



ASIA ENTERPRISES HOLDING LIMITED

ASIA ENTERPRISES HOLDING LIMITED
(Registration No: 200501021H)

**Condensed Interim Financial Statements
For the six months and full year ended
31 December 2021**

ASIA ENTERPRISES HOLDING LIMITED

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ASIA ENTERPRISES HOLDING LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR AND FULL YEAR ENDED 31 DECEMBER 2021

	Group					
	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	% + / (-)	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000	% + / (-)
Revenue	17,798	14,796	20	35,412	42,785	(17)
Cost of sales	(11,638)	(11,886)	(2)	(24,011)	(35,959)	(33)
Gross profit	6,160	2,910	112	11,401	6,826	67
Other income and gains	389	863	(55)	966	1,506	(36)
Marketing and distribution costs	(135)	(213)	(37)	(287)	(590)	(51)
Administrative expenses	(2,596)	(3,007)	(14)	(6,802)	(6,842)	(1)
Finance costs	(206)	(188)	10	(354)	(338)	5
Other losses	(934)	(92)	915	(941)	(62)	1,418
Profit before tax from continuing operations	2,678	273	881	3,983	500	697
Income tax (expenses)/income	(248)	25	NM	(257)	25	NM
Total comprehensive income for the year	2,430	298	715	3,726	525	610
Earnings per share	Cents	Cents		Cents	Cents	
Basic	0.71	0.09		1.09	0.15	
Diluted	0.71	0.09		1.09	0.15	

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

ASIA ENTERPRISES HOLDING LIMITED

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	15,871	17,837	-	-
Right-of-use assets	8,836	9,412	-	-
Investment property	410	429	-	-
Investments in subsidiaries	-	-	45,680	45,680
Other financial assets, non-current	7,646	5,878	2,779	2,795
Other assets	50	53	-	-
Total non-current assets	32,813	33,609	48,459	48,475
<u>Current Assets</u>				
Inventories	23,353	13,901	-	-
Trade and other receivables, current	8,006	7,370	12,911	9,905
Other financial assets, current	5,608	2,924	889	1,148
Cash and cash equivalents	44,279	51,170	201	3,818
Total current assets	81,246	75,365	14,001	14,871
Total assets	114,059	108,974	62,460	63,346
EQUITY AND LIABILITIES				
<u>Equity attributable to owners of the parent</u>				
Share capital	58,856	58,856	58,856	58,856
Treasury shares	(138)	(138)	(138)	(138)
Retained earnings	36,853	34,833	3,505	4,238
Capital reserve	575	575	-	-
Total equity attributable to owners of the parent	96,146	94,126	62,223	62,956
Total equity	96,146	94,126	62,223	62,956
<u>Non-current liabilities</u>				
Provision, non-current	1,461	1,418	-	-
Deferred tax liabilities	595	595	-	-
Financial liabilities - lease liabilities, non-current	8,712	9,196	-	-
Total non-current liabilities	10,768	11,209	-	-
<u>Current liabilities</u>				
Provision, current	580	168	-	-
Income tax payable	257	13	-	13
Financial liabilities - lease liabilities, current	484	470	-	-
Trade and other payables, current	5,824	2,988	237	377
Total current liabilities	7,145	3,639	237	390
Total liabilities	17,913	14,848	237	390
Total equity and liabilities	114,059	108,974	62,460	63,346

