



ASIA ENTERPRISES HOLDING LIMITED

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

Unaudited Full Year Financial Statement and Dividend Announcement for the Year ended 31 December 2020

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	2H FY2020 S\$'000	2H FY2019 S\$'000	% + / (-)	Year Ended 31/12/2020 S\$'000	Year Ended 31/12/2019 S\$'000	% + / (-)
Revenue	14,796	24,323	(39)	42,782	40,245	6
Cost of Sales	(11,886)	(20,386)	(42)	(35,912)	(33,265)	8
Gross Profit	2,910	3,937	(26)	6,870	6,980	(2)
Other Items of Income						
Interest Income	234	550	(57)	752	1,120	(33)
Other Gains	629	6	NM	754	30	NM
Other Items of Expense						
Marketing and Distribution Costs	(213)	(174)	22	(590)	(270)	119
Administrative Expenses	(3,195)	(3,660)	(13)	(7,194)	(7,227)	(0)
Other (Losses)/Gain	(92)	36	NM	(92)	(88)	5
Profit Before Tax from Continuing Operations	273	695	(61)	500	545	(8)
Income Tax Income/(Expense)	25	(40)	NM	25	(40)	NM
Profit Net of Tax	298	655	(55)	525	505	4
Profit Attributable to Owners of the Parent, Net of Tax	298	717	(58)	525	680	(23)
Loss Attributable to Non-Controlling Interests, Net of Tax	-	(62)	(100)	-	(175)	(100)
	298	655	(55)	525	505	4
Earnings/(Loss) Per Share						
Basic (Cents)	0.09	0.21		0.15	0.20	
Diluted (Cents)	0.09	0.21		0.15	0.20	

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

	Group					
	2H FY2020 S\$'000	2H FY2019 S\$'000	% + / (-)	Year Ended 31/12/2020 S\$'000	Year Ended 31/12/2019 S\$'000	% + / (-)
Foreign exchange adjustment (loss)/gain	(105)	37	(384)	4	(20)	(120)
Recovery of bad debts allowance	-	5	(100)	-	29	(100)
Bad debts written off, allowance for impairment on trade receivables and recovery costs	(63)	(3)	2,000	(62)	(70)	(11)
Dividend income	14	3	367	28	3	833
Interest expense on lease liabilities	(146)	(155)	(6)	(296)	(314)	(6)
Depreciation of investment property	(9)	(10)	(10)	(19)	(19)	-
Depreciation of property, plant and equipment	(1,131)	(1,063)	6	(2,168)	(2,128)	2
Depreciation of right-of-use assets	(288)	(389)	(26)	(635)	(777)	(18)

NM : Not meaningful

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- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Consolidated Statement of Comprehensive Income

	Group					
	2H FY2020 S\$'000	2H FY2019 S\$'000	% + / (-)	Year Ended 31/12/2020 S\$'000	Year Ended 31/12/2019 S\$'000	% + / (-)
Profit Net of Tax	298	655	(55)	525	505	4
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Income for the Period	298	655	(55)	525	505	4
Total Comprehensive Income Attributable to Owners of the Parent	298	717	(58)	525	680	(23)
Total Comprehensive Loss Attributable to Non-Controlling Interests	-	(62)	NM	-	(175)	NM
Total Comprehensive Income	298	655	(55)	525	505	4

NM : Not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Statements of Financial Position

	Group		Company	
	As at 31/12/2020 S\$'000	As at 31/12/2019 S\$'000	As at 31/12/2020 S\$'000	As at 31/12/2019 S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	17,835	18,602	-	-
Right-Of-Use Assets	9,412	10,047	-	-
Investment Property	429	448	-	-
Investments in Subsidiaries	-	-	45,680	45,680
Other Financial Assets	5,096	5,096	2,800	2,800
Other Asset	50	50	-	-
Total Non-Current Assets	32,822	34,243	48,480	48,480
<u>Current Assets</u>				
Inventories	13,901	15,811	-	-
Trade and Other Receivables	7,206	7,425	9,880	9,433
Other Financial Assets	3,706	4,697	1,144	1,907
Cash and Cash Equivalents	51,170	47,424	3,818	3,079
Total Current Assets	75,983	75,357	14,842	14,419
Total Assets	108,805	109,600	63,322	62,899
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	58,856	58,856	58,856	58,856
Treasury Shares	(138)	(138)	(138)	(138)
Retained Earnings	34,833	36,014	4,239	3,918
Capital Reserve	575	575	-	-
Equity, Attributable to Owners of the Parent	94,126	95,307	62,957	62,636
Non-Controlling Interests	-	-	-	-
Total Equity	94,126	95,307	62,957	62,636
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	595	595	-	-
Lease Liabilities	9,196	9,666	-	-
Total Non-Current Liabilities	9,791	10,261	-	-
<u>Current Liabilities</u>				
Income Tax Payable	13	40	13	40
Trade and Other Payables	4,237	3,477	352	223
Provision for retirement benefits	168	-	-	-
Current Portion of Lease Liabilities	470	515	-	-
Total Current Liabilities	4,888	4,032	365	263
Total Liabilities	14,679	14,293	365	263
Total Equity and Liabilities	108,805	109,600	63,322	62,899

