ASIA ENTERPRISES HOLDING LIMITED

ANNUAL REPORT 2022

CORPORATE PROFILE

Asia Enterprises Holding Limited ("Asia Enterprises" or the "Company" and together with its subsidiaries, the "Group") is a major distributor of a comprehensive range of steel products to industrial end-users in Singapore and the Asia-Pacific region.

With operating history dating back to 1973, Asia Enterprises provides a wide range of steel products that is complemented by its value-added services to offer 'one-stop' solutions and just-in-time delivery to its customers. Today, the Group has a ready inventory consisting of more than 1,200 steel products that it supplies to over 700 active customers involved primarily in the marine and offshore, oil and gas, construction, engineering/fabrication and manufacturing industries. The Group has forged a strong reputation as a reliable distributor of steel products to the marine and offshore industries.

Asia Enterprises presently owns two facilities in Singapore – a multi-storey warehouse and a steel processing plant-cum-warehouse – with a total combined land area of 33,769 square metres. To complement its steel distribution business, the Group also provides precision steel processing services.

The Group was listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 1 September 2005.

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MESSAGE TO SHAREHOLDERS

DEAR SHAREHOLDERS,

As markets around the globe emerged from the pandemic woes and started shifting onto a path of recovery, the macro business environment took a turn for the worse instead in 2022. During the course of the year, persistent headwinds from geopolitical tensions, Russia's invasion of Ukraine, growing inflationary pressures and rising interest rates began to take a toll and engendered a slowdown of the world's economy.

Notwithstanding the difficult operating backdrop, we are pleased that Asia Enterprises still delivered a respectable performance for the financial year ended 31 December 2022 ("FY2022"). The Group's revenue more than doubled on the back of a broad-based pick-up in customer demand, as well as relatively higher average selling prices ("ASP") in FY2022 compared to FY2021.

Thanks to the strong top line, the Group's profit before tax in FY2022 improved 37% to $5.5 million from $4.0 million in FY2021. Net profit for FY2022 however was steady at $3.7 million compared to FY2021. The bottom line was muted by a near five-fold increase in income tax expenses to $1.7 million in FY2022 from $0.3 million in FY2021 due mainly to the absence of unutilised losses and enhanced capital allowances that had been fully utilised in prior financial years.

In line with our commitment to reward shareholders for their support, the Board of Directors has recommended to distribute a final dividend of 0.8 cent per share in respect of FY2022 which translates to a payout ratio of 73% of the Group's net profit. Since our listing on the Singapore Exchange in 2005, Asia Enterprises has consistently paid dividends representing at least 40% of earnings every year.

In FY2022, we witnessed a significant increase in orders for steel materials from customers across our key end-user industries as their business activities began to recover in the aftermath of the pandemic-induced downturn.

In terms of end-user industries, the Group's marine and offshore segment registered the strongest improvement in FY2022 as sales soared 135% to $57.7 million on higher ASP and increased demand in tandem with a pick-up in newbuilding activities at shipyards. This segment accounted for the largest proportion of Group revenue with a contribution of 79% in FY2022. Sales to the engineering/fabrication segment climbed to $8.0 million in FY2022 from $5.2 million in FY2021, driven mainly by an increase in steel purchases by customers for their projects, and accounted for 11% of Group revenue. Sales to the construction segment rose to $1.9 million from $1.1 million previously, and made up 3% of Group revenue in FY2022.

In terms of geographical markets, the Group recorded higher billings from customers across all key markets in FY2022 on the back of increased sales tonnage and ASP. Sales to the Singapore market, which comprise shipments to both domestic and overseas destinations of Singapore-headquartered customers, jumped 68% to $39.2 million to account for 53% of Group revenue in FY2022. Sales to customers in Indonesia trebled to $31.0 million in FY2022 from $9.9 million in FY2021, which expanded this segment's revenue contribution to 42% in FY2022. Revenue derived from Malaysia doubled to $3.2 million in FY2022 and made up 4% of Group revenue in FY2022.

Looking ahead, the macroeconomic environment is expected to remain challenging. Prevailing geopolitical tensions, the prolonged Russia-Ukraine war, further supply chain disruptions, rising interest rates and continued inflationary pressures could fuel downside risks to the global economic growth outlook.

On the home front, market conditions in the steel industry are also expected to remain uncertain. The operating landscape is likely to stay challenging due to increased volatility of international steel prices, inflationary cost pressures and heightened competitive conditions amid a backdrop of potentially slower steel demand. Steel price volatility may cause unpredictability in the demand and purchasing patterns of steel end-users as it affects the economic viability of their projects. Rising interest rates and cost inflation could also lead to a reduction in capital investments which has an adverse impact on steel-intensive industries such as construction and shipbuilding.

While Asia Enterprises was able to report an improved financial performance for FY2022, we believe a cautious business outlook is warranted for FY2023 in view of the myriad uncertainties still weighing on the global economy and steel market.

To be prepared for potential opportunities and challenges, we will remain vigilant in our sales and credit management, keep tight control of our operating expenses and maintain a healthy balance sheet. We will also take a prudent approach in inventory management while ensuring sufficient steel inventory and mix of products to meet the project requirements of our customers. We believe these steps are imperative to the Group's ability to sustain a sound, debt-free balance sheet and build financial resilience to weather difficult business cycles.

On behalf of the Board, we would like to express our appreciation to our Shareholders, valued customers, principal banks, business partners and suppliers for their continued support. We would also like to acknowledge and thank our fellow Directors, management and staff for their dedication, unwavering efforts and invaluable contributions to the Group.

LEE BON LEONG
Independent,
Non-Executive Chairman

LEE YIH CHYI, YVONNE
Managing Director

FINANCIAL AND BUSINESS REVIEW

FINANCIAL REVIEW

Notwithstanding the difficult operating environment in FY2022, the Group delivered improved revenue on the back of a pick-up in customer orders for steel materials across its key market segments. As a result, the Group's revenue more than doubled to $73.5 million in FY2022 from $35.4 million in FY2021, boosted by an increase in the volume of sales tonnage and relatively higher average selling prices ("ASP") as compared to FY2021. The robust top line growth was driven by a broad-based increase in sales across the Group's key end-user industries during FY2022 compared to FY2021.

The Group's gross profit increased 20% to $13.6 million in FY2022 from $11.4 million in FY2021. Gross profit margin contracted to 18.5% in FY2022 compared to 32.2% in FY2021, attributable mainly to an increase in bulk ordering by customers.

The Group's gross profit margin typically fluctuates across different financial reporting periods. Underlying factors include differences in selling prices due to seasonal factors and market conditions, sales mix, and changes in its weighted average cost of inventory sold as the Group sells and replaces its inventory across different periods.

Other income and gains in FY2022 amounted to $0.9 million, which was slightly lower than $1.0 million in FY2021. The decline in other income was due mainly to decreases in interest income and government grant.

Marketing and distribution costs in FY2022 increased to $0.7 million from $0.3 million in FY2021. This was in tandem with the higher level of freight and handling services that were required to fulfill customers' orders. Administrative expenses remained unchanged at $6.8 million in FY2022.

In line with the adoption of SFRS(I) 16, the Group recognised non-cash interest expense on lease liabilities of around $0.3 million in FY2022. The Group recorded other losses of around $1.2 million in FY2022 compared to $0.9 million in FY2021. The increase arose primarily from higher fair value losses on investments measured at FVTPL (fair value through profit or loss), offset partially by lower inventory write-down.

The Group reported a 37% increase in profit before tax ("PBT") to $5.5 million in FY2022 from $4.0 million in FY2021 on the back of the increased revenue and gross profit.

However, income tax expenses increased significantly to $1.7 million in FY2022 compared to $0.3 million in FY2021. This was due mainly to the absence of unutilised losses and enhanced building allowances which had been fully utilised in prior financial years. As a result, the Group's net profit for FY2022 remained steady at $3.7 million.

On a segmental basis, the Group recorded operating results before interest and tax (ORBIT) of $5.4 million from its steel distribution business in FY2022, an increase from $3.8 million in FY2021. Its steel processing business registered a modest profit of $0.03 million in FY2022 compared to ORBIT of $0.2 million in FY2021.

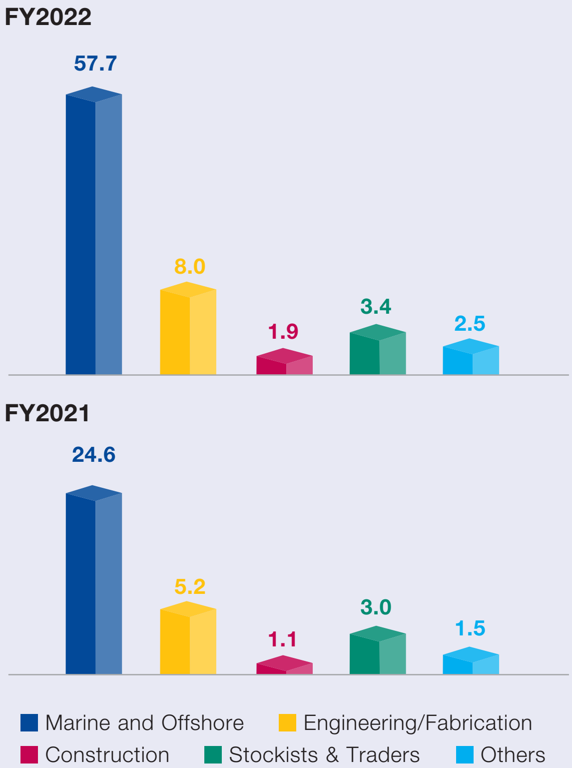
The Board of Directors has recommended a final dividend payment of 0.8 cent per share with respect to FY2022, unchanged from 0.8 cent per share for FY2021. The proposed dividend is subject to shareholders' approval at the Company's annual general meeting.

The Group's balance sheet remained sound with cash and cash equivalents of $33.7 million and zero borrowings as at 31 December 2022. Shareholders' equity (excluding treasury shares) stood at $97.2 million as at 31 December 2022. The Group had net asset value of 28.5 cents per share that included cash and cash equivalents of 9.9 cents per share and inventory with book value of 10.0 cents per share.

As at 31 December 2022, property, plant and equipment decreased to $14.0 million compared to $15.9 million as at 31 December 2021 due mainly to depreciation charges. In line with the SFRS(I) 16, the present value of the operating lease payment commitments for the Group's warehouse facilities are recognised on its balance sheet as right-of-use assets and lease liabilities. As at 31 December 2022, the Group's right-of-use assets and lease liabilities stood at $8.5 million and $9.0 million respectively.

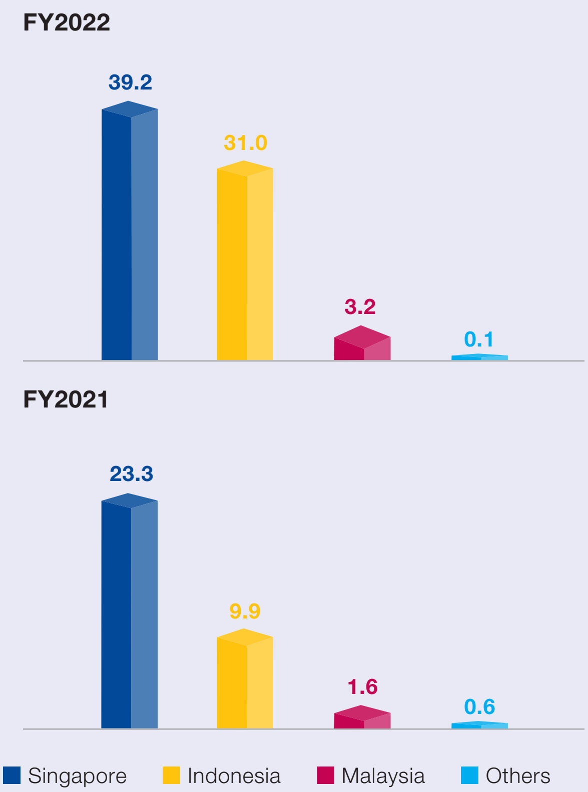
Other financial assets as at 31 December 2022 decreased to $10.4 million from $13.3 million as at 31 December 2021 due to redemption of investments in financial instruments and mark-to-market adjustments for these investments.

Revenue Breakdown by Customer Segment
($ million)



FINANCIAL AND BUSINESS REVIEW

Revenue Breakdown by Geographical Market*
($ million)



** based on billing addresses of customers*

As at 31 December 2022, the Group's trade and other receivables increased to $19.5 million from $7.8 million as at 31 December 2021, in line with increased sales. Trade and other payables as at 31 December 2022 increased to $10.2 million from $5.6 million as at 31 December 2021, attributable mainly to deferred revenue received in advance from customers.

Non-current and current provisions as at 31 December 2022 were unchanged at $2.0 million.

BUSINESS REVIEW

Performance by Customer Segment

Asia Enterprises is a leading steel distributor to the marine and offshore sector, and supplies a wide variety of steel products to shipyards in the region for newbuilds, repairs, conversions and offshore marine-related activities. The Group also serves customers in the construction, engineering/fabrication and manufacturing industries.

In FY2022, the marine and offshore segment registered the strongest improvement as sales soared 135% to $57.7 million from $24.6 million on the back of increased demand and higher ASP. This segment continued to account for the largest proportion of Group revenue with a contribution of 79% in FY2022 (FY2021: 70%).

The engineering/fabrication and construction segments also improved in FY2022 with sales driven mainly by an increase in purchases of steel materials by customers for their projects. Sales to engineering/fabrication segment in FY2022 increased to $8.0 million from $5.2 million in FY2021, and accounted for 11% of Group revenue (FY2021: 15%). Sales to customers in the construction sector rose to $1.9 million from $1.1 million previously, and made up 3% of Group revenue in FY2022 (FY2021: 3%).

Performance by Geographical Market

The Group serves over 700 active customers across the Asia-Pacific region. Singapore, Indonesia and Malaysia are its primary geographical markets.

In FY2022, the Group's sales to customers in Singapore jumped 68% to $39.2 million from $23.3 million in FY2021, driven by higher sales tonnage and ASP. Billings to customers in Singapore include sales that are shipped to domestic and overseas destinations. The Singapore segment accounted for 53% of Group revenue in FY2022 (FY2021: 66%).

Sales to customers in Indonesia in FY2022 trebled to $31.0 million from $9.9 million in FY2021. This was lifted by increased volume of sales to shipyards there as demand rose in tandem with their newbuilding activities, as well as higher ASP. As a result, the revenue contribution from Indonesia segment expanded to 42% in FY2022 (FY2021: 28%).

Revenue derived from Malaysia market also climbed to $3.2 million in FY2022, up 100% from $1.6 million in FY2021 as a result of higher customer orders. This market made up 4% of Group revenue in FY2022 (FY2021: 5%).

Inventory Management

Asia Enterprises' inventories are measured on a weighted average cost basis and comprise primarily the stock of steel materials that the Group replenishes and holds for sale to customers as part of its core steel distribution business. The Group's inventory procurement decisions are based on its assessment of customers' ongoing needs as well as the demand and supply conditions of the steel industry. Purchases by the Group to replenish inventories generally have a delayed impact on the Group's weighted average cost of inventory due to delivery lead time of the products, which is typically around two to three months.

As at 31 December 2022, inventories increased to $34.2 million compared to $23.4 million as at 31 December 2021 in tandem with the Group's sales and inventory replenishment activities. Inventory turnover for FY2022 was around 208 days compared to 355 days for FY2021.

FINANCIAL HIGHLIGHTS

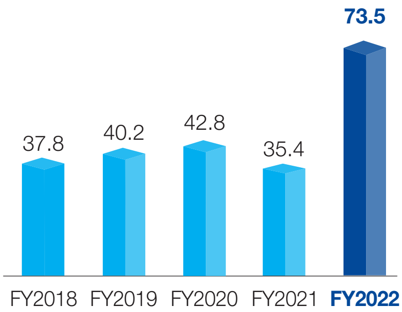
FINANCIAL YEAR ENDED 31 DECEMBER

($ million)	FY2022	FY2021	Change
Revenue	**73.5**	35.4	108%
Gross Profit Margin	**18.5%**	32.2%	–
Profit Before Tax	**5.5**	4.0	37%
Net Profit	**3.7**	3.7	1%
Net Gearing	**Zero borrowings**	Zero borrowings	

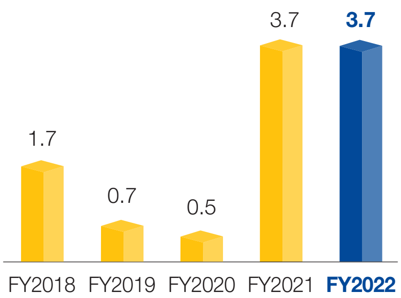
Per Share Data*		
Earnings Per Share (Cents)	**1.1**	1.1
Proposed Dividend Per Share (Cents)	**0.8**	0.8
Net Asset Value Per Share (Cents)	**28.5**	28.2

** Based on issued share capital of 341,128,887 shares (excluding treasury shares and subsidiary holdings)*

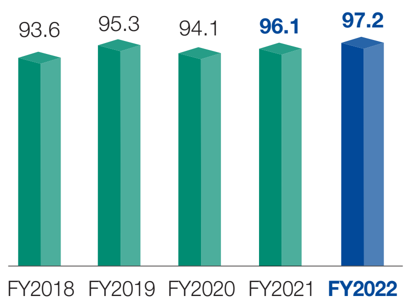
Revenue ($ million)



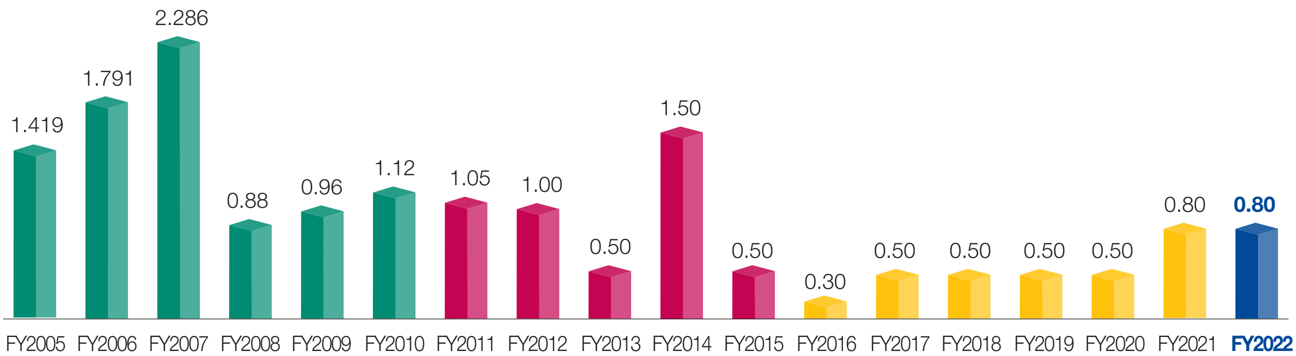
Net Profit ($ million)



Shareholders' Equity ($ million)



Dividend Payments (cents per share)



BOARD OF DIRECTORS

LEE BON LEONG, PBM, BBM, JP (Retired)

Independent, Non-Executive Chairman

Lee Bon Leong, 76, was appointed as an Independent Director on 3 May 2012 and was last re-elected on 22 April 2021. He is Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. Mr Lee is the Founding Consultant in Lee Bon Leong & Co (Advocates & Solicitors) and has retired from practice. Appointed as a Justice of the Peace in Singapore since November 1998, Mr Lee previously served as a member of the Board of Visiting Justices and the Board of Inspection. Mr Lee is the Chairman of the Home Detention Advisory Committee. He is also the Chairman of the Board of Visitors for the SCDF and the SPF Detention Barracks. He is the Independent and Non-Executive Chairman of Megachem Limited. Mr Lee holds a Master of Laws degree from the University of Singapore.

