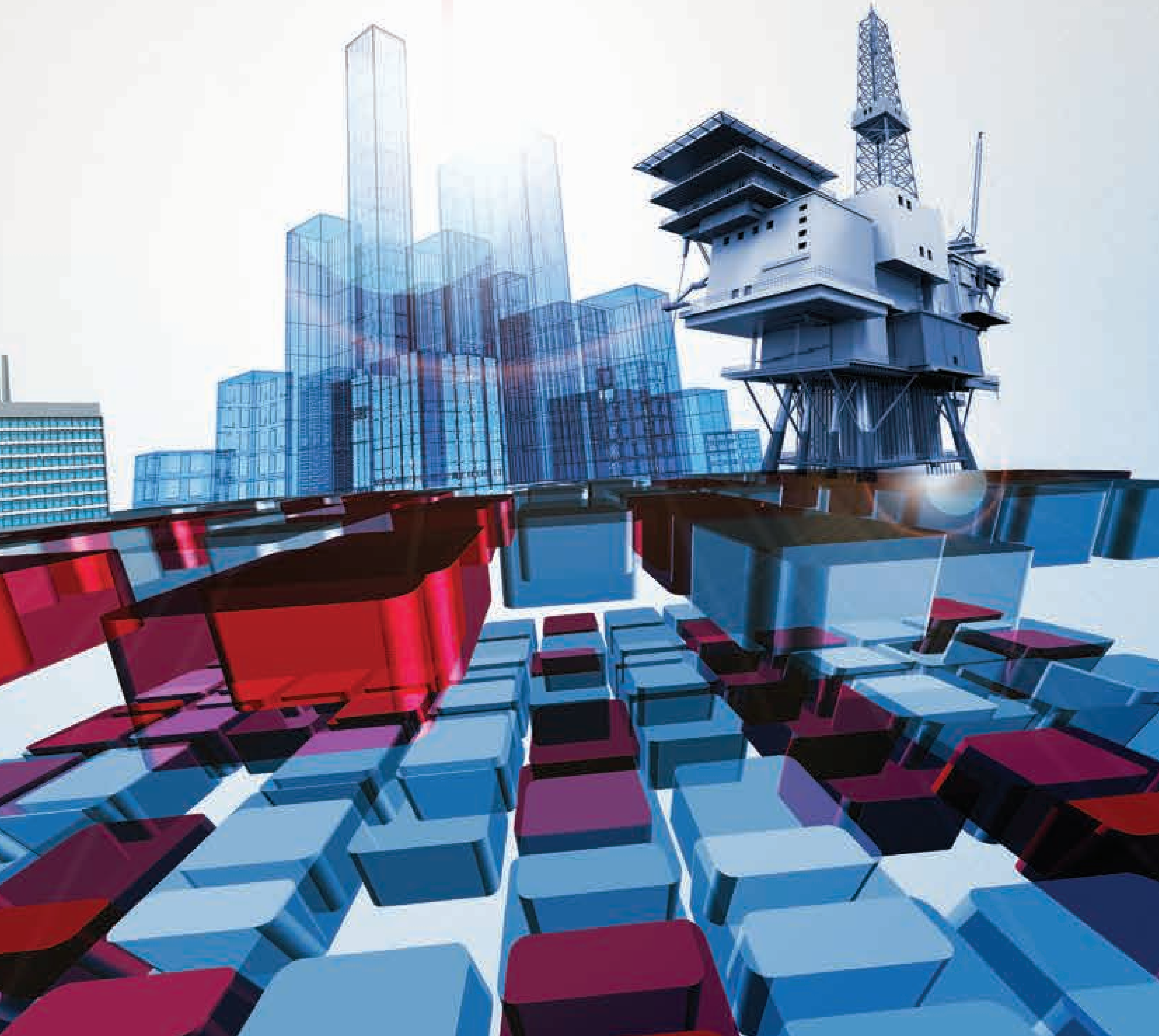
ASIA ENTERPRISES HOLDING LIMITED

2014 ANNUAL REPORT



CORPORATE PROFILE

Asia Enterprises is a major distributor of a comprehensive range of steel products to industrial end-users in Singapore and the Asia-Pacific region.

With 42 years of operating history, Asia Enterprises boasts a wide range of products that is complemented by its value-added services to offer 'one-stop' solution 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 marine and offshore, oil and gas, construction, as well as precision metal stamping, manufacturing and engineering/fabrication industries. The Group has forged a strong reputation as a reliable distributor of steel products to the marine and offshore industries.

Asia Enterprises presently operates three facilities in Singapore – two warehouses and a steel processing plant-cum-warehouse with a combined land area of 45,934 square metres. To complement its steel distribution business, the Group also provides precision steel processing services through a joint-venture with Marubeni-Itochu Steel Inc.

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,

This year marks the 10th anniversary of Asia Enterprises' listing on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). After progressing to a public-listed status in 2005, Asia Enterprises continues to be guided by our steadfast principles that underpin a sound corporate governance and financial system. We believe that the Group's approach to reaching business and financial decisions with prudence and integrity, dovetails with our responsibility to safeguard the interests of all our stakeholders.

Despite facing increasing headwinds in recent years, the Group continues to reward Shareholders with dividends and is raising the dividend amount for the financial year ended 31 December 2014 ("FY2014"). So far, the Group has consistently paid out at least 40% of our annual net profits as dividends since our listing.

For FY2014, Asia Enterprises is recommending the payment of a special dividend of 1.25 cents per share on top of a final dividend of 0.25 cents per share, bringing the total dividend per share to 1.50 cents. Our ability to consistently provide dividend returns can be attributed to the disciplined financial management that is instilled in our corporate culture. With a strong cash position and minimal borrowings, the Group is not saddled by major financial obligations and is certainly well-positioned to weather the current market slowdown.

Since the start of FY2014, the Group witnessed depressed demand for steel products from customers. This situation worsened in the second half of the year consequent to the slump in prices of oil and other commodities which raised uncertainty on the order books of certain steel end-user industries such as shipbuilding, oil and gas and related sectors. As a result, we saw a marked slowdown in steel purchases from customers, especially end-users in the marine and offshore segment. Global steel prices also slipped in the second half of FY2014 amid weaker demand conditions, excess output in China and falling prices of iron ore.

Against this difficult business backdrop, Group revenue in FY2014 contracted 43% to S$65.1 million, which led to a 47% decline in full year net profit to S$2.0 million from S$3.7 million a year ago.

The decline in revenue was attributed mostly to the marine and offshore segment which formed the largest component of the Group's sales. This segment saw sales decreasing 58% to S$32.4 million in FY2014 as newbuilding activities at regional shipyards remained slow. Correspondingly, sales to the Indonesia market decreased substantially in FY2014 because of a slowdown in orders from shipyards. As a result, the Indonesia market accounted for a lower 39% of Group revenue as compared to 62% previously.

Singapore was our largest geographical market in FY2014 with a revenue contribution of 48%. Sales to this market dipped 13% to S$31.6 million, due mainly to weaker sales to customers in the construction sector, as well as lower orders from engineering/ fabrication customers during the second half of FY2014.

Notwithstanding intensifying competitive pressures, the Group recorded higher gross profit margin of 13.2% in FY2014 compared to 10.8% previously. Combined with a lean operating structure and tight rein on expenses, the Group maintained its profitable track record in FY2014 despite the harsh business environment.

The Group closed the year with a strong balance sheet. Shareholders' equity stood at S$109.9 million while cash and cash equivalents increased to S$67.0 million as at 31 December 2014. The Group's net asset value per share of 32.15 cents is made up mainly of cash per share of 19.58 cents and inventory per share of 11.36 cents.

The near-term outlook continues to be dim as steel demand from our primary markets is envisaged to stay depressed due to slow business activities of end-users. End-users are therefore expected to exhibit cautious steel purchasing behaviour and replenish their stock in small quantities to meet immediate project requirements. Coupled with ample inventory in the steel supply chain, competition within the steel distribution industry will prevail. The recent appreciation of the US dollar is also likely to increase the cost of replenishing inventory.

The Group will continue to align our inventory strategy to market conditions, and prudently manage our stock replenishment activities and finances. Given our sound financial standing and lean operating structure, we believe Asia Enterprises is placed in good stead to withstand periods of slowdown and also ready for market recovery and growth opportunities when these arise.

On the Board's behalf, we would like to express our appreciation to our Shareholders, valued customers, principal banks, business partners and suppliers for their continued support of Asia Enterprises. We wish to thank our fellow Directors for their valuable guidance, and also extend our gratitude to Asia Enterprises' management and staff for their unwavering commitment, hard work and contributions to the Group.

Lee Choon Bok
Executive Chairman

Lee Yih Chyi, Yvonne
Managing Director

FINANCIAL AND BUSINESS REVIEW

FINANCIAL REVIEW

The Group witnessed depressed market demand for steel products in its customer segments since the start of 2014. The slump in oil prices during the second half of the year also cast uncertainty on future business orders of certain steel end-user industries such as oil and gas, and shipbuilding.

As a result, Group revenue for the year ended 31 December 2014 ("FY2014") fell 43% to S$65.1 million compared to S$115.1 million in the previous year. The decrease of S$50.0 million was attributable largely to reduced sales to the marine and offshore segment.

Other income increased to S$1.6 million in FY2014 from S$0.7 million a year ago due to higher interest income, increase in foreign exchange gain, as well as reversal of allowance for impairment on trade receivables.

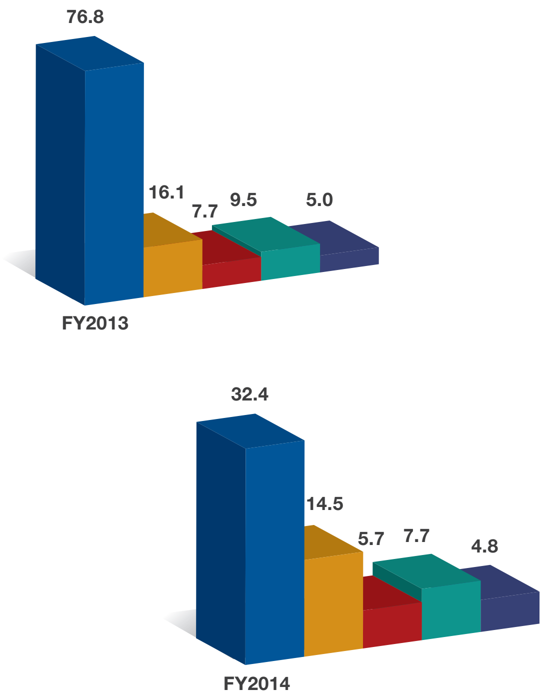
For FY2014, gross profit decreased 31% to S$8.6 million due to lower sales generated during the year. However, the Group achieved higher gross profit margin of 13.2% in FY2014 due to a change in sales mix.

Operating expenses (marketing and distribution costs, and administrative expenses) in FY2014 decreased to S$7.4 million from S$7.7 million in FY2013. Marketing and distribution costs decreased 24% to S$0.9 million in tandem with the lower volume of business during the year, while administrative expenses remained stable at S$6.6 million compared to S$6.5 million in FY2013.

The Group recorded minimal interest expenses of S$2,000 in FY2014. Other charges decreased 34% to S$0.6 million from S$0.9 million previously due primarily to a write-off of bad debts in FY2013 and lower inventory write-down.