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

ASIA ENTERPRISES HOLDING LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

<u>Group</u>	Total Equity \$'000	Share Capital \$'000	Treasury Shares \$'000	Capital Reserve \$'000	Retained Earnings \$'000
Current year:					
Opening balance at 1 January 2021	94,126	58,856	(138)	575	34,833
Changes in equity:					
Total comprehensive income for the year ended 31 December 2021	3,726	-	-	-	3,726
Dividends	(1,706)	-	-	-	(1,706)
Closing balance at 31 December 2021	96,146	58,856	(138)	575	36,853
Previous year:					
Opening balance at 1 January 2020	95,307	58,856	(138)	575	36,014
Changes in equity:					
Total comprehensive income for the year ended 31 December 2020	525	-	-	-	525
Dividends	(1,706)	-	-	-	(1,706)
Closing balance at 31 December 2020	94,126	58,856	(138)	575	34,833
Company	Total Equity \$'000	Share Capital \$'000	Treasury Shares \$'000	Retained Earnings \$'000	
Current year:					
Opening balance at 1 January 2021	62,956	58,856	(138)	4,238	
Changes in equity:					
Total comprehensive income for the year ended 31 December 2021	973	-	-	973	
Dividends	(1,706)	-	-	(1,706)	
Closing balance at 31 December 2021	62,223	58,856	(138)	3,505	
Previous year:					
Opening balance at 1 January 2020	62,636	58,856	(138)	3,918	
Changes in equity:					
Total Comprehensive Income for the year ended 31 December 2020	2,026	-	-	2,026	
Dividends	(1,706)	-	-	(1,706)	
Closing balance at 31 December 2020	62,956	58,856	(138)	4,238	

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

ASIA ENTERPRISES HOLDING LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Group	
	2021	2020
	\$'000	\$'000
<u>Cash flows from operating activities</u>		
Profit before tax	3,983	500
Adjustments for:		
Interest income	(505)	(751)
Interest expenses on lease liabilities	325	296
Unwinding of discount arise from provision for dismantling and removing	29	42
Inventory writedown	846	-
Depreciation of investment property	19	19
Depreciation of property, plant and equipment	2,136	2,170
Depreciation of right-of-use assets	576	635
Provision for employee benefits	466	168
Bad debts (written off) and recovery costs – trade receivables	(27)	62
Government grants and COVID-19 related concessions	(204)	(214)
Gain on disposal of property, plant and equipment	(78)	-
Loss on disposal of investment	95	-
Operating cash flows before changes in working capital	7,661	2,927
Inventories	(10,298)	1,910
Trade and other receivables	(606)	(7)
Other assets	-	(3)
Trade and other payables	2,799	(489)
Net cash (used in)/from operations	(444)	4,338
Income taxes paid	(13)	(2)
Net cash flows (used in)/from operating activities	(457)	4,336
<u>Cash flows from investing activities</u>		
Other financial assets - (increase) / decrease	(4,626)	991
Proceeds from disposal of property, plant and equipment	105	-
Purchase of property, plant and equipment	(198)	(29)
Interest received	582	751
Net cash flows (used in) / from investing activities	(4,137)	1,713
<u>Cash flows from financing activities</u>		
Dividends paid to equity owners	(1,706)	(1,706)
Lease liabilities - principal paid	(470)	(515)
Receipt of government grants and COVID-19 related concessions	204	214
Lease liabilities - interest portion	(325)	(296)
Net cash flows used in financing activities	(2,297)	(2,303)
Net (decrease)/increase in cash and cash equivalents	(6,891)	3,746
Cash and cash equivalents, statement of cash flows, beginning balance	51,170	47,424
Cash and cash equivalents, statement of cash flows, ending balance	44,279	51,170

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

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Asia Enterprises Holding Limited is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST). These condensed consolidated financial statements as at and for the year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group).

The Company is an investment holding company.

The principal activities of the Group are:

- (a) importing, exporting and marketing of steel products; and
- (b) processing and marketing of steel products; and
- (c) investing in properties and securities.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

The condensed financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the year ended 30 June 2021.

2.2. Basis of measurement

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

2.3. Functional and presentation currencies

The condensed financial statements are presented in Singapore Dollar which is the Company's functional currency.

2.4. New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s,

2.5. Use of judgements and estimates

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.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2. Basis of preparation of the financial statements (Cont'd)

Expected credit loss allowance on trade receivables:

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

Allowance on inventories:

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

Estimation of useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset or class of assets at the end of the reporting year affected by the assumption is \$15,871,000 (2020: \$17,837,000).