LEE YIH CHYI, YVONNE

Managing Director

Lee Yih Chyi, Yvonne, 53, was appointed to the Board on 22 July 2005. She was last re-elected on 21 April 2022. Ms Lee is primarily responsible for the overall management and business operations of our Group. She joined our Group on 1 May 2003 as General Manager. Prior to that, Ms Lee was General Manager at Metal Commerz Pte Ltd where she was responsible for trading, operations and office administration. From 1995 to 1999, she was a Senior Manager in-charge of steel trading and operations at VSST Far East Pte Ltd. Ms Lee holds a Master of Business Administration from the Charles Sturt University, Australia.

TAN KEH YAN, PETER

Lead Independent Director

Tan Keh Yan, Peter, 74, was appointed as an Independent Director on 22 July 2005. He was last re-elected on 22 April 2021. Mr Tan has been the Lead Independent Director since 28 January 2014. He is Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. From 2001 to 2003, Mr Tan was a Managing Director of the Enterprise Banking department in DBS Bank Ltd, where he was responsible for business development of banking solutions to small and medium sized enterprises. Prior to that, Mr Tan was the Executive Director of DBS Finance Ltd from 1998 to 2001. He is currently the Lead Independent Director of Aspial Lifestyle Ltd. He holds a Master of Business Administration from the University of California, Los Angeles.

KOH WEE KIANG

Independent Director

Koh Wee Kiang, 70, was appointed as an Independent Director on 8 April 2020. He was last re-elected on 21 April 2022. He is Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Koh has over 30 years' experience in the financial industry and has served in senior positions in subsidiaries of DBS Group, including as CEO of DBS Trading Pte. Ltd from 1995 to 2002 and a Senior Director of DBS Securities Pte Ltd. He is the Founding Director of Candoer Pte Ltd, a consulting company. He holds a Bachelor of Accountancy from the University of Singapore, and a Diploma in Financial Management from the Graduate School of Business Administration at New York University/National Productivity Board.

LEE YIH HWAN

Non-Executive Director

Lee Yih Hwan, 51, was appointed as Non-Executive Director on 1 January 2021. He was last re-elected on 22 April 2021. With significant experience in the financial industry, Mr Lee is Group Corporate Treasurer of Maybank Group since 2014. Prior to this, he was Head of Global Markets and a member of Singapore Management Committee at Maybank Singapore from 2013 to 2015. Mr Lee also held senior positions as Head of Cross Market Trading and Head of Asset & Liability Management at Maybank Singapore between 2010 and 2013. He holds a Bachelor of Arts (Honours) degree in Accounting and Finance from the University of Leeds, United Kingdom.

EXECUTIVE OFFICERS

THANG KOON TEE
Group Financial Controller

Thang Koon Tee joined Asia Enterprises on 12 April 2021 and is responsible for the Group's financial management and accounting functions. Prior to joining us, Ms Thang was General Manager, Finance of Singapore LNG Corporation Pte Ltd and was one of the pioneers in the setup of its financial processes and governance practices. Ms Thang's previous appointments include Finance Director of Wildlife Reserves Singapore where she also oversaw finance transformation and business development and served as its Joint Company Secretary, Group Financial Controller of Singapore Computer Systems Limited, and Audit Senior at Ernst & Young. She holds a Bachelor of Accountancy from the National University of Singapore/ Nanyang Technological Institute and is a Chartered Accountant of the Singapore Institute of Chartered Accountants.

TEO KAH KHENG
General Manager (Head of Sales)

Teo Kah Kheng is General Manager (Head of Sales) for Asia Enterprises (Private) Limited with the responsibility of formulating sales strategies and sales targets of our steel distribution business. Mr Teo started his career with us in 1978 as a shipping clerk and was promoted to sales manager in 1986. After leaving in 1987 for private pursuits, Mr Teo returned to the Group between 1988 and 1993 as well as 1997 and 2006, and served as sales manager and General Manager (Head of Sales) at various periods. In May 2016, the Group invited Mr Teo to return to Asia Enterprises.

LEE YIH LIN
General Manager

Lee Yih Lin joined Asia Enterprises (Private) Limited as our General Manager in 2006. Mr Lee is responsible for our Group's business development, as well as sales and marketing functions. He is also responsible for the identification and negotiations for viable projects and businesses that are in line with our Group's directives. Prior to joining Asia Enterprises, Mr Lee was the Deputy General Manager of an aircraft component repair facility in Chengdu, China since 2004 where he was in-charge of business development, and partnerships with US and European OEMs. He obtained his Master of Science in Business and Manufacturing Management from the University of Hertfordshire, England.

LEE CHOON YAM
Head of Production

Lee Choon Yam joined our Group since 1979. He is currently the Head of Production and is in-charge of production and facilities maintenance. Mr Lee was formerly our factory manager and has more than 30 years of experience in steel processing production and factory administration.

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PROXY FORM

CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors of Asia Enterprises Holding Limited (the "Company" or "Asia Enterprises" and together with its subsidiaries, "the Group") is committed to upholding high standards of corporate governance, accountability and transparency to protect and enhance the interests of shareholders. In this respect, the Company adopts corporate governance practices based on the Principles and Provisions set out in the Singapore Code of Corporate Governance 2018 (the "Code"). The Group also ensures that all applicable laws, rules and regulations including the Securities and Futures Act and the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual are duly complied with.

This report describes Asia Enterprises' corporate governance policies and practices for the financial year ended 31 December 2022 ("FY2022") with specific reference made to the principles and provisions of the Code. This report also includes disclosure requirements under the Best Practices Guide and the Interested Person Transactions in the SGX-ST Listing Manual.

The Company is required under Rule 710 of the SGX-ST Listing Manual to describe its corporate governance practices with specific reference to the principles of the Code and disclose any deviation from the provisions of the Code together with an appropriate explanation for such deviation in this Annual Report.

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.

The Company is headed by an effective Board comprising individuals with diverse backgrounds and who collectively bring with them a wide range of experience. The Board leads and oversees the business affairs of Asia Enterprises and sets the strategic direction and performance objectives of the Group as well as considers sustainability issues as part of its strategic formulation and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. In addition, the Board ensures that obligations to shareholders and other stakeholders are understood and met, as well as identifies the key stakeholder groups and recognises that their perceptions affect the Company's reputation.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company and hold Management accountable for performance. In addition, the Board sets the Company's values and standards (including code of conduct and ethical standards), defines appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The Board regularly reviews and approves half yearly and annual results announcements, annual audited financial statements for the Group and the Directors' Statement thereto, and other corporate announcements via SGXNet. It also assumes responsibility for approving the Group's financial plans and annual budget, material acquisitions and disposals of assets, corporate or financial restructuring, risk management and internal control systems, corporate governance practices and any investments or expenditures exceeding set material limits to meet its objectives.

Four (4) scheduled Board meetings are conducted during the financial year to review the Group's financial performance and to update the Board on significant business activities and the overall business environment. In addition to the scheduled meetings, the Board also holds ad hoc meetings as and when required to address any significant issues that may arise. The Company's Constitution provides for Directors to participate in Board and Board Committees meetings by means of telephonic conference, video conferencing or other similar communications equipment. Directors with multiple Board representations would ensure that sufficient time and attention are given to the affairs of the Company.

CORPORATE GOVERNANCE

The attendance of Directors at the Board and Board Committees meetings for FY2022 is as follows:

Name of Director	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Lee Bon Leong	4	4	4	4	2	2	1	1
Lee Yih Chyi, Yvonne	4	4	4*	4*	2*	2*	1*	1*
Tan Keh Yan, Peter	4	4	4	4	2	2	1	1
Koh Wee Kiang	4	4	4	4	2	2	1	1
Lee Yih Hwan	4	4	4*	4*	2*	1*	1*	1*

Note:
* By invitation

The Board is supported by three (3) Board Committees to assist the Board in discharging its responsibilities and to enhance the Group's corporate governance framework. The Board Committees include the Audit Committee ("AC"), the Remuneration Committee ("RC") and the Nominating Committee ("NC"). Each Board Committee is chaired by an Independent Director. Each Board Committee has its own defined terms of reference which sets out the respective Board Committee's compositions, authorities and duties.

The Board recognises the importance of appropriate training for its Directors. Newly appointed directors are provided with a company orientation and are fully briefed on the Group's business activities, strategic direction and performance objectives. Directors are provided with training opportunities in areas such as accounting, legal and industry-specific knowledge as appropriate. Arrangements are made for first-time directors with no prior experience of serving as a director in a listed company ("First-Time Director") to attend mandatory training conducted by Singapore Institute of Directors in accordance to Rule 201(5) of the SGX-ST Listing Manual, at the expense of the Company. New incoming directors will receive a formal letter explaining their statutory duties and responsibilities as a director.

The Board as a whole is updated regularly on changes to the Listing Rules and the Code, risk management, corporate governance, insider trading, as well as key changes in the relevant regulatory requirements, international financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. The Company also encourages Directors to attend continuing education each financial year by circulating, on a regular basis, information on seminars, courses and other programs relating to the discharge of their duties as Directors. The Company is prepared to undertake funding for such continuing education. All the Directors had attended and completed the mandated sustainability training course organised by Singapore Institute of Directors and the Institute of Singapore Chartered Accountants (ISCA) as required by the enhanced SGX-ST sustainability reporting rules announced in December 2021.

Directors are provided with the agendas, complete and adequate meeting materials such as budgets, forecasts and internal financial statements, background or explanatory information in a timely manner in advance of Board and Board Committees meetings to facilitate the effective discharge of their duties. Directors have separate and independent access to the Company Secretary, Internal and External Auditors, and Management. Directors are entitled to request for information from the Management and are provided with such additional information as needed to make informed decisions in a timely manner on matters pertaining to but not limited to the Company's business, financial and corporate matters. The Board is informed of all material events and transactions as and when they occur.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Directors, either individually or as a group, are encouraged to engage independent professional advice in the furtherance of their duties, if necessary and at the Company's expense.

The Company Secretary and/or her representatives attend and minute all the Board and Board Committees meetings and assist the respective Chairmen in ensuring that proper board procedures are followed and relevant regulations and rules are complied with.

The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

CORPORATE GOVERNANCE

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.

Board Independence

As at the date of this report, the Board comprises three (3) Independent Directors, one (1) Non-Executive Director and one (1) Executive Director.

The Board considers an "independent director" as one who has no relationship with the Company, its related corporations, its 5% shareholders or its officers who could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company.

The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence. Each Director is required to complete a 'Confirmation of Independence' form to declare his independence. The said form, which was drawn up based on the definitions and guidelines set forth in Provision 2.1 in the Code and Nominating Committee Guide issued by Singapore Institute of Directors, requires each Director to assess whether he considers himself independent despite not having any of the relationships identified in the Code.

Independence of Directors who have Served on the Board beyond Nine (9) Years

The independence of Lee Bon Leong and Tan Keh Yan, Peter who have served on the Board beyond nine (9) years from the date of their first appointments, were subject to particularly rigorous review on their independence by members of the Board. The relevant factors that were taken into consideration in assessing the independence of Lee Bon Leong and Tan Keh Yan, Peter are set out under Principle 4. The NC with the concurrence of the Board is satisfied that Lee Bon Leong and Tan Keh Yan, Peter, having served on the Board for more than nine (9) years, continued to be considered independent. Lee Bon Leong and Tan Keh Yan, Peter abstained from the rigorous review pertaining to the review of their respective independence.

With effect from 1 January 2022, a director will not be independent if he has served for an aggregate of more than 9 years and his continued appointment as an independent director has to be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the directors and chief executive officer of the company, and associates of such directors and chief executive officer ("Two-Tier Voting"). Such resolutions approved by a Two-Tier Voting shall remain in force until the earlier of (a) the retirement or resignation of that director; or (b) the conclusion of the third Annual General Meeting ("AGM") of the Company following the passing of the resolutions. The Company has sought approval from shareholders through a Two-Tier Voting process at its AGM held on 22 April 2021 for the continued appointment of Lee Bon Leong and Tan Keh Yan, Peter as Independent Directors.

Taking into account the above and also weighing the need for Board's renewal, the NC and the Board have affirmed their independence status and recommended that Lee Bong Leong and Tan Keh Yan, Peter continue to be considered as Independent Directors, notwithstanding they have served on the Board beyond nine (9) years from the date of their first appointment. In view of the removal of the Two-Tier Voting mechanism for Company to retain long-serving Independent Director who has served for more than nine (9) years as announced by the SGX-ST on 11 January 2023 and the Transitional Practice Note published to allow the Company to have a transitional period for the Independent Director whose tenure exceeds the nine (9) year limit will continue to be deemed independent until the Annual General Meeting for the financial year ending on or after 31 December 2023. The Board will comply with the new ruling, limiting the tenure of the independent directors to nine (9) years. However, the Company will continue to retain Lee Bong Leong as the Independent Non-Executive Chairman and Tan Keh Yan, Peter as the Lead Independent Director until the conclusion of the AGM for the financial year ending 31 December 2023 to facilitate the Company's search for new independent non-executive directors in compliance with the SGX-ST Listing Rules.

CORPORATE GOVERNANCE

Proportion of Non-Executive Independent Directors

The Board notes that there should be a strong and independent element on the Board to exercise objective judgement on corporate affairs independently. Currently, the Board comprises five (5) directors, of whom three (3) are independent, namely, Lee Bon Leong, Tan Keh Yan, Peter and Koh Wee Kiang and two (2) are non-independent, namely, Lee Yih Chyi, Yvonne (Managing Director), and Lee Yih Hwan (Non-Executive Director). In view of this, the Company is in compliance with Provisions 2.2 and 2.3 of the Code that the Independent Directors and Non-Executive Directors make up a majority of the Board.

Board Diversity

The Company recognises and embraces the importance and benefits of having a diverse Board. It considers the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors at the Board level to enhance the quality of its performance. The Company has in place a Board Diversity Policy, which 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 groupthink and foster constructive debate.

In reviewing the appointments of new Board members and the continuation of these appointments, the NC, and together with the Board, will:

(i) take into consideration diversity factors including skills, core competencies, knowledge, professional experience, educational background, gender, age and length of service;

(ii) identify and recommend appointments based on merit and an objective criteria which is required to enable the Board to discharge its responsibilities effectively while giving due regard to the need to maintain diversity on the Board; and

(iii) ensure strong element of independence at the Board level.

The Board Diversity Policy and framework is set out to ensure that the Board and Board Committees are of an appropriate size, and comprise Directors who as a group provide the appropriate balance and diversity, to avoid groupthink, foster constructive debate and to function effectively to make informed decisions overseeing the Group's business.

The Board is of the view that independence is an important aspect of diversity. To ensure greater accountability to shareholders, the Group has established the AC, RC and NC. Membership in each of the Board Committees comprises Independent Directors. Throughout the years, the Independent Directors and Non-Executive Director constructively challenge and assist to develop proposals on the Group's short-term and long-term strategies. The Independent Directors and Non-Executive Director also review the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. The Independent Directors and Non-Executive Director have met without the presence of the Executive Director and Management at least once annually so as to facilitate a more effective check on Management. The Chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

The NC reports to the Board on an annual basis on the progress made in achieving the objectives set for promoting diversity as described in the Company's policy. On an annual basis, the NC discusses and agrees upon the relevant measurable objectives for promoting and achieving diversity on the Board. The objectives may involve, at any given time, one or more aspects of board diversity with different timelines for achievement. The NC will make its recommendations on a suitable Board size and balance of diversity to achieve a Board composition that is appropriate to drive the Company's strategic goals. These recommendations will be tabled for consideration and approval by the Board.