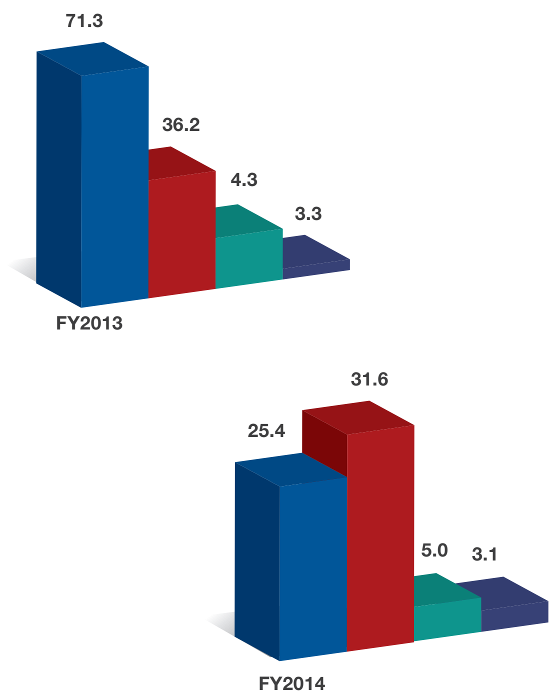
For FY2014, net profit declined 47% to S$2.0 million from S$3.7 million in FY2013. This was due primarily to the substantial contraction in Group revenue in FY2014 which was partially mitigated by higher gross profit margin and other income, as well as the reversal of overprovision for previous years' income tax expenses.

Revenue Breakdown by Customer Segment (S$ million)



■ Marine and offshore
■ Engineering/fabrication
■ Construction
■ Stockists & traders
■ Others

Revenue Breakdown by Geographical Market* (S$ million)



■ Indonesia
■ Singapore
■ Malaysia
■ Others

** based on shipment destination*

FINANCIAL AND BUSINESS REVIEW

Despite reporting a softer financial performance, Asia Enterprises is proposing to reward its shareholders for their continuous support with the payment of a special dividend of 1.25 cents per share, in addition to a final dividend of 0.25 cents per share, with respect to FY2014. The proposed dividends are subject to shareholder's approval at the forthcoming annual general meeting to be held on 23 April 2015.

As at 31 December 2014, the Group's financial position remained robust. Shareholders' equity stood at S$109.9 million, compared to S$109.7 million as at 31 December 2013. This translated to net asset value of 32.15 cents per share at the end of December 2014.

Cash and cash equivalents increased to S$67.0 million at the end of December 2014, compared to S$47.7 million at the end of December 2013. On a per share basis, cash and cash equivalents translated to 19.58 cents.

Trade and other receivables at the end of December 2014 reduced to S$7.4 million, compared to S$19.1 million at the end of December 2013, in line with lower sales. Debtor turnover in FY2014 shortened to 42 days compared to 61 days for FY2013.

Other financial assets increased to S$1.0 million at the end of December 2014 compared to S$12,000 as at 31 December 2013, due to investment in a quoted bond.

Trade and other payables decreased to S$2.9 million as at 31 December 2014 from S$3.2 million previously, due mainly to lower purchases on credit terms. Other financial liabilities of S$1.0 million at the end of FY2014 relate to unrealised fair value losses on derivatives (forward currency exchange contracts) and trust receipts.

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. In addition, the Group serves customers in the construction, engineering/fabrication and manufacturing/precision metal stamping industries.

In FY2014, sales to marine and offshore customers declined by 58% as newbuilding activities at shipyards remained slow. The sluggish conditions were further exacerbated by the plunge in prices of oil and other commodities during the second half of 2014, which led to a contraction in customer orders for steel products and higher market competition. This segment made up 50% of Group revenue, compared to 67% in the previous year.

Sales to engineering/fabrication customers in FY2014 eased to S$14.5 million, a decline of S$1.6 million from FY2013 as a result of slower orders in the second half of the financial year. Demand for structural steel products from customers in the construction sector was also lower, leading to a 26% decline in sales from this segment to S$5.7 million in FY2014.

Performance by Geographical Market

The Group serves over 700 active customers across the Asia Pacific region with Singapore, Indonesia and Malaysia as its primary geographical markets based on shipment destination. In FY2014, Group revenue was dragged down by lower sales to the Indonesia and Singapore markets as a result of weak demand from steel end-users.

The Indonesia market witnessed the largest decline in sales to S$25.4 million in FY2014, a decrease of S$45.9 million from FY2013, attributable mainly to reduced orders from shipyards. As a result, Indonesia market accounted for a lower 39% of Group revenue as compared to 62% in FY2013.

Sales generated from the Singapore market decreased by 13% to S$31.6 million as a result of lower sales contributions from the construction and engineering/fabrication segments. Customers in Singapore accounted for 48% of Group revenue in FY2014. Sales to Malaysia however increased by 16% to S$5.0 million and made up 8% of Group revenue in FY2014.

Inventory Management

The Group's inventories are measured on a weighted average cost basis. Asia Enterprises' 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 cost of inventory due to delivery lead time of the products, which is typically around two to three months.

As at 31 December 2014, inventories (measured on a weighted average cost basis) decreased to S$38.9 million compared to S$47.0 million as at 31 December 2013, as the Group continued to align its stock of steel products to prevailing market conditions. On a per share basis, the Group's inventory of steel products translated to 11.36 cents. In tandem with lower sales in FY2014, inventory turnover increased to 251 days compared to 167 days for FY2013.

FINANCIAL HIGHLIGHTS

Financial year ended 31 December

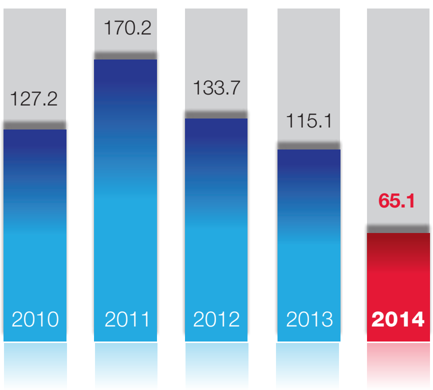
(S$ million)	FY2014	FY2013	Change
REVENUE	65.1	115.1	(43%)
GROSS PROFIT MARGIN	13.2%	10.8%	–
NET PROFIT	2.0	3.7	(47%)
NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS	1.9	3.7	(49%)
NET GEARING	Net Cash	Zero Debt	–

Per Share Data*		
EARNINGS PER SHARE (CENTS)	0.56	1.09
PROPOSED DIVIDEND PER SHARE (CENTS)	1.50#	0.50
NET ASSET VALUE PER SHARE (CENTS)	32.15	32.09

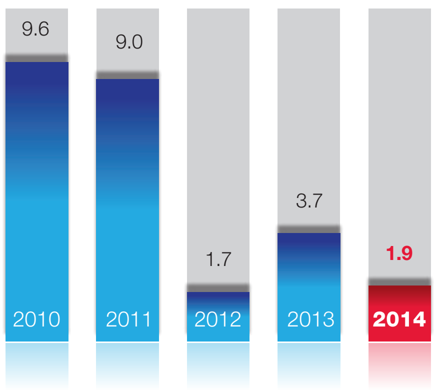
**Based on issued share capital of 341,917,487 shares*

#Comprises final dividend per share of 0.25 cents and special dividend per share of 1.25 cents

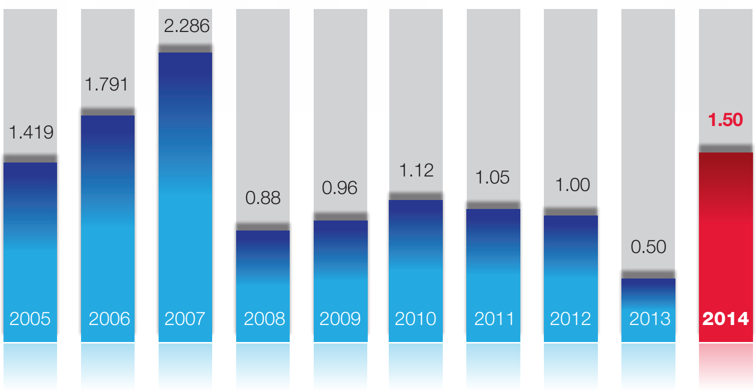
Revenue (S$ million)



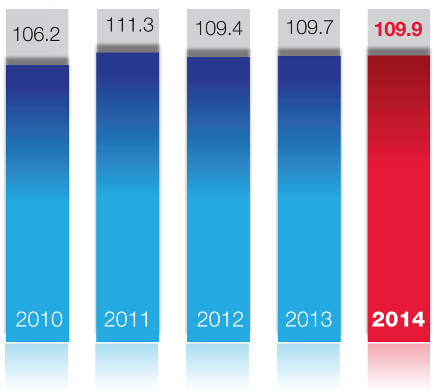
Net Profit Attributable to Shareholders (S$ million)



Dividend Payments (cents per share)



Shareholders' Equity (S$ million)



BOARD OF DIRECTORS

LEE CHOON BOK | *Executive Chairman*

Mr Lee Choon Bok, 73, was appointed to the Board on 20 January 2005. He was last re-elected on 17 April 2014. Mr Lee, together with our Managing Director, is responsible for charting our Group's strategic direction. He was invited to join Asia Enterprises (Private) Limited as its Managing Director in 1973 and was instrumental in building its steel distribution business. In 1985, he co-founded and was appointed Managing Director of Asia-Beni Steel Industries (Pte) Ltd and developed it into a profitable steel processing business. Prior to joining our Group, he was a sales executive with Siong Huat Hardware Pte Ltd, where he marketed steel products from 1971 to 1973. Mr Lee is currently the Association Advisor to the Singapore Metal & Machinery Association. He holds a Bachelor of Arts from Nanyang University.

LEE YIH CHYI, YVONNE | *Managing Director*

Ms Lee Yih Chyi, Yvonne, 45, was appointed to the Board on 22 July 2005. She was last re-elected on 17 April 2014. 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.

HARMAIDY | *Non-Executive Director*

Member of Remuneration Committee

Mr Harmaidy, 62, was appointed to the Board on 22 July 2005 and was last re-elected on 19 April 2013. He has been a director of Asia Enterprises (Private) Limited since 1984 and is also a director of Asia-Beni Steel Industries (Pte) Ltd. He is currently a director of Sin Hock Chong Co Pte Ltd, which is an investment holding company dealing mainly with property investments, and is responsible for its operations and management. Mr Harmaidy holds a Diploma in Electronic Engineering from Ngee Ann Polytechnic.

TAN KEH YAN, PETER | *Lead Independent Director*

Chairman of Audit and Nominating Committees, Member of Remuneration Committee

Mr Tan Keh Yan, Peter, 66, was appointed as an Independent Director on 22 July 2005. He was last re-elected on 13 April 2012 and was appointed as Lead Independent Director on 28 January 2014. 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 an Independent Director of Sin Heng Heavy Machinery Ltd, the Lead Independent Director of Maxi-Cash Financial Services Ltd and was an Independent Director of CHT (Holdings) Ltd in the preceding three years. He holds a Master of Business Administration from the University of California, Los Angeles.