Provisions for dismantling and removing:

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

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Steel distribution - procuring, distributing and trading of steel products; and
- Segment 2: Provision of steel processing - processing of steel materials for sale; and
- Segment 3: Corporate - investment and management activities

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

4.1. Reportable segments

	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Group					
1 July 2021 to 31 December 2021					
Revenue by segment					
Total revenue by segment	15,789	2,032	55	-	17,876
Inter-segment sales	(23)	-	(55)	-	(78)
Total revenue	15,766	2,032	-	-	17,798
Recurring EBITDA					
Depreciation	2,982	255	749	-	3,986
Interest income	(1,179)	(188)	-	-	(1,367)
Interest expense on lease liabilities	-	-	-	265	265
Unwinding of discount from provision for dismantling and removing	-	-	-	(177)	(177)
ORBIT	-	-	-	(29)	(29)
ORBIT	1,803	67	749	59	2,678
Other unallocated items					-
Profit before tax from continuing operations					2,678
Income tax expense					(248)
Profit from continuing operations					2,430
Other material items and reconciliations:					
Depreciation expense	1,180	188	-	-	1,368
Assets and reconciliation:					
Total assets for reportable segments	94,228	15,708	3,910	-	113,846
Unallocated assets	-	-	-	213	213
Total group assets	94,228	15,708	3,910	213	114,059
Liabilities and reconciliations:					
Total liabilities for reportable segments	11,437	5,263	237	-	16,937
Other payables	21	103	-	-	124
Income tax payable	-	-	-	257	257
Deferred tax liabilities	-	-	-	595	595
Total group liabilities	11,458	5,366	237	852	17,913

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.1. Reportable segments (Cont'd)

	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Group					
1 July 2020 to 31 December 2020					
Revenue by segment					
Total revenue by segment	13,507	1,364	55	-	14,926
Inter-segment sales	(30)	(45)	(55)	-	(130)
Total revenue	13,477	1,319	-	-	14,796
Recurring EBITDA					
Recurring EBITDA	1,442	470	(253)	-	1,659
Depreciation	(1,219)	(211)	-	-	(1,430)
Interest income	-	-	-	232	232
Interest expense on lease liabilities	-	-	-	(146)	(146)
Unwinding of discount from provision for dismantling and removing ORBIT	-	-	-	(42)	(42)
ORBIT	223	259	(253)	44	273
Other allocated items					-
Profit before tax from continuing operations					273
Income tax expense					25
Profit from continuing operations					298
Other material items and reconciliations:					
Depreciation expense	1,217	211	-	-	1,428
Assets and reconciliation:					
Total assets for reportable segments	83,812	17,077	7,884	-	108,773
Unallocated assets	-	-	-	201	201
Total group assets	83,812	17,077	7,884	201	108,974
Liabilities and reconciliations:					
Total liabilities for reportable segments	8,615	5,000	351	-	13,966
Other payables	164	110	-	-	274
Income tax payable	-	-	-	13	13
Deferred tax liabilities	-	-	-	595	595
Total group liabilities	8,779	5,110	351	608	14,848

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.1. Reportable segments (Cont'd)

	Steel	Provision of	Corporate	Unallocated	Total
	distribution	steel			
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
1 January 2021 to 31 December 2021					
Revenue by segment					
Total revenue by segment	31,981	3,495	55	-	35,531
Inter-segment sales	(46)	(18)	(55)	-	(119)
Total revenue	31,935	3,477	-	-	35,412
Recurring EBITDA					
Depreciation	(2,339)	(392)	-	-	(2,731)
Interest income	-	-	-	505	505
Interest expense on lease liabilities	-	-	-	(325)	(325)
Unwinding of discount from provision for dismantling and removing	-	-	-	(29)	(29)
ORBIT	3,847	179	(194)	151	3,983
Other unallocated items					-
Profit before tax from continuing operations					3,983
Income tax expense					(257)
Profit from continuing operations					3,726
Other material items and reconciliations:					
Depreciation expense	2,339	392	-	-	2,731
Assets and reconciliation:					
Total assets for reportable segments	94,228	15,708	3,910	-	113,846
Unallocated assets	-	-	-	213	213
Total group assets	94,228	15,708	3,910	213	114,059
Liabilities and reconciliations:					
Total liabilities for reportable segments	11,437	5,263	237	-	16,937
Other payables	21	103	-	-	124
Income tax payable	-	-	-	257	257
Deferred tax liabilities	-	-	-	595	595
Total group liabilities	11,458	5,366	237	852	17,913