The NC is of the view that the Board and Board Committees are of an appropriate size, and comprise Directors who have the appropriate balance and diversity of skills, gender, knowledge of the Company, expertise and experience such as banking, accounting and legal to function effectively and make informed decisions overseeing the Group's business.

CORPORATE GOVERNANCE

The Board concurs with the NC's view that its current Board composition has an appropriate size, to enable it to make decisions in the best interests of the Company, which is consistent with the intent of Principle 2 of the Code. Nonetheless, the NC will continue to review the Board Diversity Policy, as appropriate, to ensure its effectiveness, and will recommended appropriate revisions to the Board for consideration and approval.

Board Diversity Criteria	No. of Members
Independence – Independent, non-executive – Non-independent, non-executive – Executive	 3 1 1
Gender – Male – Female	 4 1
Age – 50 – 55 years – 70 – 75 years – above 75 years	 2 2 1
Length of Service – below 9 years – 9 years and above	 2 3
Core competencies – Legal – Financial – Corporate and Business Management – Operations Management	

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.

The Company has a separate Chairman and Managing Director to ensure an appropriate balance of power, increased accountability and greater capacity of the Board in terms of independent decision-making. There is clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Lee Bon Leong is the Independent Non-Executive Chairman of the Board of Directors and Lee Yih Chyi, Yvonne is the Managing Director. The separation of the roles of Chairman and Managing Director is part of the Group's continuing efforts to enhance the standards of its corporate governance.

As the Independent Non-Executive Chairman of the Company, Lee Bon Leong assumes responsibility for:

(a) leading the Board to ensure its effectiveness in all aspects of its role;

(b) leading the Board in charting the strategic direction of the Group;

(c) ensuring Board meetings are held when necessary to enable the Board to perform its duties and facilitate the Company's operations;

(d) setting Board meeting agendas, reviewing all Board papers and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(e) promoting a culture of openness and debate at the Board and encouraging constructive relations within the Board and between the Board and Management;

(f) ensuring there is adequate, timely and relevant materials and Board papers provided to Board members to improve flow of information between Management and the Board; and

(g) ensuring compliance with the Company's guidelines on corporate governance.

CORPORATE GOVERNANCE

As Managing Director of the Group, Lee Yih Chyi, Yvonne oversees the management and business operations of the Group and is responsible for executing strategies and policies adopted by the Board. She also updates the Board on strategic business issues and involves the Board in the business planning processes. To ensure a sound system of internal controls to safeguard shareholders' investment and the Company's assets, the Group has appointed an independent internal auditor who reports directly to the AC to review the effectiveness of the Group's internal controls.

The Board noted that in line with Provision 3.3 of the Code, a Lead Independent Director should be available to shareholders when they have concerns in situations where Chairman is conflicted, and for which contact through the normal channels of the Chairman, Managing Director or Group Financial Controller has failed to resolve or is inappropriate. As recommended by the Code, Tan Keh Yan, Peter was appointed by the Board as the Lead Independent Director with effect from 28 January 2014. Led by the Lead Independent Director, the Independent Directors are encouraged to meet periodically without the presence of the other Directors, and the Lead Independent Director provides feedback to the Chairman after such meetings.

BOARD MEMBERSHIP

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

Nominating Committee

The NC comprises three (3) members, all of whom including the NC Chairman are Independent Directors. The Lead Independent Director, Tan Keh Yan, Peter is also a member of the NC. The Chairman of the NC is not, and is not directly associated with, a substantial shareholder of the Company. The NC holds at least one meeting in each financial year. The members of the NC are:

Koh Wee Kiang (Chairman)	Independent Director
Lee Bon Leong	Independent Non-Executive Chairman
Tan Keh Yan, Peter	Lead Independent Director

The NC makes recommendations to the Board on all nominations for appointment and re-election of Directors to the Board. It ascertains the independence of Directors and evaluates the performance of the Board, the Board Committees and individual Directors.

The NC's major responsibilities under its written terms of reference include the following:

(a) reviewing Board succession plans for Directors, including selection, appointment, re-election, re-appointment and termination of Directors, in particular, for the Chairman and the Managing Director;

(b) assessing and determining the independence of Directors on an annual basis;

(c) developing a process for evaluation of the performance of the Board, its Board Committees and individual Directors and making recommendations on matters arising from the results of the Board's performance evaluation;

(d) reviewing the structure, size and composition of the Board;

(e) assessing whether any Director, who has multiple listed company board representations, is able to and has been adequately carrying out his duties,

(f) reviewing training and professional development programs for the Board; and

(g) ensure that the Board Diversity Policy is implemented in an effective and practical manner

In reviewing the independence of an Independent Director who has served on the Board for more than nine (9) years from the date of his first appointment, the Board has taken into consideration the following factors:

(a) the considerable amount of experience, required expertise in the relevant industry and wealth of knowledge that the Independent Director brings to the Company;

(b) the attendance and participation of the Independent Director in the proceedings and decision-making process of the Board and Board Committees meetings;

CORPORATE GOVERNANCE

(c) the qualification and expertise of the Independent Director to provide reasonable checks and balances for the Management to act as safeguard for the protection of the Company's assets and shareholders' interests;

(d) the Independent Director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company; and

(e) the Independent Director is able to act independently and provide overall guidance to the Management.

From January 2023, SGX-ST announces a cap on independent directors' tenure where the Two-Tier Voting mechanism for companies to retain long-serving independent directors who have served for more than nine (9) years is removed. As transition, independent directors whose tenure exceed the nine-year limit can continue to be deemed independent until the issuer's annual general meeting held for the financial year ending on or after 31 December 2023. With this, the above section will apply up to the conclusion of the next AGM following the AGM to be held on 24 April 2023.

The NC determines annually, and as and when circumstances require, where a director is independent, taking into consideration the disclosures by the Directors of any relationships with the Company, its related corporations, its substantial shareholders or its officers and a "Confirmation of Independence" form is completed by each Independent Director to confirm his independence. The "Confirmation of Independence" form was drawn up based on Provision 2.1 of the Code and the Nominating Committee Guide issued by Singapore Institute of Directors and Rule 210(5)(d) of the SGX-ST Listing Manual. Following its annual review, the NC affirmed the independence of Lee Bon Leong, Tan Keh Yan, Peter and Koh Wee Kiang.

The NC ensures that all recommendations for the appointment and re-election of Directors are formal and transparent. To identify and select candidates for the Board (whether for a vacancy or as an addition to the Board), the NC has set selection criteria based on the desired skill set (such as managerial, technical, financial, legal etc.), expertise and experience (in related or similar industries) that will enhance the effectiveness of the Board. The NC has access to internal and external sources to draw up a list of potential candidates. Internal sources include the Company's Directors and Management while external sources include the Company's Auditors, Secretarial Services Providers, the Singapore Institute of Directors etc. The NC conducts interviews with potential candidates and recommends short-listed candidates to the Board for consideration. There is no Alternate Director appointed to the Board in FY2022.

Pursuant to Regulation 104 of the Company's Constitution, one-third of the Directors is required to retire from office by rotation every year and each Director shall retire from office at least once every three (3) years, and subject themselves to re-election by shareholders at the Company's AGM. In addition, Regulation 108 of the Company's Constitution stipulates that a director newly appointed by the Board shall only hold office until the next AGM. All Directors to be re-elected have to be assessed and recommended by the NC before submission to the Board for approval.

Directors are assessed based on their respective attendance, adequacy of preparation and contributions during Board and Board Committees meetings. In addition, the NC requires all Directors to declare their representations on the boards of other companies and principal commitments. The Board does not limit the maximum number of listed company board representations and principal commitments its Directors may hold as long as each Director is able to commit sufficient time and attention to the affairs of the Company. The NC is satisfied that Directors who have multiple listed company board representations and principal commitments have devoted sufficient time and attention to the affairs of the Company and are able to effectively carry out their duties as a Director of the Company.

Each member of the NC is also required to abstain from voting on resolutions, making recommendations and/or participating in matters in which he is interested.

The NC has reviewed and recommend the re-election of Lee Bon Leong and Tan Keh Yan, Peter who are retiring at the forthcoming AGM. In view of the above rule change, Lee Bon Leong and Tan Keh Yan, Peter, who will be seeking for re-election at this coming AGM, will not be subjected to the mandatory Two-Tier Voting process. Lee Bon Leong and Tan Keh Yan, Peter, if re-elected, will continue to be deemed independent until the Company's next AGM to be held in 2024. This will allow the Board and the NC a one-year time frame to search for new replacement independent directors. The Board has accepted the recommendations and the retiring Directors will be offering themselves for re-election at the forthcoming AGM.

Please refer to the "Board of Directors" section in the Annual Report for key information on the Directors.

CORPORATE GOVERNANCE

To provide the information as set out in Appendix 7.4.1 of the SGX-ST Listing Manual relating to the candidate who is proposed to be appointed for the first time or re-elected to the board at a general meeting, in the notice of meeting, annual report or relevant circular distributed to shareholders prior to the general meeting pursuant to Rule 720(6) of the SGX-ST Listing Manual. The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:

Name of Director	**Lee Bon Leong**	**Tan Keh Yan, Peter**
Date of appointment	3 May 2012	22 July 2005
Date of last re-appointment	22 April 2021	22 April 2021
Age	76	74
Country of principal residence	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board has accepted the NC's recommendation, who has reviewed and considered Lee Bon Leong's performance as an Independent Director of the Company	The Board has accepted the NC's recommendation, who has reviewed and considered Tan Keh Yan, Peter's performance as an Independent Director of the Company
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title	Independent Non-Executive Chairman of the Board, Chairman of Remuneration Committee, Member of Audit and Nominating Committees	Lead Independent Director, Chairman of Audit Committee, Member of Nominating and Remuneration Committees
Professional qualifications	Master of Laws from the University of Singapore	Master of Business Administration from the University of California, Los Angeles
Working experience and occupation(s) during the past 10 years	Founding Consultant in Lee Bon Leong & Co (Advocate & Solicitors) (2018 – 2020) Practising Solicitor at Lee Bon Leong & Co (Advocates & Solicitors) (1971 to 2018)	Director of the Company since 22 July 2005
Shareholding interest in the listed issuer and its subsidiaries	Nil	Tan Keh Yan, Peter holds 125,000 shares of the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes	Yes

CORPORATE GOVERNANCE

Name of Director	Lee Bon Leong	Tan Keh Yan, Peter
Other principal commitments including directorships	**Other Principal Commitment:** Nil **Present Directorship:** Independent Chairman of MegaChem Limited Director of Kien Lee Investment Ptd Ltd Director of King Tower Investment Pte Ltd Director of Li Lee Investment Pte Ltd Director of Rectron Investments Pte Ltd Director of Solid Gold Pte Ltd Director of Sing Hup Leong Investment Pte Ltd Director of D.S.Lee Foundation **Past Directorship (for the past 5 years):** Director of AnnAik Limited	**Other Principal Commitment:** Nil **Present Directorship:** Director of Aspial Lifestyle Limited **Past Directorship (for the past 5 years):** Director of Sin Heng Heavy Machinery Limited
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience	He has been a Director of the Company since 3 May 2012 and an Independent Chairman of MegaChem Limited	He has been a Director of the Company since 22 July 2005 and Independent Director of Aspial Lifestyle Limited
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a listed issuer as prescribed by the Exchange,	N.A.	N.A.
Please provide details of relevant experience and the NC's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	N.A.	N.A.

The Directors had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the Listing Manual.

CORPORATE GOVERNANCE

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.

The NC recommends objective performance criteria and the process for approval by the Board to assess the performance and effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The evaluation is carried out on an annual basis without engagement of an external facilitator.

The Board has implemented a formal annual process for assessment of the effectiveness of the Board as a whole, each Board Committee and individual Director. For FY2022, each Director is required to complete forms for the evaluation of the Board as a whole, each Board Committee (where relevant) and individual Director, as adopted by the NC, to assess the overall effectiveness of the Board as a whole, each Board Committee and individual Director. The assessment of the Board's performance focused on a set of performance criteria which include Board structure, strategy and performance, governance on risk management and internal controls, dissemination of information to the Board, Board procedures, the standards of conduct of the Managing Director and top management and Directors. The completed assessment is compiled into a consolidated report on a no-name basis and is tabled along with any recommendations to the Board for discussion. This process is designed to obtain constructive feedback and initiate dialogue among Directors with a view to enhance shareholders' value.

The assessment criteria for each Board Committee focuses on the nature of the respective roles and responsibilities of the AC, RC and NC.

The annual assessment of individual Directors considers, among others, each Director's attendance as well as generation of constructive debate, participation at meetings of the Board and Board Committees, contribution, initiative, responsiveness of Director, knowledge of senior management and Company's business, and the Directors' self-assessment. The compiled results of the assessment were reviewed by the NC. The performance of each individual director is taken into account in their re-election.

The results of the assessment of the effectiveness of the Board as a whole, each Board Committee and individual Director are considered by the NC, which makes recommendations to the Board aimed at helping the Board to discharge its duties effectively. The Chairman of the Board will act on the results of the performance evaluation and the recommendations of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought.

No external facilitator was engaged in FY2022. However, if the need arises, the NC has full authority to engage an external facilitator to assist the NC to carry out the evaluation process at the Company's expense.

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.

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.

CORPORATE GOVERNANCE

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.

Remuneration Committee

The RC comprises three (3) members, all of whom including the RC Chairman are Independent Directors. The RC holds at least one meeting in each financial year. The members are:

Lee Bon Leong (Chairman)	Independent Non-Executive Chairman
Tan Keh Yan, Peter	Lead Independent Director
Koh Wee Kiang	Independent Director

The RC's major responsibilities under its written terms of reference include:

(a) reviewing and recommending to the Board for approval a framework of remuneration and the specific remuneration packages which cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind for all Directors and key management personnel, such that a significant proportion of the Executive Director's and key management personnel's remuneration is structured to link rewards to corporate and individual performance;

(b) reviewing the Company's obligations arising in the event of termination of the Executive Director's and key management personnel's contracts of service to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

(c) reviewing the remuneration packages of employees who are related to any Director(s) and/or substantial shareholder(s).

The Company's remuneration package for employees, including the Executive Director, is made up of both fixed and variable components. The fixed component is the basic salary while the variable component is linked to the Group's and the individual's performance.

The RC reviews the remuneration packages, including Directors' fees and salaries, allowances, bonuses, profit sharing incentives, and benefits-in-kind for the Executive Director and key management personnel on an annual basis. In its review, the RC takes into consideration the pay and employment conditions within the industry and comparable companies, as well as the Company's relative performance and the performance of individual directors/key management personnel when setting remuneration packages so as to attract, retain and motivate them to run the Group successfully while seeking to align with the long-term interest and risk policies of the Company. A proportion of the Executive Director's remuneration is linked to performance and achievement of financial targets approved by the Board. The remuneration of Independent Directors and Non-Executive Director are appropriate to the level of contribution, taking into consideration the effort, time spent and responsibilities, the prevailing market conditions and referencing Directors' fees against comparable benchmarks, such that Independent Directors are not overly-compensated to the extent that their independence may be compromised.

The RC's recommendations are submitted to the Board. Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package.

The RC has not sought external advice nor appointed any remuneration consultants in considering the remuneration of the Directors and key management personnel. However, the RC is encouraged to engage independent professional advice, if necessary, at the Company's expense.

The RC has also reviewed the Company's obligations in relation to the service agreement of the Executive Director and key management personnel that would arise in the event of termination of these service agreements. This is 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.

CORPORATE GOVERNANCE

The RC may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Remuneration Report

A breakdown showing the level and mix of remuneration of each Director and key management personnel for FY2022 is as follows:–

Name of Director	Base Salary	Variable Payments	Other Benefits	Fees	Total
$500,000 to $749,999					
Lee Yih Chyi, Yvonne	71%	22%	5%	2%	100%
Below $250,000					
Lee Bon Leong	–	–	–	100%	100%
Tan Keh Yan, Peter	–	–	–	100%	100%
Koh Wee Kiang	–	–	–	100%	100%
Lee Yih Hwan	–	–	–	100%	100%

The Company supports and is aware of the need for transparency. However, taking into consideration the relative size of the Company, the competitive business environment in which it operates and the sensitive nature of such disclosure, the Board is of the opinion that a full disclosure may have a negative impact on the Company. While the Company did not provide the exact remuneration of each Director, the aggregate remuneration paid and fees payable to Directors of the Company is $665,000 and $186,000 respectively for FY2022. The Company has also set out above, the RC's responsibilities in reviewing the framework of remuneration packages which takes into consideration the industry standards, the Company's relative performance and performance of individual directors to align with the long-term interests of the Company. A proportion of the Executive Director's remuneration is linked to performance and achievement of financial targets approved by the Board. Accordingly, the Company is of the view that its practices are consistent with the intent of Principle 8 of the Code.

Name of Key Management Personnel	Designation
Below $250,000	
Thang Koon Tee	Group Financial Controller
Teo Kah Kheng	General Manager (Head of Sales)
Lee Yih Lin	General Manager
Lee Choon Yam	Head of Production

Based on the bands established above, the remuneration of each key management personnel who is not a Director or CEO is below $250,000. However, due to the competitive nature of the industry that the Group operates in, the Board believes it is unwise to disclose the breakdown of the remuneration of these key management personnel. Nevertheless, the aggregate compensation to the named key management personnel of the Company is $768,000 for FY2022. The Board believes that the Company's current practices are consistent with the intent of Principle 8 of the Code.

None of the Directors (including the Managing Director) and the top key management personnel (who are not Directors or the Managing Director) of the Company has received any termination, retirement, post-employment benefits for FY2022.