LEE BON LEONG, PBM, BBM, JP | *Independent Director*

Chairman of Remuneration Committee, Member of Audit and Nominating Committees

Mr Lee Bon Leong, 68, was appointed as an Independent Director on 3 May 2012 and was last re-elected on 19 April 2013. Mr Lee is a Senior Partner in Lee Bon Leong & Co (Advocates & Solicitors). Appointed as a Justice of the Peace in Singapore since November 1998, Mr Lee serves as a member of the Board of Visiting Justices and the Board of Inspection. In addition, he is the Vice-Chairman and Trustee of the Inmates' Families Support Fund and a member of the Institutional Discipline Advisory/Review Committee. He is also the Vice Chairman of the Home Detention Advisory Committee 2. He is currently an Independent Director for AnnAik Limited and MegaChem Limited. Mr Lee holds a Master of Laws from the University of Singapore.

TEO KENG THWAN | *Independent Director, Member of Audit and Nominating Committees*

Mr Teo Keng Thwan, 71, appointed as a Non-Executive Director on 20 January 2005, was last re-elected on 17 April 2014. He was re-designated from Non-Executive Director to Independent Director on 28 January 2014. Mr Teo was a director of Asia Enterprises (Private) Limited from 1986 to 2014. In addition, he has been a director of Miyama Food Pte Ltd, a company involved in the import of frozen food, since 1996 and a director of Minh-Chieh Investments Pte Ltd, an investment holding company, since 1989. From the late 1980s to 1995, he was a Vice President and Regional Manager at United Overseas Bank Ltd in Singapore. Mr Teo holds a Bachelor of Arts (Hons) from the University of Singapore.

EXECUTIVE OFFICERS

LIM LIAN PENG

Group Financial Controller

Mr Lim Lian Peng joined our Group in 2013 and is responsible for our Group's financial management, accounting and taxation functions. Prior to joining Asia Enterprises, he was Group Financial Controller of Health Management International Ltd and also served as its Joint Company Secretary. His previous appointments include Financial Controller (SEA) of AGI Logistics Pte Ltd, Group Finance & Human Resource Manager of Dovechem Stolthaven Limited and Audit Senior at Rohan.Mah & Partners and N F Lee & Co. He is a Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants. Mr Lim holds a Bachelor of Accountancy from the Nanyang Technological University.

ENG JIAT CHENG

Group Administrative Managerr

Ms Eng Jiat Cheng joined our Group in 1978. As our Group Administrative Manager, her current responsibilities are to provide business support in various areas including procurement, contract management and trade finance administration. Before assuming her present role, Ms Eng was in charge of our Group's office administration, human resource and import and export documentation for more than 20 years.

LEE YIH LIN

General Manager

Mr Lee Yih Lin joined Asia Enterprises (Private) Limited as its 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 our Group, 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 holds a Bachelor of Science (Hons) in Psychology and obtained his Master of Science in Business and Manufacturing Management from the University of Hertfordshire, England.

YEO GEOK SENG

Senior Sales Manager

Mr Yeo Geok Seng joined Asia Enterprises (Private) Limited in 2006 as business advisor for the company's sales and marketing matters. In 2008, he assumed his current position as Senior Sales Manager and is responsible for soliciting new business prospects within the region. He was previously Managing Director of Triple Star Shipping & Trading Co. (Pte) Ltd.

TAN SOCK LUAN

Senior Sales Manager

Ms Tan Sock Luan joined Asia Enterprises (Private) Limited in 1981. She was promoted to Sales Manager for Asia-Beni Steel Industries (Pte) Ltd in 1997. Ms Tan currently heads both the indoor sales teams of our steel processing and steel distribution businesses. She also coordinates our customers' enquiries and orders with our logistics and production teams.

LEE CHOON YAM

Head of Production

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

HAJI RAZEMAN BIN HAJI HAMZAH

Head of Logistics

Mr Haji Razeman bin Haji Hamzah joined our Group in 1989. As Head of Logistics, he is responsible for the quality control of our steel products at two critical junctures of our distribution process – receipt of materials from suppliers and delivery of products to customers. His role involves the management of day-to-day operations for import and export, as well as storage and logistics management of steel materials.

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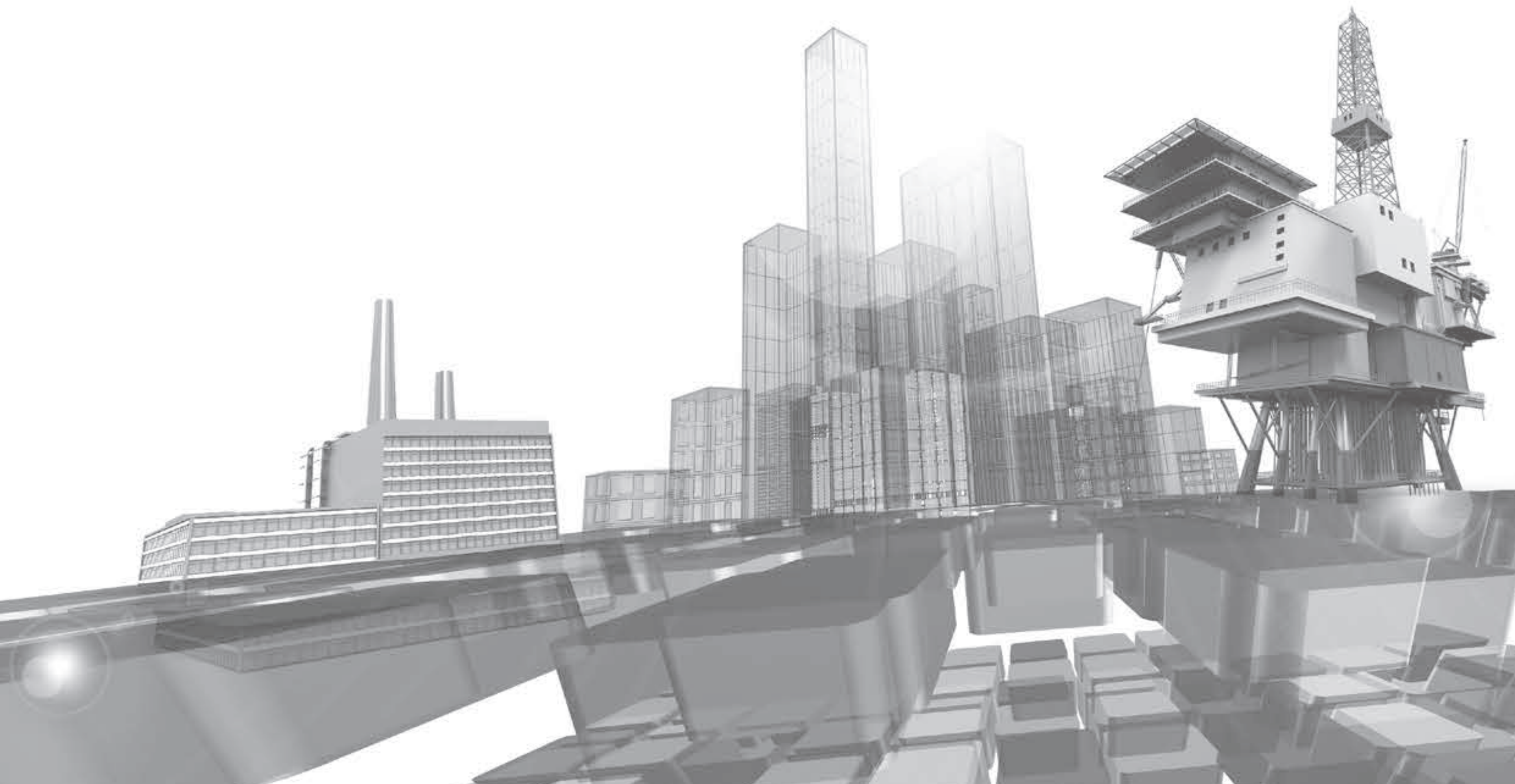

CORPORATE SOCIAL RESPONSIBILITY REPORT

Asia Enterprises recognises that an organization must strive to attain high standards of Corporate Social Responsibility ("CSR") as it pursues its economic goals and develops a sustainable growth path for long term success. The Group observes CSR practices to ensure the health, safety and well-being of our people, as well as to better manage our impact on the environment and community.

ENVIRONMENT

Asia Enterprises' business is the distribution of steel products to industrial end-users in Singapore and Asia Pacific. Steel is a basic material that is used in a wide variety of applications, such as the construction of buildings, bridges, industrial equipment, vessels and vehicles. Steel is considered an environmentally friendly product due to its benefits which include product longevity, ease of transportation and low material wastage. Most importantly, steel is 100% recyclable and has an infinite life span. Steel is a permanent resource that results in both energy efficiency and conservation of the earth's natural resources.

The Group works continuously to ensure that our steel products are stored and transported to our customers in a safe and responsible manner that does not pose any risks to the environment. We are also committed to promoting energy efficiency of our operations. The Group's fleet of transport vehicles and production equipment undergo regular maintenance to improve productivity and prolong their useful life spans. Periodic upgrades are also undertaken at our warehousing facilities to reduce energy consumption. In addition, the Group promotes conservation of resources among staff through paper recycling and efficient usage of electricity at the workplace.

PEOPLE

Asia Enterprises believes that our people form the core of our organisation and are fundamental to the Group's long term success. Hence, we place a strong emphasis on the well-being of our people. In this regard, we endeavor to achieve high standards of health and occupational safety by closely monitoring our operations to ensure there is minimal risk of accidents, injuries and illnesses to our employees. As a testament of our efforts in this area, the Group has been accredited with OHSAS 18001:2007, which is a widely-recognised international occupational health and safety management system specification. During FY2014, there were three reportable incidents to the Ministry of Manpower.

The Group is also committed to creating a working environment that is supportive of work life balance for all our employees.

The high value that Asia Enterprises places on our employees has enabled the Group to build a strong corporate culture over the past 42 years. As a result, we have high staff retention rates with about 40% of our employees having worked at the Group for more than 10 years.

SOCIETY

Asia Enterprises recognises the important role that businesses have to play in providing assistance to the less fortunate in our community. Hence, the Group gives back to society by making yearly monetary contributions to various charitable organisations. Our employees are also actively volunteering their time at a charity home.

CORPORATE GOVERNANCE

INTRODUCTION

The Board of Directors of Asia Enterprises Holding Limited ("the Company" or "Asia Enterprises") is committed to upholding high standards of corporate governance, accountability and transparency to protect and enhance the interests of Shareholders.

This report describes Asia Enterprises' corporate governance policies and practices in accordance with the guidelines set out in the Code of Corporate Governance 2012 ("the Code") released by the Council on Corporate Disclosure and Governance in May 2012. This report also includes disclosure requirements under the Best Practices Guide and the Interested Person Transactions in the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

The Company is required under Rule 710 of the Listing Manual of the SGX-ST to describe its corporate governance practices with specific reference to the principles of the Code in this Annual Report and disclose any deviation from the guidelines 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: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board oversees the business affairs of Asia Enterprises Group 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 sets the Company's values and standards (including ethical standards), ensures that obligations to shareholders and other stakeholders are understood and met. In addition, the Board also identifies the key stakeholder groups and recognise that their perceptions affect the Company's reputation.

The Board regularly reviews and approves quarterly, half yearly and annual results announcements, annual audited financial statements for the Group and the Directors' Report 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.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

Four (4) scheduled Board meetings are conducted in a 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 Articles of Association provide for the Directors to participate in Board and Board Committees meetings by means of telephonic conference, videoconferencing or other similar communications equipment.