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.1. Reportable segments (cont'd)

	Steel	Provision of	Corporate	Unallocated	Total
	distribution	steel			
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
1 January 2020 to 31 December 2020					
Revenue by segment					
Total revenue by segment	40,181	2,731	55	-	42,967
Inter-segment sales	(61)	(66)	(55)	-	(182)
Total revenue	40,120	2,665	-	-	42,785
Recurring EBITDA					
	2,816	423	(328)	-	2,911
Depreciation	(2,409)	(415)	-	-	(2,824)
Interest income	-	-	-	751	751
Interest expense on lease liabilities	-	-	-	(296)	(296)
Unwinding of discount from provision for dismantling and removing ORBIT	-	-	-	(42)	(42)
	407	8	(328)	413	500
Other allocated items					-
Profit before tax from continuing operations					500
Income tax expense					25
Profit from continuing operations					525
Other material items and reconciliations:					
Depreciation expense	2,409	415	-	-	2,824
Assets and reconciliation:					
Total assets for reportable segments	83,812	17,077	7,884	-	108,773
Unallocated assets	-	-	-	201	201
Total group assets	83,812	17,077	7,884	201	108,974
Liabilities and reconciliations:					
Total liabilities for reportable segments	8,615	5,000	351	-	13,966
Other payables	164	110	-	-	274
Income tax payable	-	-	-	13	13
Deferred tax liabilities	-	-	-	595	595
Total group liabilities	8,779	5,110	351	608	14,848

4.2 Revenue

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

	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	\$'000	\$'000	\$'000	\$'000
Sales of goods and related services	16,339	13,667	33,894	41,322
Service income	1,332	1,027	1,379	1,360
Rental income	124	96	124	96
Others	3	6	15	7
Total	17,798	14,796	35,412	42,785

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.3 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.

	Group			
	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
Singapore	10,252	6,709	23,312	17,707
Indonesia	6,071	7,302	9,940	23,153
Malaysia	927	504	1,606	1,270
Other regions	548	281	554	655
	<u>17,798</u>	<u>14,796</u>	<u>35,412</u>	<u>42,785</u>

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	61,186	66,431	16,644	17,523
Financial assets at fair value through profit and loss	4,353	911	136	143
	<u>65,539</u>	<u>67,342</u>	<u>16,780</u>	<u>17,666</u>
<u>Financial liabilities:</u>				
Financial liabilities measured at amortised cost	15,020	12,654	237	377

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6. Profit before taxation

6.1 Significant items

	Group				
	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000	
	Income				
	Gain on disposal of property, plant and equipment	29	-	78	-
Foreign exchange adjustment gain / (loss)	8	(105)	75	4	
Interest income from financial institutions	69	57	105	383	
Other interest income	196	176	400	368	
Bad debts (recovery) costs and written off – trade receivables	-	(63)	27	(62)	
Dividend income	37	14	50	28	
Government grant	78	416	204	718	
Expenses					
Loss on disposal of investment	(88)	-	(95)	-	
Unwinding of discount from provision for dismantling and removing	(29)	(42)	(29)	(42)	
Interest expense on lease liabilities	(177)	(146)	(325)	(296)	
Inventory writedown	(846)	-	(846)	-	
Depreciation of investment property	(9)	(9)	(19)	(19)	
Depreciation of property, plant and equipment	(1,071)	(1,131)	(2,136)	(2,170)	
Depreciation of right-of-use assets	(288)	(288)	(576)	(635)	

6.2 Related party transactions

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

Members of a group:

<u>Name</u>	<u>Relationship</u>	<u>Country of incorporation</u>
Asia Enterprises (Private) Limited	Subsidiary	Singapore
Asia-Beni Steel Industries (Pte) Ltd	Subsidiary	Singapore

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

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

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

6.2 Related party transactions (Cont'd)

Significant related party transactions:

	Group			
	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
Penta Transport Services	<u>28</u>	<u>55</u>	<u>69</u>	<u>119</u>

The value of IPT of the Group is well below 3% of the Group's latest audited net tangible assets as at 31 December 2021.