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2020 S\$'000		As at 31/12/2019 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/12/2020 S\$'000		As at 31/12/2019 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

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- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Cash Flows

	Group			
	2H FY2020 S\$'000	2H FY2019 S\$'000	Year Ended 31/12/2020 S\$'000	Year Ended 31/12/2019 S\$'000
<u>Cash Flows from Operating Activities</u>				
Profit Before Tax	273	695	500	545
Adjustments for:				
Depreciation of Investment Property	9	10	19	19
Depreciation of Property, Plant and Equipment	1,131	1,063	2,168	2,128
Depreciation of Right-Of-Use Assets	288	389	635	777
Interest Income	(234)	(550)	(752)	(1,120)
Operating Cash Flows Before Changes in Working Capital	1,467	1,607	2,570	2,349
Inventories	1,417	2,562	1,909	2,605
Trade and Other Receivables	2,701	(707)	220	1,265
Trade and Other Payables	2,294	482	930	(909)
Net Cash Flows From Operations Before Interest and Tax	7,879	3,944	5,629	5,310
Income Taxes Paid	(1)	(8)	(1)	(15)
Net Cash Flows From Operating Activities	7,878	3,936	5,628	5,295
<u>Cash Flows from Investing Activities</u>				
Purchase of Property, Plant and Equipment	(1,402)	(25)	(1,405)	(52)
Other Financial Assets - (Increase)/Decrease	1,500	(2,136)	992	(3,127)
Interest Received	234	550	752	1,120
Acquisition of Remaining Interest in a Subsidiary	-	(2,150)	-	(2,150)
Net Cash Flows From/(Used in) Investing Activities	332	(3,761)	339	(4,209)
<u>Cash Flows from Financing Activities</u>				
Dividends Paid to Equity Owners	(1,706)	-	(1,706)	(1,706)
Dividends Paid by A Subsidiary to Non-Controlling Interests	-	-	-	(120)
Lease Liabilities - Principal Portion Paid	(229)	(324)	(515)	(643)
Net Cash Flows Used in Financing Activities	(1,935)	(324)	(2,221)	(2,469)
Net (Decrease)/Increase in Cash and Cash Equivalents	6,275	(149)	3,746	(1,383)
Cash and Cash Equivalents, Beginning Balance	44,895	47,573	47,424	48,807
Cash and Cash Equivalents, Ending Balance	51,170	47,424	51,170	47,424

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statements of Changes in Equity

Group (S\$'000)	Attributable to				Capital Reserve	Retained Earnings	Non-Controlling Interests
	Total Equity	Parent Sub-Total	Share Capital	Treasury Shares			
Opening Balance at 1 January 2020	95,307	95,307	58,856	(138)	575	36,014	-
Total Comprehensive Income for the Year ended 31 December 2020	525	525	-	-	-	525	-
Purchase of Treasury Shares	-	-	-	-	-	-	-
Dividends declared	(1,706)	(1,706)	-	-	-	(1,706)	-
Acquisition of Non-controlling Interest Without a Change in Control	-	-	-	-	-	-	-
Closing Balance at 31 December 2020	94,126	94,126	58,856	(138)	575	34,833	-
(a)							
Opening Balance at 1 January 2019	98,778	93,580	58,856	(138)	575	34,287	5,198
Total Comprehensive Income for the Year ended 31 December 2019	505	680	-	-	-	680	(175)
Purchase of Treasury Shares	-	-	-	-	-	-	-
Dividends paid	(1,826)	(1,706)	-	-	-	(1,706)	(120)
Acquisition of Non-controlling Interest Without a Change in Control	(2,150)	2,753	-	-	-	2,753	(4,903)
Closing Balance at 31 December 2019	95,307	95,307	58,856	(138)	575	36,014	-
(a)							

(a) Unrealised and not available for distribution as cash dividends.