CORPORATE GOVERNANCE

Below is an employee of the Group, being the substantial shareholders of the Company, or immediate family member of a Director, the CEO, or a substantial shareholder of the Company, whose remuneration exceeded $100,000 during the year.

Name of Employee	Relationship with the Relevant Director or Substantial Shareholder
$200,000 to $299,999	
Lee Yih Lin	Brother of Lee Yih Chyi, Yvonne and Lee Yih Hwan, nephew of Lee Choon Yam.

The Company does not have long-term incentive schemes such as employee share options scheme.

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

The Board is responsible for the governance of risk management and internal control framework. The Board conducts periodic reviews to determine the effectiveness and adequacy of the Company's risk management and internal control systems. This includes its financial, operational, compliance and information technology controls, and internal audit systems that have been put in place by Management to ensure the integrity and reliability of the Group's financial information, and to safeguard assets. There is clearly defined delegation of authority from the Board to the operating companies and procedures are in place for the proper authorization of transactions.

The AC is assigned to oversee the risk management framework and policies of the Group. The Group has implemented an enterprise risk management framework which the Management reviews for adequacy and effectiveness on an annual basis. The Management identifies, manages and monitors areas of significant business risks as shown on pages 27 and 28, and reports to the Board and AC at least twice a year, where the Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

Relying on the reports from the internal and external auditors and the key risks as identified by Management, the AC conducts assessments of the key internal controls and presents its findings to the Board. Any recommendations from the internal and external auditors to further improve the Group's internal controls are reported to the AC. The AC will also follow-up on the actions taken by Management on the recommendations from the internal and external auditors. Based on the information furnished by the AC to the Board, nothing has come to the Board's attention to cause the Board to believe that the internal controls are not adequate and effective for the type and volume of business that the Group currently operates.

Based on the various management controls put in place and the reports and reviews done by the internal and external auditors, including the reviews by Management, the non-existence of any critical internal control deficiencies, and assurances from the Managing Director and Group Financial Controller that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) regarding the adequacy and effectiveness of the Company's risk management and internal control systems,

the Board with the concurrence of the AC is of the opinion that the Group's internal controls in addressing the financial, operational, compliance and information technology risks and risk management systems are adequate and effective for the type and volume of business that the Group currently operates.

The Board notes that the system of internal control and risk management established provides reasonable but not absolute assurance against unforeseeable and foreseeable risks to the Company, as all internal control systems contain inherent limitations and no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The Board, together with the AC and Management has also confirmed that the Company is not aware of any sanctions-related risks or any risk of the Company being subject to sanctions for the current financial year and will continue to enhance and improve the existing internal control framework to identify and mitigate these risks as stated above.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

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

Tan Keh Yan, Peter (Chairman)	Lead Independent Director
Lee Bon Leong	Independent Non-Executive Chairman
Koh Wee Kiang	Independent Director

All AC members have extensive experience holding senior positions in the financial, legal and commercial sectors, and have sufficient accounting and financial management knowledge. Two (2) members, including the Chairman, have years of experience in large financial institutions in Singapore. The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation from the internal and external auditors and Management, full discretion to invite any Director or key management personnel to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation:

(a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case,

(b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The AC's major responsibilities in its written terms of reference include:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance before submission to the Board for approval;

(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems established by Management;

(c) reviewing the internal and external auditors' audit plans, scope of work and reports, reviewing the Management's responses and discussing any issues arising from the internal and external audits;

(d) meeting with the internal and external auditors, in each case without the presence of Management, at least once annually to discuss any matters arising from the internal and external audits;

(e) reviewing the independence of the external auditor annually and making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement;

(f) reviewing any suspected fraud or irregularity or suspected infringement of any relevant laws, rules or regulations and reporting to the Board; and

(g) reviewing interested person transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual.

In the financial year under review, all AC meetings were conducted without the presence of Executive Director and Management unless invited by the AC to attend. The AC has full autonomy in the conduct of all AC meetings.

The AC has direct access to the internal and external auditors and has met with them without the presence of Management in FY2022.

To keep abreast of the changes in accounting standards and issues which have a direct impact on the Group's financial statements, the AC is updated annually by the external auditor on the relevant changes in financial reporting standards and issues when they attend the AC meetings.

The AC has explicit authority to investigate any matter within its terms of reference. The AC has, within its terms of reference, the authority to obtain independent professional advice at the Company's expense as and when the need arises.

CORPORATE GOVERNANCE

Pursuant to the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" (the "Guidance") issued by SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA"), the AC had evaluated the independence and performance of the external auditor based on the key indicators of audit quality set out in the Guidance in FY2022.

The AC has undertaken a review of the scope of audit and non-audit services provided by the external auditor and the objectivity of the external auditor on an annual basis, and is satisfied that all non-audit services provided by the external auditor would not, in the AC's opinion, affect the independence of the external auditor. RSM Chio Lim LLP, the external auditor of the Company, has also confirmed that they are a Public Accounting Firm registered with ACRA and provided a confirmation of their independence to the AC. Accordingly, the AC is satisfied that Rule 712 of the SGX-ST Listing Manual is complied with and has recommended to the Board, the nomination of the external auditor, RSM Chio Lim LLP, for re-appointment at the forthcoming AGM.

The fees payable to RSM Chio Lim LLP, the external auditor, for FY2022 are as follows:

Services	
Audit service	$80,000
Non-audit service	$11,000
Total	$91,000

The AC has reviewed the key audit matter relating to determination of the net realisable value of inventories as reported in the Independent Auditor's Report. The AC is satisfied that the Group's inventory procurement policies involve a detailed and judicious analysis of the present steel market condition, factors that could affect future demand and supply condition, selling price and replacement cost trends, as well as up-to-date knowledge of customers' requirements to ensure sufficient availability and variety of inventory to provide customers with a 'one-stop' solution. The AC noted that Management rigorously tracks international and domestic price trends as well as the price trends of raw materials that affect the costs of steel production. The AC also reviews the assumptions that are applied in the determination of future expected selling prices and replacement costs. As such, the AC is of the view that there is no material inconsistency between the audit procedures adopted by the independent external auditor and Management's assessment and is satisfied that the key audit matter has been appropriately dealt with.

The Company has complied with Rule 715 of the SGX-ST Listing Manual as all subsidiaries of the Company are audited by RSM Chio Lim LLP for the purpose of the consolidated financial statements of the Company and its subsidiaries.

The Group has outsourced its internal audit functions to MS Risk Management Pte. Ltd. The internal auditor reports directly to the AC and would also report administratively to the Managing Director. The AC approves the internal audit schedule, plan and activities of the internal auditor, who conduct their internal audit review to ascertain the following on an annual basis, that:

(a) an effective system of internal control is in place;

(b) the controls are functioning as intended; and

(c) operations are conducted in an effective and efficient manner.

To ensure the adequacy of the internal audit function, the AC has reviewed and approved the internal audit plan before the internal audit commenced. The AC will assess and ensure that the internal auditor meets or exceeds the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditor provides adequate staff with relevant experience to conduct the internal audits and have unrestricted access to all documents, records, properties and personnel, including access to the AC.

The internal auditor also highlights to the AC and Management areas of weakness, instances of non-compliance with policies, procedures and controls, if any, and recommends improvements.

The AC, on an annual basis, will assess the adequacy and the effectiveness of the internal audit by examining the internal auditor's scope of work and its independence, the qualification and experiences of the internal audit team assigned and the internal auditor's reports. The AC conducted a review and concluded that the internal audit function has adequate resources to perform its functions, is independent from the activities that it audits and has appropriate standing within the Group. The AC is satisfied with the effectiveness of the Company's internal audit function.

CORPORATE GOVERNANCE

Whistle-blowing Framework

The Group has implemented a whistle-blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters of which they become aware and to ensure that:

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

(b) 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

(c) 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.

The AC is responsible for oversight and monitoring of whistle-blowing and the AC reviews all whistle-blowing complaints, if any, at its meetings to ensure independence, thorough investigation and appropriate follow-up actions are taken. The Company will treat all information received as confidential and will protect the identity of all whistle-blowers from reprisals.

There were no reports received through the whistle-blowing mechanism during FY2022.

Members of the AC and the Company Secretary are named as receiving channels of any whistle-blowing report.

SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

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.

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.

MANAGING STAKEHOLDER 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.

The Company believes it is important to treat all shareholders fairly and equitably, and does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the SGX-ST Listing Manual, the Board's policy is to ensure that all material information is disclosed to all shareholders in an adequate and timely manner to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company.

The Company provides shareholders with a balanced and understandable assessment of its performance, financial position and prospects. The Board is accountable to shareholders while Management is accountable to the Board. To help continually ensure the accountability of Management to the Board, the Management provides all members of the Board with periodic updates that give a balanced summary of the Group's performance and financial position such as financial statements and other management reports. Apart from the regular Board meetings, discussions or ad-hoc meetings are conducted via electronic means, as and when required.

CORPORATE GOVERNANCE

The Board is mindful of its obligation to provide timely, reliable and fair disclosure of material information in compliance with the SGX-ST Listing Manual and present its financial results on a half yearly and yearly basis via SGXNet to the public. In presenting the financial results, the Board has made every effort to provide a balanced and reader friendly assessment of the Group's performance and position. In line with the SGX-ST Listing Rules, the Board provides negative assurance statement in respect of the interim financial statements. In addition, all Directors and key management personnel of the Company also sign a letter of undertaking pursuant to Rule 720(1) of the SGX-ST Listing Manual.

Information is disseminated to shareholders on a timely basis through:

(a) announcements and news releases on the SGXNet;

(b) annual reports prepared and issued to all shareholders;

(c) notices of shareholders' meetings are published in the local newspapers and/or announced via SGXNet; and

(d) the Group's corporate website at www.asiaenterprises.com.sg.

The Managing Director oversees and leads the Company's Investor Relations ("IR") activities. She is supported by the Group Financial Controller and external IR consultants engaged by the Company to reinforce its communications and interactions with shareholders and investors.

To better understand the views of shareholders and investors, the Company holds briefings or ad-hoc meetings with the investment community or media to discuss the Group's financial performance and developments, and promote better appreciation of the Group's business. The Company also conducts visits to its operating facilities for the investment community when appropriate. In addition, the Company participates in investor roadshows organised by third-parties such as stockbroking companies and service providers when suitable opportunities arise.

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, customers and suppliers, government and regulators, community, and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The IR section in the Group's website is updated in a timely manner with the Group's latest announcements. In addition to the latest financial results and corporate developments, shareholders, investors and stakeholders can also view historical financial reports, company presentations, investor factsheet, research reports and annual reports. Anyone may subscribe to the Company's announcements by registering for "email alerts" via the Company's website.

To enhance and encourage ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders, investors and stakeholders, the Company provides IR contact information (email address and telephone number) in its annual reports, announcements and website. Shareholders, investors and stakeholders can send their enquiries to the Company's IR Consultants who can be reached by email or telephone.

While the Company has not formally instituted a dividend policy, it has a good track record of paying at least 40% of its annual profit as dividends to shareholders since its listing on SGX-ST in September 2005. In the event that the Company considers it is inappropriate to pay a final dividend to shareholders, sufficient and good reasons shall be disclosed.

The Company's AGM held on 21 April 2022 was attended by all Directors. Shareholders, being informed of the rules governing general meetings, are given the opportunity to express their views and direct questions to the Directors and Management. Chairmen of the AC, NC, RC and Board, or members of the respective Board Committees standing-in for them are available to address questions from shareholders. The external auditor will also be present to address shareholders' queries about the conduct of the audit and the preparation and content of the external auditor's report.

Shareholders are entitled to appoint up to two (2) proxies to attend and vote on their behalf at the AGM. Proxies need not be a shareholder of the Company. The Company does not permit voting in absentia by mail, facsimile or e-mail due to the difficulty in verifying and ensuring authenticity of the vote.

CORPORATE GOVERNANCE

A Relevant Intermediary[1] may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages.

The Board noted that there should be separate resolutions on each substantially separate issue that may be tabled at the general meeting. Notices of general meetings are dispatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 clear calendar days before the meeting for ordinary resolutions and/or at least 21 clear calendar days before the meeting for special resolutions.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes will not be published on the Company's website but will be made available to shareholders upon their request.

Amid the COVID-19 pandemic and pursuant to the applicable laws and regulations then in force, the AGM of the Company for FY2021 was held by way of electronic means ("eAGM"). The Annual Report, Notice of AGM and Proxy Form were published on the Company's website and SGXNet only. Shareholders were unable to attend the AGM in person, but could participate in the eAGM by watching and/or listening to the proceedings via a "live" webcast. Shareholders were also given the opportunities to submit their questions related to the resolutions to be tabled for approval in advance of the eAGM. The responses to those substantial and relevant questions received from shareholders were published via SGXNet prior to the eAGM. In addition, the minutes of the eAGM was published within one month from the eAGM via SGXNet.

The Company will resume physical AGM for FY2022 and all directors, external auditors, senior management and legal adviser (where necessary) will endeavour to be physically present at the AGM for FY2022 to address to the shareholders' questions.

In its annually published Sustainability Report, the Company has arrangements in place to identify and engage with its material stakeholder groups and has set out its strategy and key areas of focus in relation to managing its relationships with such groups.

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[1] A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE GOVERNANCE

DEALINGS IN SECURITIES

The Company has complied with Rule 1207(19) of the SGX-ST Listing Manual in relation to the best practices on dealings in the securities:

(a) the Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealings by the Company and its officers in its securities;

(b) officers of the Company did not deal in the Company's securities on short-term considerations; and

(c) the Company and its officers did not deal in the Company's shares

  (i) during the periods commencing one (1) month before the announcement of the Company's half yearly and full year financial statements, and ending on the date of the announcement of the relevant results, and

  (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, Directors and key management personnel are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of any Director or controlling shareholder entered into in the financial year reported on.

INTERESTED PERSON TRANSACTIONS

The Company monitors all its interested person transactions closely and all interested person transactions are subject to review by the AC.

There are no interested person transactions entered into during the year.

The Company has no shareholders' mandate for interested person transactions.

CONFLICT OF INTEREST POLICY

The Company has adopted a conflict of interest policy to allow the Company and its subsidiaries to identify and properly address potential conflicts of interest that may influence decision-making by Directors and key management personnel in favour of his/her interests.

Directors have a duty to act in the best interest of the Company and should ensure that his duty is not impaired in any way. As such, Directors should refrain from placing themselves in a situation where these interests, whether professional or personal, would likely be directly or indirectly in conflict with the interests of the Company.

In the event where a Director or key management personnel envisages that a potential conflict of interest has occurred or may arise, he/she shall complete a declaration in a prescribed form to be submitted to the Management, stating the entity or body in which he/she or his/her related party(ies):

(a) receives or may potentially receive a financial benefit; or

(b) exercises or may exercise influence over its decisions; and

(c) to provide all material facts in relation to such benefits and influence.

RISK MANAGEMENT

KEY RISKS IDENTIFIED BY THE MANAGEMENT

FLUCTUATIONS IN STEEL PRICES

As a distributor of steel products, we purchase a wide range of steel products and maintain substantial inventories in order to fulfil customers' orders within a short lead time. Typically, our customers do not carry all the required steel products themselves due to the high carrying costs and storage space required. The cost of steel products purchased is the main component of our cost of sales and hence we are vulnerable to any fluctuation in the prices of steel. Steel prices rise and fall depending on international demand and supply conditions. Any fluctuation in the prices of steel will affect our cost of purchase and profitability.

Throughout the Group's operating history, we have developed and established long-term relationships and goodwill with many of our suppliers. Our strong rapport with a wide network of reliable and established international steel traders and suppliers allows us to source for steel products from established steel mills worldwide and provides us with timely access to critical industry trends and information, competitive prices for quality products, timely delivery and new product items.

HIGH INVENTORY HOLDING COSTS

Typically, we receive purchase orders from our customers at short notices. We do not have any substantial long-term contracts with our customers and thus, are not able to predict their requirements. On the other hand, our suppliers normally take up to two (2) or three (3) months from the order date to deliver the products to us. Given the short lead time given to us by our customers and the relatively longer delivery times required by our suppliers, we need to place advance orders with a view to secure continuous supply of substantial and varied steel products to meet the needs of our diverse customer base and provide just-in-time delivery. Consequently, our inventory turnover (days) is usually high.

The longer our inventories are held, the higher the cost of holding these inventories. In the event that we are unable to maintain our revenue or profit margins due to a fall in the prices of steel products and/or decrease in demand for steel products, or if our financing cost for inventory increases, our financial position will be affected.

Through regular contacts with our customers, our sales team understands the industries in which our customers operate, emerging industrial trends affecting their product requirements and their latest business activities. Based on this industry knowledge, we are able to assess the steel products that our customers will require and place advance orders with our suppliers accordingly.

FLUCTUATIONS IN FOREIGN EXCHANGE RATES

A significant portion of our purchases is denominated in United States Dollars ("USD") whilst a significant portion of our sales is denominated in Singapore Dollars ("SGD"). To the extent that our Group's purchases and reporting currency are not naturally matched in the same currency, our Group is exposed to adverse fluctuations of the USD against the SGD and our earnings may be affected.

The Group keeps close watch on the USD exchange rate movements and uses forward currency exchange contracts to manage our foreign exchange risks. The Group also utilises USD collections from customers as a form of natural hedge.

CREDIT RISKS OF OUR CUSTOMERS

Our Group offers unsecured credit terms ranging from thirty (30) to one hundred and twenty (120) days to our long-term customers with good payment records during the ordinary course of business. For other customers, we sell to them on cash terms or against letters of credit. We face uncertainties over the timeliness of our customers' payments and their ability to pay. There is no assurance that we will be able to collect our trade debts on a timely basis. A material increase in bad and doubtful debts will adversely affect our financial performance.