The Company has no IPT general mandate.

7. Taxation

	Group			
	6 months ended 31 December 2021 \$'000	6 months ended 31 December 2020 \$'000	12 months ended 31 December 2021 \$'000	12 months ended 31 December 2020 \$'000
Current income tax expense	248	-	257	-
Over adjustments in respect of prior periods	-	(25)	-	(25)
Total income tax expense/(income)	<u>248</u>	<u>(25)</u>	<u>257</u>	<u>(25)</u>

8. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported for?

Yes

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount Per Share (in cents)	:	0.8 cents per ordinary share (tax exempt one-tier)

(b) Corresponding period of the immediately preceding financial year

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

Yes

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

(c) Date payable

To be announced later.

(d) Book closure date

To be announced later.

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

9. Net asset value

	Group		Company	
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Net asset value per ordinary share (cents)	<u>28.18</u>	<u>27.59</u>	<u>18.24</u>	<u>18.46</u>

10. Financial assets at fair value through profit and loss

Fair value measurement

	Level	Group	
		2021 \$'000	2020 \$'000
Quoted equity shares:			
Trading companies and distributors industry: Singapore	1	12	12
Debt assets investments:			
Hedge fund investments - High yield debt securities, China, US, Taiwan, North America, UK, Europe, Asia Pacific ex Japan	2	4,341	899

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

11. Property, plant and equipment

During the year ended 31 December 2021, the Group acquired assets amounting to \$198,000 (31 December 2020: \$29,000) and disposed of assets amounting to \$27,000 (31 December 2020: Nil).

12. Investment properties

	Group	
	2021 \$'000	2020 \$'000
<u>At cost:</u>		
At beginning of the year	886	886
At end of the year	<u>886</u>	<u>886</u>
<u>Accumulated depreciation:</u>		
At beginning of the year	457	438
Depreciation for the year	19	19
At end of the year	<u>476</u>	<u>457</u>
<u>Net book value:</u>		
At beginning of the year	429	448
At end of year	<u>410</u>	<u>429</u>
<u>Fair value of disclosure purpose only:</u>		
Fair value at end of the year	<u>2,125</u>	<u>2,065</u>

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 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).

ASIA ENTERPRISES HOLDING LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13. Share capital

	Number of shares issued '000	Share capital \$'000	Treasury shares \$'000	Total \$'000
<u>Group and Company</u>				
<u>Ordinary shares of no par value:</u>				
Balance at the beginning of 1 January 2021 and end of year 31 December 2021	341,129 *	58,856	(138)	58,718

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

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

ASIA ENTERPRISES HOLDING LIMITED

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Asia Enterprises Holding Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of Performance of the Group

Review of the Steel Industry

Based on data compiled by World Steel Association (worldsteel), global crude steel production increased 3.7% to 1,950.5 million tonnes (Mt) in 2021 compared to the previous year. All the steel producing regions covered by worldsteel recorded growth in output in 2021, with Asia and Oceania showing the slowest growth of 0.6%. While output from China contracted by 3% in 2021, it remained as the world's largest steel producing country and accounted for 53% of global crude steel production.

In its short range outlook released on 14 October 2021, worldsteel forecast that steel demand would have grown by 4.5% to reach 1,855.4 Mt in 2021, driven mainly by strong manufacturing activity bolstered by pent-up demand. worldsteel said developed economies have outperformed their earlier expectations by a larger margin than developing countries, while the emerging economies especially in Asia, saw an interruption in recovery momentum due to the resurgence of COVID-19 infections.