CORPORATE GOVERNANCE

The attendance of Directors at the Board and Board Committees meetings for the financial year ended 31 December 2014 ("FY2014") is as follows:

Name of Director	Board Meeting		Audit Committee		Remuneration Committee		Nominating Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Lee Choon Bok	6	6	4*	4*	1*	1*	1*	1*
Lee Yih Chyi, Yvonne	6	6	4*	4*	1*	1*	1*	1*
Harmaidy	6	5	4*	4*	1	1	1*	1*
Teo Keng Thwan	6	6	4	4	1*	1*	1	1
Tan Keh Yan, Peter	6	6	4	4	1	1	1	1
Lee Bon Leong	6	6	4	4	1	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 duties and responsibilities.

The Board recognises the importance of appropriate training for its Directors. Newly appointed Directors are provided with a company orientation and fully briefed on the Group's business activities, strategic direction and performance objectives. First-time Directors are provided training opportunities in areas such as accounting, legal and industry-specific knowledge as appropriate, as well as compliance, regulatory and corporate governance matters. New incoming Directors will receive a formal letter explaining their statutory duties and responsibilities as a director.

Directors are updated in a timely manner on regulatory changes which have a bearing on the Company and the Directors' obligations towards the Company. 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.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises three (3) Independent Directors, one (1) Non-Executive Director and two (2) Executive Directors. The Independent Directors make up half of the Board.

The Board considers an "Independent Director" as one who has no relationship with the Company, its related corporations, its 10% 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 confirm his independence. The said form, which was drawn up based on the definitions and guidelines set forth in Guideline 2.3 in the Code and the Guidebook for Audit Committees in Singapore (Second Edition) ("Guidebook"), requires each Director to assess whether he considers himself independent despite not having any of the relationships identified in the Code.

CORPORATE GOVERNANCE

In line with guideline 2.4 of the Code, the independence of Mr Tan Keh Yan, Peter and Mr Teo Keng Thwan, who have served on the Board beyond nine (9) years from the date of their first appointment, 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 Mr Tan Keh Yan, Peter and Mr Teo Keng Thwan are set out under Principle 4. The NC with the concurrence of the Board is satisfied that Mr Tan Keh Yan, Peter and Mr Teo Keng Thwan, having served on the Board for more than 9 years, continued to be considered independent. Mr Tan Keh Yan, Peter and Mr Teo Keng Thwan abstained from the rigorous review pertaining to the review of their independence.

The Board notes that there should be a strong and independent element on the Board to exercise objective judgement on corporate affairs independently. The Independent Directors should make up at least half of the Board where the Chairman of the Board ("Chairman") is part of the management team and is not an Independent Director. The NC has reviewed the declarations completed by each Director and is satisfied that half of the Board comprises Independent Directors.

Three (3) out of the six (6) Directors of the Board are non-independent. They are Mr Lee Choon Bok (Executive Chairman), Ms Lee Yih Chyi, Yvonne (Managing Director) and Mr Harmaidy. Mr Lee Choon Bok and Ms Lee Yih Chyi, Yvonne are Executive Directors. Mr Harmaidy is a Non-Executive Director.

The NC has reviewed and confirmed the independence of the Independent Directors, Mr Tan Keh Yan, Peter, Mr Lee Bon Leong and Mr Teo Keng Thwan.

The NC is of the view that the Board comprises Directors who have the appropriate mix of expertise and experience such as banking, accounting and legal to function effectively and make informed decisions overseeing the Group's business. Taking into account the scope and nature of the Group's businesses and the number of Board Committees, the NC considers that a board size of six (6) Directors, with half of the members being independent, is appropriate.

To ensure greater accountability to Shareholders, the Group has established the AC, RC and NC. Membership in each of the Board Committees comprises Independent and Non-Executive Directors, who are not related to Mr Lee Choon Bok and Ms Lee Yih Chyi, Yvonne.

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 and monitor closely the implementation of the same by the Management. The Independent Directors 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 Directors and Management at least once annually so as to facilitate a more effective check on Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Company has a separate Chairman and Managing Director to ensure an appropriate balance of power, increased accountability and greater capacity for the Board in terms of independent decision making.

Mr Lee Choon Bok was appointed as the Executive Chairman of the Board of Directors and the Managing Director on 4 March 2005. Ms Lee Yih Chyi, Yvonne, the daughter of Mr Lee Choon Bok, was appointed as an Executive Director on 22 July 2005. On 1 January 2010, Mr Lee Choon Bok relinquished his position as Managing Director and the Company appointed Ms Lee Yih Chyi, Yvonne as 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.

CORPORATE GOVERNANCE

As the Executive Chairman of the Group, Mr Lee Choon Bok will assume responsibility for:

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

As Managing Director of the Group, Ms 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 a Lead Independent Director should be available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, Managing Director or Group Financial Controller has failed to resolve or is inappropriate. Upon the recommendation of the NC, Mr 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: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Nominating Committee

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

Mr Tan Keh Yan, Peter (Chairman)	Lead Independent Director
Mr Lee Bon Leong	Independent Director
Mr Teo Keng Thwan	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 Board's performance.

CORPORATE GOVERNANCE

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, the Chairman and for 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 board representation, is able to and has been adequately carrying out his duties; and
(f) reviewing of training and professional development programs for the Board.

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;
(c) the qualification and expertise of the Independent Director provides reasonable checks and balances for the Management to act as safeguard for the protection of the Company's assets and shareholders' interest;
(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 provides overall guidance to the Management.

The NC assesses the independence of Directors, based on the guidelines set out in the Code, the Guidebook and any other salient factors as mentioned above. Following its annual review, the NC affirmed the independence of Mr Tan Keh Yan, Peter, Mr Lee Bon Leong and Mr Teo Keng Thwan.

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 on the Board.

Under the Company's Articles of Association, one-third of the Directors are 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 annual general meeting. All Directors to be appointed or 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. The NC is satisfied that Directors who have multiple board representations 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 or she is interested.

CORPORATE GOVERNANCE

The NC has reviewed and recommended the re-election of Mr Tan Keh Yan, Peter pursuant to the Articles and Association of the Company as well as the re-appointment of Mr Lee Choon Bok and Mr Teo Keng Thwan who are retiring pursuant to Section 153(6) of the Companies Act, Cap. 50 at the forthcoming Annual General Meeting ("AGM") to be held on 23 April 2015. The Board has accepted the recommendations and the retiring Directors will be offering themselves for re-election or re-appointment at the forthcoming AGM.

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

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC has implemented a process 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.

For assessing the effectiveness of the Board as a whole, each Director is required to complete a questionnaire which will be submitted to the NC. The NC reviews and assesses the Board's performance based on the Board's composition, structure and independence, conduct at meetings, advisory and oversight functions, adequacy of risk and crisis management protocols, accountability and knowledge of the Company's business and long-term prospects, and sufficient discharge of the Directors' respective duties. 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.

For evaluating the performance of each Director, a self-assessment of Directors is conducted annually in areas including Director's duties, knowledge of financial, business, industry and the Company and interaction with internal and external parties. 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 or re-appointment.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are provided with the agendas, complete and adequate meeting materials such as budgets, forecasts and monthly 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 direct access to the Company Secretaries, Internal and External Auditors, and Management at all times. 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 the matters pertaining to but not limited to Company's business, financial and corporate matters. The Board is informed of all material events and transactions as and when they occur.

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 attends and minutes all the Board and Board Committees meetings and assists 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

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Remuneration Committee

The Remuneration Committee ("RC") comprises three (3) members, two (2) of whom are Independent Directors (including the Chairman) and one (1) is a Non-Executive Director. The members are:

Mr Lee Bon Leong (Chairman)	Independent Director
Mr Tan Keh Yan, Peter	Lead Independent Director
Mr Harmaidy	Non-Executive 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 Director's 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 Executive Directors' 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 Directors' 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 Executive Directors, 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 Directors 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 the 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 each 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 will be appropriate to the level of contribution, taking into consideration the effort and time spent and responsibilities, the prevailing market conditions and referencing Directors' fees against comparable benchmarks, such that Independent Directors are not over-compensated to the extent that their independence may be compromised.

CORPORATE GOVERNANCE

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. Directors' fees are recommended by the Board for approval at the Company's AGM.

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

The RC has not sought external advice nor appointed 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 will review the Company's obligations in relation to the service agreements of the Executive Directors 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.

The RC may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors 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 is as follows

	Base Salary	Variable Payments	Other Benefits	Fees	Total
Name of Director					
$500,000 to $749,999					
Lee Choon Bok	85%	7%	6%	2%	100%
$250,000 to $499,999					
Lee Yih Chyi, Yvonne	85%	8%	4%	3%	100%
Below $250,000					
Harmaidy	0%	0%	0%	100%	100%
Teo Keng Thwan	0%	0%	0%	100%	100%
Tan Keh Yan, Peter	0%	0%	0%	100%	100%
Lee Bon Leong	0%	0%	0%	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. Nevertheless, the aggregate remuneration and fees paid to Directors of the Company is $923,000 and $177,000 respectively for FY2014.

Name of Key Management Personnel	Designation
Below $250,000	
Lim Lian Peng	Group Financial Controller
Eng Jiat Cheng	Group Administrative Manager
Lee Yih Lin	General Manager
Yeo Geok Seng	Senior Sales Manager (Outdoor)
Tan Sock Luan	Senior Sales Manager (Indoor)
Lee Choon Yam	Head of Production
Haji Razeman bin Haji Hamzah	Head of Logistics

CORPORATE GOVERNANCE

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. The aggregate compensation to the named key management personnel of the Company is $858,000 for FY2014.

Below are employees in the Group, being an immediate family member of a Director, whose remuneration exceeded $50,000 during the year.

Name of Employee	Relationship with the Relevant Director
$50,000 to $99,999	
Lee Choon Chye	Brother of Lee Choon Bok and uncle of Lee Yih Chyi, Yvonne
Lee Choon Hock	Brother of Lee Choon Bok and uncle of Lee Yih Chyi, Yvonne
Lee Chon Poh	Brother of Lee Choon Bok and uncle of Lee Yih Chyi, Yvonne
$100,000 to $149,999	
Lee Choon Yam	Brother of Lee Choon Bok and uncle of Lee Yih Chyi, Yvonne
$150,000 to $199,999	
Lee Yih Lin	Son of Lee Choon Bok and brother of Lee Yih Chyi, Yvonne

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the Shareholders while the 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 Profit & Loss Accounts, Balance Sheets and other management reports. Apart from the regular Board meetings, discussions are conducted via electronic means or ad hoc meetings, as and where required.

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 quarterly, 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.

Disclosure to shareholders and investors is addressed in the section "Communication with Shareholders" below.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the overall 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 controls systems. This includes its financial, operational and compliance functions, 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.

CORPORATE GOVERNANCE

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 the adequacy and effectiveness on an annual basis. The Management identifies, manages and monitors areas of significant business risks as shown on pages 23 and 24, and reports to the Board and AC on a quarterly basis.

Relying on the reports from the internal and external auditors and the key risks as identified by the Management, the AC conducts assessments of the key internal controls and presents its findings to the Board. Any recommendations from 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 the 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 satisfactory 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 the Management, the non-existence of any critical internal control deficiencies, and assurances from the Managing Director and Group Financial Controller (a) that 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 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 for the type and volume of business that the Group currently operates.

