.4

The profile of the Directors and key information are set out on pages 12 to 13 of this Annual Report.

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 the 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 the Board Committees and is satisfied that the current size and composition of the Board and the Board Committees is appropriate and effective, and provides the Board and the Board Committees 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 size and composition of the Board and the Board Committees, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment of the Group.

CORPORATE GOVERNANCE REPORT

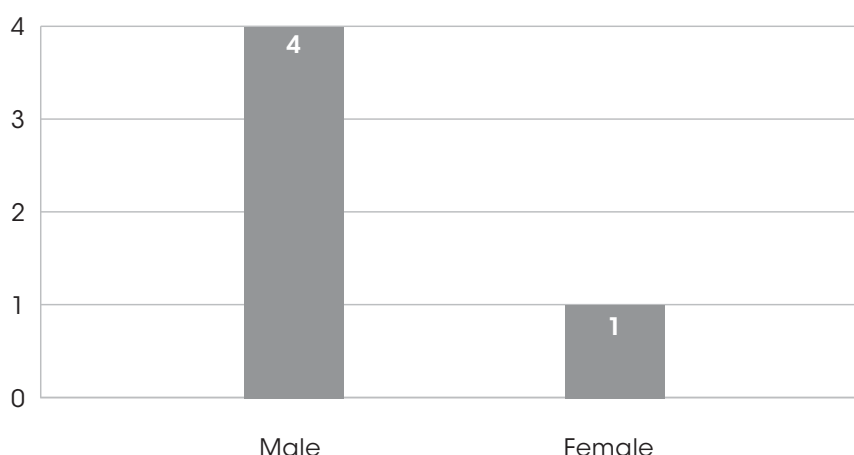
The Board comprises Directors who, as a whole, have the core competencies and experience necessary to discharge their duties as Directors, lead and manage the Group's businesses and operations. The current composition of the Board comprises Directors with diversity of skills, experience and knowledge to the Company. The core competencies of the Directors include accounting or finance, business management, legal or corporate governance, relevant industry knowledge or experience, strategic planning experience and customer-based experience or knowledge.

The Group's Board Diversity Policy endorses the principle that its Board should have a balance of skills, knowledge, experience and diversity of perspectives appropriate to its business so as to mitigate against groupthink and to ensure that the Group has the opportunity to benefit from all available talents. In reviewing Board composition and succession planning, the NC considers the benefits of all aspects of diversity, including diversity of background, experience, gender, age and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately.

The current Board composition reflects the Company's commitment to Board diversity. Every year, the NC conducts its review of the composition of the Board, which comprises members of both genders and from different backgrounds whose core competencies, qualification, skills and experiences, meet with the requirements of the Group at the point in time. In recognition of the importance and value of gender diversity in the composition of the Board, the Board has one (1) female Director currently, representing 20% of the total Board membership. In addition, the Board consists of Directors with ages ranging from early 40s to late 50s, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

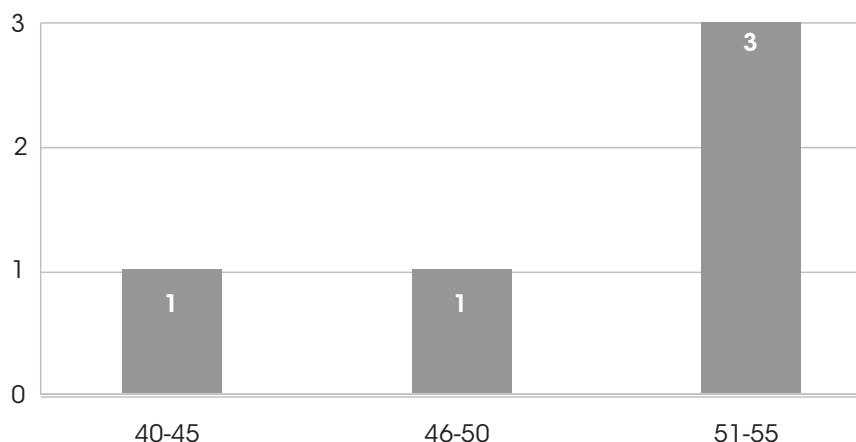
The NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval. The NC will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board.

Board's Gender Diversity as at 31 December 2022

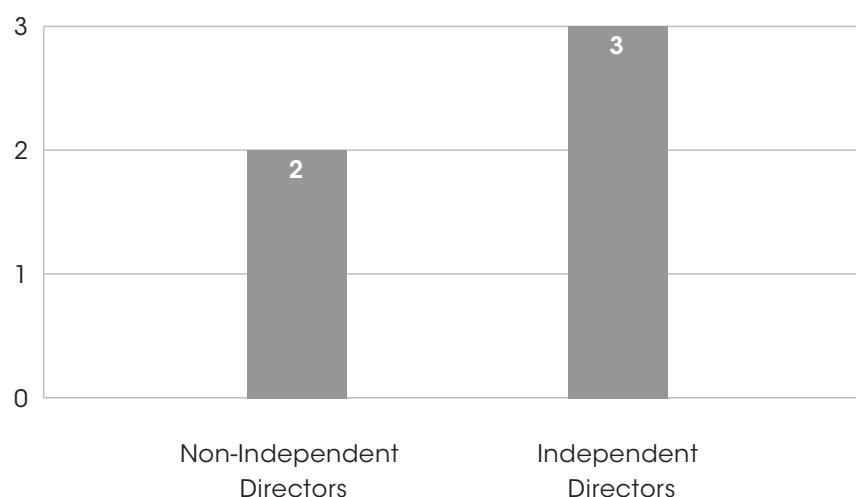


CORPORATE GOVERNANCE REPORT

Board's Age Group as at 31 December 2022



Board's Independence as at 31 December 2022



Provision 2.5

The Independent Directors, led by the Lead Independent Director, are encouraged to meet amongst themselves at least once a year without the presence of the Management and the Executive Chairman of the Board to, amongst others, discuss and evaluate the performance of the Management as well as the remuneration of the Executive Chairman. The feedback and views expressed by the Independent Directors will be communicated by the Lead Independent Director to the Board and/or the Executive Chairman, as appropriate. The Independent Directors had met at least once in FY2022, without the presence of the Management so as to facilitate a more effective check on the Management.

CORPORATE GOVERNANCE REPORT

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

Provision 3.2

Mr. Zhang Wei had, on 15 August 2022, been re-designated to assume the position of Executive Chairman and the Chief Executive Officer ("CEO") of the Company to manage and oversee the overall business operations and performance of the Group. While the roles of Chairman and CEO are held by the same person, there is a clear division of responsibilities, as set out in writing and agreed by the Board, between the leadership of the Board and the Management responsible for managing the Company's business.

As the Chairman of the Board, Mr. Zhang Wei ensures that Board meetings are held half-yearly and as and when necessary, sets Board meeting agenda, promotes a culture of openness and debate at the Board and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. He ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognizant of the affairs of the Group as well as effective communication with Shareholders. He encourages constructive relations and effective contribution within the Board and between the Board and the Management. He also takes a leading role in ensuring that the Company strives to achieve and maintain high standards of corporate governance and an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision-making.

As the CEO of the Company, Mr. Zhang Wei is responsible for the effective management and supervision of the daily business operations of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board. The major decisions are made in consultation with the Board, a majority of which comprises Non-Executive and Independent Directors. The Board is of the opinion that the discharge of responsibilities in the two (2) roles by Mr. Zhang Wei will not be compromised as there is strong independence within the Board and the process of decision-making by the Board has been independent and based on collective decision without any individual or small group of individuals dominating the Board's decision-making. The NC also assesses the performance and effectiveness of Mr. Zhang Wei on his performance as Chairman separately from that of CEO.

Provision 3.3

Taking cognisance that the Chairman of the Board is an Executive Director cum Chief Executive Officer and thus not independent, the Board has designated a Lead Independent Director whose role includes:

- (a) providing leadership in situations where the Executive Chairman is conflicted and especially when the Executive Chairman is not independent;
- (b) serving as a sounding board for the Executive Chairman and as an intermediary between the Non-Executive and Independent Directors and the Executive Chairman;
- (c) promoting high standards of corporate governance and effective communication between the Shareholders and the Company; and
- (d) co-ordinating and leading the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board.

CORPORATE GOVERNANCE REPORT

The current Lead Independent Director is Mr. Ong Kian Guan who was appointed on 23 April 2022. He is available to Shareholders and stakeholders should they have concerns with regards to the Group which cannot be resolved or are inappropriate or inadequate to raise through the normal communication channels with the Executive Chairman and CEO or the Management.

There was no query or request on any matters which requires the Lead Independent Director's attention received in FY2022.

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 its duties and responsibilities, which include the following:

- (a) to make recommendations to the Board on all board appointments and re-appointments having regard to the Director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an Independent Director;
- (b) to determine the independence of a Director annually;
- (c) 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 a Director, having regard to the competing time commitments that are faced when serving on multiple boards;
- (d) to review the succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- (e) to review the training and professional development programmes for the Board and the Directors;
- (f) to review and approve any new employment of related persons and the proposed terms of their employment; and
- (g) 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 each of the Board Committees and for assessing the contribution of each individual Director to the effectiveness of the Board (if applicable).

CORPORATE GOVERNANCE REPORT

Provision 4.2

The NC comprises three (3) members, all of whom including the NC Chairman, are Independent and Non-Executive Directors, and the Lead Independent Director is a member of the NC. The NC comprises the following members:

- (a) Mr. Jeffrey Ong Shen Chieh (Chairman)
- (b) Mr. Wong Chee Meng Lawrence
- (c) Mr. Ong Kian Guan

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 listed 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.

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.

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 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.

For re-nomination and re-appointment of Directors, 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.

CORPORATE GOVERNANCE REPORT

At the forthcoming AGM of the Company, Mr. Zhang Wei, Mr. Jeffrey Ong Shen Chieh and Mr. Ong Kian Guan (collectively, the “**Retiring Directors**”) will be retiring pursuant to Regulations 99 and 103 of the Company’s Constitution respectively. 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.

The Retiring Directors have re-submitted themselves for re-election at the forthcoming AGM. Please refer to the section entitled “Additional Information on Directors Seeking Re-election” of this report for the information as set out in Appendix 7F to the Catalist Rules relating to the Retiring Directors.

Each member of the NC shall abstain from voting, approving or making a recommendation on any resolution of the NC in which he/she has a conflict of interest in the subject matter under consideration.

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 of the relationships and circumstances pursuant to the accompanying Practice Guidance to the Code and Rule 406(3)(d) of the Catalist Rules. In respect of the Company’s current Independent Directors, namely Mr. Ong Kian Guan, Mr. Wong Chee Meng Lawrence and Mr. Jeffrey Ong Shen Chieh, the Board is of the view that all three (3) of the Independent Directors are independent, taking into account the circumstances set forth in the Code and its accompanying Practice Guidance, Rule 406(3)(d) of the Catalist Rules and any other salient factors.

For FY2022, the Independent Directors have also confirmed their independence in accordance with the Code and its accompanying Practice Guidance, and Rule 406(3)(d) of the Catalist Rules and there was no alternate director on the Board.

Provision 4.5

The NC ensures that new Directors are aware of their duties and obligations. For re-nomination and re-appointment of Directors, the NC takes into consideration the competing time commitments faced by Directors and their ability to devote appropriate time and attention to the Group.

Each Director is required to confirm annually to the NC as to whether he/she has any issue with competing time commitments which may impact his/her ability to provide sufficient time and attention to his/her duties as a Director of the Company. Based on the Directors’ annual confirmations and the Directors’ commitments and contributions to the Company, which are also evident in their level of attendance and participation at Board and Board Committee meetings, the NC and the Board are satisfied that all the Directors were able to devote to the Company’s affairs in light of their other commitments and have been adequately carrying out their duties as a Director of the Company in FY2022.

CORPORATE GOVERNANCE REPORT

Other than the key information regarding the Directors set out below, information pertaining to the Directors' interests in shares, options and other convertible securities of the Company 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	<ul style="list-style-type: none"> Diploma in law from Zhongzhou University Certified economist by Henan Province Science Committee Master of Business Administration from Macau University of Science and Technology 	Executive Chairman and Chief Executive Officer	Chairman of the Board	2 September 2015	22 April 2021	Nil
Jiang Nan	<ul style="list-style-type: none"> Bachelor of Finance degree from Beihang University 	Non-Independent and Non-Executive Director	Nil	1 October 2020	22 April 2021	Nil
Ong Kian Guan	<ul style="list-style-type: none"> Bachelor of Accountancy degree from the Nanyang Technological University Fellow of the Institute of Singapore Chartered Accountants Fellow of CPA Australia 	Lead Independent Director	Chairman of the AC, and a member of the NC and the RC	23 April 2022	Not applicable	<ul style="list-style-type: none"> China XLX Fertiliser Ltd Omnibridge Holdings Limited
Wong Chee Meng Lawrence	<ul style="list-style-type: none"> Bachelor of Law (Honors) degree 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 a member of the AC and the NC	8 December 2015	22 April 2022	<ul style="list-style-type: none"> Atlantic Navigation Holdings (Singapore) Limited International Cement Group Ltd. 5E Resources Limited
Jeffrey Ong Shen Chieh	<ul style="list-style-type: none"> Bachelor of Science degree in Real Estate from the National University of Singapore 	Independent Director	Chairman of the NC, and a member of the AC and the RC	8 December 2015	22 April 2021	<ul style="list-style-type: none"> V2Y Corporation Ltd.