Although supply-side constraints have led to a levelling-off in the manufacturing sector's recovery during the second half of 2021, worldsteel expects steel demand to continue recovering in 2022 on high backlog orders and rebuilding of inventories as well as further progress in vaccinations in developing countries. In 2022, steel demand is expected to rise by 2.2% to 1,896.4 Mt, based on the assumption the spread of variants of the COVID-19 virus will be less damaging and disruptive than previous waves.

(Source: World Steel Association)

Overview

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

Review of Statement of Comprehensive Income

Revenue

Revenue (\$ m)	1H	2H	Full Year
FY2021	17.6	17.8	35.4
FY2020	28.0	14.8	42.8
y-o-y change	(37%)	20%	(17%)

For the 12 months ended 31 December 2021 (FY2021), the Group registered revenue of \$35.4 million which was a decline of 17% from \$42.8 million in FY2020. This was attributed primarily to lower volume of sales which was partially compensated by higher average selling prices (ASP).

On a six-month basis, the Group's revenue increased 20% to \$17.8 million in the second half of FY2021 (2H21) from \$14.8 million in 2H20 on the back of higher ASP.

ASIA ENTERPRISES HOLDING LIMITED

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2. Review of Performance of the Group (Cont'd)

Revenue Breakdown by Industry

Industry	FY2021		FY2020		y-o-y %
	(\$ m)	%	(\$ m)	%	
Marine and Offshore	24.6	70	32.6	76	(25)
Engineering/fabrication	5.2	15	4.5	10	16
Construction	1.1	3	1.1	3	0
Stockists and traders	3.0	8	2.4	6	25
Manufacturing, precision metal stamping & Others	1.5	4	2.2	5	(32)
Total	35.4	100	42.8	100	(17)

Demand from customers in FY2021 was slower compared to FY2020 amid uncertain market conditions in the industries the Group serves as well as increasing international prices of steel materials.

Sales to customers in the marine and offshore segment decreased 25% to \$24.6 million in FY2021 from \$32.6 million in FY2020 due to lower sales orders. This segment however continued to account for the largest proportion of Group revenue with a contribution of 70% in FY2021 (FY2020: 76%).

Sales to the engineering/fabrication segment edged up to \$5.2 million in FY2021 from \$4.5 million previously on the back of higher ASP which offset softer demand. This segment made up 15% of Group revenue in FY2021 (FY2020: 10%)

Sales derived from customers in the construction segment remained stable at \$1.1 million in FY2021 and accounted for 3% of Group revenue (FY2020: 3%). Demand from this segment remained volatile and slow as construction project schedules in Singapore continued to be delayed by manpower constraints amid the COVID-19 pandemic.

Revenue Breakdown by Geographical Market

Countries	FY2021		FY2020		y-o-y %
	(\$ m)	%	(\$ m)	%	
Singapore	23.3	66	17.7	41	32
Indonesia	9.9	28	23.2	55	(57)
Malaysia	1.6	5	1.3	3	23
Others	0.6	1	0.6	1	-
Total	35.4	100	42.8	100	(17)

N.B. Revenue breakdown is based on billing addresses of customers

The Group's sales to customers in Singapore increased 32% to \$23.3 million in FY2021 from \$17.7 million in FY2020, supported by slightly higher order volume and higher ASP. Billings to customers in Singapore include sales that are shipped to domestic and overseas destinations. The Singapore segment accounted for 66% of Group revenue in FY2021 (FY2020: 41%).

Sales to customers in Indonesia declined 57% to \$9.9 million in FY2021 due mainly to lower purchases in tandem with lower newbuilding activities at shipyards amid more cautious purchasing behaviour of end-users. As a result, the revenue contribution from Indonesia segment contracted to 28% in FY2021 (FY2020 : 55%).

Revenue derived from Malaysia market increased to \$1.6 million in FY2021 from \$1.3 million in FY2020, attributed mainly to higher ASP. This market made up 5% of Group revenue in FY2021 (FY2020: 3%).