The Board notes that the system of internal controls 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 controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

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

Mr Tan Keh Yan, Peter (Chairman)	Lead Independent Director
Mr Lee Bon Leong	Independent Director
Mr Teo Keng Thwan	Independent Director

All AC members have extensive experience in senior positions in the financial, legal and commercial sectors, and sufficient accounting and financial management knowledge. Two (2) members, including the Chairman, have many 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 and 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.

CORPORATE GOVERNANCE

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 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 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 of the external auditor;
(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 Directors and Management unless invited by the AC to attend. The Independent Directors have 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 FY2014.

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 by the external auditor on the relevant changes in accounting standards and issues when they attend the AC meetings annually.

The AC has explicit authority to investigate any matters 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.

In July 2010, the Singapore Exchange Limited and Accounting and Corporate Regulatory Authority ("ACRA") had launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the AC in evaluating the external auditor. Accordingly, 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.

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.

CORPORATE GOVERNANCE

The fees payable to RSM Chio Lim LLP, the external auditor, for FY2014 are as follows:–

Services	
Audit service	$75,000
Non-audit service	$10,400
Total	$85,400

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.

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.

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

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

INTERNAL AUDIT

Principle 13: The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.

The Group has outsourced its internal audit functions to UHY Lee Seng Chan & Co. The internal auditor report 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 controls 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 meet or exceed 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 provide adequate staffing with relevant experience to conduct the internal audits.

The internal auditor also highlight to the AC and Management areas of weaknesses, instances of non-compliance with policies, procedures and controls, if any, and recommend 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 internal audit team assigned and the internal auditor's reports.

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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.

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) advertisements of notices of Shareholders' meetings are published in the local newspapers and 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 regular briefings for the investment community and media in conjunction with the release of the Group's half-yearly and annual financial results to discuss the Group's performance and developments, and promote better appreciation of the Group's business. The Company also participates in investor roadshows organised by third-parties such as stockbroking companies and service providers, from time to time.

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 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 our website.

To enhance and encourage communication with investors, the Company provides IR contact information (email address and telephone number) in its annual reports, announcements and website. Shareholders and investors 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 annual 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 AGMs are attended by all of the Directors. The Managing Director conducts a presentation on the Company's financial results and corporate developments to the Shareholders with updates on the Company's progress. Shareholders 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.

CORPORATE GOVERNANCE

Shareholders entitled to attend and vote at the AGM are entitled to appoint more than one proxy to attend and vote on their behalf. 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.

The Board will evaluate and assess whether the Company will put all resolutions to vote by poll. In the event a poll is conducted, the Company will make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages.

Each item of special business included in the notice of the general meetings will be accompanied by full explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

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 are available to shareholders upon their requests.

DEALING 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 has 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 two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements, 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.

The aggregate value of interested person transactions entered into during the year, disclosed in accordance with Rule 907 of the SGX-ST Listing Manual, was as follows:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than $100,000)
Penta Transport Services	$388,000

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 cost 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 fluctuations in prices of steel. Steel prices rise and fall depending on the international demand and supply of steel. Any fluctuations in the price of steel will affect our cost of purchase and our profitability.

Over the past 42 years, 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.

RISK MANAGEMENT

KEY RISKS IDENTIFIED BY THE MANAGEMENT (CONTINUED)

CREDIT RISKS OF OUR CUSTOMERS

Our Group offers unsecured credit terms ranging from 30 to 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. Over the last 42 years, we have established a diverse pool of more than 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.

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 Directors 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

As at 31 December 2014, approximately 50% 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.

DIRECTORS' REPORT

The directors of the company are pleased to present their report together with the audited financial statements of the company and of the group for the reporting year ended 31 December 2014.

1. DIRECTORS AT DATE OF REPORT

The directors of the company in office at the date of this report are:

Lee Choon Bok
Lee Yih Chyi, Yvonne
Harmaidy
Teo Keng Thwan
Tan Keh Yan, Peter
Lee Bon Leong

2. 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 any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

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 the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 except as follows:

Names of directors and company in which interests are held	Direct interest At beginning of the reporting year	At end of the reporting year	Deemed interest At beginning of the reporting year	At end of the reporting year
	Number of shares of no par value			
The Company:				
Asia Enterprises Holding Limited				
Lee Choon Bok	3,816,216	3,816,216	127,377,350	127,377,350
Lee Yih Chyi, Yvonne	–	–	131,193,566	131,193,566
Harmaidy	18,539,650	18,539,650	21,332,375	21,332,375
Teo Keng Thwan	77,958	77,958	17,375,208	17,375,208
Tan Keh Yan, Peter	125,000	125,000	–	–

By virtue of section 7 of the Companies Act, Chapter 50, Lee Choon Bok and Lee Yih Chyi, Yvonne are deemed to have an interest in the company and in all the related corporations of the company.

The directors' interests as at 21 January 2015 were the same as those at the end of the reporting year.

DIRECTORS' REPORT

4. CONTRACTUAL BENEFITS OF DIRECTORS

Since the beginning of the reporting year, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Chapter 50, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. Certain directors of the company received remuneration from related corporations in their capacity as directors and or executives of related corporations.

There were certain transactions (shown in the financial statements under related party transactions) with corporations in which certain directors have an interest.

5. SHARE OPTIONS

During the reporting year, no option to take up unissued shares of the company or any subsidiary was granted.

During the reporting year, there were no shares of the company or any subsidiary 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 of the company or any subsidiary under option.

6. AUDIT COMMITTEE

The members of the audit committee ("AC") at the date of this report are as follows:

Tan Keh Yan, Peter	–	Lead Independent director, Chairman
Lee Bon Leong	–	Independent director
Teo Keng Thwan	–	Independent director

The audit committee performs the functions specified by section 201B (5) of the Companies Act, Chapter 50. 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 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 AC 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 AC has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

DIRECTORS' REPORT

7. 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, the audit committee and the board are of the opinion that company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2014.

8. INDEPENDENT AUDITOR

The independent auditor, RSM Chio Lim LLP, has expressed their willingness to accept re-appointment.

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 10 February 2015, 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 Choon Bok
Director
Executive Chairman

....

Lee Yih Chyi, Yvonne
Director
Managing Director

27 February 2015

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying consolidated statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 31 December 2014 and of the results and cash flows of the group and changes in equity of the company and of the group for the reporting year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

On behalf of the directors

....

Lee Choon Bok
Director
Executive Chairman

....

Lee Yih Chyi, Yvonne
Director
Managing Director

27 February 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of ASIA ENTERPRISES HOLDING LIMITED (Registration No: 200501021H)

REPORT ON THE FINANCIAL STATEMENTS

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 2014, 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 a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore 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 consolidated statement of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the Members of ASIA ENTERPRISES HOLDING LIMITED (Registration No: 200501021H)

OPINION

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2014 and the results, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

27 February 2015

Partner-in-charge of audit: Woo E-Sah
Effective from reporting year ended 31 December 2012

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2014

	Notes	Group 2014	Group 2013
		$'000	**$'000**
Revenue	5	**65,072**	115,119
Cost of sales		**(56,482)**	(102,672)
Gross profit		**8,590**	12,447
Other items of income			
Interest income	6	**334**	241
Other gains	7	**1,233**	440
Other items of expense			
Marketing and distribution costs		**(860)**	(1,134)
Administrative expenses		**(6,584)**	(6,534)
Finance costs	8	**(2)**	(1)
Other losses	7	**(605)**	(917)
Profit before tax from continuing operations		**2,106**	4,542
Income tax expense	10	**(122)**	(809)
Profit from continuing operations, net of tax		**1,984**	3,733
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income		**1,984**	3,733
Profit attributable to owners of the parent, net of tax		**1,910**	3,728
Profit attributable to non-controlling interests, net of tax		**74**	5
Profit net of tax		**1,984**	3,733
Total comprehensive income attributable to owners of the parent		**1,910**	3,728
Total comprehensive income attributable to non-controlling interests		**74**	5
Total comprehensive income		**1,984**	3,733
Earnings per share	11	**Cents**	Cents
Earnings per share currency unit			
Basic		**0.56**	1.09
Diluted		**0.56**	1.09

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Notes	Group 2014	Group 2013	Company 2014	Company 2013
		$'000	$'000	$'000	$'000
Assets					
Non-current assets					
Property, plant and equipment	13	**6,186**	6,101	**–**	–
Investment property	14	**545**	565	**–**	–
Investments in subsidiaries	15	**–**	–	**43,530**	43,530
Other assets	16	**100**	100	**–**	–
Total non-current assets		**6,831**	6,766	**43,530**	43,530
Current assets					
Inventories	17	**38,850**	46,990	**–**	–
Trade and other receivables	18	**7,421**	19,138	**21,909**	19,151
Other financial assets	19	**1,033**	12	**–**	–
Cash and cash equivalents	20	**66,958**	47,702	**2,172**	2,357
Total current assets		**114,262**	113,842	**24,081**	21,508
Total assets		**121,093**	120,608	**67,611**	65,038
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	21	**58,856**	58,856	**58,856**	58,856
Retained earnings		**50,481**	50,280	**8,521**	5,961
Capital reserve	22	**575**	575	**–**	–
Equity, attributable to owners of the parent		**109,912**	109,711	**67,377**	64,817
Non-controlling interests		**6,333**	6,339	**–**	–
Total equity		**116,245**	116,050	**67,377**	64,817
Non-current liabilities					
Deferred tax liabilities	10	**688**	643	**–**	–
Total non-current liabilities		**688**	643	**–**	–
Current liabilities					
Income tax payable		**324**	734	**10**	9
Trade and other payables	23	**2,868**	3,181	**224**	212
Other financial liabilities	24	**968**	–	**–**	–
Total current liabilities		**4,160**	3,915	**234**	221
Total liabilities		**4,848**	4,558	**234**	221
Total equity and liabilities		**121,093**	120,608	**67,611**	65,038

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2014

	Total Equity	Attributable to Parent Sub-Total	Share Capital	Capital Reserve	Retained Earnings	Non-Controlling Interests
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group						
Current year:						
Opening balance at 1 January 2014	**116,050**	**109,711**	**58,856**	**575**	**50,280**	**6,339**
Movements in equity:						
Total comprehensive income for the year	**1,984**	**1,910**	**–**	**–**	**1,910**	**74**
Dividends paid (Note 12)	**(1,789)**	**(1,709)**	**–**	**–**	**(1,709)**	**(80)**
Closing balance at 31 December 2014	**116,245**	**109,912**	**58,856**	**575**	**50,481**	**6,333**
Previous year:						
Opening balance at 1 January 2013	115,736	109,402	58,856	575	49,971	6,334
Movements in equity:						
Total comprehensive income for the year	3,733	3,728	–	–	3,728	5
Dividends paid (Note 12)	(3,419)	(3,419)	–	–	(3,419)	–
Closing balance at 31 December 2013	116,050	109,711	58,856	575	50,280	6,339