CORPORATE GOVERNANCE REPORT

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.

Provision 5.1

Provision 5.2

The Board, through the NC, has used its best effort to ensure that Directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience and the relevant skills set which are critical to the Group's business. It has also ensured that each Director, with his/her special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The NC has established a formal review process to assess the performance and effectiveness of the Board as a whole and the effectiveness of the Board Committees. The NC assesses the performance of the Board and its Board Committees annually, using objective and through the adoption of a formal evaluation form, which has been approved by the Board.

The performance criteria include 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.

The Board, together with the NC, are of the view that due to the relatively small size of the Board, it would not be necessary to evaluate the contribution by each Director to the effectiveness of the Board in addition to the evaluation of the performance and effectiveness of the Board as a whole and the effectiveness of each of the Board Committees. Although the Directors are not evaluated individually, the factors taken into consideration with regards to the re-nominating of Directors are based on, amongst others, their attendance and contributions made at the Board and Board Committees meetings.

To ensure confidentiality, the completed evaluation forms were submitted to the Company Secretary for collation. The consolidated responses were presented to the NC for review before submitting to the Board for discussion and to determine the area for improvement and enhancement of the effectiveness of the Board and its Board Committees.

During FY2022, 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 FY2022. There was no external facilitator being engaged in the evaluation process for FY2022.

Board Evaluation Criteria

The performance criteria for the Board evaluation are in respect of Board size and composition, Board independence, Board processes, Board information and accountability, Board performance in relation to discharging its principal functions and Board Committee performance in relation to discharging their responsibilities as set out in their respective terms of reference.

The primary objective of the Board evaluation exercise is to create a platform for the Board and its Board Committees' members to provide constructive feedback on the Board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and its Board Committees.

CORPORATE GOVERNANCE REPORT

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:

- (a) 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;
- (b) 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
- (c) 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.

Provision 6.2

The RC comprises three (3) members, all of whom including the RC Chairman, are Independent and Non-Executive Directors and the Lead Independent Director is a member of the RC. The RC comprises the following members:

- (a) Mr. Wong Chee Meng Lawrence (Chairman)
- (b) Mr. Jeffrey Ong Shen Chieh
- (c) Mr. Ong Kian Guan

Provision 6.3

The RC reviews and recommends to the Board the remuneration packages or policies for Executive Directors (if any), CEO (or executive of equivalent rank) and key management personnel based on the performance of the Group, the individual Director, the CEO (or executive of equivalent rank) and the key management personnel. In reviewing the service agreements of the Executive Directors (if any), CEO (or executive of equivalent rank) 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 FY2022, the Company has one (1) Executive Director, who is also the CEO.

CORPORATE GOVERNANCE REPORT

Provision 6.4

No Director will be involved in determining his/her 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 FY2022, 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.

Provision 7.1

Provision 7.3

The remuneration for the Executive Directors (if any), CEO 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, CEO 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 Eindex Performance Share Plan 2015 ("PSP"), which is administered by the RC, to:

- foster an ownership culture within the Group which aligns the interests of participants with the interests of Shareholders;
- 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
- 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.

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. Further details of the PSP are set out in the Company's offer document dated 6 January 2016.

During FY2022 and as at the date of this report, no awards have been granted under the PSP.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors (if any), CEO 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.

The Executive Chairman and CEO has no service agreement (except for the letter of appointment) with the Company and his terms in office are as specified in the Constitution of the Company.

CORPORATE GOVERNANCE REPORT

Provision 7.2

Non-Executive Directors (including Independent Directors) receive Directors' fees from the Company. When reviewing the structure and level of Directors' fees for the Non-Executive Directors (including Independent Directors), the RC takes into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised. There are no share-based compensation schemes in place for Non-Executive Directors (including Independent 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 FY2022 (to be paid quarterly in arrears) had been approved by Shareholders at the last AGM held on 22 April 2022. Directors' fees of S\$165,000 for the financial year ending 31 December 2023 (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.

Provision 8.1

Provision 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 and key management personnel when determining remuneration packages. The RC will review the remuneration of the Directors and key management personnel from time to time.

During the financial year under review, there were no termination, retirement or post-employment benefits granted to any Director or key management personnel.

The details of the level and mix of remuneration (in percentage terms) of the Executive Director (who is the Executive Chairman and CEO) for his services rendered during FY2022 are as follows:

Name of Director	Directors' Fees	Salary	Bonus	Others	Total Remuneration
	(%)	(%)	(%)	(%)	(%)
Below S\$250,000					
Mr. Zhang Wei	26 ⁽¹⁾	74	–	–	100

Note:

(1) This relates to Directors' fees paid to Mr. Zhang Wei during his tenure as the Non-Executive Chairman of the Company.

CORPORATE GOVERNANCE REPORT

The details of the level and mix of remuneration of the Non-Executive Directors (including the Independent Directors) for their services rendered during FY2022 are as follows:

Name of Director	Directors' Fees	Salary	Bonus	Others	Total Remuneration
	(\$\$)	(\$\$)	(\$\$)	(\$\$)	(\$\$)
Ms. Jiang Nan	40,000	–	–	–	40,000
Mr. Jeffrey Ong Shen Chieh	40,000	–	–	–	40,000
Mr. Ong Kian Guan ⁽¹⁾	30,893	–	–	–	30,893
Mr. See Yen Tarn ⁽²⁾	13,808	–	–	–	13,808
Mr. Wong Chee Meng Lawrence	40,000	–	–	–	40,000

Notes:

(1) Mr. Ong Kian Guan was appointed as the Lead Independent Director on 23 April 2022.

(2) Mr. See Yen Tarn retired as an Independent Director at the AGM held on 22 April 2022.

- The salary and bonus (if any) amounts shown are inclusive of Singapore Central Provident Fund (CPF) contributions.
- The Directors' fees have been approved by Shareholders at the AGM held on 22 April 2022.

The Group has only four (4) key management personnel (who are not Directors or the CEO) during FY2022. The details of the level and mix of remuneration (in percentage terms) of the key management personnel (who are not Directors or the CEO) for their services rendered during FY2022 are as follows:

Name of Key Management Personnel	Salary	Bonus	Others	Total Remuneration
	(%)	(%)	(%)	(%)
Below S\$250,000				
Ms. Queenie Foo Quek Cheng ⁽¹⁾	86	14	–	100
Ms. Tang Sin	100	–	–	100
Mr. Zhuang Xin	100	–	–	100
Ms. Zhao Yu ⁽²⁾	100	–	–	100

Notes:

(1) Ms. Queenie Foo Quek Cheng resigned as Chief Financial Officer cum Acting CEO with effect from 1 September 2022.

(2) Ms. Zhao Yu was appointed as the Chief Financial Officer of the Company with effect from 23 August 2022.

- The salary and bonus (if any) amounts shown are inclusive of Singapore Central Provident Fund (CPF) contributions.

The total remuneration paid to all the key management personnel (who are not Directors or the CEO) during FY2022 is S\$343,000.

CORPORATE GOVERNANCE REPORT

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 Executive Director and key management personnel, and the disclosure made based on the above remuneration bands is appropriate. After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide Shareholders with information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

The Company has adopted the PSP, details as set out under Principle 7 of the Code in this report and in the Company's offer document dated 6 January 2016. During FY2022 and as at the date of this report, no awards have been granted under the PSP.

Provision 8.2

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

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.

The Management is responsible for designing, implementing and monitoring the risk management and internal control systems within the Group. The 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 FY2022, there were no material non-compliance or weaknesses in internal controls or recommendations from the internal auditors and external auditors.

CORPORATE GOVERNANCE REPORT

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 Group'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 controls and risk management systems.

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 the 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 (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 31 December 2022.

The Directors have received and considered the representation letters from the CEO and Chief Financial Officer of the Company ("**CFO**") in relation to the financial information for FY2022. The CEO and CFO have also assured the Board that:

- (i) the financial records have been properly maintained and the financial statements for FY2022 give a true and fair view in all material aspects, of the Company's operations and finances; and
- (ii) the Group's internal controls and risk management systems are adequate and operating effectively in all material aspects 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:

- (a) to 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;
- (b) to review with the internal auditors, the internal audit plan and evaluate at least annually the adequacy and effectiveness of the Group's internal controls, accounting and risk management systems;
- (c) to review the financial statements of the Group 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;

CORPORATE GOVERNANCE REPORT

- (d) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (e) to review the assurance from the CEO and the CFO on the financial records and financial statements;
- (f) to review the internal controls and procedures, ensure co-ordination between the external auditors and the Management, review the assistance given by the Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external and internal auditors may wish to discuss (in the absence of the Management where necessary);
- (g) to 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 the Management's response;
- (h) to review, where applicable, the role and effectiveness of the internal audit procedures;
- (i) to review and approve interested person transactions and review procedures thereof;
- (j) to consider the appointment or re-appointment of the external auditors (including the remuneration and terms of engagement of the external auditors) and matters relating to resignation or dismissal of the external and internal auditors;
- (k) to review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- (l) to review the Company's whistle blowing policy;
- (m) to 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;
- (n) to 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;
- (o) to 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
- (p) 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.

CORPORATE GOVERNANCE REPORT

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 Group and its officers, which they become aware and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) 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
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing re-assurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith and without malice.

The whistle blowing policy and procedures are reviewed by the AC from time to time to ensure that they remain relevant.

The AC is responsible for the oversight and monitoring of whistle blowing. Identity of the whistle blower is kept confidential at all times, and the whistle blower will not be subject to detrimental or unfair treatment.

Provision 10.2

The AC comprises three (3) members, all of whom including the AC Chairman, are Independent and Non-Executive Directors and the Lead Independent Director is a member of the AC. The AC comprises the following members:

- (a) Mr. Ong Kian Guan (Chairman)
- (b) Mr. Wong Chee Meng Lawrence
- (c) 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, as interpreted by the Board in its business judgment, to discharge their responsibilities.

CORPORATE GOVERNANCE REPORT

[Provision 10.3](#)

[Provision 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 external auditors, and was reviewed by the AC:

Matter considered	How the AC reviewed the matter and what decisions were made
Valuation of Non-Financial Assets	<p>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").</p> <p>The AC also obtained understanding on the work performed by the external auditors, including their assessment on whether the CGUs as identified by the Management were appropriate.</p> <p>The valuation of non-financial assets was also an area of focus for the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2022. Please refer to page 76 of this Annual Report.</p>

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.

The total fees paid/payable to the Company's external auditors, Messrs. Moore Stephens LLP, for FY2022 are set out below:

	S\$'000	% of fees
Audit fees	78	100%
Non-audit fees	–	–
Total fees	78	100%

In FY2022, 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.

CORPORATE GOVERNANCE REPORT

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 Messrs. Moore Stephens LLP for re-appointment as the Company's external auditors for the financial year ending 31 December 2023, the AC has considered the adequacy of the resources, experience and competence of Messrs. Moore Stephens LLP and the audit partner-in-charge assigned to the audit, and has taken into account the ACRA's Audit Quality Indicators Disclosure Framework relating to Messrs. Moore Stephens LLP at the firm level and on audit engagement level. Consideration was also given to the firm's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional team members handling the audit. The Board also considered the audit team's ability to work in a cooperative manner with the Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines. Messrs. Moore Stephens LLP have also confirmed their independence, and that they are registered with the ACRA and approved under the Accountants Act 2004 of Singapore. The audit partner-in-charge assigned to the audit is a registered public accountant under the Accountants Act 2004 of Singapore.

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

For FY2022, 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 or auditing corporation has acted as a member of the AC (a) within a period of two (2) 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.

The AC met twice in FY2022.

Internal Audit Function

The internal audit function of the Group is currently outsourced to NLA Risk Consulting Pte Ltd ("**NLA Risk Consulting**"). NLA Risk Consulting is part of NLA DFK, a group of accounting and advisory firms with a history in Singapore since 1948. NLA DFK is a member firm of DFK International, a top ten (10) international association of independent accounting firms and business advisers. NLA Risk Consulting is a suitably appointed qualified firm of risk consultants (including Certified Internal Auditors), with its processes guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The firm currently maintains an outsourced internal audit portfolio of about twenty (20) companies listed on the SGX-ST in various industries, including construction, property development, manufacturing, healthcare, logistics, engineering services and trading. The engagement team from NLA Risk Consulting comprises a director, a manager and is supported by a team of trained internal auditors. The director, Mr. Gary Ng, has over twenty (20) years of relevant experience and is a Certified Internal Auditor, whilst the manager has more than ten (10) years of relevant experience and is also a Certified Internal Auditor.

CORPORATE GOVERNANCE REPORT

NLA Risk Consulting reports directly to the AC on internal audit matters and the CEO on administrative matters. NLA Risk Consulting, as the internal auditor of the Company, has unfettered access to all the Group's documents, records, properties and personnel, including access to AC, and has appropriate standing within the Group.