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2. Review of Performance of the Group (Cont'd)

Gross Profit and Gross Profit Margin

		1H	2H	Full Year
Gross Profit (\$ m)	FY2021	5.2	6.2	11.4
	FY2020	4.0	2.9	6.9
Gross Profit Margin	FY2021	29.8%	34.8%	32.2%
	FY2020	14.1%	19.7%	16.1%

Notwithstanding lower revenue, the Group's gross profit in FY2021 rose significantly by 67% to \$11.4 million from \$6.9 million in FY2020. Gross profit for 2H21 also increased substantially to \$6.2 million from \$2.9 million in 2H20. Correspondingly, gross profit margin for 2H21 and FY21 widened to 34.8% and 32.2% respectively. This was attributed mainly to higher ASP in tandem with the recovery of international steel prices since the last quarter of 2020.

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

Other income and gains

Other income and gains in FY2021 amounted to \$0.9 million compared to \$1.5 million in FY2020. The decline in other income was due mainly to lower interest income and a decrease in amount of grants from Singapore government's initiatives to support businesses during the COVID-19 pandemic.

Distribution Costs, Administrative Expenses, Finance Costs and Other Losses

Marketing and distribution costs in FY2021 decreased to \$0.3 million from \$0.6 million in FY2020 in tandem with the level of freight and handling services that were required to fulfill customers' orders. Administrative expenses remained unchanged at \$6.8 million in FY2021.

In line with the adoption of SFRS(I) 16, the Group recognised non-cash interest expense on lease liabilities of \$0.3 million in FY2021, which was largely unchanged from FY2020. The Group recorded other losses of \$0.9 million in 2H21 and FY2021, arising primarily from inventory written down and a loss on disposal of investment. In comparison, the Group posted other losses of \$92,000 in 2H20 and \$62,000 in FY2020 due mainly to bad debts written off.

Net Profit

		1H	2H	Full Year
Net Profit (\$ m)	FY2021	1.3	2.4	3.7
	FY2020	0.2	0.3	0.5

As a result of the above, the Group's net profit jumped to \$3.7 million in FY2021 from \$0.5 million in FY2020. Net profit for 2H21 also surged to \$2.4 million from \$0.3 million in 2H20, primarily on the back of higher gross profit.

On a segmental basis, the Group recorded operating results before interest and tax (ORBIT) of \$3.8 million from its steel distribution business in FY2021, a substantial increase from \$0.4 million in FY2020. Its steel processing business also improved from a breakeven level in FY2020 to register ORBIT of \$0.2 million in FY2021.

ASIA ENTERPRISES HOLDING LIMITED

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2. Review of Performance of the Group (Cont'd)

Dividend

The Board of Directors has recommended a higher final dividend payment of 0.8 cents per share with respect to FY2021 (FY2020: 0.5 cents per share). The proposed dividend is subject to shareholders' approval at the Company's annual general meeting.

Review of Financial Position

Statement of Financial Position as at 31 December 2021

The Group's balance sheet remained sound with cash and cash equivalents of \$44.3 million and zero borrowings as at 31 December 2021. Shareholders' equity (excluding treasury shares) stood at \$96.1 million as at 31 December 2021. The Group had net asset value of 28.2 cents per share that included cash and cash equivalents of 13.0 cents per share and inventory with book value of 6.8 cents per share.

Property, plant and equipment decreased to \$15.9 million from \$17.8 million as at 31 December 2020 due mainly to depreciation charges. In line with the SFRS(I) 16, the present value of the operating lease payment commitments for the Group's warehouse facilities are recognised on its balance sheet as right-of-use assets and lease liabilities. As at 31 December 2021, the Group's right-of-use assets and lease liabilities stood at \$8.8 million and \$9.4 million respectively.

Other financial assets as at 31 December 2021 increased to \$13.3 million from \$8.8 million as at 31 December 2020 due to an increase in investments in financial instruments.