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2014

	Total Equity	Share Capital	Retained Earnings
	$'000	**$'000**	**$'000**
Company			
Current year:			
Opening balance at 1 January 2014	**64,817**	**58,856**	**5,961**
Movements in equity:			
Total comprehensive income for the year	**4,269**	**–**	**4,269**
Dividends paid (Note 12)	**(1,709)**	**–**	**(1,709)**
Closing balance at 31 December 2014	**67,377**	**58,856**	**8,521**
Previous year:			
Opening balance at 1 January 2013	66,803	58,856	7,947
Movements in equity:			
Total comprehensive income for the year	1,433	–	1,433
Dividends paid (Note 12)	(3,419)	–	(3,419)
Closing balance at 31 December 2013	64,817	58,856	5,961

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2014

	Group	
	2014	2013
	$'000	$'000
Cash flows from operating activities		
Profit before tax	**2,106**	4,542
Adjustments for:		
Interest income	**(334)**	(241)
Interest expense	**2**	1
Depreciation of investment property	**20**	19
Depreciation of property, plant and equipment	**408**	412
Gain on disposal of plant and equipment	**(16)**	(11)
Fair value losses on derivatives	**278**	–
Operating cash flows before changes in working capital	**2,464**	4,722
Inventories	**8,140**	9,930
Trade and other receivables	**11,717**	2,273
Trade and other payables	**(313)**	(5,650)
Net cash flows from operations	**22,008**	11,275
Income taxes paid	**(487)**	(492)
Net cash flows from operating activities	**21,521**	10,783
Cash flows from investing activities		
Purchase of other financial assets	**(1,021)**	–
Purchase of plant and equipment (Note 13)	**(493)**	(110)
Interest received	**334**	241
Disposal of plant and equipment	**16**	11
Net cash flows (used in)/from investing activities	**(1,164)**	142
Cash flows from financing activities		
Dividends paid to equity owners	**(1,709)**	(3,419)
Dividends paid by a subsidiary to non-controlling interests	**(80)**	–
Other financial liabilities	**690**	–
Interest paid	**(2)**	(1)
Net cash flows used in financing activities	**(1,101)**	(3,420)
Net increase in cash and cash equivalents	**19,256**	7,505
Cash and cash equivalents, statement of cash flows, beginning balance	**47,702**	40,197
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	**66,958**	47,702

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

1. GENERAL

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars 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 company is an investment holding company. It is listed on the Singapore Exchange Securities Trading Limited.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs need not be applied when the effect of applying them is immaterial. The disclosures required by FRSs may not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS.

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 in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are 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, including income, expenses and cash flows 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. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

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 available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established.

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 agrees 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.

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 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Property, plant and equipment

Depreciation is provided on a straight-line basis 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 terms of lease that are from 2% to 14%.
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.

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. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and 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.

Investment property

Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or 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, the fair values are determined 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%.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense 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. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. 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. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.

4. Available for sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the statement of cash flows.

Hedging

The entity is exposed to currency and interest rate risks. The policy is to reduce currency and interest rate exposures through derivatives and other hedging instruments. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of the financial assets and liabilities. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below in the notes to the financial statements.

Derivatives

All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the “fair value option” and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

Fair value is taken to be 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 (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. 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. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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.

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade receivables and historical bad debts, customer concentrations, and customer creditworthiness when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. 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 the Note on inventories.

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 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 financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount is disclosed in the Note on property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3.1 Related companies:

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

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed unless stated otherwise.

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

3.2 Related parties other than related companies:

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 are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Significant related party transactions:

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

	Group Other related parties 2014	 2013
	$'000	**$'000**
Sale of goods	**(35)**	(76)
Purchases of goods	**2,035**	2,894
Transport services	**388**	640

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3.3 Key management compensation:

	Group 2014	Group 2013
	$'000	**$'000**
Salaries and other short-term employee benefits	**1,968**	2,019

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

	2014	2013
	$'000	**$'000**
Remuneration of directors of the company	**923**	1,041
Fees to directors of the company	**177**	177
Fees to directors of a subsidiary	**10**	10

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

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 FRS 108 Operating Segments. This disclosure standard has no impact on the reported results 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 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 group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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

Profit or Loss from Continuing Operations and Reconciliations:

	Steel distribution	Provision of steel processing	Corporate	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Continuing operations 2014					
Revenue by segment					
Total revenue by segment	57,825	8,150	57	–	66,032
Inter-segment sales	(111)	(794)	(55)	–	(960)
Total revenue	57,714	7,356	2	–	65,072
Recurring EBITDA	2,368	203	(386)	–	2,185
Depreciation	(185)	(243)	–	–	(428)
Interest income	–	–	–	334	334
Finance costs	–	–	–	(2)	(2)
ORBIT	2,183	(40)	(386)	332	2,089
Other unallocated items					17
Profit before tax from continuing operations					2,106
Income tax expense					(122)
Profit from continuing operations					1,984
Non-controlling interests					(74)
Profit attributable to owners of the parent					1,910
Other material items and reconciliations:–					
Expenditure for non-current assets	206	287	–	–	493
Bad debts written off and recovery costs	64	–	–	–	64
Depreciation expense	185	243	–	–	428
Write-back of trade receivables	(708)	–	–	–	(708)
Inventories written down	253	10	–	–	263
Fair value losses on derivatives	278	–	–	–	278
Assets and reconciliations					
Total assets for reportable segments	101,333	17,340	2,172	–	120,845
Unallocated assets	–	–	–	248	248
Total group assets	101,333	17,340	2,172	248	121,093
Liabilities and reconciliations					
Total liabilities for reportable segments	1,448	1,022	224	–	2,694
Unallocated corporate liabilities:–					
Other payables	–	–	–	1,142	1,142
Income tax payable	–	–	–	324	324
Deferred tax liabilities	–	–	–	688	688
Total group liabilities	1,448	1,022	224	2,154	4,848

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

Profit or Loss from Continuing Operations and Reconciliations (Continued):

	Steel distribution	Provision of steel processing	Corporate	Unallocated	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Continuing operations 2013					
Revenue by segment					
Total revenue by segment	107,249	8,769	56	–	116,074
Inter-segment sales	(195)	(705)	(55)	–	(955)
Total revenue	107,054	8,064	1	–	115,119
Recurring EBITDA	5,136	(61)	(353)	–	4,722
Depreciation	(214)	(217)	–	–	(431)
Interest income	–	–	–	241	241
Finance costs	–	–	–	(1)	(1)
ORBIT	4,922	(278)	(353)	240	4,531
Other unallocated items					11
Profit before tax from continuing operations					4,542
Income tax expense					(809)
Profit from continuing operations					3,733
Non-controlling interests					(5)
Profit attributable to owners of the parent					3,728
Other material items and reconciliations:–					
Expenditure for non-current assets	48	62	–	–	110
Depreciation expense	214	217	–	–	431
Bad debts written off	30	381	–	–	411
Inventories written down	480	26	–	–	506
Assets and reconciliations					
Total assets for reportable segments	101,577	16,480	2,358	–	120,415
Unallocated assets	–	–	–	193	193
Total group assets	101,577	16,480	2,358	193	120,608
Liabilities and reconciliations					
Total liabilities for reportable segments	2,119	188	212	–	2,519
Unallocated corporate liabilities:–					
Other payables	–	–	–	662	662
Income tax payable	–	–	–	734	734
Deferred tax liabilities	–	–	–	643	643
Total group liabilities	2,119	188	212	2,039	4,558

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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: –

	Revenue	
	2014	2013
	$'000	$'000
Singapore	**42,302**	48,821
Indonesia	**15,450**	59,109
Malaysia	**5,026**	4,276
Other regions	**2,294**	2,913
	65,072	115,119

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: –

	Non-current assets	
	2014	2013
	$'000	$'000
Singapore	**6,831**	6,766

Information about major customers

	Revenue	
	2014	2013
	$'000	$'000
Top 1 customer in steel distribution segment with revenue over 10% of the group revenue	**–**	22,772

5. REVENUE

	Group	
	2014	2013
	$'000	$'000
Sale of goods	**64,873**	114,985
Rental income	**167**	104
Insurance claims	**32**	30
	65,072	115,119

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6. INTEREST INCOME

	Group	
	2014	2013
	$'000	$'000
Interest income from financial institutions	334	241

7. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2014	2013
	$'000	$'000
Allowance for impairment on trade receivables – reversal	708	–
Bad debts written off and recovery costs	(64)	(411)
Dividend income	1	1
Inventories written down	(263)	(506)
Foreign exchange adjustments gains	508	428
Gain on disposal of plant and equipment	16	11
Fair value losses on derivatives	(278)	–
Net	628	(477)
Presented in profit or loss as:		
Other gains	1,233	440
Other losses	(605)	(917)
Net	628	(477)

8. FINANCE COST

	Group	
	2014	2013
	$'000	$'000
Interest expense	2	1

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2014	2013
	$'000	$'000
Employee benefits expense	3,937	3,959
Contributions to defined contribution plan	367	359
Other benefits	156	119
Total employee benefits expense	4,460	4,437

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10. INCOME TAX

10A. Components of tax expense recognised in profit or loss include:

	Group	
	2014	**2013**
	$'000	**$'000**
Current tax expense		
Current tax expense	**245**	742
(Over)/under adjustments to current tax in respect of prior periods	**(168)**	67
Subtotal	**77**	809
Deferred tax expense		
Deferred tax expense	**31**	–
Under adjustments in respect of prior periods	**14**	–
Subtotal	**45**	–
Total income tax expense	**122**	809

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the parent is domiciled. 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% (2013: 17.0%) to profit before income tax as a result of the following differences:

	Group	
	2014	**2013**
	$'000	**$'000**
Profit before tax	**2,106**	4,542
Income tax expense at the above rate	**358**	772
Not deductible items	**19**	62
Tax exemptions and rebate	**(87)**	(74)
(Over)/under adjustments to tax in respect of prior periods	**(154)**	67
Unrecognised deferred tax assets	**(10)**	(3)
Other minor items less than 3% each	**(4)**	(15)
Total income tax expense	**122**	809

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

10B. Deferred tax expense recognised in profit or loss include:

	Group	
	2014	**2013**
	$'000	**$'000**
Excess of book value over tax depreciation on plant and equipment	**45**	–
Total deferred tax expense recognised in profit or loss	**45**	–

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10. INCOME TAX (CONTINUED)

10C. Deferred tax balance in the statement of financial position:

	Group	
	2014	2013
	$'000	$'000
From deferred tax liabilities recognised in profit or loss:		
Excess of net book value of plant and equipment over tax values	**688**	643

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

11. 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	
	2014	2013
	$'000	$'000
Numerators: earnings attributable to equity:		
Profit for the year attributable to equity owners	**1,910**	3,728

	2014	2013
	'000	'000
Denominators: weighted average number of equity shares		
Basic	**341,917**	341,917

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

There is no dilution of earnings per share as there are presently no dilutive shares outstanding as at the end of the reporting year. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

12. DIVIDENDS ON EQUITY SHARES

	Group and Company	
	2014	2013
	$'000	$'000
Final tax exempt (1-tier) dividend paid of 0.5 cents (2013: 1.0 cents) per share	**1,709**	3,419

In respect of the current reporting year, the directors propose that a final dividend and special dividend of 0.25 cents per share and 1.25 cents per share respectively with a total of $5,129,000 be paid to shareholders after the annual general meeting. There are no income tax consequences. 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 the new qualifying shares issued up to the date the dividend becomes payable.