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 Group. The AC is satisfied that the outsourced internal 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 FY2022, the AC carried out the following activities, amongst others:

- reviewed half-year and full-year financial statements (unaudited and audited), and recommended such reports to the Board for approval;
- reviewed the adequacy and effectiveness of the Group's risk management and internal control systems;
- reviewed interested person transactions;
- reviewed whistle-blowing reports;
- reviewed and approved the annual external audit plan of the external auditors;
- reviewed and approved the internal audit plan of the internal auditors;
- reviewed the adequacy, effectiveness, independence, scope and results of the external and internal audit function;
- reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation to the Board for approval; and
- met with the external auditors and the internal auditors once without the presence of the Management.

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

CORPORATE GOVERNANCE REPORT

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 of the Company through the announcements released on the SGXNet and notices contained in the annual reports or circulars issued by the Company. 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 (2) proxies to vote on his/her behalf at the general meetings 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. Notices of the general meetings are published in the newspaper and despatched to Shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least fourteen (14) clear calendar days before the meetings. The Board welcomes questions from Shareholders who wish to raise issues, either informally or formally before or during the AGM.

For FY2022, the Company's last AGM for the financial year ended 31 December 2021 held on 22 April 2022 ("**2022 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 and not despatched to Shareholders, but was instead disseminated to Shareholders by electronic means via publication on the SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of general meetings 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 2022 AGM.

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 meetings. 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 (2) 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.

CORPORATE GOVERNANCE REPORT

The Company's Constitution also provides that Shareholders, who are entitled to attend, speak and vote at the AGM, are entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy need not be a Shareholder of the Company. The instrument appointing a proxy or proxies 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 general 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 general meeting.

Provision 11.3

At general meetings of the Company, Shareholders are given the opportunity to communicate their views and are encouraged to ask the Directors and the Management questions regarding matters affecting the Company and the Group.

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 FY2022, save for Mr. Ong Kian Guan who was appointed as a Director after the 2022 AGM, all Directors were present at the 2022 AGM.

Provision 11.4

The Company supports active Shareholders' participation at general meetings. All Shareholders are encouraged to attend the general meetings of the Company to ensure high level of accountability and to stay informed of the Group's strategies and visions. If Shareholders are unable to attend the general meetings, the Constitution of the Company allows for Shareholders who are not relevant intermediaries to appoint not more than two (2) proxies to attend, speak and vote at general meetings in their absence, and Shareholders who are relevant intermediaries to appoint more than two (2) proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least seventy-two (72) hours before the time set for the general meetings.

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 general 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 corporate website and on the SGXNet. The Company had, on 4 May 2022, announced the minutes of the 2022 AGM on its corporate website and on the SGXNet, in compliance with the COVID-19 Order.

CORPORATE GOVERNANCE REPORT

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 FY2022 as the Board deems it appropriate to conserve funds for the Group's business activities despite the Group's net profit position for FY2022.

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 released on SGXNet and the Company's corporate website available 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 year and full year results announcements containing a summary of the financial information and affairs of the Group for that period;
- Notices of explanatory memoranda for AGM and extraordinary general meeting of the Company ("**EGM**"); 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.

Please refer to Principle 11 of the Code above for information on the proceedings of the 2022 AGM.

Provision 12.2

Provision 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 an 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 and public apprised of the Group's corporate developments and financial performance. The contact details of the Company's investor relations firm are set out in the "Corporate Information" section of this Annual Report.

CORPORATE GOVERNANCE 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.

Provision 13.1

Provision 13.2

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

The Company has identified six (6) stakeholders' groups, namely, the Board, employees, Shareholders and investors, customers, suppliers/business partners, and government and regulators. The Company's approach to the engagement with key stakeholders and materiality assessment are disclosed in the Company's Sustainability Report for FY2022, which is included in this Annual Report, where the Company would continue to monitor and improve to ensure the best interest of the Company.

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.

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 the Company's 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 Shareholders at an EGM held on 27 April 2018 ("**IPT Mandate**") in respect of IPTs with entities within the Weiye Group Entities (being Weiye Holdings Limited, a controlling Shareholder of the Company, and its subsidiaries) and was last renewed at the AGM of the Company held on 22 April 2022. The Company is seeking the renewal of the IPT Mandate ("**Proposed Renewal of IPT Mandate**") at the forthcoming AGM. Further details on the Proposed Renewal of IPT Mandate are set out in the Addendum to the Notice of AGM dated 11 April 2023 for purposes of the forthcoming AGM to be convened on 26 April 2023.

CORPORATE GOVERNANCE REPORT

Below are the aggregate value of IPTs conducted under the IPT Mandate pursuant to Rule 920 of the Catalist Rules that were more than S\$100,000 in FY2022.

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		S\$'000	S\$'000
Weiye Holdings Limited ("Weiye")	Controlling Shareholder of the Company	100 ⁽¹⁾	–
Henan Xingwei Zhuolian Property Co., Ltd. (subsidiary of Weiye)	Associate of Weiye, Controlling Shareholder of the Company	–	104 ⁽²⁾
Hangzhou Junwei Real Estate Co., Ltd. (subsidiary of Weiye)	Associate of Weiye, Controlling Shareholder of the Company	–	151 ⁽³⁾

Notes:

- (1) Relates to interest expense incurred on loan from Weiye to the Company. The loan from Weiye to the Company is for an amount of S\$1,718,000 at an interest rate equivalent to the 3-month Singapore Swap Offer Rate plus 3.5% per annum, unsecured and repayable on demand.
- (2) Relates to sale of smart home equipment and services.
- (3) Relates to sale of smart home equipment and services.

8. MATERIAL CONTRACTS

Save as disclosed under the "Interested Person Transactions" section above, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of the CEO, or any Director or controlling Shareholder, which are either still subsisting as at the end of FY2022 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 (1) 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 of the Company 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, there were no non-sponsorship fees payable or paid to the Company's sponsor, ZICO Capital Pte. Ltd., for FY2022.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Zhang Wei, Mr. Jeffrey Ong Shen Chieh and Mr. Ong Kian Guan (collectively, the “**Retiring Directors**” and each a “**Retiring Director**”) are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 26 April 2023 (“**AGM**”).

Pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”), the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules is set out below:

Name of Retiring Director	Mr. Zhang Wei	Mr. Jeffrey Ong Shen Chieh	Mr. Ong Kian Guan
Date of first appointment	2 September 2015	8 December 2015	23 April 2022
Date of last re-appointment (if applicable)	22 April 2021	22 April 2021	N/A
Age	53	46	55
Country of principal residence	China	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	<p>The re-election of Mr. Zhang Wei (“Mr. Zhang”) was recommended by the Nominating Committee of the Company (“NC”) and the Board of Directors of the Company (“Board”) has accepted the recommendation, after taking into consideration, among others, (i) the qualifications, work experience and suitability of Mr. Zhang; (ii) the performance and contributions of Mr. Zhang since his appointment as the Non-Executive Chairman of the Company in September 2015, and his re-designation as Executive Chairman and Chief Executive Officer of the Company with effect from August 2022; and (iii) the size, composition and diversity of skillsets on the Board.</p> <p>The Board is of the view that Mr. Zhang possesses the experience, expertise, knowledge and skillsets to provide leadership and continuity to the Group.</p>	<p>The re-election of Mr. Jeffrey Ong Shen Chieh (“Mr. Jeffrey Ong”) was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, among others, (i) the qualifications, work experience, independence and suitability of Mr. Jeffrey Ong; (ii) the contributions of Mr. Jeffrey Ong since his appointment as an Independent Director of the Company; and (iii) the size, composition and diversity of skillsets on the Board.</p> <p>The Board is of the view that Mr. Jeffrey Ong possesses the experience, expertise, knowledge and skillsets to contribute meaningfully towards the core competencies of the Board.</p>	<p>The re-election of Mr. Ong Kian Guan (“Mr. Ong”) was recommended by the NC and the Board has accepted the recommendation, after taking into consideration, among others, (i) the qualifications, work experience, independence and suitability of Mr. Ong; (ii) the contributions of Mr. Ong since his appointment as an Independent Director of the Company; and (iii) the size, composition and diversity of skillsets on the Board.</p> <p>The Board is of the view that Mr. Ong possesses the experience, expertise, knowledge and skillsets to contribute meaningfully towards the core competencies of the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	<p>Executive</p> <p>Responsible for managing and overseeing the overall business operations and performance of the Group.</p>	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer	Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee	Lead Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Retiring Director	Mr. Zhang Wei	Mr. Jeffrey Ong Shen Chieh	Mr. Ong Kian Guan
Professional qualifications	<p>Diploma in law from Zhongzhou University</p> <p>Certified economist by Henan Province Science Committee</p> <p>Master of Business Administration from Macau University of Science and Technology</p>	<p>Bachelor of Science in Real Estate from the National University of Singapore</p>	<p>Bachelor of Accountancy from the Nanyang Technological University</p> <p>Fellow of the Institute of Singapore Chartered Accountants</p> <p>Fellow of CPA Australia</p>
Working experience and occupation(s) during the past 10 years	<p>June 2002 to 14 November 2022 Executive Chairman and Chief Executive Officer* of Weiye Holdings Limited ("Weiye")</p> <p><i>* Mr. Zhang stepped down as Chief Executive Officer of Weiye from 1 March 2014 to 17 October 2016, but remained as Executive Chairman of Weiye during this period.</i></p>	<p>2020 to present Executive Director and Chief Executive Officer of V2Y Corporation Ltd.</p> <p>2016 to present Managing Director of Sakal Investments Limited Director of Sakal Capital Pte. Ltd.</p> <p>2016 to 2020 Non-Executive and Independent Director of Elec & Eltek International Company Limited</p> <p>2017 to 2019 Non-Executive and Independent Director of Kakiko Group Limited</p> <p>2016 to 2019 Executive Director of P99 Holdings Limited</p> <p>2012 to 2015 Director of TJZ Holdings Limited</p> <p>2012 to 2016 Head of New Business Development at ORIX Leasing Singapore Limited</p>	<p>September 2019 to present Managing Partner of Baker Tilly TFW LLP</p> <p>October 2005 to present Head of Capital Market of Baker Tilly TFW LLP</p>
Shareholding interest in the listed issuer and its subsidiaries	<p>71,900,000 shares in the Company (Deemed interest of 66.76% in the Company held by Weiye by virtue of Mr. Zhang's 54.46% shareholding in Weiye by virtue of Section 7 of the Companies Act 1967 of Singapore)</p>	<p>Nil</p>	<p>Nil</p>
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	<p>Mr. Zhang is a substantial shareholder of the Company and Weiye (a substantial shareholder of the Company with a direct interest of 66.76% in the Company), details as set out above.</p> <p>Mr. Zhang is also a director of the two Singapore-incorporated subsidiaries of the Company, details as set out below.</p>	<p>No</p>	<p>No</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Retiring Director	Mr. Zhang Wei	Mr. Jeffrey Ong Shen Chieh	Mr. Ong Kian Guan
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Present	<ul style="list-style-type: none"> Eindec Corporation Limited Eindec Holdings Pte. Ltd. Eindec Singapore Pte. Ltd. Fine Skill Holdings Limited Max Fill International Limited Well Fai International Ltd Weiye (Singapore) Investment Management Pte. Ltd. Hainan Hongji Weiye Property Development Co., Ltd. Beijing Bayue Technology Pte Ltd 	<ul style="list-style-type: none"> Eindec Corporation Limited Sakal Investments Limited Sakal Capital Pte. Ltd. V2Y Corporation Ltd. V2Y Pte. Ltd. V2Y Insurtech Pte. Ltd. 1Care Global Pte. Ltd. 	<ul style="list-style-type: none"> Eindec Corporation Limited Baker Tilly TFW LLP China XLX Fertiliser Ltd. Omnibridge Holdings Limited Park Crescent Services Pte Ltd TFW Management Services Pte Ltd Lightway Corporate Services Pte. Ltd. Baker Tilly Consultancy (Singapore) Pte. Ltd. Baker Tilly Vision Pte. Ltd.
Past (for the last 5 years)	<ul style="list-style-type: none"> Weiye Holdings Limited Weiye Holdings (Hong Kong) Limited Hongji Weiye (Hainan) Non-Movable Property Management Group Co., Ltd. Great Spirit Management Limited Xie Tong Technology Pte. Ltd. Xie Tong International Pte. Ltd. 	<ul style="list-style-type: none"> P99 Holdings Limited Kakiko Group Limited Elec & Eltek International Company Limited. 	<ul style="list-style-type: none"> RMH Holdings Limited IAG Holdings Limited Alita Resources Limited Weiye Holdings Limited Serrano Limited Winmark Investment Holdings Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Retiring Director	Mr. Zhang Wei	Mr. Jeffrey Ong Shen Chieh	Mr. Ong Kian Guan
(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	Yes. Mr. Jeffrey Ong served as an Executive Director in P99 Holdings Limited from 26 October 2016 to 22 March 2019. On 31 July 2017, P99 Holdings Limited announced its decision to place itself under a members' voluntary liquidation of P99 Holdings Limited and the members' voluntary liquidation of the Company was completed on 22 March 2019. Further details in relation to the members' voluntary liquidation of P99 Holdings Limited can be found in its SGXNet announcements dated 31 July 2017, 30 August 2017, 4 October 2017, and 27 October 2017.	No
(c) Whether there is any unsatisfied judgment against him?	No	No	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	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Retiring Director	Mr. Zhang Wei	Mr. Jeffrey Ong Shen Chieh	Mr. Ong Kian Guan
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	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	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Retiring Director	Mr. Zhang Wei	Mr. Jeffrey Ong Shen Chieh	Mr. Ong Kian Guan
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p> <p>(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</p> <p>(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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	<p>Yes. Mr. Jeffrey Ong is a Non-Executive and Independent Director of Elec & Eltek International Company Limited and in June 2020, the company was charged for a failure in or late filing of return of changes of company secretary, directors or authorised representatives of registered non-Hong Kong company under sections 791(2)(b) or 791(2)(c) of the Companies Ordinance. The fine amount was HKD18,000. To the best of Mr. Jeffrey Ong's knowledge, there was no investigation or action brought against him in relation to the aforementioned regulatory breaches.</p>	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Retiring Director	Mr. Zhang Wei	Mr. Jeffrey Ong Shen Chieh	Mr. Ong Kian Guan
(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	Yes. In 1996, Mr. Jeffrey Ong was indicted by the Singapore Armed Forces while serving national service in Singapore. As far as Mr. Jeffrey Ong is aware, the indictment was made pursuant to Section 19 of the Singapore Armed Forces Act 1972 of Singapore for insubordinate behavior. As a consequence of the indictment, Mr. Jeffrey Ong was imposed detention for a period of 10 days. No further action was taken against Mr. Jeffrey Ong for this matter, and Mr. Jeffrey Ong completed his national service in January 1997.	No