Company (S\$'000)	Total Equity	Share Capital	Treasury Shares	Retained Earnings
Opening Balance at 1 January 2020	62,636	58,856	(138)	3,918
Total Comprehensive Income for the Year ended 31 December 2020	2,026	-	-	2,026
Dividends paid	(1,706)	-	-	(1,706)
Closing Balance at 31 December 2020	62,956	58,856	(138)	4,238
Opening Balance at 1 January 2019	63,616	58,856	(138)	4,898
Total Comprehensive Income for the Year ended 31 December 2019	726	-	-	726
Dividends paid	(1,706)	-	-	(1,706)
Closing Balance at 31 December 2019	62,636	58,856	(138)	3,918

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the share capital since the end of the previous period reported on.

There were a total of 788,600 treasury shares and subsidiary holdings held as at 31 December 2020 (31 December 2019 : 788,600)

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1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year

	Number of shares	
	As at 31/12/2020	As at 31/12/2019
Total number of issued shares	341,917,487	341,917,487
Treasury shares and subsidiary holdings	788,600	788,600
Total number of issued shares excluding treasury shares and subsidiary holdings	341,128,887	341,128,887

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

The Company held 788,600 treasury shares as at 31 December 2020. There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period, which are consistent with the audited financial statements for the year ended 31 December 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group			
	2H FY2020	2H FY2019	Year Ended 31/12/2020	Year Ended 31/12/2019
Earnings/(Loss) per ordinary share for the period based on net profit/(loss) attributable to shareholders				
(a) Based on the weighted average number of ordinary shares in issue	0.09 cents	0.23 cents	0.15 cents	0.20 cents
Weighted average number of ordinary shares in issue (excluding treasury shares and subsidiary holdings)	341,128,887	341,128,887	341,128,887	341,128,887
(b) On a fully diluted basis	0.09 cents	0.23 cents	0.15 cents	0.20 cents
Weighted average number of ordinary shares in issue (excluding treasury shares and subsidiary holdings)	341,128,887	341,128,887	341,128,887	341,128,887

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- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	Group		Company	
	As at 31/12/2020	As at 31/12/2019	As at 31/12/2020	As at 31/12/2019
Net asset (S\$'000)	94,126	95,307	62,957	62,636
Number of ordinary shares	341,128,887	341,128,887	341,128,887	341,128,887
Net asset value per ordinary share (cents) *	27.59	27.94	18.46	18.36

* The net asset value per ordinary share of the Group and the Company as at 31 December 2020 is computed based on the total number of issued shares (excluding 788,600 treasury shares and subsidiary holdings) of 341,128,887 (31 December 2019: 341,128,887).

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period on

Review of the Steel Industry

Based on data compiled by World Steel Association (worldsteel), global crude steel production decreased 0.9% to 1,864 million tonnes (Mt) for the year 2020 compared to 2019. Crude steel production in Asia in 2020 increased 1.5% from 2019 as China's crude steel production rose 5.2% to reach 1,053 Mt in 2020. China accounted for 56.5% of global crude steel production in 2020.

In the short range outlook released by worldsteel on 15 October 2020, steel demand is expected to contract by 2.4% to 1,725 Mt due to the Covid-19 pandemic. China has shown a surprisingly resilient rebound which would mitigate the reduction in global steel demand in 2020. While the post lockdown recovery in steel demand for the rest of the world has been stronger than initially expected, both developed and emerging economies are expected to record a contraction in 2020. For 2021, steel demand is expected to recover by 4.1% to 1,795 Mt. These forecasts were made on the assumptions that despite the resurgence in Covid-19 infections in many parts of the world, nationwide lockdowns will not be repeated. Instead, selective and targeted measures will be able to contain this second wave.

(Source: World Steel Association)

Overview

Asia Enterprises is a major distributor of steel products to industrial end-users in Singapore and the Asia-Pacific region. The Group offers a wide range of products that is complemented by its value-added steel processing services to offer a 'one-stop' solution and 'just-in-time' delivery to its customers in the marine and offshore, oil and gas, engineering/fabrication, construction and manufacturing industries. With operating history dating back to 1973, the Group has forged a strong reputation as a reliable distributor of steel products to the marine and offshore industries.