We do not sell exclusively to any customer. The Group has established a diverse pool of some seven hundred (700) customers in the Asia Pacific region. We have established close rapport with our customers through our ability to meet their steel requirements consistently and in a timely manner. We believe we have an established track record as a reliable and resourceful distributor of steel products as demonstrated by the fact that we frequently receive repeat orders from our existing customers as well as referrals of new customers.

RISK MANAGEMENT

Credit terms are extended based on factors such as duration of the customer relationship, credit-worthiness, past payment records, financial strength of the customer, as well as the size of the particular transaction. We do not extend any credit term to a new customer until such customer has demonstrated a prompt payment track record.

For any increase in credit limit and/or new credit term to be extended to any customer, a credit application form with a copy of the ACRA search will be submitted to our Executive Director for approval. Furthermore, outstanding debtor balances are reviewed at least on a weekly basis.

CYCLICAL MOVEMENTS IN THE INDUSTRIES THAT OUR CUSTOMERS OPERATE IN, IN PARTICULAR, THE MARINE AND OFFSHORE INDUSTRY

For the reporting year ended 31 December 2022, approximately 79% of our Group's revenue was derived from customers engaging in marine and offshore related activities. From time to time, different industries experience slowdowns due to cyclical fluctuations or a decline in the general economic conditions. In the event that there is a downturn in the industries that our customers operate, particularly the marine and offshore industry, the demand for the steel products and services we supply could decline and materially affect our operating results.

Our sales team constantly seeks new business opportunities with users of steel in other industries such as those engaged in engineering/fabrication, construction and manufacturing activities. We are also establishing ties with users of steel in new territories to further expand our customer base.

THREAT OF CYBER-ATTACKS

Our Group is exposed to a diversity of cyber-attacks as we embrace technology and digital connectivity in our business. We have outsourced IT professionals who monitor the health of our IT infrastructure on an on-going basis and practise regular software and hardware updates to ensure that our cyber risk is managed. In addition, we backup our data daily and conduct regular checks to ensure that our IT system can be recovered swiftly when the need arises. Staff are always reminded to practise proper cyber discipline and behaviour to ensure online security.

STATEMENT BY DIRECTORS

The Directors are pleased to present the accompanying financial statements of Asia Enterprises Holding Limited (the "Company") and its subsidiaries (collectively the "Group") and the statement of financial position and statement of changes in equity of the Company for the reporting year ended 31 December 2022.

1. Opinion of the Directors

In the opinion of the Directors,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Group and of the Company for the reporting year ended on that date; and

(b) at the date of the 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 approved and authorised these financial statements for issue.

2. Directors

The Directors of the Company in office at the date of this statement are:

Lee Yih Chyi, Yvonne
Lee Bon Leong
Tan Keh Yan, Peter
Koh Wee Kiang
Lee Yih Hwan

3. Directors' interests in shares and debentures

The Directors of the Company holding office at the end of the reporting year had no interests in shares in or debentures of the Company or other related body corporate as recorded in the Register of Directors' Interest in Shares in or Debentures kept by the Company under section 164 of the Companies Act 1967 except as follows:

	Direct interest		**Deemed interest**	
Names of Directors and Company in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
The Company: Asia Enterprises Holding Limited		**Number of shares of no par value**		
Lee Yih Chyi, Yvonne	70,000	70,000	131,193,566	131,193,566
Tan Keh Yan, Peter	125,000	125,000	–	–
Koh Wee Kiang	125,000	125,000	–	–
Lee Yih Hwan	660,000	660,000	131,193,566	131,193,566

By virtue of section 7 of the Act, Lee Yih Chyi, Yvonne is deemed to have an interest in the Company and in all the related body corporate of the Company.

The Directors' interests as at 21 January 2023 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. Arrangements to enable Directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable 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.

5. Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of audit committee

The members of the Audit Committee at the date of this report are as follows:

Tan Keh Yan, Peter (Chairman)	–	Lead Independent Director
Lee Bon Leong	–	Independent, Non-Executive Chairman
Koh Wee Kiang	–	Independent Director

The Audit Committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan;
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by the management to them;
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor;
- Reviewed the financial statements of the Group and the Company prior to their submission to the Directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the report on Corporate Governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The Audit Committee has recommended to the Board of Directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the Company.

STATEMENT BY DIRECTORS

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, other committees of the Board and the Board, the Board, with the concurrence of the audit committee, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 31 December 2022 to address the risks that the company considers relevant and material to its operations.

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 9 February 2023, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the Directors

…………………………………………………………..	…………………………………………………………..
Lee Bon Leong Independent, Non-Executive Chairman	Lee Yih Chyi, Yvonne Managing Director

28 February 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of ASIA ENTERPRISES HOLDING LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Asia Enterprises Holding Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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) ("SFRSs (I)") 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 and the changes in equity of the Company for the reporting 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 Company 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 reporting year. 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.

Determination of the net realisable values of inventories

Reference is made to Note 2 on accounting policy, Note 2C on critical judgements, assumptions and uncertainties, Note 18 on inventories, and the Audit Committee's views and responses to the reported key audit matters under the Corporate Governance section of the Annual Report.

As at 31 December 2022, the Group held inventories of $34.2 million which is a significant balance on the statement of financial position. Inventories are stated at the lower of cost and net realisable value. The determination of the net realisable value of these inventories require the Group to make a critical and reasonable judgement on the future realisable value, which is dependent on future market trends, including the demand and supply of steel products, as well as the trend of steel prices in its key operating markets and internationally. Persistent weak end-user demand and/or oversupply of steel products may exert downward pressure on transaction volumes and steel prices to the extent that the carrying amount of inventories could exceed future expected realisable value.

We have reviewed the general global steel price trend in the past and have also assessed the global steel price trend movement subsequent to year end. To challenge the Group's future expected realisable value, we have conducted a comparison of the carrying amount against its recently transacted sales prices or latest purchase prices from suppliers. In addition, we have also performed sensitivity analysis on the future expected realisable value against its carrying amount for three major inventory items.

INDEPENDENT AUDITOR'S REPORT

To the Members of ASIA ENTERPRISES HOLDING LIMITED

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by Directors and 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 the financial reporting standards, 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:

(a) 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 control.

(b) Obtain an understanding of internal control 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 control.

(c) 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 ASIA ENTERPRISES HOLDING LIMITED

Auditor's responsibilities for the audit of the financial statements (Cont'd)

(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.

(e) 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.

(f) 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 control 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 law or regulation precludes 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 Tan Beng Teck.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

28 February 2023

Engagement partner – effective from year ended 31 December 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER

	Notes	Group 2022 $'000	Group 2021 $'000
Revenue	5	**73,522**	35,412
Cost of sales		**(59,888)**	(24,011)
Gross profit		**13,634**	11,401
Other income and gains	6	**875**	966
Marketing and distribution costs		**(721)**	(287)
Administrative expenses		**(6,829)**	(6,802)
Finance costs	7	**(340)**	(354)
Other losses	6	**(1,150)**	(941)
Profit before tax from continuing operations		**5,469**	3,983
Income tax expense	9	**(1,720)**	(257)
Total comprehensive income for the year		**3,749**	3,726
Earnings per share	10	**Cents**	**Cents**
Earnings per share currency unit			
Basic		**1.10**	1.09
Diluted		**1.10**	1.09

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER

	Notes	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**13,975**	15,871	**–**	–
Right-of-use assets	13	**8,457**	8,836	**–**	–
Investment property	14	**390**	410	**–**	–
Investments in subsidiaries	15	**–**	–	**45,680**	45,680
Other financial assets, non-current	16	**4,582**	7,646	**1,254**	2,779
Other non-financial assets	17	**–**	50	**–**	–
Total non-current assets		**27,404**	32,813	**46,934**	48,459
Current assets					
Inventories	18	**34,176**	23,353	**–**	–
Trade and other receivables	19	**19,515**	7,798	**12,539**	12,912
Other financial assets, current	16	**5,857**	5,607	**1,139**	888
Cash and cash equivalents	20	**33,740**	44,279	**1,095**	201
Total current assets		**93,288**	81,037	**14,773**	14,001
Total assets		**120,692**	113,850	**61,707**	62,460
EQUITY AND LIABILITIES					
Equity					
Share capital	21	**58,856**	58,856	**58,856**	58,856
Treasury shares	21	**(138)**	(138)	**(138)**	(138)
Retained earnings		**37,873**	36,853	**2,728**	3,505
Capital reserve	22	**575**	575	**–**	–
Total equity		**97,166**	96,146	**61,446**	62,223
Non-current liabilities					
Provision, non-current	23	**1,504**	1,461	**–**	–
Deferred tax liabilities	9	**864**	595	**–**	–
Lease liabilities, non-current	24	**8,448**	8,712	**–**	–
Total non-current liabilities		**10,816**	10,768	**–**	–
Current liabilities					
Provision, current	23	**533**	580	**–**	–
Income tax payable		**1,466**	257	**19**	–
Lease liabilities, current	24	**504**	484	**–**	–
Trade and other payables	25	**3,992**	5,615	**242**	237
Other non-financial liabilities	26	**6,215**	–	**–**	–
Total current liabilities		**12,710**	6,936	**261**	237
Total liabilities		**23,526**	17,704	**261**	237
Total equity and liabilities		**120,692**	113,850	**61,707**	62,460

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER

Group	Total equity $'000	Share capital $'000	Treasury shares $'000	Capital reserve $'000	Retained earnings $'000
Current year:					
Opening balance at 1 January 2022	**96,146**	**58,856**	**(138)**	**575**	**36,853**
Changes in equity:					
Total comprehensive income for the year ended 31 December 2022	**3,749**	**–**	**–**	**–**	**3,749**
Dividends (Note 11)	**(2,729)**	**–**	**–**	**–**	**(2,729)**
Closing balance at 31 December 2022	**97,166**	**58,856**	**(138)**	**575**	**37,873**
Previous year:					
Opening balance at 1 January 2021	94,126	58,856	(138)	575	34,833
Changes in equity:					
Total comprehensive income for the year ended 31 December 2021	3,726	–	–	–	3,726
Dividends (Note 11)	(1,706)	–	–	–	(1,706)
Closing balance at 31 December 2021	96,146	58,856	(138)	575	36,853

Company	Total equity $'000	Share capital $'000	Treasury shares $'000	Retained earnings $'000
Current year:				
Opening balance at 1 January 2022	**62,223**	**58,856**	**(138)**	**3,505**
Changes in equity:				
Total comprehensive income for the year ended 31 December 2022	**1,952**	**–**	**–**	**1,952**
Dividends (Note 11)	**(2,729)**	**–**	**–**	**(2,729)**
Closing balance at 31 December 2022	**61,446**	**58,856**	**(138)**	**2,728**
Previous year:				
Opening balance at 1 January 2021	62,956	58,856	(138)	4,238
Changes in equity:				
Total comprehensive income for the year ended 31 December 2021	973	–	–	973
Dividends (Note 11)	(1,706)	–	–	(1,706)
Closing balance at 31 December 2021	62,223	58,856	(138)	3,505

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER

	Group	
	2022	**2021**
	$'000	**$'000**
Cash flows from operating activities		
Profit before tax	**5,469**	3,983
Adjustments for:		
Interest income	**(514)**	(505)
Interest expenses on lease liabilities	**297**	282
Unwinding of discount arise from provision for dismantling and removing	**43**	43
Inventory write down	**342**	846
Provision for club membership	**50**	–
Depreciation of investment property	**20**	19
Depreciation of property, plant and equipment	**2,127**	2,136
Depreciation of right-of-use assets	**600**	576
(Reversal of)/provision for employee benefits	**(47)**	580
Bad debts recovered – trade receivables	**–**	(27)
Gain on disposal of property, plant and equipment	**(2)**	(77)
Gain on disposal of investments in FVTPL	**(9)**	–
Loss on disposal of investments in debt asset instruments at amortised cost	**2**	6
Fair value losses on investments at FVTPL	**758**	89
Operating cash flows before changes in working capital	**9,136**	7,951
Inventories	**(11,165)**	(10,298)
Trade and other receivables	**(11,743)**	(401)
Other non-financial assets	**–**	3
Trade and other payables	**(1,623)**	2,461
Other non-financial liabilities	**6,215**	–
Net cash used in operations	**(9,180)**	(284)
Income taxes paid	**(242)**	(13)
Net cash flows used in operating activities	**(9,422)**	(297)
Cash flows from investing activities		
Other financial assets – decrease/(increase)	**2,063**	(4,548)
Proceeds from disposal of property, plant and equipment	**2**	105
Purchase of plant and equipment	**(231)**	(198)
Interest received	**540**	505
Net cash flows from/(used in) investing activities	**2,374**	(4,136)
Cash flows from financing activities		
Dividends paid to equity owners	**(2,729)**	(1,706)
Lease liabilities – principal paid	**(465)**	(470)
Lease liabilities – interest portion	**(297)**	(282)
Net cash flows used in financing activities	**(3,491)**	(2,458)
Net decrease in cash and cash equivalents	**(10,539)**	(6,891)
Cash and cash equivalents, statement of cash flows, beginning balance	**44,279**	51,170
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	**33,740**	44,279

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. GENERAL

The Company (Registration No: 200501021H) is incorporated in Singapore with limited liability. The financial statements are presented in Singapore Dollar and they cover the Company (referred to as "Parent") and the subsidiaries.

The Board of Directors approved and authorised these financial statements for issue on the date of the statement by Directors. The Directors have the power to amend and revise the financial statements.

The Company is an investment holding company. It is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the subsidiaries are described in the notes to the financial statements in Note 15.

The registered office is: No. 3 Pioneer Sector Walk Singapore 627897. The Company is situated in Singapore.

Uncertainties relating to the current economic conditions

Management has considered the current economic conditions caused by the Covid-19 pandemic, commodities inflation, as well as the war in Ukraine at the end of the reporting year and reviewed the probable impact and plausible downside scenarios. No material uncertainties were identified in connection with the reporting entity's ability to continue in operational existence for the near future.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") and the related Interpretations to SFRS(I)s ("SFRS(I)s INT") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. GENERAL (Cont'd)

Basis of presentation (Cont'd)

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists and modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the goods or services will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services – Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis.

Other income

Interest income is recognised using the effective interest method. Dividend income from equity instruments is recognised in profit or loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity, and the amount of the dividend can be measured reliably. This is usually ex-dividend date for quoted shares.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Cont'd)

2A. Significant accounting policies (Cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Cont'd)

2A. Significant accounting policies (Cont'd)

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold properties	Over the term of lease that are from 2.0% to 14.0%
Plant and equipment	8.3% to 33.3%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 23A on non-current provisions.

Right-of-use assets

The right-of-use assets are accounted for and presented as if they were owned as property, plant and equipment. The annual rates of depreciation is over the lease term from 2.0% to 14.0%.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A right-of-use asset is capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. A liability corresponding to the capitalised right-of-use asset is also recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. The right-of-use asset is depreciated over the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. An interest expense is recognised on the lease liability (included in finance costs). For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, the lease payments are expensed to profit or loss as incurred on a straight line basis over the remaining lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Cont'd)

2A. Significant accounting policies (Cont'd)

Leases of lessor

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Investment property

Investment property is property (land or a building or part of a building or both) held (by the owner or by the lessee as a right-of-use asset under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the cost model is used to measure the investment property using the treatment for property, plant and equipment, that is, at cost less any accumulated depreciation and any accumulated impairment losses. An investment property that meets the criteria to be classified as held for sale is carried at the lower of carrying amount and fair value. For disclosure purposes only, the fair values are measured periodically on a systematic basis by management.

The annual rate of depreciation for investment property is over the term of lease that is 2.2%.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

There were no business combination during the reporting year.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Cont'd)

2A. Significant accounting policies (Cont'd)

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. 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 measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised 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 entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

(a) Financial asset classified as measured 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 fair value through profit or loss ("FVTPL"), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

(b) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): As at end of the reporting year, there were no financial assets classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Cont'd)

2A. Significant accounting policies (Cont'd)

Financial instruments (Cont'd)

Classification and measurement of financial assets: (Cont'd)

(c) Financial asset that is an equity investment measured at FVTOCI: As at end of the reporting year, there were no financial assets classified in this category.

(d) Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (a) the liabilities are managed, evaluated and reported internally on a fair value basis; or (b) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Other financial assets and financial liabilities at FVTPL are presented within the section on operating activities as part of changes in working capital in the statement of cash flows.

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics: (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Cont'd)

2A. Significant accounting policies (Cont'd)

Fair value measurement (Cont'd)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements. The recurring measurement are made at each reporting year end date.

2B. Other explanatory information

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (Cont'd)

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of expected credit loss allowance on trade receivables:

The assessment for expected credit losses ("ECL") requires a degree of estimation and judgement. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions (including the impact of the current economic conditions). The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 19.

Assessment of allowance on inventories:

The assessment for impairment loss on inventories requires a degree of estimation and judgement. The level of the loss allowance is assessed by taking into account the recent sales experience, the ageing of inventories, other factors that affect inventory obsolescence and subsequent events. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in Note 18.

Estimation of useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is $13,975,000 (2021: $15,871,000).

Provisions for dismantling and removing:

Provision is made for dismantling and removing costs, based on future estimated expenditures, discounted to present values. Where appropriate, the establishment of a provision is recorded as part of the original cost of the related property, plant and equipment. Changes in the provision arising from revised estimates or discount rates or changes in the expected timing of expenditures that relate to property, plant and equipment are recorded as adjustments to their carrying value and depreciated prospectively over their remaining estimated useful economic lives; otherwise such changes are recognised in profit or loss. The unwinding of the discount is included within the profit or loss as a financing charge. The carrying amount of provisions for dismantling and removing is disclosed in the Note 23A.