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors present their statement to the members together with the audited consolidated financial statements of Eindex Corporation Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

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 2022 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
 Ong Kian Guan (Appointed on 23 April 2022)
 Wong Chee Meng Lawrence
 Ong Shen Chieh (Wang ShengJie)
 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:

Name of director and corporation in which interests are held	Direct interest			Deemed interest		
	As at 1.1.2022 ('000)	As at 31.12.2022 ('000)	As at 21.1.2023 ('000)	As at 1.1.2022 ('000)	As at 31.12.2022 ('000)	As at 21.1.2023 ('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 2022

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 an 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 in relation to its listing on the Singapore Stock Exchange.

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

- Wong Chee Meng Lawrence (Chairman), Independent Director
- Ong Kian Guan, Lead Independent Director
- Ong Shen Chieh (Wang ShengJie), 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 at the date of this statement are:

- Ong Kian Guan (Chairman), Lead Independent Director
- Wong Chee Meng Lawrence, Independent Director
- Ong Shen Chieh (Wang ShengJie), 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 a 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 2022

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

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

6 External Auditors

The external auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants Singapore, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

ONG KIAN GUAN

ZHANG WEI

Singapore
24 March 2023

INDEPENDENT AUDITOR'S 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 Eidec 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 2022, 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 2022 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 AUDITOR'S 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 \$5,892,000 and \$90,000 respectively as at 31 December 2022. The Group generated a net profit of \$1,927,000 for the financial year ended 31 December 2022 compared to recurring losses made in the past. As the indicator for impairment loss made previously may no longer exist or has decreased, management estimated the recoverable amount of its non-financial assets as at the current financial year end 31 December 2022. This involved a comparison of the carrying value of the net assets of the cash-generating-units ("CGUs") to the recoverable amount of the respective CGUs; the recoverable amount being the higher of the fair value less costs to sell ("FVLCTS") and value-in-use ("VIU") of the CGUs.

The Group comprises of two CGUs; the North Asia CGU and the South 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, freehold and leasehold buildings. Impairment loss was made previously to fully impair the intangible asset of its North Asia CGU and no impairment loss was needed for South Asia CGU in prior years.

This year, management had also assessed and written-off the intangible asset of the North Asia CGU as disclosed in Note 12 to the financial statements. The recoverable amount of the South Asia CGU continues to be above the carrying amount of its net assets and management concluded that these assets are not impaired.

This is a key audit matter as the determination of the recoverable amounts of the CGUs involves significant judgement in the appropriate determination of the CGUs, the selection of the valuation methodology and the inputs used in the valuation model.

How our audit addressed the key audit matter

We have performed the following key audit procedures:

- We evaluated the identification of the CGUs of the Group against the requirements of the financial reporting standard.
- We reviewed the basis and appropriateness of the valuation methodologies used in determining the recoverable amounts of the CGUs.
- For the recoverable amount of the North Asia business, based on VIU, we assessed the reasonableness of key assumptions used in the cash flow projections. 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. We also reviewed the calculated carrying amount that would have been determined if no impairment loss had been recognised previously, adjusted for subsequent amortisation.
- For recoverable amount of the South Asia CGU, based on FVLCTS, we compared the management's estimation of the CGU's freehold land, freehold and leasehold buildings' 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 AUDITOR'S 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 AUDITOR'S 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
24 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group	
		2022 S\$'000	2021 S\$'000
Revenue	5	25,876	16,835
Cost of sales		(19,457)	(12,945)
Gross profit		6,419	3,890
Other income	6	181	267
Administrative expenses		(4,148)	(4,368)
(Expected credit loss)/			
Reversal of credit loss on trade receivables		(90)	7
Other operating expenses		(220)	(14)
Results from operating activities		2,142	(218)
Finance income	7	23	35
Finance cost	7	(352)	(258)
Net finance costs		(329)	(223)
Profit/(Loss) before income tax	8	1,813	(441)
Income tax credit/(expense)	9	114	(234)
Profit/(Loss) for the year		1,927	(675)
Other comprehensive loss			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency			
translation differences from foreign operations		(565)	(83)
Total comprehensive income/(loss) for the year		1,362	(758)
Income/(loss) for the year attributable to:			
Owners of the Company		1,616	(953)
Non-controlling interests		311	278
		1,927	(675)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		1,140	(1,043)
Non-controlling interests		222	285
		1,362	(758)
Earnings/(Loss) per share:			
Basic earnings/(loss) per share (cents)	10	1.50	(0.88)
Diluted earnings/(loss) per share (cents)	10	1.50	(0.88)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	5,892	5,466	-	-
Intangible assets	12	90	152	-	-
Subsidiaries	13	-	-	9,300	9,300
		<u>5,982</u>	<u>5,618</u>	<u>9,300</u>	<u>9,300</u>
Current Assets					
Inventories	14	4,236	5,797	-	-
Trade and other receivables	15	8,008	11,362	1,959	2,445
Cash and cash equivalents	16	2,284	1,977	116	102
Other investments	17	760	1,103	-	-
		<u>15,288</u>	<u>20,239</u>	<u>2,075</u>	<u>2,547</u>
Total Assets		<u>21,270</u>	<u>25,857</u>	<u>11,375</u>	<u>11,847</u>
EQUITY					
Share capital	18	14,917	14,917	14,917	14,917
Other reserves	19	(11,217)	(10,791)	-	-
Retained earnings/(Accumulated losses)		<u>3,388</u>	<u>1,822</u>	<u>(5,777)</u>	<u>(5,245)</u>
Equity attributable to owners of the Company		7,088	5,948	9,140	9,672
Non-controlling interests		992	811	-	-
Total Equity		<u>8,080</u>	<u>6,759</u>	<u>9,140</u>	<u>9,672</u>
LIABILITIES					
Non-Current Liabilities					
Loans and borrowings	20	1,594	1,157	-	-
Deferred tax liabilities	21	155	202	-	-
		<u>1,749</u>	<u>1,359</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Loans and borrowings	20	2,635	3,009	-	-
Trade and other payables	22	8,352	12,887	2,235	2,175
Contract liabilities	5	213	1,416	-	-
Income tax payables		<u>241</u>	<u>427</u>	<u>-</u>	<u>-</u>
		<u>11,441</u>	<u>17,739</u>	<u>2,235</u>	<u>2,175</u>
Total Liabilities		<u>13,190</u>	<u>19,098</u>	<u>2,235</u>	<u>2,175</u>
Total Equity and Liabilities		<u>21,270</u>	<u>25,857</u>	<u>11,375</u>	<u>11,847</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

↔ 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 2022	14,917	(9,138)	(1,777)	124	1,822	5,948	811	6,759
Profit for the year	-	-	-	-	1,616	1,616	311	1,927
Other comprehensive income/(loss)								
Foreign currency translation differences from foreign operations	-	-	(476)	-	-	(476)	(89)	(565)
Total comprehensive income/(loss) for the year	-	-	(476)	-	1,616	1,140	222	1,362
Dividend paid	-	-	-	-	-	-	(41)	(41)
Transfer to statutory reserve	-	-	-	50	(50)	-	-	-
At 31 December 2022	14,917	(9,138)	(2,253)	174	3,388	7,088	992	8,080

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

↔ 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	-	-	(90)	-	-	(90)	7	(83)
from foreign operations	-	-	(90)	-	(953)	(1,043)	285	(758)
Total comprehensive (loss)/income for the year								
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 CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group	
		2022 S\$'000	2021 S\$'000
Cash Flows from Operating Activities			
Profit/(Loss) before income tax		1,813	(441)
Adjustments for:			
Amortisation of intangible assets	8	71	19
Bad debts written off	8	-	2
Expected credit loss/ (Reversal of expected credit loss) on trade receivables		90	(7)
Depreciation of property, plant and equipment	8	953	1,452
Impairment loss on property, plant and equipment	8	78	-
Loss on disposal of property, plant and equipment		-	4
Government grants	6	-	(24)
Property, plant and equipment written-off	8	4	1
Inventory written off	8	125	-
Allowance for inventory obsolescence	8	55	-
Write-back of inventories (net)	8	-	(20)
Gain on lease modification	6	-	(9)
Interest expense	7	352	258
Interest income	7	(23)	(35)
Unrealised foreign exchange loss		1	148
		<u>3,519</u>	<u>1,348</u>
Changes in working capital:			
- inventories		1,067	(2,617)
- trade and other receivables		2,293	(2,503)
- trade and other payables		(3,479)	938
- contract liabilities		(1,147)	349
Cash generated from/ (used in) operations		<u>2,253</u>	<u>(2,485)</u>
Interest received		5	35
Tax paid		(64)	(42)
Net cash generated from/ (used in) operating activities		<u>2,194</u>	<u>(2,492)</u>
Cash Flows from Investing Activities			
Purchase of property, plant and equipment		(686)	(44)
Net cash outflow from disposal of a subsidiary	13 (b)	(390)	-
Purchase of intangible assets		(9)	-
Net proceeds from other investments		286	213
Net cash (used in)/ generated from investing activities		<u>(799)</u>	<u>169</u>
Cash Flows from Financing Activities			
Interest paid		(247)	(124)
Repayment of short-term financing		-	(56)
Principal payment of lease liabilities		(765)	(527)
Proceeds from bank loan		410	125
Repayment of bank loan		(110)	(16)
Dividend paid to non-controlling interests		(41)	-
Net cash used in financing activities		<u>(753)</u>	<u>(598)</u>
Net increase/(decrease) in cash and cash equivalents		<u>642</u>	<u>(2,921)</u>
Cash and cash equivalents			
at the beginning of the financial year		1,148	4,249
Effect of exchange rate fluctuations on cash held		18	(180)
Cash and cash equivalents at the end of the financial year	16	<u>1,808</u>	<u>1,148</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022 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 2022

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 2022

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 2022

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 2022

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 2022

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 2022

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 2022

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 2022

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	34.75 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 to 10 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 are 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 2022

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	5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate. As at 31 December 2022, the Company reviewed and adjusted the useful life of software from 10 years to 5 years. The impact on the financial statements in the current period is not material.

(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 2022

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 2022

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 2022

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 2022

3 Significant Accounting Policies (cont'd)

(k) Leases

When the Group is a lessee

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 it 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 2022

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 Significant Accounting Policies (cont'd)

(m) Income Tax (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3 Significant Accounting Policies (cont'd)

(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 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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)

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 5 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

(b) Critical Judgements in Applying Accounting Policies (cont'd)

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 Yunzhi as a subsidiary acting through a de facto agent.

5 Revenue

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Sale of goods	19,751	10,610
Installation service	6,125	6,225
	<u>25,876</u>	<u>16,835</u>

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. Revenue includes the goods to be installed. 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 2022

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	<p>Invoices are issued upon delivery of goods or the completion of service and are payable within 30-60 days.</p> <p>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".</p>
Obligations for warranties	<p>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.</p> <p>There is no right to return the goods. There is no variable consideration such as volume discounts or sales rebates provided to customers.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets										
Singapore	1,244	1,364	8,227	5,430	-	-	216	133	9,687	6,927
Malaysia	4,363	901	-	27	-	-	-	-	4,363	928
People's Republic of China ("PRC")	-	-	-	2	10,315	7,241	-	-	10,315	7,243
Vietnam	116	32	-	-	-	-	-	-	116	32
Thailand	25	747	-	-	-	-	-	-	25	747
Hong Kong	-	-	-	379	-	-	-	-	-	379
Philippines	986	272	5	-	-	-	-	-	991	272
Others	298	271	81	36	-	-	-	-	379	307
	7,032	3,587	8,313	5,874	10,315	7,241	216	133	25,876	16,835
Major products/ service line										
Sale of goods	6,947	3,535	8,313	5,874	4,275	1,068	216	133	19,751	10,610
Installation service	85	52	-	-	6,040	6,173	-	-	6,125	6,225
	7,032	3,587	8,313	5,874	10,315	7,241	216	133	25,876	16,835
Timing of revenue recognition										
At a point in time	7,032	3,587	8,313	5,874	10,315	7,241	216	133	25,876	16,835

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5 Revenue (cont'd)

Contract balances

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

	Group	
	31 December	1 January
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
Contract liabilities	213	1,067

The contract liabilities primarily relate to advance consideration received from customers for sale of goods. The decrease in contract liabilities was mainly due to deliveries made and revenue recognised and repayment made to customers.