Review of Statement of Comprehensive Income

Revenue

Revenue (S\$ m)	1H	2H	Full Year
FY2020	28.0	14.8	42.8
FY2019	15.9	24.3	40.2
y-o-y change	76%	(39%)	6%

Notwithstanding the challenging operating environment, Group revenue edged up 6% to S\$42.8 million for the year ended 31 December 2020 ("FY2020") from S\$40.2 million in FY2019. This was achieved primarily on the back of higher volume of sales which more offset the impact of lower average selling prices ("ASP") in FY2020 compared to FY2019.

On a six-month basis, the Group witnessed weaker end-user demand in the second half of FY2020 ("2H20"), which led to a 39% decrease in revenue to S\$14.8 million from S\$24.3 million in 2H19. This was however compensated by stronger sales growth registered in 1H20.

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- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (cont'd)

Revenue Breakdown by Industry

Industry	FY2020		FY2019		y-o-y %
	(S\$ m)	%	(S\$ m)	%	
Marine and Offshore	32.6	76	24.3	60	34
Engineering/fabrication	4.5	10	5.1	13	(12)
Construction	1.1	3	3.9	10	(72)
Stockists and traders	2.4	6	4.5	11	(47)
Manufacturing, precision metal stamping & Others	2.2	5	2.4	6	(8)
Total	42.8	100	40.2	100	6

Sales to customers in the marine and offshore segment in FY2020 gained 34% to S\$32.6 million on the back of improved sales volume. This helped to offset softer sales registered across other key end-user segments during FY2020. As a result, the marine and offshore segment's revenue contribution widened to 76% in FY2020 compared to 60% in FY2019.

Sales to engineering/fabrication segment eased 12% to S\$4.5 million in FY2020 in tandem with lower customer demand in 2H20. This segment accounted for around 10% of Group revenue in FY2020.

Sales derived from the construction segment fell 72% to S\$1.1 million in FY2020. The decrease in customer orders during FY2020 can be attributed to delays in project schedules and market uncertainties amid the Covid-19 pandemic. Hence, the revenue contribution from the construction segment shrank to 3% in FY2020.

Revenue Breakdown by Geographical Market

Countries	FY2020		FY2019		y-o-y %
	(S\$ m)	%	(S\$ m)	%	
Singapore	16.4	38	26.0	65	(37)
Indonesia	23.2	54	10.2	25	127
Malaysia	1.3	3	2.5	6	(48)
Others	1.9	5	1.5	4	27
Total	42.8	100	40.2	100	6

During FY2020, the Group's sales to the Indonesia market more than doubled to S\$23.2 million from S\$10.2 million in FY2019. This was driven mainly by higher purchases of steel products in 1H20 from shipyards primarily for newbuilds of smaller vessels. Hence, the revenue contribution from Indonesia market expanded to 54% in FY2020 from 25% in FY2019.

The sales growth in Indonesia more than counterbalanced the reduction in sales to Singapore market which fell 37% to S\$16.4 million in FY2020. Sales in Singapore were affected mainly by lower orders received from local customers in the marine and offshore, engineering/fabrication and construction segments.

Due to government restrictions to control the spread of Covid-19, industrial end-users had to temporarily suspend or delay the progress of their projects as they faced workforce and supply chain disruptions. In addition, market uncertainties arising from the coronavirus-induced economic downturn have also affected steel demand from end-users. Consequently, the revenue contribution from Singapore market contracted to 38% in FY2020 from 65% in FY2019.

Revenue derived from Malaysia market also weakened by 48% to S\$1.3 million in FY2020 amid the global pandemic situation. Sales to Malaysia made up 3% of Group revenue in FY2020.

Gross Profit and Gross Profit Margin

		1H	2H	Full Year
Gross Profit (S\$ m)	FY2020	4.0	2.9	6.9
	FY2019	3.0	3.9	7.0
Gross Profit Margin	FY2020	14.1%	19.7%	16.1%
	FY2019	19.1%	16.2%	17.3%

The Group's gross profit in FY2020 remained relatively stable at S\$6.9 million compared to S\$7.0 million in FY2019. Gross profit margin eased marginally to 16.1% in FY2020 compared to 17.3% in FY2019. Overall, the ASP in FY2020 was comparatively lower than FY2019, even though international steel prices saw a sharp upturn during the last quarter of FY2020 and contributed to the Group's higher gross profit margin in 2H20.