NOTES TO THE FINANCIAL STATEMENTS

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3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitment and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Members of a group

Related companies in these financial statements include the members of the Company's group of companies.

3B. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations, if any, are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group Other related party 2022 $'000	 2021 $'000
Penta Transport Services	**–**	69

3C. Key management compensation

	Group 2022 $'000	 2021 $'000
Salaries and other short-term employee benefits	**1,433**	1,174

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	2022 $'000	2021 $'000
Remuneration of Directors of the Company	**665**	396
Fees to Directors of the Company	**186**	182

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Cont'd)

3C. Key management compensation (Cont'd)

Further information about the remuneration of individual Directors is provided in the report on corporate governance.

Key management personnel include the Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the Group is organised into the following major strategic operating segments that offer different products and services: (1) steel distribution, (2) provision of steel processing and (3) corporate. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segment and the types of products and services are as follows:

(a) Steel distribution – procuring, distributing and trading of steel products

(b) Provision of steel processing – processing of steel materials for sale

(c) Corporate – investment and management activities

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the reporting entity are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate a segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation and amortisation, interests and income taxes ("Recurring EBITDA") and (2) operating result before interests and income taxes and other unallocated items ("ORBIT").

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

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4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (Cont'd)

4B. Profit or loss from continuing operations and reconciliations

Group	Steel distribution $'000	Provision of steel processing $'000	Corporate $'000	Unallocated $'000	Total $'000
1 January 2022 to 31 December 2022					
Revenue by segment:					
Total revenue by segment	70,314	3,348	55	–	73,717
Inter-segment sales	(85)	(55)	(55)	–	(195)
Total revenue	70,229	3,293	–	–	73,522
Recurring EBITDA	7,758	409	(125)	–	8,042
Depreciation	(2,369)	(378)	–	–	(2,747)
Interest income	–	–	–	514	514
Interest expense on lease liabilities	–	–	–	(297)	(297)
Unwinding of discount from provision for dismantling and removing	–	–	–	(43)	(43)
ORBIT	5,389	31	(125)	174	5,469
Other unallocated items					–
Profit before tax from continuing operations					5,469
Income tax expense					(1,720)
Profit from continuing operations					3,749
Other material items and reconciliations:					
Depreciation expense	2,369	378	–	–	2,747
Assets and reconciliation:					
Total assets for reportable segments	100,789	16,004	3,528	–	120,321
Unallocated assets	–	–	–	371	371
Total group assets	100,789	16,004	3,528	371	120,692
Liabilities and reconciliations:					
Total liabilities for reportable segments	15,565	5,272	240	–	21,077
Other payables	16	103	–	–	119
Income tax payable	–	–	–	1,466	1,466
Deferred tax liabilities	–	–	–	864	864
Total group liabilities	15,581	5,375	240	2,330	23,526

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (Cont'd)

4B. Profit or loss from continuing operations and reconciliations (Cont'd)

Group	Steel distribution $'000	Provision of steel processing $'000	Corporate $'000	Unallocated $'000	Total $'000
1 January 2021 to 31 December 2021					
Revenue by segment:					
Total revenue by segment	31,981	3,495	55	–	35,531
Inter-segment sales	(46)	(18)	(55)	–	(119)
Total revenue	31,935	3,477	–	–	35,412
Recurring EBITDA	6,172	565	(203)	–	6,534
Depreciation	(2,339)	(392)	–	–	(2,731)
Interest income	–	–	–	505	505
Interest expense on lease liabilities	–	–	–	(282)	(282)
Unwinding of discount from provision for dismantling and removing	–	–	–	(43)	(43)
ORBIT	3,833	173	(203)	180	3,983
Other unallocated items					–
Profit before tax from continuing operations					3,983
Income tax expense					(257)
Profit from continuing operations					3,726
Other material items and reconciliations:					
Depreciation expense	2,339	392	–	–	2,731
Assets and reconciliation:					
Total assets for reportable segments	94,065	15,663	3,910	–	113,638
Unallocated assets	–	–	–	212	212
Total group assets	94,065	15,663	3,910	212	113,850
Liabilities and reconciliations:					
Total liabilities for reportable segments	11,274	5,263	237	–	16,774
Other payables	20	58	–	–	78
Income tax payable	–	–	–	257	257
Deferred tax liabilities	–	–	–	595	595
Total group liabilities	11,294	5,321	237	852	17,704

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (Cont'd)

4C. Geographical information

The Group's operations are located in Singapore.

An analysis of the Group revenue by geographical area which is analysed based on the billing address of each individual customer is provided below. In addition, non-current assets analysed by the geographical area in which the assets are located are also tabled below.

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods and services:

	Group	
	2022	**2021**
	$'000	**$'000**
Singapore	**39,240**	23,312
Indonesia	**31,006**	9,940
Malaysia	**3,160**	1,606
Other regions	**116**	554
Total revenue	**73,522**	35,412

The following table provides an analysis of the carrying amount of non-current assets analysed by the geographical area in which the assets are located:

	Group	
	Non-current assets	
	2022	**2021**
	$'000	**$'000**
Singapore	**27,404**	32,813

5. REVENUE

	Group	
	2022	**2021**
	$'000	**$'000**
Sales of goods and related services	**71,597**	33,894
Service income	**1,232**	857
Rental income	**681**	646
Others	**12**	15
Total revenue	**73,522**	35,412

The revenue is from sales of goods and services based on point in time and all the contracts are less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS

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6. OTHER INCOME AND GAINS AND (OTHER LOSSES)

	Group	
	2022	**2021**
	$'000	**$'000**
Bad debts recovered – trade receivables	**–**	27
Gain on disposal of property, plant and equipment	**2**	77
Inventory write down	**(342)**	(846)
Provision for club membership	**(50)**	–
Gain on disposal of investments at FVTPL	**9**	–
Loss on disposal of investments in debt asset instruments at amortised cost	**(2)**	(6)
Fair value losses on investments at FVTPL, net	**(758)**	(89)
Dividend income	**207**	50
Foreign exchange adjustments gains	**54**	75
Interest income from financial institutions	**251**	105
Other interest income	**263**	400
Government grant	**39**	204
Sundry income	**52**	28
Net	**(275)**	25
Presented in profit or loss as:		
Other income and gains	**875**	966
Other losses	**(1,150)**	(941)
Net	**(275)**	25

7. FINANCE COSTS

	Group	
	2022	**2021**
	$'000	**$'000**
Unwinding of discount from provision for dismantling and removing	**43**	43
Interest on lease liabilities	**297**	282
Interest expenses	**–**	29
Total finance costs	**340**	354

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2022	**2021**
	$'000	**$'000**
Short-term employee benefits expense	**3,203**	3,038
Contributions to defined contribution plan	**266**	260
Other benefits	**142**	260
Total employee benefits expense	**3,611**	3,558

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

9. INCOME TAX

9A. Components of tax expense recognised in profit or loss include:

	Group	
	2022 $'000	2021 $'000
Current tax expense		
Current tax expense	**1,406**	257
Under adjustments in respect of prior periods	**45**	–
Subtotal	**1,451**	257
Deferred tax expense		
Deferred tax expense	**139**	–
Under adjustments in respect of prior periods	**130**	–
Subtotal	**269**	–
Total income tax expense	**1,720**	257

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the Parent is situated. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2021: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2022 $'000	2021 $'000
Profit before tax	**5,469**	3,983
Income tax expense at the above rate	**930**	677
Expenses not deductible for tax purposes	**676**	446
Income not subject to tax	**–**	(23)
Tax exemptions and rebate	**(61)**	(305)
Previously unrecognised deferred tax assets utilised this year	**–**	(538)
Under adjustments to tax in respect of prior periods	**175**	–
Total income tax expense	**1,720**	257

There are no income tax consequences of dividends to owners of the Company.

9B. Deferred tax expense recognised in profit or loss include:

	Group	
	2022 $'000	2021 $'000
Excess of tax value over book value of plant and equipment	**205**	–
Excess of book value of plant and equipment over tax value	**–**	(241)
Tax loss carryforwards	**105**	224
Deferred tax relating to depreciation expense on right-of-use assets and interest on lease liabilities	**(41)**	17
Total deferred income tax expense recognised in profit or loss	**269**	–

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

9. INCOME TAX (Cont'd)

9C. Deferred tax balance in the statement of financial position:

	Group	
	2022	**2021**
	$'000	**$'000**
Deferred tax liabilities:		
Excess of net book value of plant and equipment over tax values	**813**	713
Tax losses carryforwards	**–**	(115)
Deferred tax relating to depreciation expense on right-of-use assets and interest on lease liabilities	**51**	(3)
Total deferred tax liabilities	**864**	595

It is impracticable to estimate the amount expected to be settled or used within one year.

10. EARNINGS PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2022	**2021**
	$'000	**$'000**
Numerators: earnings attributable to equity:		
Profit for the year	**3,749**	3,726
	2022	**2021**
	'000	**'000**
Denominators: weighted average number of equity shares:		
Basic	**341,129***	341,129

* Excluding non-voting 788,600 treasury shares and subsidiary shareholdings.

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting period.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year.

There is no dilutive effect from the share options as they are anti-dilutive because their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

11. DIVIDENDS ON EQUITY SHARES

	Group and Company 2022 $'000	2021 $'000
Final tax exempt (1-tier) dividend paid of 0.8 cent (2021: 0.5 cent) per share	**2,729**	1,706

In respect of the current reporting year, the Directors have proposed that a final dividend of 0.8 cent per share with a total of $2,729,000 be paid to shareholders after the next annual general meeting. There are no income tax consequences to the Company. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend is payable in respect of all ordinary shares in issue at the end of the reporting year and including any new qualifying shares issued up to the date the dividend becomes payable.

12. PROPERTY, PLANT AND EQUIPMENT

Group	**Leasehold properties $'000**	**Plant and equipment $'000**	**Total $'000**
Cost:			
At 1 January 2021	26,149	11,810	37,959
Additions	–	198	198
Disposals	(900)	(423)	(1,323)
At 31 December 2021	25,249	11,585	36,834
Additions	–	231	231
Disposals	–	(146)	(146)
At 31 December 2022	**25,249**	**11,670**	**36,919**
Accumulated depreciation:			
At 1 January 2021	10,310	9,812	20,122
Depreciation for the year	1,605	531	2,136
Disposals	(900)	(395)	(1,295)
At 31 December 2021	11,015	9,948	20,963
Depreciation for the year	1,570	557	2,127
Disposals	–	(146)	(146)
At 31 December 2022	**12,585**	**10,359**	**22,944**
Carrying value:			
At 1 January 2021	15,839	1,998	17,837
At 31 December 2021	14,234	1,637	15,871
At 31 December 2022	**12,664**	**1,311**	**13,975**

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Allocation of the depreciation expense:

	Group	
	2022	**2021**
	$'000	**$'000**
Cost of sales	**170**	205
Administrative expenses	**1,957**	1,931
	2,127	2,136

Certain motor vehicles of the Group at a carrying value of $49,800 (2021: $114,400) are held in trust by some of the Directors of the Group.

Fully depreciated plant and equipment still in use had an initial cost of $7,576,000 (2021: $7,327,000).

13. RIGHT-OF-USE ASSETS

Details of the right-of-use assets in the statement of financial position are as follows:

Group	**Leasehold land $'000**
Cost:	
At 1 January 2021 and 31 December 2021	10,824
Remeasurement	221
At 31 December 2022	**11,045**
Accumulated depreciation:	
At 1 January 2021	1,412
Depreciation for the year	576
At 31 December 2021	1,988
Depreciation for the year	600
At 31 December 2022	**2,588**
Carrying value:	
At 1 January 2021	9,412
At 31 December 2021	8,836
At 31 December 2022	**8,457**

Allocation of the depreciation expense:

	Group	
	2022	**2021**
	$'000	**$'000**
Cost of sales	**153**	128
Administrative expenses	**447**	448
	600	576

NOTES TO THE FINANCIAL STATEMENTS

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14. INVESTMENT PROPERTY

	Group	
	2022	**2021**
	$'000	**$'000**
Cost:		
At 1 January	**886**	886
At 31 December	**886**	886
Accumulated depreciation:		
At 1 January	**476**	457
Depreciation for the year	**20**	19
At 31 December	**496**	476
Carrying value:		
At 1 January	**410**	429
At 31 December	**390**	410
Fair value for disclosure purpose only:		
Fair value at end of the year	**1,924**	2,125
Rental and service income from investment property	**66**	124
Direct operation expenses arising from investment property that generated rental income during the year	**(16)**	(33)

The investment properties are leased out under operating leases.

The fair value of the investment property is stated on the existing use basis to reflect the actual market state and circumstances as of the end of the reporting year and not as of either a past or future date. The fair value is determined periodically on a systematic basis. The fair value was based on a valuation made by management based on reference to market evidence of transaction prices to similar properties. The fair value is regarded as Level 3, the lowest level for fair value measurement, as the valuation includes inputs for the asset that are not based on observable market data (unobservable inputs).

For fair value measurements categorised within the fair value hierarchy below, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset:	Leasehold property
Fair value and fair value hierarchy – Level:	$1,924,000 (2021: $2,125,000). Level 3. (2021: Level 3).
Valuation technique for recurring fair value measurements:	Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs and range (weighted average):	Price per square metre. $9,594. (2021: $10,596)
Relationship of unobservable inputs to fair value:	NA.
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by $192,400; higher by $192,400.

NOTES TO THE FINANCIAL STATEMENTS

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15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	$'000	$'000
Unquoted shares at cost	**45,680**	45,680

The subsidiaries held by the Company and the Group are listed below:

Name of subsidiaries, country of incorporation, place of operations, principal activities, and independent auditors:	Cost in books of Company		Effective percentage of equity held	
	2022	2021	2022	2021
	$'000	$'000	%	%
Held by the Company:				
Asia Enterprises (Private) Limited [1] Singapore Importing, exporting and marketing of steel products	**41,130**	41,130	**100**	100
Asia-Beni Steel Industries (Pte) Ltd [1] Singapore Processing and marketing of steel products	**4,550**	4,550	**100**	100

(1) Audited by RSM Chio Lim LLP in Singapore.

16. OTHER FINANCIAL ASSETS

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance is made up of:				
Non-current:				
A. Investments in debt asset instruments at amortised cost	**4,582**	7,646	**1,254**	2,779
Total non-current portion	**4,582**	7,646	**1,254**	2,779
Current:				
A. Investments in debt asset instruments at amortised cost	**2,274**	1,254	**1,013**	752
B. Investment at FVTPL	**3,583**	4,353	**126**	136
Total current portion	**5,857**	5,607	**1,139**	888
Total at end of the year	**10,439**	13,253	**2,393**	3,667

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16. OTHER FINANCIAL ASSETS (Cont'd)

16A. Investments in debt asset instruments at amortised cost

A1. Movement in balances

	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
Movements during the year – at amortised cost:				
Amortised cost at beginning of the year	**8,900**	7,891	**3,531**	3,800
Additions at cost	**–**	3,865	**–**	1,282
Redemption at cost	**(1,998)**	(2,770)	**(1,248)**	(1,520)
Loss on disposal of investments	**–**	(6)	**–**	–
Deaccretion in amortised cost	**(46)**	(80)	**(16)**	(31)
Amortised cost at end of the year	**6,856**	8,900	**2,267**	3,531

A2. Disclosures relating to investments in debt asset instruments at amortised cost

	Group 2022 $'000	Group 2021 $'000	Group 2022 %	Group 2021 %
Quoted bonds in corporations with fixed interest of 3.65% and maturing on 22 May 2022 (effective rate 2.95%), Singapore – at amortised cost	**–**	250	**–**	3
Quoted bonds in corporations with fixed interest of 4.20% and maturing on 18 September 2028 (effective rate 4.17%), Singapore – at amortised cost	**250**	250	**3**	3
Quoted bonds in corporations with fixed interest of 3.75% and maturing on 23 March 2027 (effective rate 3.22%), Singapore – at amortised cost	**–**	250	**–**	3
Quoted bonds in corporations with fixed interest of 5.75% and maturing on 20 April 2166 (effective rate 4.42%), Singapore – at amortised cost	**–**	252	**–**	3
Quoted bonds in corporations with fixed interest of 6.125% and maturing on 16 October 2167 (effective rate 5.52%), Singapore – at amortised cost	**253**	254	**4**	3
Quoted bonds in corporations with fixed interest of 6.125% and maturing on 16 October 2167 (effective rate 5.72%), Singapore – at amortised cost	**253**	253	**4**	3
Quoted bonds in corporations with fixed interest of 5.375% and maturing on 3 October 2167 (effective rate 4.09%), Singapore – at amortised cost	**256**	259	**4**	3
Quoted bonds in corporations with fixed interest of 5.375% and maturing on 3 October 2167 (effective rate 3.84%), Singapore – at amortised cost	**257**	261	**4**	3
Quoted bonds in corporations with fixed interest of 5.375% and maturing on 3 October 2167 (effective rate 5.11%), Singapore – at amortised cost	**251**	251	**4**	3
Quoted bonds in corporations with fixed interest of 4.875% and maturing on 01 March 2027 (effective rate 4.18%), Singapore – at amortised cost	**–**	251	**–**	3
Quoted bonds in corporations with fixed interest of 5.875% and maturing on 28 May 2167 (effective rate 3.66%), Singapore – at amortised cost	**511**	521	**7**	5
Quoted bonds in corporations with fixed interest of 5.875% and maturing on 28 May 2167 (effective rate 3.76%), Singapore – at amortised cost	**255**	260	**4**	3

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16. OTHER FINANCIAL ASSETS (Cont'd)

16A. Investments in debt asset instruments at amortised cost (Cont'd)

A2. Disclosures relating to investments in debt asset instruments at amortised cost (Cont'd)