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

	Group	
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
Contract liabilities		
Revenue recognised that was included in the contract liability balance at the beginning of the year	(774)	(1,067)
(Decrease)/Increase due to cash refunded/received, excluding amounts recognised as revenue during the year	(373)	1,416
Effect of movement in exchange rate	(56)	-

6 Other Income

	Group	
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
Gain on lease modification	-	9
Government grants		
- Overprovision in previous year	-	(24)
- Current year	27	51
Sale of scrap	19	18
Net foreign exchange gain	132	167
Others	3	46
	181	267

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7 Finance Income and Costs

	Group	
	2022 S\$'000	2021 S\$'000
Interest income	23	35
Finance income	23	35
Interest expense on:		
- bank loans and overdrafts	(175)	(109)
- non-trade amounts due to the ultimate holding company	(100)	(65)
- lease liabilities	(72)	(84)
- late payment	(5)	-
Finance costs	(352)	(258)
Net finance costs	(329)	(223)

8 Profit/(Loss) before Income Tax

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

	Group	
	2022 S\$'000	2021 S\$'000
Amortisation of intangible assets	71	19
Audit fees paid to:		
- auditors of the Company	78	78
- other auditors – network firms	22	34
Non-audit fee paid/payable to:		
- auditors of the Company	-	-
- other auditors – network firms	-	-
Bad debts written off	-	2
Expected credit loss/(reversal of credit loss) on trade receivables	90	(7)
Allowance on inventory obsolescence	55	-
Inventory written off	125	-
Depreciation of property, plant and equipment	953	1,452
Impairment loss on property, plant and equipment	78	-
Employee benefits expense	3,944	3,654
Property, plant and equipment written-off	4	1
Raw materials, changes in finished goods and work-in-progress recognised as cost of sales	15,876	9,854
Relocation expenses*	114	-
Research and development	125	161
Short-term and low value leases expenses	67	158
Write-back of inventories (net)	-	(20)
Employee benefits expense		
Directors' fees	196	215
Salaries, bonuses and other costs	3,407	3,137
PRC statutory welfare fund	53	73
Contributions to defined contribution plans	288	229
	3,944	3,654

* Expenses incurred for the relocation of the corporate office in Singapore during FY2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9 Income Tax

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Current tax expense		
- Current year	89	199
- (Over)/Under provision in respect of prior years	(167)	10
	<u>(78)</u>	<u>209</u>
Deferred tax expense		
- Origination and reversal of temporary differences	(37)	16
- Under provision in respect of prior years	1	9
	<u>(36)</u>	<u>25</u>
Tax (credit)/expense on operations	<u>(114)</u>	<u>234</u>
<u>Reconciliation of effective tax rate</u>		
Profit/(Loss) before tax	<u>1,813</u>	<u>(441)</u>
Tax using the Singapore tax rate of 17%	308	(75)
Effect of different tax rates in different jurisdictions	(21)	17
Non-deductible expenses	137	145
Non-taxable income	-	(7)
Utilisation of deferred tax asset not recognised previously	(372)	-
Current year losses		
for which no deferred tax asset was recognised	-	135
(Over)/Under provision in respect of prior years	(166)	19
	<u>(114)</u>	<u>234</u>

10 Earnings/(Loss) per Share

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

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Basic earnings/(loss) per share is based on		
Profit/(Loss) for the year attributable to owners of the Company	<u>1,616</u>	<u>(953)</u>
	Number of shares	
	<u>2022</u> '000	<u>2021</u> '000
Weighted average number of ordinary shares	<u>107,700</u>	<u>107,700</u>
Basic and diluted earnings/(loss) per share (SGD cents)	<u>1.50</u>	<u>(0.88)</u>

Basic earnings/(loss) per share is calculated on the Group's profit/(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 earnings/(loss) per share is calculated on the same basis as basic earnings/(loss) per share as there were no dilutive potential ordinary shares as at 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11 Property, Plant and Equipment

Group 2022

<u>Cost</u>	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
At 1 January	1,165	4,438	337	884	3,540	682	108	375	11,529
Additions	-	1,502	9	317	37	43	9	12	1,929
Written off	-	-	(2)	(427)	-	(37)	(1)	(23)	(490)
Disposals	-	-	-	-	(1)	-	-	-	(1)
Derecognition of ROU assets upon lease expired	-	(778)	-	-	-	-	-	-	(778)
Lease modification	-	(40)	-	-	(118)	(5)	-	-	(163)
Effects of movements in exchange rates	(68)	(295)	(17)	(33)	(242)	32	(6)	(17)	(646)
At 31 December	1,097	4,827	327	741	3,216	715	110	347	11,380

Accumulated depreciation and impairment losses

At 1 January	-	1,987	293	699	2,150	572	100	262	6,063
Depreciation	-	375	7	73	424	51	2	21	953
Impairment loss for the financial year	-	-	-	-	78	-	-	-	78
Written-off	-	-	(2)	(427)	-	(36)	-	(21)	(486)
Disposals	-	-	-	-	(1)	-	-	-	(1)
Derecognition of ROU assets upon lease expired	-	(778)	-	-	-	-	-	-	(778)
Effects of movements in exchange rates	-	(121)	(15)	(22)	(165)	(2)	(5)	(11)	(341)
At 31 December	-	1,463	283	323	2,486	585	97	251	5,488

Net book value

As at 31 December	1,097	3,364	44	418	730	130	13	96	5,892
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11 Property, Plant and Equipment (cont'd)

Group (cont'd)

2021

Cost	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
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
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11 Property, Plant and Equipment (cont'd)

Impairment losses recognised

During the financial year, the Group recognised an impairment loss in respect of technically obsolete plant and equipment amounting to S\$78,000 (2021: S\$ Nil).

The impairment loss has been included in the line-item, other operating expenses, in the consolidated statement of comprehensive income.

Security

As at 31 December 2022, the Group's property, plant and equipment with a total carrying value of S\$4,338,000 (2021: S\$3,513,000), 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.

Reconciliation of additions of property, plant and equipment to cash flows arising from investing activities

During the financial year, the Group acquired property, plant and equipment with an aggregate cost amounting to S\$1,929,000 (FY2021: S\$310,000) of which S\$686,000 (FY2021: S\$44,000) was paid in cash, S\$43,000 (FY2021: S\$266,000) was acquired by means of lease liabilities and S\$1,200,000 was acquired by means of a term loan (FY2021: S\$ Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12 Intangible Assets

	Development Cost S\$'000	Software S\$'000	Total S\$'000
Group			
<u>Cost</u>			
At 1 January 2021	1,283	186	1,469
Effects of movements in exchange rates	48	-	48
At 31 December 2021	1,331	186	1,517
Addition	-	9	9
Written off	(1,022)	-	(1,022)
Effects of movements in exchange rates	(27)	-	(27)
At 31 December 2022	282	195	477
<u>Accumulated amortisation</u>			
At 1 January 2021	488	15	503
Amortisation	-	19	19
Effects of movements in exchange rates	14	-	14
At 31 December 2021	502	34	536
Amortisation	-	71	71
Written off	(306)	-	(306)
Effects of movements in exchange rates	(8)	-	(8)
At 31 December 2022	188	105	293
<u>Impairment loss</u>			
At 1 January 2021	795	-	795
Effects of movements in exchange rates	34	-	34
At 31 December 2021	829	-	829
Written off	(716)	-	(716)
Effects of movements in exchange rates	(19)	-	(19)
At 31 December 2022	94	-	94
<u>Net book value</u>			
At 31 December 2021	-	152	152
At 31 December 2022	-	90	90

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

Impairment loss

In the current financial year, due to the volatile economic environment, the management assessed that there were indicators of impairment on the recoverable amount of the North Asia CGU even though it had generated profits compared to prior years. Accordingly, the Group had written off the fully impaired development costs capitalised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Subsidiaries

	Company	
	<u>2022</u> S\$'000	<u>2021</u> 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		Equity Interest	
<u>Country of incorporation</u>	<u>Principal Activities</u>	<u>2022</u> %	<u>2021</u> %
Eindec Holdings Pte. Ltd. ⁽¹⁾ Singapore	Investment holding	100	100
<i>Held through</i>			
<u>Eindec Holdings Pte. Ltd.</u>			
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
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Subsidiaries (cont'd)

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

Name		Equity Interest	
<u>Country of incorporation</u>	<u>Principal Activities</u>	<u>2022</u>	<u>2021</u>
		%	%
<i>Held through</i>			
<i>Eindec (Shenzhen) Environmental Technology Co., Ltd.</i>			
Henan Eindec Construction & Technology Co., Ltd ⁽³⁾	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
PRC			
<i>Held through</i>			
<i>Eindec (Shanghai) Co., Ltd.</i>			
Henan Yunzhi Security Technology Co., Ltd ⁽³⁾ ⁽⁵⁾	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
PRC			

⁽¹⁾ Audited by Moore Stephens LLP, Singapore.

⁽²⁾ Audited by Moore Stephens Associates PLT, 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 Da Hua Certified Public Accountants, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Subsidiaries (cont'd)

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	
		2022	2021
Henan Eindec Construction & Technology Co., Ltd	PRC	-	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	
		2022 S\$'000	2021 S\$'000	2022 S\$'000	2021 S\$'000
Henan Yunzhi Security Technology Co., Ltd	PRC	240	288	992	753

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

	2022 S\$'000	2021 S\$'000
Current assets	4,605	7,058
Non-current assets	437	1,215
Current liabilities	(3,461)	(6,473)
Non-current liabilities	-	(586)
Equity attributable to owners of the Company	589	461
Non-controlling interests	992	753
Revenue	7,647	6,858
Expenses	(7,144)	(6,423)
Profit for the year	503	435
Profit attributable to owners of the Company	176	152
Profit attributable to the non-controlling interests	327	283
Profit for the year	503	435

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Subsidiaries (cont'd)

Henan Yunzhi Security Technology Co., Ltd (cont'd)

	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Total comprehensive income attributable to owners of the Company	129	189
Total comprehensive income attributable to the non-controlling interests	240	288
Total comprehensive income for the year	<u>369</u>	<u>477</u>
Net cash inflow/(outflow) from operating activities	95	(121)
Net cash outflow from investing activities	-	-
Net cash (outflow)/inflow from financing activities	(62)	121
Net cash inflow	<u>33</u>	<u>-</u>

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

In 2020, the Group, through its wholly-owned subsidiary, Eidec (Shanghai) Co., Ltd ("Eidec Shanghai"), entered into a share subscription agreement (the "Agreement") with three unrelated parties (the "Minority Shareholders"). Pursuant to the Agreement, Eidec 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.

Eidec 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 Eidec Shanghai and the Minority Shareholders. As a result, Eidec Shanghai accounted for Henan Yunzhi as a subsidiary.

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

In 2019, a wholly-owned subsidiary of the Group – Eidec (Shenzhen) Environmental Technology Co., Ltd. ("Eidec Shenzhen") incorporated a new subsidiary – Eidec 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. Eidec Shenzhen holds a 51% equity interest in Eidec Henan.

On 28 December 2022, the Group disposed its 51% equity interest in Eidec Henan for a cash consideration of RMB1, to Construction Investment in Engineering Technology Co., Ltd. (a related corporation), which holds 40% equity interest in Henan Eidec prior to the aforementioned disposal. Following the disposal, Eidec Henan ceased to be a subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13 Subsidiaries (cont'd)

(b) Henan Eidec Construction & Technology Co., Ltd ("Eidec Henan")(cont'd)

The effect of the disposal as at the date of disposal were as follows:

	Carrying amounts Henan Eidec 2022 S\$'000
Cash and cash equivalents	390
Trade and other receivables	92
Trade and other payables	(482)
Net identifiable assets	-*
51% of net identifiable assets	-*
Cash consideration from disposal	-*
Loss on disposal of a subsidiary	-*
Cash consideration from disposal	-*
Less: cash and bank balances disposed	(390)
Net cash outflow on disposal	(390)

* Amount less than S\$1,000

14 Inventories

	Group	
	2022 S\$'000	2021 S\$'000
Finished goods	843	1,300
Work-in-progress	809	2,196
Raw materials	2,584	2,301
	4,236	5,797

During the current year, inventories of S\$15,876,000 (2021: S\$9,854,000) were recognised as an expense and included in "cost of sales".