The Group's gross profit margin typically fluctuates across the quarters during a financial year. 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.

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- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (cont'd)

Other Items of Income

Other income in FY2020 amounted to S\$1.5 million compared to S\$1.2 million in FY2019, due mainly to the receipt of grants that are part of the Singapore government's initiatives to support businesses during the Covid-19 pandemic.

Marketing and Distribution Costs and Administrative Expenses

Marketing and distribution costs in FY2020 increased to S\$0.6 million compared to S\$0.3 million in FY2019 in tandem with the level of freight and handling services that were required to fulfill customers' orders. Administrative expenses in FY2020 remained stable at S\$7.2 million compared to FY2019.

Net Profit/ (Loss) Attributable to Equity Holders and Net Profit Margin

		1H	2H	Full Year
Net Profit / (Loss)	FY2020	0.2	0.3	0.5
Attributable to	FY2019	0.0	0.7	0.7
Equity Holders	y-o-y change	n.m.	(58%)	(23%)
(S\$ m)				
Net Profit Margin	FY2020	0.8%	2.0%	1.2%
	FY2019	n.m.	2.7%	1.3%

The Group reported net profit of S\$0.5 million in FY2020 which was stable compared to FY2019.

Net profit attributable to equity holders ("PATMI") of S\$0.5 million in FY2020 was a decline from PATMI of S\$0.7

Dividend

The Board of Directors has recommended a final dividend payment of [0.50] cent per share with respect to FY2020, which is the same as the final dividend for FY2019. The proposed dividend is subject to shareholders' approval at the Company's annual general meeting.

Review of Financial Position

Statement of Financial Position as at 31 December 2020

The Group's balance sheet remained sound with cash and cash equivalents of S\$51.2 million and zero borrowings as at 31 December 2020. Shareholders' equity (excluding treasury shares) stood at S\$94.1 million as at 31 December 2020. The Group had net asset value of 27.6 cents per share that included cash and cash equivalents of 15.0 cents per share and inventory with book value of 4.1 cents per share.

Property, plant and equipment decreased to S\$17.8 million from S\$18.6 million as at 31 December 2019 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 2020, the Group's right-of-use assets and lease liabilities stood at S\$9.4 million and S\$9.7 million respectively.

Other financial assets as at 31 December 2020 decreased slightly to S\$8.8 million from S\$9.8 million as at 31 December 2019 due to the maturity of certain securities.

Trade and other receivables decreased to S\$7.2 million from S\$7.4 million at the end of December 2019 in line with lower revenue

Inventories (measured on a weighted average cost basis) as at 31 December 2020 declined to S\$13.9 million compared to S\$15.8 million as at 31 December 2019, in tandem with the Group's sales and inventory replenishment activities. Due to longer delivery lead time, some of the orders that the Group had placed with steel mills during fourth quarter of 2020 will only be reflected in its inventory during first quarter of 2021.

Trade and other payables increased to S\$4.4 million from S\$3.5 million as at 31 December 2019, attributed mainly to an increase in other payables.

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- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period on (cont'd)**

Statement of Cash Flows

Net cash generated from operating activities amounted to S\$5.6 million in FY2020. This was attributed to operating cash flows before changes in working capital of S\$2.6 million, as well as net inflows resulting from declines in inventories and trade and other receivables, and an increase in trade and other payables.

Net cash generated from investing activities in FY2020 was S\$0.3 million. This was attributed mainly to a decrease in other financial assets and higher interest income, offset partially by capital expenditure.

Net cash used in financing activities in amounted to S\$2.2 million, which was due mainly to the payment of dividend with respect to FY2019, and the payment of lease liabilities.

As a result of the above factors, the Group's cash and cash equivalents increased to S\$51.2 million as at 31 December 2020 compared to S\$47.4 million as at 31 December 2019.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The results are in line with the commentary in section 10 of the Company's previous financial statements released on 6 August 2020.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Group Outlook

The global economy is likely to be plagued by continuing uncertainties during 2021 due to the Covid-19 pandemic. The pandemic has caused worldwide disruptions in business activities and precipitated a slowdown in the world's major economies. Moreover, the resurgence of new infections and variants will raise concerns on the possible recovery of business activities to pre-pandemic level.