Trade and other receivables increased to \$8.0 million as at 31 December 2021 from \$7.4 million as at 31 December 2020 due mainly to higher input tax recoverable arising from higher inventories procured in the last quarter of FY2021 compared to FY2020.

Inventories (measured on a weighted average cost basis) comprise primarily the stock of steel materials that the Group replenishes and holds for sale to its customers as part of its core steel distribution business. As at 31 December 2021, inventories increased to \$23.4 million from \$13.9 million as at 31 December 2020 in tandem with the Group's sales and inventory replenishment activities, as well as the increase in cost of steel materials. Inventory turnover days for FY2021 was around 343 days compared to 141 days for FY2020.

Non-current and current provisions as at 31 December 2021 increased to \$2.0 million from \$1.6 million as at 31 December 2020, due mainly to higher provisions for employee benefit costs.

Trade and other payables arose mainly from purchases of inventories and services from third parties on credit terms. Trade and other payables increased to \$5.8 million as at 31 December 2021 compared to \$3.0 million as at 31 December 2020, attributable mainly to the increase in inventories.

Statement of Cash Flows

Net cash used in operating activities amounted to \$0.5 million in FY2021. This was attributed to operating cash flows before changes in working capital of \$7.6 million, offset by net working capital outflows of \$8.1 million due to increases in inventories, and trade and other receivables.

Net cash used in investing activities in FY2021 was \$4.1 million. This was attributed mainly to an increase in other financial assets and purchase of property, plant and equipment, which was partially offset by interest income and proceeds from disposal of property, plant and equipment.

Net cash used in financing activities in FY2021 amounted to \$2.3 million, which was due mainly to the payment of dividend with respect to FY2020 and lease liabilities.

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2. Review of Performance of the Group (Cont'd)

As a result of the above factors, the Group's cash and cash equivalents decreased to \$44.3 million as at 31 December 2021 compared to \$51.2 million as at 31 December 2020.

Significant trends and competitive conditions

Moving into 2022, the global economy remains mired in uncertainty. While governments worldwide are taking steps to reopen their respective economies, resurging COVID-19 infections rates will continue to hamper their efforts and limit a full-fledged recovery. Coupled with heightened geopolitical tensions, ongoing trade friction between the USA and China, rising interest rate environment, as well as the increasing costs of materials, shipping and labour, the global economic outlook is expected to remain challenging in the coming year.

Market conditions in the steel industry also remain uncertain due to volatility of international steel prices. After trending higher from the beginning of 2021, steel prices went into a downturn during the final quarter of the year before recovering some ground at the start of 2022.

The demand and purchasing patterns of steel industrial end-users are influenced by increases in steel prices as this significantly impacts the economic viability of their projects. Higher international steel prices also raise the Group's cost of replenishing steel inventories. Keen market competition and movements in the US Dollar versus the Singapore Dollar will also affect the Group's market selling prices and cost of inventory replenishment.

Given present uncertainties in the steel market and global economy, the Group will continue to focus on prudent inventory management and ensure that its stock level and mix of steel products are aligned to customers' project requirements.

Notwithstanding the challenging business landscape, the Group remains committed to rewarding its shareholders and is recommending a higher final dividend of 0.8 cents per share for FY2021 (FY2020: 0.5 cents per share).

With a sound and debt-free balance sheet, the Group believes it has the resilience to weather difficult business periods. It will continue to exercise prudence and vigilance in its sales and credit management, as well as ensure tight management of operating expenses to safeguard its financial position.

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

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

4. Disclosure pursuant to Rule 706A of the Listing Manual

During FY2021 and as at the date of this announcement, there were no changes to the Company's and the Group's shareholding percentage in its respective subsidiaries or associated companies nor incorporation of any new subsidiary or associate by the Company or any of the Group's entities.

5. Confirmation pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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6. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below.

The Group confirms that the following persons occupying a managerial position in the Company or in any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company by way of following relationship:

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

By Order of the Board

Siau Kuei Lian
Company Secretary
17 February 2022