During the current year, the Group carried out a review of the realisable values of its inventories and an allowance for inventory obsolescence of S\$55,000 (2021: S\$ Nil) and inventory written off of S\$125,000 (2021: S\$ Nil) were recognised as expenses and included in "cost of sales".

In 2021, the Group recognised a net inventory write-back of S\$20,000 from the provision for stock obsolescence. Certain inventories previously written down have been written back when they were successfully sold at prices above their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15 Trade and Other Receivables

	Group		Company	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables				
- third parties	3,392	2,595	-	-
- related corporations	4,004	6,514	-	-
Non-trade amounts due from:				
- ultimate holding company	-	2	-	-
- subsidiaries	-	-	1,947	2,434
Amount due from non-controlling shareholder of a subsidiary	-	1,557	-	-
Other receivables and deposits	435	374	2	1
	7,831	11,042	1,949	2,435
Tax recoverable	19	40	-	-
Prepayments	158	280	10	10
	8,008	11,362	1,959	2,445

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.

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	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank and on hand	2,284	1,977	116	102
For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:				
Cash and bank balances in the statements of financial position	2,284	1,977	116	102
Bank overdraft (Note 20)	(476)	(829)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	1,808	1,148	116	102

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17 Other Investments

	Group	
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
Debt investments at fair value through profit or loss ("FVTPL")	760	467
Debt investment at amortised cost	-	636
	<u>760</u>	<u>1,103</u>

Debt investments at FVTPL have variable returns of 2.06% (2021: 3.17%) per annum.

As at 31 December 2021, debt investment classified as at amortised cost of the Group has a fixed interest rate of 3.30% per annum and matures within 3 months.

The movement in the other investments is as follows:

	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
Balance as at 1 January	1,103	1,316
Additions in the financial year	367	2,608
Disposals in the financial year	(653)	(2,821)
Effects of foreign exchange	(57)	-
	<u>760</u>	<u>1,103</u>

18 Share Capital

	Group and Company			
	<u>2022</u>		<u>2021</u>	
	No. of shares	S\$'000	No. of shares	S\$'000
Issued and fully paid:				
At the beginning and				
the end of the financial year	<u>107,700,000</u>	<u>14,917</u>	<u>107,700,000</u>	<u>14,917</u>

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	
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
Merger reserve	(9,138)	(9,138)
Foreign currency translation reserve	(2,253)	(1,777)
Statutory reserve	174	124
	<u>(11,217)</u>	<u>(10,791)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

19 Other Reserves (cont'd)

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.

20 Loans and Borrowings

	Group	
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
<u>Current liabilities</u>		
<i>Secured</i>		
Bank overdrafts	476	829
Fixed bank loans	1,495	1,164
Term loan 1	29	28
Term loan 3	37	-
Lease liabilities (Note 24)	537	915
	<u>2,574</u>	<u>2,936</u>
<i>Unsecured</i>		
Term loan 2	61	73
	<u>2,635</u>	<u>3,009</u>
<u>Non-current liabilities</u>		
<i>Secured</i>		
Term loan 1	384	439
Term loan 3	1,133	-
Lease liabilities (Note 24)	77	669
	<u>1,594</u>	<u>1,108</u>
<i>Unsecured</i>		
Term loan 2	-	49
	<u>1,594</u>	<u>1,157</u>
Total loans and borrowings	<u>4,229</u>	<u>4,166</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20 Loans and Borrowings (cont'd)

Terms and debt repayment schedule

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

	<u>Currency</u>	<u>Nominal interest rate</u> %	<u>Year of maturity</u>
Group			
Fixed bank loans	MYR	2.54 – 4.05	2023
Term loan 1	MYR	3.99	2035
Term loan 2	RMB	10.4	2023
Term loan 3	SGD	3.21	2042
Bank overdrafts	MYR	MBLR* + 0.5%	N.A

* Malaysia base lending rate

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

Bank overdrafts, fixed bank loans and term loan 1 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") 13.30 million.

During the current financial year, a subsidiary has secured an additional term loan of S\$1,200,000 with a bank for the purchase of a subsidiary's commercial property. The loan is secured by a first mortgage over the Group's leasehold property (see Note 11) and a corporate guarantee by the Company.

The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20 Loans and Borrowings (cont'd)

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

	Liabilities					
	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
Group						
<u>2022</u>						
At 1 January	829	1,164	589	1,584	2,031	6,197
Changes from financing cash flows						
Interest paid	(44)	(69)	(62)	(72)	-	(247)
Principal payment of lease liabilities	-	-	-	(765)	-	(765)
Repayment of bank loan	-	-	(110)	-	-	(110)
Proceeds from bank loan	-	410	-	-	-	410
Total changes from financing cash flows	(44)	341	(172)	(837)	-	(712)
The effect of changes in foreign exchange rates	(41)	(79)	(35)	(85)	-	(240)
Liability-related other changes						
Change in bank overdraft	(312)	-	-	-	-	(312)
Purchase of property, plant and equipment	-	-	1,200	-	-	1,200
Addition of lease liabilities	-	-	-	43	-	43
Lease modifications	-	-	-	(163)	-	(163)
Interest expense	44	69	62	72	100	347
Total liability-related other changes	(268)	69	1,262	(48)	100	1,115
Balance as at 31 December	476	1,495	1,644	614	2,131	6,360

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

20 Loans and Borrowings (cont'd)

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

	Liabilities					
	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
Group						
<u>2021</u>						
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 2022

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
<u>2022</u>			
At 1 January	279	(77)	202
Recognised in profit or loss (Note 9)	(29)	(7)	(36)
Effect of exchange rate changes	(18)	7	(11)
At 31 December	232	(77)	155
<u>2021</u>			
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

Unrecognised deferred tax liabilities

At 31 December 2022, there was no temporary difference (2021: 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	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Unutilised tax losses carried forward	3,651	5,839

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 2022 and 2021 are expected to expire as follows:

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Between 1 year and 5 years	2,557	3,728

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21 Deferred Tax Liabilities (cont'd)

The remaining tax losses of S\$1,094,000 (2021: S\$2,111,000) 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	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Trade payables				
- third parties	4,193	8,341	-	-
- related corporations	411	106	-	-
Non-trade amounts due to:				
- ultimate holding company	2,131	2,031	2,131	2,031
- related corporations	555	55	-	-
Accrued operating expenses	593	594	99	127
Other payables	469	1,760	5	17
	<u>8,352</u>	<u>12,887</u>	<u>2,235</u>	<u>2,175</u>

Included in the non-trade amount due to the ultimate holding company is a loan of S\$1,718,000 (2021: 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

Compensation of Directors and key management personnel:

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Salaries and other short-term benefits (other than fees)	402	-
Post-employment benefits	30	-
Directors' fees	196	215

In FY2021, the total remuneration paid to the key management personnel (who is not a director) did not exceed S\$300,000. The Board, on review, decided not to disclose total 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 2022

23 Related Party Transactions (cont'd)

In FY2022, the Board decided to disclose total remuneration paid to all key management personnel as there are more than two (2) such personnel and the amount has increased to approximately S\$432,000.

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	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Expenses/(Income)		
<i>Immediate and ultimate holding company</i>		
- Interest expenses paid/payable	100	65
- Shared services income received/receivable	(12)	(12)
<i>Non-controlling shareholders of a subsidiary</i>		
- Rental paid/payable	660	792
- Sales	7,654	6,535

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				
	<u>Leasehold building</u> S\$'000	<u>Plant and machinery</u> S\$'000	<u>Motor vehicles</u> S\$'000	<u>Office equipment & computers</u> S\$'000	<u>Total</u> S\$'000
<u>2022</u>					
At 1 January	620	1,278	10	10	1,918
Reclassification	(35)	-	35	-	-
Additions during the year	-	-	43	-	43
Modification	(40)	(118)	(5)	-	(163)
Depreciation	(298)	(364)	(35)	(3)	(700)
Transfer to property, plant and equipment	-	(372)	-	-	(372)
Effect of exchange rate changes	(33)	(64)	(1)	-	(98)
At 31 December	214	360	47	7	628

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24 Lease Liabilities (cont'd)

Leases – As lessee (cont'd)

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

	Group				
	Leasehold building S\$'000	Plant and machinery S\$'000	Motor vehicles S\$'000	Office equipment & computers S\$'000	Total S\$'000
<u>2021</u>					
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

(c) Lease Liabilities

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

(d) Amounts recognised in Profit or Loss

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Depreciation charged for the year	700	1,198
Interest expense on lease liabilities	72	84
Expenses relating to short-term and low value leases	67	158

(e) Other Disclosures

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Total cash outflow for leases (Note 20)	(837)	(542)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment loss before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment results are 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25 Operating Segments (cont'd)

Group	Revenue		Segments results	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000	<u>2022</u> S\$'000	<u>2021</u> S\$'000
Clean room equipment	7,032	3,587	784	(203)
Heating ventilation and air-conditioning products	8,313	5,874	1,108	(47)
Air purification integrated solutions	10,315	7,241	327	(93)
Others	216	133	(20)	(70)
	<u>25,876</u>	<u>16,835</u>	<u>2,199</u>	<u>(413)</u>
Unallocated items:				
Other income			179	240
Other operating expenses			(298)	(14)
Finance income			3	-
Finance cost			(270)	(254)
Profit/(Loss) before income tax			<u>1,813</u>	<u>(441)</u>
Income tax credit/(expense)			114	(234)
Profit/(Loss) after income tax			<u>1,927</u>	<u>(675)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25 Operating Segments (cont'd)

Group	Heating ventilation and						Others		Unallocated		Total	
	Clean room equipment		air-conditioning products		Air purification integrated solutions		2022		2022		2022	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Other segment information:												
Expected credit loss/(Reversal of expected credit loss) on trade receivables	-	1	88	3	-	-	-	-	2	(11)	90	(7)
Amortisation of intangible assets	-	-	-	-	-	-	-	-	71	19	71	19
Depreciation of property, plant and equipment	152	306	207	253	592	881	2	12	-	-	953	1,452
Impairment loss on property, plant and equipment	-	-	-	-	-	-	-	-	78	-	78	-
Inventory written off	52	-	30	-	34	-	9	-	-	-	125	-
Allowance for inventory obsolescence	39	-	16	-	-	-	-	-	-	-	55	-
Capital expenditure	43	-	-	-	-	266	-	-	1,886	44	1,929	310

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25 Operating Segments (cont'd)

	Group	
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
<u>Segment assets</u>		
Clean room equipment	1,321	1,391
Heating ventilation and air-conditioning products	2,677	2,109
Air purification integrated solutions	7,751	12,706
Others	30	35
Total segment assets	11,779	16,241
Unallocated assets [#]	9,491	9,616
Consolidated total assets	21,270	25,857
<u>Segment liabilities</u>		
Clean room equipment	411	626
Heating ventilation and air-conditioning products	74	84
Air purification integrated solutions	4,749	9,476
Others	6	39
Total segment liabilities	5,240	10,225
Unallocated liabilities [*]	7,950	8,873
Consolidated total liabilities	13,190	19,098

[#] Unallocated assets are mainly related to a portion of the property, plant and equipment, inventories, other receivables 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, deferred tax liabilities and amount due to 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	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	9,687	6,927	1,958	391
PRC	10,315	7,243	513	1,348
Malaysia	4,363	928	3,511	3,879
Vietnam	116	32	-	-
Thailand	25	747	-	-
Hong Kong	-	379	-	-
Philippines	991	272	-	-
Others	379	307	-	-
	25,876	16,835	5,982	5,618

Major customer

Revenue from two customers of the Group's Singapore segment and PRC segment represented approximately 32% (2021: 33%) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 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	
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
Expected credit loss/		
(Reversal of expected credit loss) on trade receivables	90	(7)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 (2021: 3) customers account for 57% (2021: 74.0%) of the trade and other receivables as at 31 December 2022.

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	
	2022 S\$'000	2021 S\$'000
<u>By country</u>		
Singapore	2,518	1,827
PRC	4,878	7,282
	<u>7,396</u>	<u>9,109</u>
<u>By products</u>		
Clean room equipment	614	456
Heating ventilation and air-conditioning products	1,899	1,359
Air purification integrated solutions	4,878	7,282
Others	5	12
	<u>7,396</u>	<u>9,109</u>

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

	Group			
	2022		2021	
	Not credit- impaired S\$'000	Credit- impaired S\$'000	Not credit- impaired S\$'000	Credit- impaired S\$'000
Customers within:				
- two or more years trading history with the Group	7,229	-	6,850	-
- less than two years trading with the Group	202	88	2,292	42
Total gross carrying amount	<u>7,431</u>	<u>88</u>	<u>9,142</u>	<u>42</u>
Loss allowance	<u>(35)</u>	<u>(88)</u>	<u>(33)</u>	<u>(42)</u>
	<u>7,396</u>	<u>-</u>	<u>9,109</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26 Financial Instruments (cont'd)

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

(i) Credit risk (cont'd)

Expected credit loss assessment

The Group applies the "simplified approach" for assessing expected credit loss for trade receivables from customers, which comprise a very large number of small balances. Under the simplified approach, the Group developed a provision matrix using historical credit loss rates adjusted with forward looking information to reflect the effects of the current and future economic conditions.