Looking ahead, the Group foresees business conditions will remain challenging during FY2021 due to the economic fallout from the pandemic, which may continue to dampen steel demand from industrial end-users in the Group's key markets.

The Covid-19 pandemic has been taking a toll on the economies of Singapore and neighbouring countries which has led to a slowdown in projects of the steel-consuming industries. In Singapore, manpower constraints have also affected the construction and infrastructure sectors, resulting in project delays. In addition, the sharp recovery in steel prices during the last quarter of 2020 could have a major impact on the economic viability of newbuild projects at shipyards, and thereby affect end-users' steel purchasing patterns. A slowdown in activities of these key steel-consuming industries would have an adverse impact on the demand for steel products.

On the supply side, the sudden escalation in international steel prices has increased the cost of replenishing steel inventories. A severe shortage in steel production capacity triggered by the Covid-19 pandemic also led to short-term disruptions in the global steel supply chain. As a result, the lead times for delivery of shipments from steel mills have lengthened. Keen market competition, further fluctuations in steel prices and movements in the US Dollar vis-à-vis the Singapore Dollar will also affect the Group's cost of inventory replenishment and market selling prices.

Given the current volatility in steel supply, the Group will continue to focus on prudent management of its inventory purchases to ensure that its stock level and mix of steel products are aligned to the project requirements of customers. The Group will also keep a close watch on its operating expenses.

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11 Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported for?

Yes

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount Per Share (in cents)	:	0.5 cents per ordinary share (tax exempt one-tier)

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount Per Share (in cents)	:	0.5 cents per ordinary share (tax exempt one-tier)

(c) Date payable

To be announced later.

(d) Book closure date

To be announced later.

12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

13 Interested Person Transactions ("IPT")

If the Group has obtained a general mandate from shareholders for IPT, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Aggregate value of all IPT during the financial year under review (excluding transactions less than S\$100,000)

	Year Ended 31/12/2020 S\$'000	Year Ended 31/12/2019 S\$'000
Penta Transport Services	119	118

The value of IPT of the Group is well below 3% of the Group's latest audited net tangible assets as at 31 December 2020.

The Company has no IPT general mandate.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year results)

14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

Continuing Operations 2020	Steel Distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Revenue by Segment					
Total revenue by segment	40,178	2,731	55	-	42,964
Inter-segment sales	(61)	(66)	(55)	-	(182)
Total revenue	<u>40,117</u>	<u>2,665</u>	<u>-</u>	<u>-</u>	<u>42,782</u>
Recurring EBITDA	2,816	423	(328)	-	2,911
Depreciation	(2,409)	(415)	-	-	(2,824)
Interest income	-	-	-	752	752
Interest expenses on lease liabilities	-	-	-	(338)	(338)
ORBIT *	<u>407</u>	<u>8</u>	<u>(328)</u>	<u>414</u>	<u>500</u>
Other unallocated items					-
Profit before tax from continuing operations					<u>500</u>
Income tax expense					<u>25</u>
Profit from continuing operations					<u>525</u>
Non-controlling interests					-
Profit attributable to owners of the parent					<u>525</u>
Other Material Items and Reconciliations:-					
Expenditure for non-current assets	1,090	286	-	-	1,376
Depreciation expense	<u>2,409</u>	<u>415</u>	<u>-</u>	<u>-</u>	<u>2,824</u>
Assets and Reconciliations					
Total assets for reportable segments	83,668	17,117	7,884	-	108,669
Unallocated corporate assets			-	136	136
Total group assets	<u>83,668</u>	<u>17,117</u>	<u>7,884</u>	<u>136</u>	<u>108,805</u>
Liabilities and Reconciliations					
Total liabilities for reportable segments	7,055	4,545	376	-	11,976
Unallocated corporate liabilities:-					
Other payables				2,095	2,095
Income tax payable				13	13
Deferred tax liabilities				595	595
Total group liabilities	<u>7,055</u>	<u>4,545</u>	<u>376</u>	<u>2,703</u>	<u>14,679</u>
Information about major customers with revenue transactions of over 10% of the group revenue :-					
Top 1 customer	<u>12,328</u>				

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year results)

- 14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year (cont'd)