	Group			
	2022 $'000	2021 $'000	2022 %	2021 %
Quoted bonds in corporations with fixed interest of 5.875% and maturing on 28 May 2167 (effective rate 5.08%), Singapore – at amortised cost	**504**	507	**7**	5
Quoted bonds in corporations with fixed interest of 3.98% and maturing on 12 March 2167 (effective rate 3.42%), Singapore – at amortised cost	**508**	510	**7**	5
Quoted bonds in corporations with fixed interest of 4.0% and maturing on 24 February 2167 (effective rate 3.46%), Singapore – at amortised cost	**503**	505	**7**	5
Quoted bonds in corporations with fixed interest of 3.0% and maturing on 17 March 2169 (effective rate 3.0%), Singapore – at amortised cost	**250**	250	**3**	3
Quoted bonds in corporations with fixed interest of 3.8% and maturing on 20 January 2028 (effective rate 2.23%), Singapore – at amortised cost	**252**	256	**4**	3
Quoted bonds in corporations with fixed interest of 3.2% and maturing on 22 January 2030 (effective rate 3.17%), Singapore – at amortised cost	**–**	502	**–**	5
Quoted bonds in corporations with fixed interest of 3.2% and maturing on 22 January 2030 (effective rate 3.38%), Singapore – at amortised cost	**–**	247	**–**	3
Quoted bonds in corporations with fixed interest of 3.3% and maturing on 14 October 2169 (effective rate 3.27%), Singapore – at amortised cost	**250**	251	**3**	3
Quoted bonds in corporations with fixed interest of 3.15% and maturing on 11 November 2169 (effective rate 3.15%), Singapore – at amortised cost	**250**	250	**3**	3
Quoted bonds in corporations with fixed interest of 4.25% and maturing on 29 December 2049 (effective rate 2.68%), Singapore – at amortised cost	**–**	252	**–**	3
Quoted bonds in corporations with fixed interest of 5.65% and maturing on 2 September 2169 (effective rate 5.5%), Singapore – at amortised cost	**251**	251	**4**	3
Quoted bonds in corporations with fixed interest of 3.375% and maturing on 24 February 2031 (effective rate 2.91%), Singapore – at amortised cost	**259**	259	**4**	3
Quoted bonds in corporations with fixed interest of 3.38% and maturing on 24 February 2031 (effective rate 2.92%), Singapore – at amortised cost	**522**	524	**8**	6
Quoted bonds in corporations with fixed interest of 3.75% and maturing on 23 May 2030 (effective rate 3.11%), Singapore – at amortised cost	**521**	524	**8**	6
Quoted bonds in corporations with fixed interest of 2.55% and maturing on 22 December 2169 (effective rate 2.53%), Singapore – at amortised cost	**250**	250	**4**	3
Quoted bonds in corporations with fixed interest of 3.725% and maturing on 2 May 2170 (effective rate 3.73%), Singapore – at amortised cost	**250**	250	**4**	3
Total investments in debt asset instruments at amortised cost	**6,856**	8,900	**100**	100

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16. OTHER FINANCIAL ASSETS (Cont'd)

16A. Investments in debt asset instruments at amortised cost (Cont'd)

A2. Disclosures relating to investments in debt asset instruments at amortised cost (Cont'd)

	Company			
	2022 $'000	2021 $'000	2022 %	2021 %
Quoted bonds in corporations with fixed interest of 3.65% and maturing on 22 May 2022 (effective rate 2.95%), Singapore – at amortised cost	–	250	–	7
Quoted bonds in corporations with fixed interest of 4.20% and maturing on 18 September 2028 (effective rate 4.17%), Singapore – at amortised cost	**250**	250	**11**	7
Quoted bonds in corporations with fixed interest of 3.75% and maturing on 23 March 2027 (effective rate 3.22%), Singapore – at amortised cost	–	250	–	7
Quoted bonds in corporations with fixed interest of 5.75% and maturing on 20 April 2166 (effective rate 4.42%), Singapore – at amortised cost	–	252	–	7
Quoted bonds in corporations with fixed interest of 6.125% and maturing on 16 October 2167 (effective rate 5.72%), Singapore – at amortised cost	**253**	253	**11**	7
Quoted bonds in corporations with fixed interest of 5.375% and maturing on 3 October 2167 (effective rate 5.11%), Singapore – at amortised cost	**251**	251	**11**	7
Quoted bonds in corporations with fixed interest of 5.875% and maturing on 28 May 2167 (effective rate 3.66%), Singapore – at amortised cost	**256**	260	**12**	8
Quoted bonds in corporations with fixed interest of 5.875% and maturing on 28 May 2167 (effective rate 3.76%), Singapore – at amortised cost	**255**	260	**11**	8
Quoted bonds in corporations with fixed interest of 3.0% and maturing on 17 March 2169 (effective rate 3.0%), Singapore – at amortised cost	**250**	250	**11**	7
Quoted bonds in corporations with fixed interest of 3.8% and maturing on 20 January 2028 (effective rate 2.23%), Singapore – at amortised cost	**252**	256	**11**	7
Quoted bonds in corporations with fixed interest of 3.20% and maturing on 22 January 2030 (effective rate 3.17%), Singapore – at amortised cost	–	251	–	7
Quoted bonds in corporations with fixed interest of 3.2% and maturing on 22 January 2030 (effective rate 3.38%), Singapore – at amortised cost	–	247	–	7
Quoted bonds in corporations with fixed interest of 3.3% and maturing on 14 October 2169 (effective rate 3.27%), Singapore – at amortised cost	**250**	251	**11**	7
Quoted bonds in corporations with fixed interest of 3.15% and maturing on 11 November 2169 (effective rate 3.15%), Singapore – at amortised cost	**250**	250	**11**	7
Total investments in debt asset instruments at amortised cost	**2,267**	3,531	**100**	100

A3. Disclosures relating to fair value of investments in debt asset instruments at amortised cost

The debt asset instruments measured at amortised cost is categorised under Level 2 of the fair value hierarchy. The carrying value approximate their fair values of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

16. OTHER FINANCIAL ASSETS (Cont'd)

16A. Investments in debt asset instruments at amortised cost (Cont'd)

A4. Credit rating of the debt asset instruments at amortised cost

The debt investments carried at amortised cost are subject to the expected credit loss model under the standard on financial instruments. The debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the reporting year is limited to 12 months expected losses. Listed bonds are regarded as of low credit risk if they have an investment grade credit rating with one or more reputable rating agencies.

The debt investments are regarded as of low credit risk if they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

16B. Investments at FVTPL

B1. Movements in balances

	Group		Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Movement during the year:				
Fair value at beginning of the year	**4,353**	911	**136**	143
Addition at cost	**–**	3,531	**–**	–
Disposal	**(12)**	–	**–**	–
Fair value losses on investments at FVTPL	**(758)**	(89)	**(10)**	(7)
Fair value at end of the year	**3,583**	4,353	**126**	136

B2. Disclosures relating to investments at FVTPL

		Group	
	Level	**2022 $'000**	**2021 $'000**
Quoted equity shares:			
Trading companies and distributors industry: Singapore	1	**–**	12
Debt assets investments:			
Hedge fund investments – High yield debt securities, China, US, Taiwan, North America, UK, Europe, Asia Pacific ex- Japan	2	**3,583**	4,341

		Company	
	Level	**2022 $'000**	**2021 $'000**
Debt assets investments:			
Hedge fund investments – High yield debt securities, China, US, Taiwan, North America, UK, Europe, Asia Pacific ex- Japan	2	**126**	136

For fair value measurements categorised within Level 2 of the fair value hierarchy, the carrying value approximate the fair values of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

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16. OTHER FINANCIAL ASSETS (Cont'd)

16B. Investments at FVTPL (Cont'd)

B3. Sensitivity analysis for price risk of investment at FVTPL

Certain financial instruments are exposed to market price risk arising from uncertainties about future values of the financial instruments. Sensitivity analysis: The effect is as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
A hypothetical 10% decrease in the market price of quoted equity shares FVTPL would have an effect on fair value of quoted equity shares and pre-tax profit for the year by	**–**	(1)
A hypothetical 10% decrease in the market price of debt assets investments FVTPL would have an effect on fair value of debt assets investments and pre-tax profit for the year by	**(358)**	(434)

	Company	
	2022	**2021**
	$'000	**$'000**
A hypothetical 10% decrease in the market price of debt assets investments FVTPL would have an effect on fair value of debt assets investments and pre-tax profit for the year by	**(13)**	(14)

For similar price increases in the fair value of the above financial assets, there would be comparable impacts in the opposite direction.

17. OTHER NON-FINANCIAL ASSETS

	Group	
	2022	**2021**
	$'000	**$'000**
Club membership at cost	**300**	300
Allowance for impairment	**(300)**	(250)
	–	50
Movements in above allowance:		
Balance at beginning of the year	**(250)**	(250)
Additions (Note 6)	**(50)**	–
Balance at end of the year	**(300)**	(250)

The carrying value of club membership is at cost. The fair value of the club membership is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values. Consequently it is carried at cost less allowance for impairment.

The club membership has ceased by the club operator since 11 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

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18. INVENTORIES

	Group	
	2022	**2021**
	$'000	**$'000**
Goods in transit	**2,931**	3,405
Finished goods and goods for resale	**29,948**	19,220
Raw material and processed steel	**1,297**	728
	34,176	23,353
The amount of inventories charged to cost of sales	**58,253**	22,846
The write-downs of inventories charged to profit or loss included in other losses (Note 6)	**342**	846

There are no inventories pledged as security for liabilities.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
Outside parties	**19,691**	8,132	**–**	–
Less allowance for impairment	**(1,334)**	(1,334)	**–**	–
Subsidiaries	**–**	–	**103**	76
Net trade receivables – subtotal	**18,357**	6,798	**103**	76
Other receivables:				
Other receivables	**868**	914	**47**	48
Deposits to secure services	**290**	86	**–**	–
Subsidiaries [(1)]	**–**	–	**10,389**	11,788
Dividends receivable from a subsidiary	**–**	–	**2,000**	1,000
Net other receivables – subtotal	**1,158**	1,000	**12,436**	12,836
Total trade and other receivables	**19,515**	7,798	**12,539**	12,912
Movement in above allowance:				
At beginning of the year	**(1,334)**	(1,361)	**–**	–
Bad debt recovered (Note 6)	**–**	27	**–**	–
At end of the year	**(1,334)**	(1,334)	**–**	–

(1) The interest charged for the unsecured loan to subsidiary is between 0.70% to 4.20% (2021: 0.43% to 0.45%) per annum. There is no fixed term for the repayment of the loan.

The expected credit losses ("ECL") on the trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all such assets recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the current economic conditions.

The reporting entity also has a few customers with large balances and which can be credit risk graded individually and these are recorded at inception net of expected lifetime ECL. For these large balances the credit risk is graded individually. For these large balances, at the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. For any significant increase or decrease in credit risk an adjustment is made to the loss allowance for the large balances. For the smaller balances the assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL including the impact of the current economic conditions. The allowance model is based on the historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. TRADE AND OTHER RECEIVABLES (Cont'd)

The ageing of all the balances is as follows:

	Group Gross Amount	
	2022	**2021**
	$'000	**$'000**
Trade receivables:		
Current	**9,365**	4,679
1 to 30 days past due	**5,156**	1,472
31 to 60 days past due	**2,444**	405
Over 60 days past due	**2,726**	1,576
Total	**19,691**	8,132

At the end of the reporting year a loss allowance of $1,334,000 (2021: $1,334,000) is recognised. The rate of expected losses on trade receivables which are over 60 days past due was 48.9% (2021: 84.6%).

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There are no collateral held as security and other credit enhancements for the trade receivables.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivables customers is 30 to 90 days (2021: 30 to 90 days). But some customers take a longer period to settle the amount. The customers' balances are subject to the ECL assessment under the financial reporting standard on financial instruments.

Concentration of trade receivable customers as at the end of reporting year:

	Group	
	2022	**2021**
	$'000	**$'000**
Top 1 customer	**3,926**	1,020
Top 2 customers	**6,063**	2,386
Top 3 customers	**8,097**	3,336

The other receivables shown above are subject to ECL assessment under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of expected 12 month ECL. At each reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates (including the impact of the current economic conditions).

Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables from related company are regarded as of low credit risk if they are guaranteed by the parent or a related party with the ability to settle the amount.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Not restricted in use	**33,740**	44,279	**1,095**	201

The rates of interest on interest earning balances of $33,740,000 (2021: $44,279,000) for the Group was between 0.04% to 4.45% (2021: 0.05% to 0.5%) per annum.

20A. Non-cash transactions:

Reconciliation of liabilities arising from financing activities:

	2021 $'000	Cash flows $'000	Non-cash changes $'000	2022 $'000
Lease liabilities	9,196	(762)	518 [(a)]	**8,952**

	2020 $'000	Cash flows $'000	Non-cash changes $'000	2021 $'000
Lease liabilities	9,666	(752)	282	9,196

(a) Includes remeasurement of right-of-use assets and interest on lease liabilities.

21. SHARE CAPITAL

	Number of shares issued '000	Share capital $'000	Treasury shares $'000	Total $'000
Group and Company				
Ordinary shares of no par value:				
At 1 January 2021, 31 December 2021 and 31 December 2022	**341,129** *	**58,856**	**(138)**	**58,718**

* Excluding non-voting 788,600 treasury shares and subsidiary shareholdings.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

Capital management

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in light of changes in conditions and risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

21. SHARE CAPITAL (Cont'd)

Capital management (Cont'd)

The Company and Group have no external borrowings. The debt-to-adjusted-capital ratio does not provide a meaningful indicator of the risk of borrowings.

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases means it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

22. CAPITAL RESERVE

All the reserves classified on the face of the statement of financial position as retained earnings represent past accumulated earnings and are distributable as cash dividends.

The capital reserve is not available for cash dividends unless realised. The capital reserve represents transfer of reserves on redeemable preference shares by the subsidiary, Asia Enterprises (Private) Limited.

23. PROVISIONS

	Group	
	2022	**2021**
	$'000	**$'000**
Provision, non-current:		
Provision for dismantling and removing (Note 23A)	**1,504**	1,461
Provision, current:		
Provision for employee benefits costs	**533**	580
	2,037	2,041

23A. Provision for dismantling and removing

	Group	
	2022	**2021**
	$'000	**$'000**
Movements in above provision:		
At beginning of the year	**1,461**	1,418
Unwinding of discount (Note 7)	**43**	43
At end of the year	**1,504**	1,461

The provision is based on the present value of costs to be incurred to remove the leasehold improvements from leased property.

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24. LEASE LIABILITIES

	Group	
	2022	**2021**
	$'000	**$'000**
Lease liabilities, current	**504**	484
Lease liabilities, non-current	**8,448**	8,712
	8,952	9,196

Leases for right-to-use assets – the Group has a two leases relating to the warehouse, office space and equipment. The leases from the Jurong Town Corporation are for 51 years and 60 years from 15 April 1981 and 1 January 1995 respectively. The lease liability terms are negotiated on an annual basis and are subject to an escalation clause but the amount of the increase is not to exceed a certain percentage. Other information about the leasing activities relating to the right-of-use assets are summarised as follows: the lease prohibits the lessee from selling or pledging the underlying leased asset as security unless permitted by the owner; there are variable payments linked to an index; there is no option to purchase the underlying leased asset outright at the end of the lease; there is option to extend the lease for a further term subject to approval of the owner.

The lease liabilities above do not include short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments that do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of lease liabilities and right-of-use assets.

Only variable lease payments that depend on an index or a rate, or payments that vary to reflect changes in market rental rates, are included in the measurement of the lease liabilities. Such variable amounts that are unpaid at commencement date are included in the measurement of lease liabilities. Variable lease payments would also include extension options and termination options, residual value guarantees, and leases not yet commenced to which the lessee is committed. Variable lease payments that are based on revenue are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

A summary of the maturity analysis of lease liabilities is disclosed in Note 29E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use assets are disclosed in Note 13.

Subsequent to initial measurement, the liabilities will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liabilities are re-measured, the corresponding adjustments are reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
Outside parties	**2,398**	4,591	**3**	–
Related party	**–**	69	**–**	–
Subtotal	**2,398**	4,660	**3**	–
Other payables:				
Outside parties and accrued liabilities	**1,471**	828	**239**	237
Rental deposit received	**123**	127	**–**	–
Subtotal	**1,594**	955	**239**	237
Total trade and other payables	**3,992**	5,615	**242**	237

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26. OTHER NON-FINANCIAL LIABILITIES

	Group	
	2022	**2021**
	$'000	**$'000**
Advance from customers	**6,215**	–

27. FORWARD CURRENCY EXCHANGE CONTRACTS

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

Group	**Principal US$'000**	**Reference currency**	**Maturity**	**Fair value (loss)/gain S$'000**
2022:				
Forward currency contracts:				
Sell Singapore Dollar for United States Dollar	**9,500**	**US$**	**24 November 2022 to 15 May 2023**	**–** [(a)]
2021:				
Forward currency contracts:				
Sell Singapore Dollar for United States Dollar	1,000	US$	30 December 2021 to 3 January 2022	– [(a)]

(a) Amount is immaterial.

Currency derivatives are utilised to hedge significant future transactions and cash flows. The entity is party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the entity's principal markets. As a matter of principle, the entity does not enter into derivative contracts for speculative purposes.

The fair value (Level 2) of forward currency contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The valuation technique uses market observable inputs.