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 2022 and 2021:

	Weighted average loss rate %	Group Gross carrying amount \$'000	Impairment loss allowance \$'000	Credit impaired
<u>2022</u>				
Current (not past due)	0.42	5,952	(25)	No
1 – 30 days past due	0.42	912	(4)	No
31 – 60 days past due	0.59	388	(2)	No
61 – 90 days past due	0.90	62	(1)	No
More than 90 days past due	2.80	117	(3)	No
More than 90 days past due	100	88	(88)	Yes
		<u>7,519</u>	<u>(123)</u>	
<u>2021</u>				
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
		<u>9,184</u>	<u>(75)</u>	

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: 1.01 (2021: 1.98) for Singapore and 0.85 (2021: 1.30) for PRC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26 Financial Instruments (cont'd)

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

(i) Credit risk (cont'd)

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	
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
Balance as at 1 Jan	75	158
Recognised profit or loss during the year		
Additions – credit impaired	88	42
Additions – not credit impaired	2	-
Reversal of unutilised amounts	-	(49)
	90	(7)
Bad debts written off against allowance	(42)	(76)
Balance as at 31 Dec	123	75

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

The Group held non-trade receivables from ultimate holding company of S\$ Nil (2021: S\$2,000) and the Company held non-trade receivables from a subsidiary of S\$1,947,000 (2021: S\$2,434,000). 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 is 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\$2,284,000 and S\$116,000 (2021: S\$1,977,000 and S\$102,000) respectively at 31 December 2022. The cash and cash equivalents are held with bank and financial institution counterparties which are rated Baa2 to 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26 Financial Instruments (cont'd)

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

(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 62.31% (2021: 72.23%) 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 2022.

The following are the contractual maturities of financial liabilities. These amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting arrangements:

	Cash flows				
	Carrying amount S\$'000	Contractual cash flows S\$'000	Within 1 year S\$'000	Between 2 to 5 years S\$'000	More than 5 years S\$'000
Group					
<u>31 December 2022</u>					
Loans and borrowings	4,229	(4,419)	(2,754)	(376)	(1,289)
Trade and other payables	8,352	(8,516)	(8,516)	-	-
	<u>12,581</u>	<u>(12,935)</u>	<u>(11,270)</u>	<u>(376)</u>	<u>(1,289)</u>
<u>31 December 2021</u>					
Loans and borrowings	4,166	(4,315)	(3,120)	(869)	(326)
Trade and other payables	12,887	(12,965)	(12,965)	-	-
	<u>17,053</u>	<u>(17,280)</u>	<u>(16,085)</u>	<u>(869)</u>	<u>(326)</u>
Company					
<u>31 December 2022</u>					
Trade and other payables	<u>2,235</u>	<u>(2,400)</u>	<u>(2,400)</u>	-	-
<u>31 December 2021</u>					
Trade and other payables	<u>2,175</u>	<u>(2,253)</u>	<u>(2,253)</u>	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26 Financial Instruments (cont'd)

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

(iii) *Market risk* (cont'd)

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, Singapore dollar and Japanese Yen.

The Group monitor their foreign currency exchange risks closely and maintain funds in various currencies to minimise currency exposure due to timing differences between sales and purchases.

Exposure to currency risk

Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in a currency that is not the entity's functional currency.

The Group manages its transactional exposure by adopting a policy of matching, as far as possible, receipts and payments in each individual currency. Where matching is not possible, the Group monitors the exchange rate closely and enters into foreign currency contracts to mitigate the foreign currency risks.

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	
	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000
US dollar		
Trade and other receivables	98	60
Cash and cash equivalents	32	556
Trade and other payables	(6)	(100)
	<u>124</u>	<u>516</u>
Singapore dollar		
Trade and other receivables	<u>2,251</u>	<u>2,676</u>
Japanese Yen		
Cash and cash equivalents	70	-
Trade and other payables	(13)	-
	<u>57</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26 Financial Instruments (cont'd)

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

(iii) Market risk (cont'd)

Sensitivity analysis for foreign currency risk

A 5% strengthening of the US dollar, Singapore dollar and Japanese Yen against the functional currencies of entities in the Group at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021, as indicated below:

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
US dollar	6	26
Singapore dollar	113	134
Japanese Yen	3	-

A 5% weakening of the US dollar, Singapore dollar and Japanese Yen against the functional currencies of entities in the Group at the reporting date would have had an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its floating rate loans and borrowings. The Group's policy is to obtain the most favourable interest rates available.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	Group	
	<u>2022</u> S\$'000	<u>2021</u> S\$'000
<u>Fixed rate instrument</u>		
Other investments	-	636
Term loan	(61)	(122)
Lease liabilities	(614)	(1,584)
	<u>(675)</u>	<u>(1,070)</u>
<u>Variable rate instrument</u>		
Other investments	760	467
Bank overdrafts	(476)	(829)
Non-trade amount due to ultimate holding company	(1,718)	(1,718)
Term loan	(1,583)	(467)
Fixed bank loans	(1,495)	(1,164)
	<u>(4,512)</u>	<u>(3,711)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 (cont'd)

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 2021.

	Profit or loss	
	100 bp increase S\$'000	100 bp decrease S\$'000
Group		
<u>31 December 2022</u>		
Variable rate instruments	(45)	45
<u>31 December 2021</u>		
Variable rate instruments	(38)	38

(b) Fair Value

Determination of fair values

Lease liabilities

The fair value of the non-current lease liabilities is 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26 Financial Instruments (cont'd)

(b) Fair Value (cont'd)

Accounting classifications and fair values

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

	Carrying amount			Fair value	
	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					
<u>31 December 2022</u>					
Trade and other receivables	7,831	-	-	7,831	-
Cash and cash equivalents	2,284	-	-	2,284	-
Debt investments	-	760	-	760	760
	10,115	760	-	10,875	
Loan and borrowings	-	-	(4,229)	(4,229)	-
Trade and other payables	-	-	(8,352)	(8,352)	-
	-	-	(12,581)	(12,581)	
<u>31 December 2021</u>					
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)	
	Amortised cost S\$'000		Other financial liabilities S\$'000	Total carrying amount S\$'000	
Company					
<u>31 December 2022</u>					
Trade and other receivables		1,949	-	1,949	
Cash and cash equivalents		116	-	116	
		2,065	-	2,065	
Trade and other payables		-	(2,235)	(2,235)	
<u>31 December 2021</u>					
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)	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

<u>Type</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between unobservable inputs and fair value measurement</u>
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

<u>Type</u>	<u>Valuation technique</u>
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 2022 and 2021.

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 2022 and 2021.

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 2022

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	
	2022 S\$'000	2021 S\$'000
Total liabilities	13,190	19,098
Less: Cash and cash equivalents	(2,284)	(1,977)
Net debt	10,906	17,121
Equity attributable to owners of the Company	7,088	5,948
Adjusted net debt to equity ratio	1.54	2.88

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 2022, 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 result 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.

		Effective for annual financial periods beginning on or after
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
Annual Improvements to SFRS(I) 2018-2021	SFRS(I) 9 Financial Instruments – Fee in the '10 per cent' test for derecognition	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 but not yet effective and the Group has not decided to early adopt:

		Effective for annual financial periods beginning on or after
Amendments to SFRS(I) 1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 1-1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 1	<i>Disclosure of Accounting Policies and SFRS(I) Practice Statement to Making Materiality Judgements</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transactions</i>	1 January 2023
Amendments to SFRS(I) 16	<i>Lease liability in a Sale and Leaseback</i>	1 January 2024
SFRS(I) 10 and SFRS(I) 1-28	<i>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</i>	Deferred indefinitely, early application is still permitted

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 Authorisation of Financial Statements

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2023

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	5.28	6,400	0.01
1,001 – 10,000	45	14.85	307,200	0.29
10,001 – 1,000,000	236	77.89	29,675,500	27.55
1,000,001 AND ABOVE	6	1.98	77,710,900	72.15
TOTAL	303	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	PHILLIP SECURITIES PTE LTD	1,352,900	1.26
3	TAN POH GUAN (CHEN BAORYUAN)	1,220,000	1.13
4	OCBC SECURITIES PRIVATE LIMITED	1,119,000	1.04
5	SIM POH PING	1,116,200	1.04
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	821,800	0.76
10	RAFFLES NOMINEES (PTE.) LIMITED	820,900	0.76
11	CHENG CHAI HAP	749,800	0.70
12	SIM PEI HWA	738,000	0.69
13	YAP PENG HOR	600,000	0.56
14	ONG SWEE WHATT	585,000	0.54
15	NG HON PO	500,000	0.46
16	TOH CHIN CHOON	500,000	0.46
17	MAYBANK SECURITIES PTE. LTD.	483,000	0.45
18	TIGER BROKERS (SINGAPORE) PTE. LTD.	478,400	0.44
19	HENG PHECK THOI	460,000	0.43
20	TAN KOI YONG	452,000	0.42
TOTAL		86,859,800	80.65

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2023

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

No.	Name	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
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 of the Company 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 of Singapore.
- (2) Mr. Chen Zhiyong is deemed to have an interest in the shares of the Company held by Weiye by virtue of his 20.52% shareholding in Weiye by virtue of Section 7 of the Companies Act 1967 of Singapore.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 16 March 2023, 33.24% of the Company's shares are held in the hands of the 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 Eindex Corporation Limited (the "**Company**") will be convened and held by electronic means on Wednesday, 26 April 2023 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 2022, together with the Independent Auditor's Report thereon.

(Resolution 1)

2. To approve the payment of Directors' fees of S\$165,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears (2022: S\$215,000).

(Resolution 2)

3. To re-elect the following Directors of the Company retiring pursuant to Regulations 99 and 103 of the Constitution of the Company, and who, being eligible, offer themselves for re-election, as Directors of the Company:

Regulation 99:

- (a) Mr. Zhang Wei
- (b) Mr. Jeffrey Ong Shen Chieh

(Resolution 3)

(Resolution 4)

Regulation 103:

- (c) Mr. Ong Kian Guan

(Resolution 5)

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

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

(Resolution 6)

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

AS SPECIAL BUSINESS

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

6. Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act 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 sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the total 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 convertible securities;
 - (b) (where applicable) new shares arising from exercising of share options or vesting of share awards, provided that such share options or share awards (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,

and provided also that 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 (iv)]

(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to grant awards and allot and issue shares under the Eindex 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 (v)]

(Resolution 8)

8. **Renewal of 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 are set out in the addendum to this Notice of AGM dated 11 April 2023 ("**Addendum**")), 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 (vi)]

(Resolution 9)

By Order of the Board

Shirley Tan Sey Liy
Company Secretary

Singapore, 11 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Resolution 3

Mr. Zhang Wei will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer of the Company. Further detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) of Mr. Zhang Wei can be found in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2022.

(ii) Resolution 4

Mr. Jeffrey Ong Shen Chieh will, upon re-election as a Director of the Company, remain as an Independent Director of the Company, and continue to serve as the Chairman of the Nominating Committee as well as a member of the Audit Committee and the Remuneration Committee of the Company. There are no relationships (including family relationships) between Mr. Jeffrey Ong Shen Chieh and the other Directors of the Company, the Company, and its related corporations, its officers or its substantial shareholders, which may affect his independence. The Board considers Mr. Jeffrey Ong Shen Chieh to be independent for the purposes of Rule 704(7) of the Catalist Rules. Further detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) of Mr. Jeffrey Ong Shen Chieh can be found in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2022.

(iii) Resolution 5

Mr. Ong Kian Guan will, upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company, and continue to serve as the Chairman of the Audit Committee as well as a member of the Nominating Committee and the Remuneration Committee of the Company. There are no relationships (including family relationships) between Mr. Ong Kian Guan and the other Directors of the Company, the Company, and its related corporations, its officers or its substantial shareholders, which may affect his independence. The Board considers Mr. Ong Kian Guan to be independent for the purposes of Rule 704(7) of the Catalist Rules. Further detailed information (including information as required pursuant to Rule 720(5) of the Catalist Rules) of Mr. Ong Kian Guan can be found in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2022.

(iv) Resolution 7

Ordinary Resolution 7, if passed, will empower the Directors of the Company, from the date of this AGM of the Company 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 and Instruments 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 convertible securities, the exercise of share options or the vesting of share awards which were issued and outstanding or subsisting at the time when this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(v) Resolution 8

Ordinary Resolution 8, if passed, will empower the Directors of the Company, from the date of this AGM of the Company 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 grant awards and to issue shares in the capital of the Company pursuant to 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.

(vi) Resolution 9

Ordinary Resolution 9, 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. Weiye Holdings Limited (a controlling shareholder of the Company), who is interested in the IPT Mandate, and its associates (as defined in the Catalist Rules, including Mr. Zhang Wei, who is the Executive Chairman and Chief Executive Officer of the Company) will abstain from voting in respect of each of their shareholdings in the Company on this Resolution. In addition, Weiye Holdings Limited and its associates will not accept appointment as proxies to vote in respect of this Resolution unless specific instructions as to voting are given.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the AGM will be held by way of electronic means and the members will NOT be allowed to attend the AGM in person. However, alternative arrangements have been provided to allow the members to participate and vote in the AGM via electronic means.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance, or "live" at the AGM and/or voting at the AGM (i) "live" by the member or his/her/its duly appointed proxy(ies) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as a proxy to vote on the member's behalf at the AGM are set out in this Notice of AGM. This Notice of AGM is also made available on SGXNet at the URL: <https://www.sgx.com/securities/company-announcements>, the Company's corporate website at the URL: <http://www.eindec.com.sg/ir.html> and the URL: <https://conveneagm.com/sg/eindec2023>.