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13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Properties	Plant and Equipment	Total
Group	**$'000**	**$'000**	**$'000**
Cost:			
At 1 January 2013	11,883	10,217	22,100
Additions	–	110	110
Disposals	–	(206)	(206)
At 31 December 2013	11,883	10,121	22,004
Additions	284	209	493
Disposals	–	(196)	(196)
At 31 December 2014	**12,167**	**10,134**	**22,301**
Accumulated depreciation:			
At 1 January 2013	6,268	9,429	15,697
Depreciation for the year	208	204	412
Disposals	–	(206)	(206)
At 31 December 2013	6,476	9,427	15,903
Depreciation for the year	226	182	408
Disposals	–	(196)	(196)
At 31 December 2014	**6,702**	**9,413**	**16,115**
Net book value:			
At 1 January 2013	5,615	788	6,403
At 31 December 2013	5,407	694	6,101
At 31 December 2014	**5,465**	**721**	**6,186**

Allocation of the depreciation expense:

	Cost of sales	Administrative expenses	Total
	$'000	**$'000**	**$'000**
2014	**178**	**230**	**408**
2013	159	253	412

Certain motor vehicles at a carrying value of $169,000 (2013: $209,000) are held in trust by some of the directors of the company.

Fully depreciated plant and equipment still in use had a cost of $8,614,000 (2013: $8,786,000).

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14. INVESTMENT PROPERTY

	Group	
	2014	**2013**
	$'000	**$'000**
At cost:		
At beginning of the year	**886**	886
At end of the year	**886**	886
Accumulated depreciation:		
At beginning of the year	**321**	302
Depreciation for the year	**20**	19
At end of the year	**341**	321
Net book value:		
At beginning of the year	**565**	584
At end of the year	**545**	565
Fair value:		
Fair value at end of the year	**1,367**	1,420
Rental and service income from investment property	**62**	60
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	**21**	20

Allocation of the depreciation expense:

	2014	**2013**
	$'000	**$'000**
Administrative expenses	**20**	19

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).

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15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	$'000	$'000
Unquoted shares at cost	**43,530**	43,530

The subsidiaries held by the company and the group are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities, and Independent auditors	Cost in Books of Company		Effective Percentage of Equity Held	
	2014	2013	2014	2013
	$'000	$'000	%	%
Held by the company:				
Asia-Beni Steel Industries (Pte) Ltd [1] Singapore Processing and marketing of steel products	**2,400**	2,400	**60**	60
Asia Enterprises (Private) Limited [1] Singapore Importing, exporting and marketing of steel products	**41,130**	41,130	**100**	100

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

16. OTHER ASSETS

	Group	
	2014	2013
	$'000	$'000
Club membership, at cost	**300**	300
Allowance for impairment	**(200)**	(200)
	100	100
Movements in above allowance:		
Balance at beginning and end of the year	**200**	200

The carrying value of club membership is at cost less allowance for impairment.

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17. INVENTORIES

	Group	
	2014	2013
	$'000	$'000
Finished goods and goods for resale	**36,724**	44,430
Raw material and processed steel	**2,126**	2,560
	38,850	46,990
The write-down of inventories charged to profit or loss included in other charges	**263**	506
The amount of inventories charged to cost of sales	**54,762**	100,416

There are no inventories pledged as security for liabilities.

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	**8,769**	21,246	**–**	–
Less allowance for impairment	**(1,497)**	(2,205)	**–**	–
Related party (Note 3)	**1**	3	**–**	–
Subtotal	**7,273**	19,044	**–**	–
Other receivables:				
Subsidiary (Note 3) [(a)]	**–**	–	**17,600**	17,600
Dividends receivable from a subsidiary	**–**	–	**4,300**	1,550
Other receivables	**132**	72	**9**	1
Deposits to secure services	**16**	22	**–**	–
Subtotal	**148**	94	**21,909**	19,151
Total trade and other receivables	**7,421**	19,138	**21,909**	19,151
Movement in above allowance:				
Balance at beginning of the year	**(2,205)**	(2,205)	**–**	–
Reversal to profit or loss included in other gains	**708**	–	**–**	–
Balance at end of the year	**(1,497)**	(2,205)	**–**	–

(a) The interest charged for the unsecured loan to subsidiary is between 0.92% to 1.08% (2013: 0.85% to 1.15%) per annum. There is no fixed term for the repayment of the loan.

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19. OTHER FINANCIAL ASSETS

	Group	
	2014	2013
	$'000	$'000
Balance is made up of:		
Quoted equity shares in corporations (Level 1)	**12**	12
Quoted bonds in corporations with fixed interest of 3.8% per annum and maturity on 28 April 2021 (Level 1)	**1,021**	–
Total financial assets at fair value through profit or loss	**1,033**	12

All investments are stated at fair value through profit or loss based on bid prices in an active market at the end of reporting year. The fair value is regarded as level 1 fair value measurement for financial instruments (Note 26C). There is minimal exposure to price risk.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Not restricted in use	**66,958**	47,702	**2,172**	2,357

The rates of interest on interest earning balances of $66,958,000 (2013: $47,702,000) for the group was between 0.5% and 1.5% (2013: 0.5% and 1.6%) per annum.

21. SHARE CAPITAL

	Number of shares issued	Share capital
	'000	$'000
Group and Company		
Ordinary shares of no par value:		
Balance at beginning and end of the year 31 December 2013	**341,917**	58,856
Balance at beginning and end of the year 31 December 2014	**341,917**	58,856

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.

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21. SHARE CAPITAL (CONTINUED)

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 the light of changes in conditions and the 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).

The company and group have insignificant 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 mean it will automatically continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the 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 represents 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. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	**1,677**	2,478	**224**	212
Related parties (Note 3)	**49**	41	**–**	–
Subtotal	**1,726**	2,519	**224**	212
Other payables:				
Advance from customers	**429**	612	**–**	–
Others	**713**	50	**–**	–
Subtotal	**1,142**	662	**–**	–
Total trade and other payables	**2,868**	3,181	**224**	212

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24. OTHER FINANCIAL LIABILITIES

	Group 2014	Group 2013
	$'000	$'000
Current:		
Bills payable (Note 24A)	**690**	–
Derivatives financial instruments (Note 24B)	**278**	–
	968	–

24A. Bills payable

The bills payable to banks were at interest rates varying from 0.6% to 1.35% (2013: 0.67% to 1.31%) per annum and are covered by negative pledges on the group's assets.

24B. 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.

	Principal	Reference Currency	Maturity	Fair Value (Loss)/Gain
	US$'000			S$'000
Group				
2014				
Forward currency options				
Sell United States dollar for Singapore dollar	**7,200**	**USD**	**29 April 2015 to 17 June 2015**	**(321)**
Forward currency contracts				
Sell Singapore dollar for United States dollar	**679**	**USD**	**4 May 2015**	**43**
Total				**(278)**

	Principal	Reference Currency	Maturity	Fair Value (Loss)/Gain
	US$'000			S$'000
Group				
2013				
Forward currency options				
Sell Singapore dollar for United States dollar	4,000	USD	10 March 2014 to 10 June 2014	(62)
Forward currency contracts				
Sell Singapore dollar for United States dollar	3,356	USD	3 February 2014 to 13 June 2014	72
Total				9

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24. OTHER FINANCIAL LIABILITIES (CONTINUED)

24B. Forward currency exchange contracts (Continued)

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.

24C. Fair values of derivatives financial instruments

Financial instruments traded in the over-the-counter market include currency forward contracts and options on currency forward contracts that are valued based on broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. The fair value is regarded as a level 2 fair value measurement for financial instruments (Note 26C). The fair values in 2013 were not recorded as they are not significant.

25. 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 charges:–

	Group	
	2014	2013
	$'000	$'000
Audit fees to the independent auditors of the company	**75**	75
Other fees to the independent auditors of the company	**10**	10
	85	85

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

26A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets:				
Cash and bank balances	**66,958**	47,702	**2,172**	2,357
Loans and receivables	**7,421**	19,138	**21,909**	19,151
Financial assets at fair value through profit or loss	**1,033**	12	**–**	–
At end of the year	**75,412**	66,852	**24,081**	21,508
Financial liabilities:				
Trade and other payables measured at amortised cost	**2,439**	2,569	**224**	212
Other financial liabilities measured at amortised cost	**690**	–	**–**	–
Derivative financial instrument at fair value	**278**	–	**–**	–
At end of the year	**3,407**	2,569	**224**	212

Further quantitative disclosures are included throughout these financial statements.

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26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

26B. 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, 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:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and 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.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following good market practices.

5. When 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 the risk and the methods used to measure risk.

26C. 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 both 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.

26D. 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 consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments 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. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

Note 20 discloses the maturity of the cash and cash equivalents balances.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

26D. Credit risk on financial assets (Continued)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2013: 30 to 90 days). But some customers take a longer period to settle the amounts:

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2014	2013
	$'000	$'000
Trade receivables:		
Less than 30 days	**506**	2,346
31 to 60 days	**345**	594
Over 60 days	**615**	1,532
Total	**1,466**	4,472

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group	
	2014	2013
	$'000	$'000
Trade receivables:		
Over 365 days	**1,497**	2,205

The allowance which is disclosed in the Note on trade receivables is based on individual accounts totalling $1,497,000 (2013: $2,205,000) that are determined to be impaired at the end of reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

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

	Group	
	2014	2013
	$'000	$'000
Top 1 customer	**657**	2,336
Top 2 customers	**991**	3,987
Top 3 customers	**1,309**	5,532

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26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

26E. Liquidity risk – financial liabilities maturity analysis

All non-derivative financial liabilities comprising trade and other payables and other financial liabilities have remaining contractual maturity (contractual and undiscounted cash flows) of less than one year.

The following table analyses the derivative financial liabilities by remaining contractual maturity:

	Group Less than 1 year	
	2014	2013
	$'000	$'000
Derivative financial liabilities:		
Forward currency options	**9,532**	5,041
Forward currency contracts	**855**	4,187
At end of the year	**10,387**	9,228

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. At the end of the reporting year no claims on the financial guarantees are expected to be repayable.

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 paid at their contractual maturity. The average credit period taken to settle trade payables is about 30-60 days (2013: 30-60 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.

Bank Facilities:

	Group	
	2014	2013
	$'000	$'000
Undrawn borrowing facilities	**84,879**	98,506
Banker's guarantee	**37**	53

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 company's assets.

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26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

26F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets:				
Floating rate	**41,165**	38,436	**18,272**	19,957
Fixed rate	**26,814**	9,266	**1,500**	–
Total at end of the year	**67,979**	47,702	**19,772**	19,957
Financial liabilities:				
Floating rate	**(690)**	–	**–**	–
Total at end of the year	**(690)**	–	**–**	–

The floating rate debt instruments are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on pre-tax profit is not significant.

26G. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

	US dollar	
	2014	2013
	$'000	$'000
Group		
Financial assets:		
Cash and cash equivalents	**10,722**	14,557
Loans and receivables	**29**	2,473
Total financial assets	**10,751**	17,030
Financial liabilities:		
Trade and other payables	**(46)**	(156)
Other financial liabilities	**(690)**	–
Total financial liabilities	**(736)**	(156)
Net financial assets at end of the year	**10,015**	16,874

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.

26. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

26G. Foreign currency risks (Continued)

Sensitivity analysis:

	2014	2013
	$'000	**$'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 post-tax profit of	**(1,002)**	(1,687)

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign 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 following basis that there without taking into consideration hedged transactions.

27. CAPITAL COMMITMENTS

Estimated amount committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements is as follow:

	Group	
	2014	2013
	$'000	**$'000**
Commitments to purchase of plant and equipment	–	185

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

28. OPERATING LEASE PAYMENT COMMITMENTS

At the end of the reporting year, the total of future minimum lease payments commitments under non-cancellable operating leases is as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Not later than one year	**1,031**	925
Later than one year and not later than five years	**4,122**	3,701
Later than five years	**14,899**	8,498
Rental expense for the year	**1,044**	934

Operating lease payments are for rental payable for certain office space and equipment. The leases from Jurong Town Corporation are for 51 years from 15 April 1981, 42 years from 16 April 1978 and for 60 years from 1 January 1995. The lease rental terms are negotiated on an annual basis and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

29. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 27	Separate Financial Statements (Revised)
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements (*)
FRS 112	Disclosure of Interests in Other Entities
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112
INT FRS 121	Levies (*)

(*) Not relevant to the entity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

30. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions	1 Jul 2014
	Improvements to FRSs (Issued in January 2014). Relating to: FRS 102 Share-based Payment (*) FRS 103 Business Combinations FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures FRS 38 Intangible Assets (*)	1 Jul 2014
	Improvements to FRSs (Issued in February 2014). Relating to: FRS 103 Business Combinations FRS 113 Fair Value Measurement FRS 40 Investment Property	1 Jul 2014
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements (*)	1 Jan 2016
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*)	1 Jan 2016
FRS 110, FRS 112, FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception (*)	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*)	1 Jan 2016
FRS 114	Regulatory Deferral Accounts (*)	1 Jan 2016
Various	Improvements to FRSs (November 2014)	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2017
FRS 109	Financial Instruments	1 Jan 2018

(*) Not relevant to the entity.

STATISTICS OF SHAREHOLDINGS

As At 18 March 2015

SHAREHOLDERS' INFORMATION

Number of Shares	:	341,917,487
Class of Shares	:	Ordinary
Voting Rights	:	On show of hands: one vote for each member On a poll: one vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	4	0.23	201	0.00
100 – 1,000	52	3.03	29,047	0.01
1,001 – 10,000	550	32.03	2,575,681	0.75
10,001 – 1,000,000	1,082	63.02	61,418,235	17.96
1,000,001 and above	29	1.69	277,894,323	81.28
	1,717	**100.00**	**341,917,487**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Shenton Investment Pte Ltd	127,377,350	37.25
2.	Sin Hock Chong Co Pte Ltd	21,332,375	6.24
3.	Chong Thim Pheng	20,224,000	5.91
4.	Harmaidy	18,539,650	5.42
5.	Minh-Chieh Investments Pte Ltd	17,337,708	5.07
6.	Koh Suew Leng	14,346,067	4.20
7.	Tan Wai See	8,920,000	2.61
8.	Yap Hwee Hong	6,483,816	1.90
9.	Phillip Securities Pte Ltd	6,425,750	1.88
10.	Bank of Singapore Nominees Pte Ltd	4,681,250	1.37
11.	Lee Choon Bok @ Ng Kim Tor	3,816,216	1.12
12.	DBSN Services Pte Ltd	2,806,250	0.82
13.	Koh Siak Lin, Victor	2,584,408	0.76
14.	DBS Nominees (Private) Limited	2,424,550	0.71
15.	Chua Leong Hai @ Chua Leang Hai	2,080,000	0.61
16.	Estate of Yeo Eng Hock, Deceased	2,020,708	0.59
17.	Sia Ling Sing	1,497,000	0.44
18.	United Overseas Bank Nominees (Private) Limited	1,442,000	0.42
19.	Foong Yim Lye	1,375,000	0.40
20.	OCBC Nominees Singapore Private Limited	1,320,000	0.39
	Total:	**267,034,098**	**78.11**

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided to the Company as at 18 March 2015, approximately 38.72% of the issued ordinary shares of the Company are held by the public. Accordingly the Company has complied with Rule 723 of the Listing Manual.

STATISTICS OF SHAREHOLDINGS

As At 18 March 2015

LIST OF SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 18 March 2015)

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	37.25
Sin Hock Chong Co Pte Ltd	21,332,375	–	21,332,375	6.24
Minh-Chieh Investments Pte Ltd	17,337,708	–	17,337,708	5.07
Lee Choon Bok (a director)	3,816,216	127,377,350[1]	131,193,566	38.37
Lee Yih Chyi, Yvonne (a director)	–	131,193,566[2]	131,193,566	38.37
Harmaidy (a director)	18,539,650	21,332,375[3]	39,872,025	11.66
Teo Keng Thwan (a director)	77,958	17,375,208[4]	17,453,166	5.10
Lee Yih Hwan	660,000	131,193,566[2]	131,853,566	38.56
Chong Thim Pheng	20,224,000	–	20,224,000	5.91

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.

3. Deemed interest arises from shares held by Sin Hock Chong Co Pte Ltd.

4. Deemed interest arises from 17,337,708 shares held by Minh-Chieh Investments Pte Ltd and 37,500 shares held by Yu Ming Hsuan, spouse of Teo Keng Thwan.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Asia Enterprises Holding Limited ("the Company") will be held at No. 3 Pioneer Sector Walk, Singapore 627897, on Thursday, 23 April 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company and the Group for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt (one-tier) dividend of 0.25 cents per ordinary share for the financial year ended 31 December 2014. (2013: 0.5 cents per ordinary share) **(Resolution 2)**

3. To declare a special (one-tier) dividend of 1.25 cents per ordinary share for the financial year ended 31 December 2014. **(Resolution 3)**

4. To re-elect Mr Tan Keh Yan, Peter, a Director who is retiring pursuant to Article 104 of the Articles of Association of the Company. [See Explanatory Note (i)] **(Resolution 4)**

5. To re-appoint Mr Lee Choon Bok, a Director retiring pursuant to Section 153(6) of the Companies Act, Cap 50, to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting of the Company. [See Explanatory Note (ii)] **(Resolution 5)**

6. To re-appoint Mr Teo Keng Thwan, a Director retiring pursuant to Section 153(6) of the Companies Act, Cap 50, to hold office from the conclusion of this Annual General Meeting until the next Annual General Meeting of the Company. [See Explanatory Note (iii)] **(Resolution 6)**

7. To approve the payment of Directors' fees of S$177,000 for the financial year ended 31 December 2014. (2013: S$177,000) **(Resolution 7)**

8. To re-appoint RSM Chio Lim LLP as the Auditor of the Company and to authorise the Directors of the Company to fix its remuneration. **(Resolution 8)**

9. 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 resolutions as Ordinary Resolutions, with or without any modifications:

10. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")**

    That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, 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

NOTICE OF
ANNUAL GENERAL MEETING

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

(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) 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) 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) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

    (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and

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

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

[See Explanatory Note (iv)] **(Resolution 9)**

By Order of the Board

Chew Kok Liang/Nathaniel C.V.
Company Secretaries
Singapore, 8 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Tan Keh Yan, Peter will upon re-election as a Director of the Company remain as Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Ordinary Resolution 5, if passed, is to re-appoint Mr Lee Choon Bok who is over the age of 70 years old, as Director of the Company to continue in office until the next Annual General Meeting of the Company.

(iii) Ordinary Resolution 6, if passed, is to re-appoint Mr Teo Keng Thwan who is over the age of 70 years old, as Director of the Company to continue in office until the next Annual General Meeting of the Company. Mr Teo Keng Thwan will upon re-appointment as a Director of the Company remain as a member of the Audit and Nominating Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(iv) Ordinary Resolution 9, 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 is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) 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) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) may appoint more than one proxy to attend and vote in his/her stead. 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.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 3 Pioneer Sector Walk Singapore 627897 not later than forty-eight (48) hours before the time appointed for holding Annual General Meeting.

PERSONAL DATA PRIVACY

Where a member of the Company submits 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 ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE FOR FIRST AND FINAL TAX EXEMPT (ONE-TIER) DIVIDEND

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Asia Enterprises Holding Limited (the "Company") will be closed on 21 May 2015 for the purpose of determining the entitlements of the Company's shareholders ("Shareholders") to a first and final tax exempt (one-tier) dividend of 0.25 cents 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 20 May 2015.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place Singapore Land Tower #32-01 Singapore 048623 up to 5.00 p.m. on 20 May 2015 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 23 April 2015 will be made on 29 May 2015.

By Order of the Board

Chew Kok Liang/Nathaniel C.V.
Company Secretaries
Singapore, 8 April 2015

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE FOR SPECIAL TAX EXEMPT (ONE-TIER) DIVIDEND

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Asia Enterprises Holding Limited (the "Company") will be closed on 21 May 2015 for the purpose of determining the entitlements of the Company's shareholders ("Shareholders") to a special tax exempt (one-tier) dividend of 1.25 cents 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 20 May 2015.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place Singapore Land Tower #32-01 Singapore 048623 up to 5.00 p.m. on 20 May 2015 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 23 April 2015 will be made on 29 May 2015.

By Order of the Board

Chew Kok Liang/Nathaniel C.V.
Company Secretaries
Singapore, 8 April 2015

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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. For investors who have used their CPF monies to buy Asia Enterprises Holding Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ______________________________

of ______________________________

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 (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at No. 3 Pioneer Sector Walk Singapore 627897 on Thursday, 23 April 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2.	Payment of proposed first and final tax exempt (one-tier) dividend		
3.	Payment of proposed special tax exempt (one-tier) dividend		
4.	Re-election of Mr Tan Keh Yan, Peter as a Director of the Company		
5.	Re-appointment of Mr Lee Choon Bok as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.		
6.	Re-appointment of Mr Teo Keng Thwan as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50.		
7.	Approval of Directors' fees amounting to S$177,000		
8.	Re-appointment of RSM Chio Lim LLP as Auditor		
9.	Authority to issue additional shares pursuant to Section 161 of the Companies Act Cap. 50		

Dated this __________ day of __________ 2015

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

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder
* Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint more than one proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any other named proxy as alternate(s) to the first named.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a 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.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at No. 3 Pioneer Sector Walk Singapore 627897 not later than 48 hours before the time appointed for the Meeting.

6. 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 seal or under the hand of an officer or attorney duly authorised. 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.

7. 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, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2015.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Lee Choon Bok
Executive Chairman

Lee Yih Chyi, Yvonne
Managing Director

Harmaidy
Non-Executive Director

Tan Keh Yan, Peter
Lead Independent Director

Lee Bon Leong
Independent Director

Teo Keng Thwan
Independent Director

AUDIT COMMITTEE

Tan Keh Yan, Peter
Chairman
Lee Bon Leong
Teo Keng Thwan

NOMINATING COMMITTEE

Tan Keh Yan, Peter
Chairman
Lee Bon Leong
Teo Keng Thwan

REMUNERATION COMMITTEE

Lee Bon Leong
Chairman
Tan Keh Yan, Peter
Harmaidy

COMPANY SECRETARIES

Chew Kok Liang (LLB) (Hons)
Nathaniel Chelvarajah Vanniasingham (LLB) (ACIS) (ACMA)

REGISTERED OFFICE

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

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623
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