Continuing Operations 2019	Steel Distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Revenue by Segment					
Total revenue by segment	36,692	3,843	55	-	40,590
Inter-segment sales	(40)	(250)	(55)	-	(345)
Total revenue	<u>36,652</u>	<u>3,593</u>	<u>-</u>	<u>-</u>	<u>40,245</u>
Recurring EBITDA	3,129	(86)	(380)	-	2,663
Depreciation	(2,516)	(408)	-	-	(2,924)
Interest income	-	-	-	1,120	1,120
Interest expenses on lease liabilities	-	-	-	(314)	(314)
ORBIT *	<u>613</u>	<u>(494)</u>	<u>(380)</u>	<u>806</u>	<u>545</u>
Other unallocated items					-
Profit before tax from continuing operations					<u>545</u>
Income tax income					<u>(40)</u>
Profit from continuing operations					<u>505</u>
Non-controlling interests					<u>175</u>
Profit attributable to owners of the parent					<u>680</u>
Other Material Items and Reconciliations:-					
Depreciation expense	<u>2,516</u>	<u>408</u>	<u>-</u>	<u>-</u>	<u>2,924</u>
Assets and Reconciliations					
Total assets for reportable segments	84,136	17,453	7,786	-	109,375
Unallocated corporate assets	-	-	-	225	225
Total group assets	<u>84,136</u>	<u>17,453</u>	<u>7,786</u>	<u>225</u>	<u>109,600</u>
Liabilities and Reconciliations					
Total liabilities for reportable segments	8,441	4,673	-	-	13,114
Unallocated corporate liabilities:-					
Other payables				544	544
Income tax payable				40	40
Deferred tax liabilities				595	595
Total group liabilities	<u>8,441</u>	<u>4,673</u>	<u>-</u>	<u>1,179</u>	<u>14,293</u>
Information about major customers with revenue transactions of over 10% of the group revenue:-					
Top 1 customer	<u>5,427</u>				

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- 14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year (cont'd)**

The Group's operations are located in Singapore. An analysis of the Group revenue by geographical market which is analysed based on the billing address of each individual customer is provided below. In addition, the segment assets and capital expenditure analysed by the geographic area in which the assets are located are also tabled below.

	Revenue \$'000	Segment non-current assets \$'000	Segment assets \$'000	Capital expenditure \$'000
2020				
Singapore	17,704	32,822	106,437	1,405
Indonesia	23,153	-	2,093	-
Malaysia	1,270	-	275	-
Other regions	655	-	-	-
	<u>42,782</u>	<u>32,822</u>	<u>108,805</u>	<u>1,405</u>
	Revenue \$'000	Segment non-current assets \$'000	Segment assets \$'000	Capital expenditure \$'000
2019				
Singapore	31,175	34,243	108,274	53
Indonesia	2,526	-	1,021	-
Malaysia	6,186	-	305	-
Other regions	358	-	-	-
	<u>40,245</u>	<u>34,243</u>	<u>109,600</u>	<u>53</u>

- 15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business and geographical segments**

Please refer to item no. 8.

- 16 A breakdown of sales**

	Group		
	Year ended 31/12/2020 S\$'000	Year ended 31/12/2019 S\$'000	Increase/ (Decrease) %
First Half			
Sales reported for first half year	<u>27,986</u>	<u>15,922</u>	76
Profit/(Loss) after tax and before minority interest for first half year	<u>227</u>	<u>-</u>	NM
Second Half			
Sales reported for second half year	<u>14,796</u>	<u>24,323</u>	(39)
Profit after tax and before minority interest for second half year	<u>298</u>	<u>505</u>	(41)

- 17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary	1,706	1,706
Preference	-	-
Total	<u>1,706</u>	<u>1,706</u>

The above latest full year dividend amounts are estimated based on number of issued shares (excluding treasury shares) as at 31 December 2020.

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- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(9) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lee Choon Yam	62	Brother of Lee Choon Bok Uncle of Lee Yih Chyi	Head of Production (since 1 July 2005). In charge of production and maintenance	NIL
Lee Yih Lin	48	Son of Lee Choon Bok Brother of Lee Yih Chyi Nephew of Lee Choon Yam	General Manager (since 3 July 2006). His duties include business development, sales and marketing and to solicit, study, propose and negotiate for favourable and feasible projects and businesses in line with corporate directives.	NIL

19 Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Teo Chia Hui
Company Secretary
08 February 2021