Participation in AGM proceedings via "Live Webcast/Live Audio Feed"

3. A member will be able to participate in the AGM by watching the AGM proceedings via a "live" audio-video webcast via mobile phones, tablets or computers or by listening to the AGM proceedings through a "live" audio-only feed via telephone ("**Live Webcast/Live Audio Feed**"). In order to do so, a member must pre-register by 10.00 a.m. on 23 April 2023 ("**Pre-registration Deadline**"), at the URL: <https://conveneagm.com/sg/eindec2023> ("**Pre-registration Website**") for the Company to authenticate his/her/its status as members.
4. To pre-register the Live Webcast/Live Audio Feed, kindly access the Pre-registration Website, using either the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox.
5. Following the authentication of his/her/its status as a member, such member will receive an email with instructions on how to access the Live Webcast/Live Audio Feed of the AGM proceedings by 5.00 p.m. on 24 April 2023.
6. Members who do not receive an email by 5.00 p.m. on 24 April 2023, but have registered by the Pre-registration Deadline, may contact the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd., at email address: shareregistry@incorp.asia with the following details included: (1) the full name of the member, and (2) his/her/its identification/registration number.
7. Investors who hold shares through depository agents (as defined in Section 81SF of the Securities and Future Act 2001 of Singapore) and wish to participate in the AGM via the Live Webcast/Live Audio Feed must approach their respective depository agents to pre-register by 5.00 p.m. on 14 April 2023 in order to allow sufficient time for their respective depository agents to in turn register their interest with the Company.

Submission of questions in advance of or "live" at the AGM

8. Members may submit substantial and relevant textual questions related to the resolutions to be tabled for approval at the AGM in advance of, or "live" at the AGM.

How to submit questions in advance of the AGM

9. If a member wishes to submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM, all questions must be submitted no later than 9.00 a.m. on 19 April 2023 through any of the following means:

(a) via the Pre-registration Website; or

(b) via email to management@eindec.com.sg,

and provide particulars as follows:-

- Full name (for individuals)/company name (for corporates) as per CDP/SRS Account records;
- NRIC or Passport Number (for individuals)/Company Registration Number (for corporates);
- Contact number and email address; and
- The manner in which you hold shares in the Company (e.g. via CDP/SRS).

Please note that the Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

10. The Company will address all substantial and relevant questions related to the resolutions to be tabled for approval at the AGM received from members submitted in the manner set out in paragraph 9 above by 11.59 p.m. on 20 April 2023, via SGXNet and the Company's corporate website. The Company will also address any subsequent clarifications sought or follow-up questions "live" at the AGM in respect of such substantial and relevant questions. The responses from the Board and Management of the Company provided at the AGM shall thereafter be published on SGXNet and the Company's corporate website, together with the minutes of the AGM, within one (1) month after the conclusion of the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently, not all questions may be individually addressed.

NOTICE OF ANNUAL GENERAL MEETING

How to submit questions "live" at the AGM

11. Members may submit textual questions "live" at the AGM in the following manner:

- (a) Members or where applicable, their appointed proxy(ies) and investors who have pre-registered and are verified to attend the AGM can ask questions related to the resolutions to be tabled for approval at the AGM "live" at the AGM, by typing in and submitting their questions through the "live" ask-a-question function via the audio-visual webcast platform during the AGM within a certain prescribed time limit.
- (b) Members who wish to appoint proxy(ies) (other than the Chairman of the AGM) to ask questions "live" at the AGM on their behalf must, in addition to completing and submitting an instrument appointing a proxy(ies), ensure that their proxy(ies) pre-register separately via the Pre-registration Website before the Pre-registration Deadline, upon verification of the proxy form(s).
- (c) Members (including SRS investors) or, where applicable, their appointed proxy(ies) must access the AGM proceedings via the Live Webcast in order to ask question "live" at the AGM, and will not be able to do so via the Live Audio Feed of the AGM proceedings.
- (d) The Company, will, during the AGM itself, address as many substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions, consequently, not all questions may be individually addressed.

Submission of instrument appointing a proxy(ies) to vote "live" at the AGM

12. Members who wish to exercise their voting rights at the AGM may:

- (a) (where such members are individuals) vote "live" via electronic means at the AGM or (where such shareholders are individuals or corporate) appoint a proxy(ies) (other than the Chairman of the AGM)* to vote "live" via electronic means at the AGM on their behalf; or
 - * For the avoidance of doubt, SRS investors will not be able to appoint third-party proxy(ies) (i.e. persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.
- (b) (where such shareholders are individuals or corporate) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.
 - Members (including SRS investors) and, where applicable, appointed proxy(ies), who wish to vote "live", at the AGM must first pre-register at the Pre-registration Website via the URL: <https://conveneagm.com/sg/eindec2023> before the Pre-registration Deadline.
 - Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the proxy form, failing which the appointment for that resolution will be treated as invalid.

13. A member who is not a Relevant Intermediary*, entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her/its stead at the AGM of the Company. Where a member appoints more than one proxy, he/she/it shall specify the proportion of his/her/its shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company.

14. The proxy form for the AGM can be assessed at the Company's corporate website at the following URL: <http://www.eindec.com.sg/ir.html>, and is made available with this Notice of AGM on SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements> on the same day.

15. The proxy form for the AGM must be submitted to the Company in the following manner:

- (a) be completed digitally at <https://conveneagm.com/sg/eindec2023>; or
- (b) if submitted by post or personally, 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 23 April 2023 ("**Proxy Deadline**") (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

NOTICE OF ANNUAL GENERAL MEETING

16. A member who wishes to submit an instrument of proxy by post or personally 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.
17. **Members are strongly encouraged to submit the completed proxy form digitally via <https://conveneagm.com/sg/eindec2023> or electronically via email.**
18. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or by an officer duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter of power of attorney or a duly certified copy thereof must be lodged with the instrument appointing a proxy or proxies, failing which the instrument appointing a proxy or proxies may be treated as invalid.
19. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment or supporting documents) (such as in the case where the appointor submits more than one instrument appointing a proxy or proxies).
20. Investors who hold their shares through Relevant Intermediaries* as defined in Section 181 of the Companies Act 1967 of Singapore (including SRS investors and holders under depository agents) and wish to exercise their votes should approach their respective relevant intermediaries (including their respective SRS approved banks or depository agents) to submit their voting instructions by **5.00 p.m. on 14 April 2023** (being seven (7) working days before the AGM) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.
21. In the case of a member whose shares are entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), the Company may reject any instrument appointing a proxy or proxies lodged if such member, being appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

No despatch of physical copies

22. The following documents, together with this Notice of AGM, will be available to members on **10 April 2023** by electronic means via publication on the SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at the following URL: <http://www.eindec.com.sg/ir.html>:
 - (a) Annual report for the financial year ended 31 December 2022 ("**Annual Report**");
 - (b) Proxy form in relation to the AGM ("**Proxy Form**"); and
 - (c) Addendum to this Notice of AGM dated 11 April 2023 in relation to the proposed renewal of the shareholders' general mandate for interested person transactions ("**Addendum**").
23. There will be no despatch of printed copies of the Annual Report, Notice of AGM, Proxy Form and Addendum. Members are advised to check SGXNet at the URL: <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at the following URL: <http://www.eindec.com.sg/ir.html> for the aforesaid documents.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore 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 of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, 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 details for the pre-registration to observe the proceedings of the AGM via the Live Webcast/Live Audio Feed, or (b) submitting the Proxy Form appointing the proxy(ies) to attend, and vote at the AGM and/or any adjournment thereof, or (c) submitting any question prior to the AGM 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 or service providers) of the appointment of the proxy(ies) for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) processing of the pre-registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared for the AGM. Accordingly, the member's personal data and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes and retained for such period as may be necessary for the Company's verification and record purposes.

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. Goh Mei Xian, Director, 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)

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before
completing this Proxy Form)

IMPORTANT:

1. Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Annual General Meeting of the Company will be held by way of electronic means.
2. A member will not be able to attend the AGM in person. Alternative arrangements relating to the attendance of the AGM through electronic means, as well as conduct of the AGM and relevant guidance with full details are set out in the Notice of AGM dated 11 April 2023, which can be accessed via the SGXNet at the URL: <https://www.sgx.com/securities/company-announcements> and the Company's corporate website.
3. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") and wishes to appoint Chairman of the AGM as proxy should inform their respective SRS Operators to submit their votes by 5:00 p.m. on 14 April 2023 (being seven (7) working days before the AGM).
4. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We, _____ (Full Name) _____ (NRIC no./Passport No./Company No.)
of _____ (Full Address)
being a *member/members of **EINDEC CORPORATION LIMITED** (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Email Address^	Proportion of Shareholdings	
			No of Shares	%
Address				

and/or (delete as appropriate)

Name	NRIC/Passport No.	Email Address^	Proportion of Shareholdings	
			No of Shares	%
Address				

^ Appointed proxy(ies) will have to pre-register at the Pre-registration Website which is accessible from the URL: <https://conveneagm.com/sg/eindec2023> in order to access the Live Webcast or Live Audio Feed of the Annual General Meeting ("AGM") proceedings.

or if no proxy is named, the Chairman of the AGM as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf at the AGM of the Company to be held by way of electronic means on Wednesday, 26 April 2023 at 10:00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against, or to abstain from voting on the resolution(s) to be proposed at the AGM as indicated hereunder. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as proxy of that resolution will be treated as invalid.**

(If you wish to exercise all your votes "For", "Against" or to "Abstain" from voting, please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.)

No.	Ordinary Resolutions relating to:	For	Against	Abstain
1	Adoption of the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2022, together with the Independent Auditor's Report thereon			
2	Approval of Directors' fees of S\$165,000 for the financial year ending 31 December 2023, to be paid quarterly in arrears			
3	Re-election of Mr. Zhang Wei as a Director			
4	Re-election of Mr. Jeffrey Ong Shen Chieh as a Director			
5	Re-election of Mr. Ong Kian Guan as a Director			
6	Re-appointment of Messrs. Moore Stephens LLP as Auditor of the Company and authority to Directors of the Company to fix their remuneration			
7	Authority to allot and issue shares in the capital of the Company			
8	Authority to grant awards and allot and issue shares under the Eindec Performance Share Plan 2015			
9	Renewal of shareholders' general mandate for Interested Person Transactions			

Dated this _____ day of _____ 2023

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:

This Proxy Form will be published on the Company's corporate website at the URL: <http://www.eindec.com.sg/ir.html> and will also be made available on the SGXNet at the URL: <https://www.sgx.com/securities/company-announcements>. There will be no despatch of printed copies of the Annual Report, Notice of AGM, Proxy Form and Addendum to Shareholders.

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 in your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. **Members will not be able to attend the AGM in person.** If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:
 - (a) (where the member is an individual) vote "live" via electronic means at the AGM or (where the member is an individual or corporate) appoint a proxy(ies) (other than the Chairman of the AGM)* to vote "live" via electronic means at the AGM on his/her/its behalf; or
 - * For the avoidance of doubt, SRS investors will not be able to appoint third party proxy(ies) (i.e. persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.
 - (b) in appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.
3. A member of the Company who is not a Relevant Intermediary* entitled to attend and vote at AGM is entitled to appoint not more than two proxies to attend and vote in his/her/its stead. A proxy need not be a member of the Company.
4. Where a member who is not a Relevant Intermediary appoint two proxies, the appointment shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified).
6. Subject to paragraph (7) below, completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Live Webcast of the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.
7. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") and wishes to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by 5:00 p.m. on 14 April 2023 (being seven (7) working days before the AGM) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf no later than 10:00 a.m. on 23 April 2023 ("**Proxy Deadline**").
8. This proxy form must be submitted to the Company in the following manner:
 - (a) be completed digitally at <https://conveneagm.com/sg/eindec2023>; or
 - (b) if submitted by post or personally, 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 the Proxy Deadline (being not less than seventy-two (72) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.
9. A member who wishes to submit an instrument of proxy by post or personally must **first download, complete and sign the proxy form**, before submitting it by post or personally to the address provided above, or before scanning and sending it by email to the email address provided above.
10. **Members are strongly encouraged to submit the completed proxy form digitally via <https://conveneagm.com/sg/eindec2023> or electronically via email.**
11. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or by an officer duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter of power of attorney or a duly certified copy thereof must be lodged with the instrument appointing a proxy or proxies, failing which the instrument appointing a proxy or proxies may be treated as invalid.
12. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies (including any related attachment or supporting documents). In addition, in the case of a member whose shares are entered against his/her/its name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

Personal Data Privacy:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 11 April 2023.



EINDEC CORPORATION LIMITED

(Company Registration No.: 201508913H)

(Incorporated in the Republic of Singapore)

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

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