



ASIA ENTERPRISES HOLDING LIMITED

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(Company Registration No. 200501021H)
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING TO BE HELD ON 24 APRIL 2023
- RESPONSES TO QUESTIONS FROM SHAREHOLDERS**

The Board of Directors of Asia Enterprises Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to thank shareholders for submitting their questions in advance of the Annual General Meeting (“AGM”) to be held on 24 April 2023 at 10.30 a.m.

The following are the Company’s responses to substantial and relevant questions that were raised by shareholders.

QUESTIONS FROM SHAREHOLDERS

Q1. For the quoted fixed rate corporate bond portfolio, what are the marked to market losses incurred as at 1Q FY23? What is geographical and industry breakdown for the corporate bond portfolio?

As of the close of FY2022, the fixed-rate corporate bond portfolio comprises largely bonds issued by major financial institutions as well as Real Estate Investment Trusts in Singapore. As these fixed-rate bond investments are intended to be held-to-maturity for interest income, consequently, these instruments are held at amortised cost and not marked to market in the Company’s financial statements.

Q2. The Company has corporate bonds with >100 years maturity dates. Please help share more information on these corporate bonds. Also, please share whether there is market liquidity if the Company chooses to liquidate them?

A significant portion of the perpetual bonds is made up of bonds issued by major financial institutions and Real Estate Investment Trusts in Singapore. In these bonds, there are embedded call options to redeem the bonds and also conversion rules if the option to redeem these bonds are not taken up by the issuers. In addition, depending on the mode of issuance, these perpetual bonds can be traded publicly or over-the-counter should the Company decide to liquidate any of its positions.

Q3. For the hedge fund investments, what is the performance of the hedge funds since the subscription? What investment did the hedge funds invested in? Is there any lock up period if the Company chooses to redeem them?

The hedge fund investments consist mainly of investment-grade fixed-income and equity funds that are managed by global and reputable fund management companies. As at 31 December 2022, our hedge fund investments registered an overall negative return of around S\$0.6 million since subscription. This amount comprised a provision for unrealised (mark-to-market) loss of S\$0.8 million due mainly to the fall in prices of global equities, offset by interest income received of S\$0.2 million. The investments are liquid in nature as the Company can sell its holdings at its own discretion.

Q4. What was the investment objective when the Company invested in these hedge funds? Has the investment objective changed since?

The investment objective was to generate recurring income by investing in a mix of bonds and funds that have exposure to fixed-income and equity instruments. To mitigate its risk, the Company invests only in bonds that are issued by major and reputable corporations with sound credit standing. The Company also selects hedge funds based on the track record of the manager and the funds' underlying assets which should have geographical and sectoral diversification. The Group's investment objective has not changed.

Q5. Who is responsible for the monitoring and decision-making on the bonds and hedge funds?

The Group has an investment committee that is responsible for the decisions and performance monitoring of our financial investments, with oversight from the Board.

Q6. How is the Company pursuing new opportunities in the offshore renewables business such as offshore wind and floating solar in Asia?

Asia Enterprises' steel distribution business serves primarily industrial end-users from various sectors. Our largest customer segments are the marine and offshore as well as engineering/fabrication industries. We supply a wide array of steel materials to meet the requirements of our marine and offshore and engineering customers who can be involved in a variety of projects. Whether these customers are constructing vessels or structures for transportation, offshore conventional or renewable energy projects, the Group's objective is to ensure it has the ability to fulfil their steel material requirements on a just-in-time basis.

Q7. As the Company has done open market share buybacks, 50% outstanding shares held by public, share price is below NAV and has cash, can the Company consider doing partial offer share buyback to buy back own undervalued shares, instead of investing in bonds and hedge funds?

As a reflection of our commitment to shareholders' returns, the Group has consistently distributed dividends to shareholders amounting to at least 40% of net profit since 2005.

Steel distribution remains a highly capital-intensive business. Additionally, in view of the volatility in international steel prices, coupled with the uncertain economic climate, the Group believes that having sufficient cash buffer will place it in a better position to weather any adverse changes in the business environment.

The Company currently does not have a share buyback mandate in place and also does not have plans to make further financial investments at this stage. Nevertheless, the Board has taken note of your views.

Q8. Can the Company provide an update on Board renewal in context of independent directors' 9 years term limit and the Board has to be more than majority of independent directors?

The Company has started its process to search for new independent directors to replace our current Independent Directors whose tenures exceed the nine-year limit. The appointment of new independent directors will take place before the annual general meeting for financial year ending 31 December 2023 to be in compliance with the SGX-ST Listing Rules.

Q9. Since the Company has 2 warehouses with big roofs and long remaining JTC lease, has the Company considered installing solar with battery to generate electricity for own consumption and sale to power grid? Who is responsible for the ESG strategy of the Company?

The Group already has plans to commission the installation of solar panels at our warehouses to harness solar power for our operations. This is part of our initiatives to increase the use of clean energy and reduce carbon emissions. The Group's ESG strategy planning and implementation are led by the management who reports to the Board on a regular basis.

By Order of the Board

Lee Yih Chyi
Managing Director

20 April 2023

About Asia Enterprises

Since 1973, Asia Enterprises has grown into a major distributor of a wide range of steel products to industrial end-users in Singapore and the Asia-Pacific region. It has also built a strong reputation in the marine and offshore sector.

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.

The Group supplies over 1,200 steel products to more than 700 active customers involved primarily in marine and offshore, engineering/fabrication, oil and gas, construction, as well as precision metal stamping and manufacturing industries.

Asia Enterprises was listed on the Main Board of the SGX-ST on 1 September 2005.
For further information on Asia Enterprises, please visit the Group's website at: www.asiaenterprises.com.sg

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