28. ITEMS IN PROFIT OR LOSS

In addition to the other gains and other losses disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2022	**2021**
	$'000	**$'000**
Audit fees to the independent auditor of the Company	**80**	80
Other fees to the independent auditor of the Company	**11**	13
	91	93

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

29A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Financial assets at amortised cost	**60,111**	60,977	**15,901**	16,644
Financial assets at fair value through profit or loss	**3,583**	4,353	**126**	136
At end of the year	**63,694**	65,330	**16,027**	16,780
Financial liabilities:				
Financial liabilities measured at amortised cost	**12,942**	14,811	**242**	237

Further quantitative disclosures are included throughout these financial statements.

29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long-term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

(a) Minimise interest rate, currency, credit and market risks for all kinds of transactions.

(b) Maximise the use of "natural hedge", favouring as much as possible the natural off-setting of sales, costs, payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

(c) All financial risk management activities are carried out and monitored by senior management.

(d) All financial risk management activities are carried out following acceptable market practices.

(e) Where appropriate, consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposure to risk, the objectives, policies and process for managing risks and the methods used to measure risks.

29C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)

29D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit loss ("ECL") on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables and other current financial assets.

For credit risk on the current financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

29E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2021: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

Group	**Less than 1 year $'000**	**1-5 years $'000**	**More than 5 years $'000**	**Total $'000**
2022:				
Non-derivative financial liabilities:				
Gross lease liabilities	**764**	**3,053**	**8,282**	**12,099**
Trade and other payables	**3,992**	**–**	**–**	**3,992**
At end of the year	**4,756**	**3,053**	**8,282**	**16,091**

Group	**Less than 1 year $'000**	**1-5 years $'000**	**More than 5 years $'000**	**Total $'000**
2021:				
Non-derivative financial liabilities:				
Gross lease liabilities	752	3,006	8,722	12,480
Trade and other payables	5,615	–	–	5,615
At end of the year	6,367	3,006	8,722	18,095

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)

29E. Liquidity risk – financial liabilities maturity analysis (cont'd)

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

	Group	
	2022	**2021**
	$'000	**$'000**
Bank facilities:		
Undrawn borrowing facilities	**46,450**	45,498
Banker's guarantee	**7**	–

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

The above banking facilities are covered by negative pledges on the Group's assets.

29F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position.

The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial liabilities with interest:				
Fixed rate	**8,952**	9,196	**–**	–
Financial assets with interest:				
Floating rate	**33,740**	44,279	**1,095**	201
Fixed rate	**6,856**	8,900	**2,267**	3,531
Total at end of the year	**40,596**	53,179	**3,362**	3,732

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
A hypothetical increase in interest rates by 100 basis points with all other variables held constant, would have an increase in pre-tax profit for the year by	**337**	443	**11**	2

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

29. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (Cont'd)

29G. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currency:

	Group	
	2022	**2021**
	US$'000	**US$'000**
Financial assets:		
Cash and cash equivalents	**1,731**	9,744
Trade and other receivables	**1,479**	341
Total financial assets	**3,210**	10,085
Financial liabilities:		
Trade and other payables	**(1,589)**	(3,272)
Net financial assets at end of the year	**1,621**	6,813

There are no balances denominated in non-functional currency at the Company level. There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	Group	
	2022	**2021**
	$'000	**$'000**
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have an adverse effect on pre-tax profit/(loss) of	**(162)**	(681)

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign currency exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

30. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS (I) No.	Title
SFRS (I) 16	Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendments to
Various	Annual Improvements to SFRS (I)s 2018-2020 – Amendments to SFRS(I) 1 First-time Adoption of SFRS(I); IFRS 9 Financial Instruments; SFRS(I) 16 Leases, and; SFRS(I) 1-41 Agriculture

31. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements – Amendment relating to Classification of Liabilities as Current or Non-current	1 January 2024
SFRS (I) 1-1	Disclosure of Accounting Policies – Amendments to SFRS (I) 1-1 and SFRS (I) Practice Statement 2 Making Materiality Judgements	1 January 2023
SFRS (I) 1-8	Definition of Accounting Estimates – Amendments to	1 January 2023
SFRS (I) 1-12 SFRS (I) 1	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to	1 January 2023
SFRS (I) 17	Insurance Contracts and Illustrative Examples; Amendments to	1 January 2023
FRS 16	Lease Liability in a Sale and Leaseback (Amendments)	1 January 2024
SFRS (I) 10 and SFRS (I) 1-28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	To be determined

STATISTICS OF SHAREHOLDINGS

AS AT 9 MARCH 2023

SHAREHOLDERS' INFORMATION

Class of Equity Securities	Number of Equity Securities	Voting Rights
Ordinary Shares	341,128,887 *	On a poll: one vote for each ordinary share *
Treasury Shares	788,600	Nil

* Excluding non-voting 788,600 treasury shares and subsidiary shareholdings

Percentage of treasury shares and subsidiary shareholdings against total number of issued shares (excluding treasury shares and subsidiary shareholdings): 0.23%

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	Number of shareholders	%	Number of shares	%
1 – 99	29	1.96	1,466	0.00
100 – 1,000	66	4.46	33,415	0.01
1,001 – 10,000	453	30.61	2,128,983	0.62
10,001 – 1,000,000	903	61.01	63,943,236	18.75
1,000,001 and above	29	1.96	275,021,787	80.62
Total	1,480	100.00	341,128,887	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of shareholders	Number of shares	%
1.	Shenton Investment Pte Ltd	127,377,350	37.34
2.	Harmaidy	36,872,025	10.81
3.	Minh-Chieh Investments Pte Ltd	16,498,908	4.84
4.	Koh Suew Leng	14,346,067	4.21
5.	DBS Nominees Private Limited	10,532,550	3.09
6.	Tan Wai See	8,920,000	2.61
7.	DB Nominees (Singapore) Pte Ltd	7,645,800	2.24
8.	Phillip Securities Pte Ltd	7,197,939	2.11
9.	HSBC (Singapore) Nominees Pte Ltd	4,601,250	1.35
10.	Yeo Seng Chong	3,950,000	1.16
11.	Lee Choon Bok	3,816,216	1.12
12.	Lew Wing Kit	3,191,300	0.94
13.	Yap Hwee Hong	3,150,616	0.92
14.	Koh Siak Lin, Victor	2,584,408	0.76
15.	Ang Hao Yao (Hong Haoyao)	2,107,050	0.62
16.	Chua Leong Hai @Chua Leang Hai	2,080,000	0.61
17.	Tan Pei Hong Alex (Chen Peifeng)	2,068,900	0.61
18.	Estate of Yeo Eng Hock, Deceased	2,020,708	0.59
19.	Ho Juat Keng	1,814,300	0.53
20.	OCBC Nominees Singapore Private Limited	1,689,300	0.50
	Total	262,464,687	76.96

STATISTICS OF SHAREHOLDINGS

AS AT 9 MARCH 2023

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided to the Company as at 9 March 2023, approximately 50.45% of the issued ordinary shares of the Company are held by the public. Accordingly, the Company has complied with Rule 723 of the SGX-ST Listing Manual.

LIST OF SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 9 March 2023)

Name of Substantial Shareholder	No. of shares (Direct interest)	No. of shares (Deemed interest)	Total	%
Shenton Investment Pte Ltd	127,377,350	–	127,377,350	37.34
Lee Choon Bok	3,816,216	127,377,350 [1]	131,193,566	38.46
Lee Yih Chyi, Yvonne (a director)	70,000	131,193,566 [2]	131,263,566	38.48
Harmaidy	36,872,025	–	36,872,025	10.81
Lee Yih Hwan (a director)	660,000	131,193,566 [2]	131,853,566	38.65

Notes:

1. Deemed interest arises from shares held by Shenton Investment Pte Ltd.
2. Deemed interest arises from 127,377,350 shares held by Shenton Investment Pte Ltd and 3,816,216 shares held by Lee Choon Bok.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Asia Enterprises Holding Limited ("the Company") will be held at The Chartroom, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404, on Monday, 24 April 2023 at 10.30 a.m. for the purposes of considering and, if thought fit, passing with or without modifications, the resolutions as set out below:

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 Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt (one-tier) dividend of 0.8 cent per ordinary share for the financial year ended 31 December 2022. (2021: 0.8 cent per ordinary share) **(Resolution 2)**

3. To re-elect Lee Bon Leong ("Mr Lee") a Director who is retiring pursuant to Regulation 104 of the Constitution of the Company. **(Resolution 3)**

   [See Explanatory Note (i)]

4. To re-elect Tan Keh Yan, Peter ("Mr Tan"), a Director who is retiring pursuant to Regulation 104 of the Constitution of the Company. **(Resolution 4)**

   [See Explanatory Note (ii)]

5. To approve the payment of Directors' fees of $186,000 for the financial year ended 31 December 2022. (2021: $186,000) **(Resolution 5)**

6. To re-appoint RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual")**

   That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the SGX-ST Listing Manual, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights issue, bonus issue or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

(the "***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 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), 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 20% 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 total number of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of SGX-ST Listing Rules; and

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

adjustment in accordance with (2)(a) and (2)(b) 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 passing of this Resolution.

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting 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.

(Resolution 7)

[See Explanatory Note (iii)]

By Order of the Board

Siau Kuei Lian
Company Secretary
Singapore, 6 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Lee Bon Leong will upon re-election as a Director of the Company remain as Independent Non-Executive Chairman, Chairman of the Remuneration Committee, and a member of the Audit Committee and Nominating Committee. Lee Bon Leong will be considered independent pursuant to Rule 704(8) of the SGX-ST Listing Manual until the conclusion of the next Annual General Meeting to be held in April 2024, in view of the removal of the Two-Tier Voting mechanism for company to retain long-serving Non-Executive Independent Director who have served for more than nine years as announced by the SGX-ST on 11 January 2023. There are no relationships (including immediate family relationships) between Lee Bon Leong and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers which may affect his independence. Please refer to Corporate Governance Report on pages 15 to 16 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the SGX-ST Listing Manual.

(ii) Tan Keh Yan, Peter will upon re-election as a Director of the Company remain as Lead Independent Director, Chairman of the Audit Committee, and a member of the Nominating Committee and Remuneration Committee. Tan Keh Yan, Peter will be considered independent pursuant to Rule 704(8) of the SGX-ST Listing Manual until the conclusion of the next Annual General Meeting to be held in April 2024, in view of the removal of the Two-Tier Voting mechanism for company to retain long-serving Non-Executive Independent Director who have served for more than nine years as announced by the SGX-ST on 11 January 2023. There are no relationships (including immediate family relationships) between Tan Keh Yan, Peter and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers which may affect his independence. Please refer to Corporate Governance Report on pages 15 to 16 of the Annual Report for the detailed information required pursuant to Rule 720(6) of the SGX-ST Listing Manual.

(iii) Ordinary Resolution 7, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority as 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, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

Notes:

1. The members of the Company are invited to attend physically at the AGM. There will be no option for shareholders to participate virtually.

2. The Annual Report, Notice of Annual General Meeting and Proxy Form will be published on the Company's website at the URL https://www.asiaenterprises.com.sg and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements. There will be no despatch of Annual Report, Notice of Annual General Meeting and Proxy Form to members.

3. Members may submit questions related to the resolutions which will be tabled for approval at the AGM, in advance of the AGM by email to the Company at proxy2023@asiaenterprises.com.sg.

   When submitting the questions, please provide the Company with the following details, for verification purpose:–

   (i) Full name:
   (ii) NRIC number;
   (iii) Current address;
   (iv) Contact number; and
   (v) Number of shares held

   Please also indicate the manner in which you hold shares in the Company (e.g. via CDP, CPF or SRS).

   Shareholders are encouraged to submit their questions before 14 April 2023, as this will allow the Company sufficient time to address and respond to these questions on or before 20 April 2023 (forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms).

4. The Company will respond to substantial and relevant questions received from members on the Company's website at URL https://www.asiaenterprises.com.sg and on SGXNet at URL https://www.sgx.com/securities/company-announcements by 20 April 2023, after trading hours.

5. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting of the Company may appoint not more than two proxies to attend, speak and vote in his/her stead. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

6. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) and who wishes to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his 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 an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

8. The instrument appointing a proxy must: (i) if sent by hand or by post, be deposited at the registered office of the Company, at 3 Pioneer Sector Walk Singapore 627897; or (ii) if submitted electronically via email, be received by the Company at proxy2023@asiaenterprises.com.sg and in either case, by no later than 48 hours before the time appointed for the Annual General Meeting, and in default the instrument of proxy shall not be treated as valid.

   Members are strongly encouraged to submit completed proxy forms electronically by email to the Company at proxy2023@asiaenterprises.com.sg.

9. The Annual Report for FY2022 may be accessed on the Company's website at the URL https://www.asiaenterprises.com.sg and is also available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF RECORD DATE

NOTICE OF RECORD DATE FOR FIRST AND FINAL TAX EXEMPT (ONE-TIER) DIVIDEND

Reference is made to the Results Announcement on 9 February 2023 for the financial year ended 31 December 2022.

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Asia Enterprises Holding Limited (the "Company") will be closed on 19 May 2023 for the purpose of determining the entitlements of the Company's shareholders (the "Shareholders") to a first and final tax exempt (one-tier) dividend of 0.8 cent per ordinary share.

For the avoidance of doubt, in the case where the registered Shareholder is the Central Depository (Pte) Limited ("CDP") the dividend warrants shall be issued to the CDP and credited to the depositors' securities accounts with the CDP in proportion to the number of shares of the Company standing to the credit of each depositor's securities account with the CDP as at 5.00 pm (Singapore time) on 18 May 2023.

Duly completed registrable transfers received by the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd., 30 Cecil Street #19-08 Prudential Tower Singapore 049712 up to 5.00 p.m. on 18 May 2023 will be registered to determine entitlements to the said dividend.

Payment of the dividend, if approved by the Members at the Annual General Meeting to be held on 24 April 2023 will be made on 5 June 2023.

By Order of the Board

Siau Kuei Lian
Company Secretary
Singapore, 6 April 2023

ASIA ENTERPRISES HOLDING LIMITED
(Company Registration No. 200501021H)
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy and submit their votes at least 7 working days before the Meeting, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We*, ______________________ (Name) ______________ (NRIC/Passport No./Company Regn. No.)

of ____ (Address)

being a member/members* of **ASIA ENTERPRISES HOLDING LIMITED** (the "Company"), hereby appoint:

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

and/or* failing him/her* (delete as appropriate)

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

or failing him/her/them*, the Chairman of the Meeting as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Annual General Meeting ("**AGM**") of the Company to be held at The Chartroom, Level 2, Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 24 April 2023 at 10.30 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion.

(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.	**Resolutions relating to:**	**For**	**Against**	**Abstain**
Ordinary Business				
1	Audited Financial Statements for the financial year ended 31 December 2022			
2	Payment of proposed first and final tax exempt (one-tier) dividend			
3	Re-election of Lee Bon Leong as a Director			
4	Re-election of Tan Keh Yan, Peter as a Director			
5	Approval of Directors' fees amounting to $186,000 for the financial year ended 31 December 2022			
6	Re-appointment of RSM Chio Lim LLP as Auditors			
Special Business				
7	Authority to allot and issue new shares			

Dated this ________ day of ________________ 2023

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

____
Signature(s) of Shareholder(s)
And/or Common Seal of Corporate Shareholder

**Delete where inapplicable*

Notes:

The Proxy Form will be published on the Company's website at the URL https://www.asiaenterprises.com.sg 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 Annual General Meeting and Proxy Form to members.

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), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number or class of shares shall be specified).

5. Subject to note 6, completion and return of this instrument appointing a proxy shall not preclude a Member from attending and voting at the Meeting. Any appointment of proxy or proxies shall be deemed to be revoked if a Member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as his/her proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his 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 an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. The instrument appointing a proxy or proxies must (i) if sent by hand or by post, be deposited at the registered office of the Company, at 3 Pioneer Sector Walk Singapore 627897; or (ii) if submitted electronically via email, be received at proxy2023@asiaenterprises.com.sg, and in either case, not less than 48 hours before the time appointed for the Meeting, and in default the instrument of proxy shall not be treated as valid.

   Members are strongly encouraged to submit completed proxy forms electronically by email to the Company at proxy2023@asiaenterprises.com.sg.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject an instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2023.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS
Lee Bon Leong *Independent, Non-Executive Chairman*
Lee Yih Chyi, Yvonne *Managing Director*
Tan Keh Yan, Peter *Lead Independent Director*
Koh Wee Kiang *Independent Director*
Lee Yih Hwan *Non-Executive Director*

AUDIT COMMITTEE
Tan Keh Yan, Peter *Chairman*
Lee Bon Leong
Koh Wee Kiang

NOMINATING COMMITTEE
Koh Wee Kiang *Chairman*
Lee Bon Leong
Tan Keh Yan, Peter

REMUNERATION COMMITTEE
Lee Bon Leong *Chairman*
Tan Keh Yan, Peter
Koh Wee Kiang

COMPANY SECRETARY
Siau Kuei Lian

REGISTERED OFFICE
3 Pioneer Sector Walk
Singapore 627897
Tel (65) 6223 6377
Fax (65) 6861 9486
www.asiaenterprises.com.sg

SHARE REGISTRAR
In.Corp Corporate Services Pte. Ltd.
30 Cecil Street #19-08
Prudential Tower
Singapore 049712
Tel (65) 6812 1611
Fax (65) 6812 1601

AUDITORS
RSM Chio Lim LLP
8 Wilkie Road, #03-08
Wilkie Edge
Singapore 228095

Tan Beng Teck
Partner-in-Charge
(Appointed with effect from financial year ended 31 December 2020)

INVESTOR RELATIONS CONSULTANT
Octant Consulting
7500A Beach Road
The Plaza #04-329
Singapore 199591
Tel (65) 6296 3583

ASIA ENTERPRISES HOLDING LIMITED
COMPANY REG NO: 200501021H

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