



ASIA ENTERPRISES HOLDING LIMITED

**ASIA ENTERPRISES HOLDING LIMITED**  
(Registration No: 200501021H)

**Interim Financial Information**  
**As at and for the Half Year Ended**  
**30 June 2021**

# ASIA ENTERPRISES HOLDING LIMITED

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## ASIA ENTERPRISES HOLDING LIMITED

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2021

	Notes	Group		% + / (-)
		6 months ended 30 June		
		2021 \$'000	2020 \$'000	
<b>Revenue</b>	4.2	<b>17,614</b>	27,986	(37)
Cost of sales		<b>(12,373)</b>	(24,026)	(49)
<b>Gross profit</b>		<b>5,241</b>	3,960	32
Other income and gains		<b>577</b>	643	(10)
Marketing and distribution costs		<b>(152)</b>	(377)	(60)
Administrative expenses		<b>(4,206)</b>	(3,849)	9
Finance costs		<b>(148)</b>	(150)	(1)
Other losses		<b>(7)</b>	-	NM
<b>Profit before tax from continuing operations</b>	6.1	<b>1,305</b>	227	475
Income tax expense	7	<b>(9)</b>	-	NM
<b>Total comprehensive income for the year</b>		<b>1,296</b>	227	471
<b>Earnings per share</b>		<b>Cents</b>	Cents	
Earnings per share currency unit				
Basic		<b>0.38</b>	0.07	
Diluted		<b>0.38</b>	0.07	

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

# ASIA ENTERPRISES HOLDING LIMITED

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Notes	Group		Company	
		As at	As at	As at	As at
		30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
		\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b><u>Non-current assets</u></b>					
Property, plant and equipment	11	16,773	17,837	-	-
Right-of-use assets		9,124	9,412	-	-
Investment property	12	419	429	-	-
Investments in subsidiaries		-	-	45,680	45,680
Other financial assets, non-current		6,919	5,878	2,536	2,795
Other assets		53	53	-	-
<b>Total non-current assets</b>		<b>33,288</b>	<b>33,609</b>	<b>48,216</b>	<b>48,475</b>
<b><u>Current assets</u></b>					
Inventories		14,431	13,901	-	-
Trade and other receivables, current		8,649	7,370	8,780	9,905
Other financial assets, current		2,172	2,924	898	1,148
Cash and cash equivalents		48,996	51,170	3,862	3,818
<b>Total current assets</b>		<b>74,248</b>	<b>75,365</b>	<b>13,540</b>	<b>14,871</b>
<b>Total assets</b>		<b>107,536</b>	<b>108,974</b>	<b>61,756</b>	<b>63,346</b>
<b>EQUITY AND LIABILITIES</b>					
<b><u>Equity attributable to owners of the parent</u></b>					
Share capital	13	58,856	58,856	58,856	58,856
Treasury shares		(138)	(138)	(138)	(138)
Retained earnings		34,423	34,833	1,679	4,239
Capital reserve		575	575	-	-
<b>Total equity</b>		<b>93,716</b>	<b>94,126</b>	<b>60,397</b>	<b>62,957</b>
<b><u>Non-current liabilities</u></b>					
Provision, non-current		1,423	1,418	-	-
Deferred tax liabilities		595	595	-	-
Financial liabilities - lease liabilities, non-current		8,956	9,196	-	-
<b>Total non-current liabilities</b>		<b>10,974</b>	<b>11,209</b>	<b>-</b>	<b>-</b>
<b><u>Current liabilities</u></b>					
Provision, current		1,054	168	931	-
Income tax payable		4	13	4	13
Financial liabilities - lease liabilities, current		477	470	-	-
Trade and other payables, current		1,311	2,988	424	376
<b>Total current liabilities</b>		<b>2,846</b>	<b>3,639</b>	<b>1,359</b>	<b>389</b>
<b>Total liabilities</b>		<b>13,820</b>	<b>14,848</b>	<b>1,359</b>	<b>389</b>
<b>Total equity and liabilities</b>		<b>107,536</b>	<b>108,974</b>	<b>61,756</b>	<b>63,346</b>

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

## ASIA ENTERPRISES HOLDING LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2021

Group	Total Equity \$'000	Share Capital \$'000	Treasury Shares \$'000	Capital Reserve \$'000	Retained Earnings \$'000
<b>Current year:</b>					
Opening balance at 1 January 2021	94,126	58,856	(138)	575	34,833
<b>Changes in equity:</b>					
Total comprehensive income for the period ended 30 June 2021	1,296	-	-	-	1,296
Dividends	(1,706)	-	-	-	(1,706)
<b>Closing balance at 30 June 2021</b>	<b>93,716</b>	<b>58,856</b>	<b>(138)</b>	<b>575</b>	<b>34,423</b>
<b>Previous year:</b>					
Opening balance at 1 January 2020	95,307	58,856	(138)	575	36,014
<b>Changes in equity:</b>					
Total comprehensive income for the period ended 30 June 2020	227	-	-	-	227
Dividends	(1,706)	-	-	-	(1,706)
<b>Closing balance at 30 June 2020</b>	<b>93,828</b>	<b>58,856</b>	<b>(138)</b>	<b>575</b>	<b>34,535</b>
<b>Company</b>	<b>Total Equity \$'000</b>	<b>Share Capital \$'000</b>	<b>Treasury Shares \$'000</b>	<b>Retained Earnings \$'000</b>	
<b>Current year:</b>					
Opening balance at 1 January 2021	62,956	58,856	(138)	4,238	
<b>Changes in equity:</b>					
Total comprehensive loss for the period ended 30 June 2021	(853)	-	-	(853)	
Dividends	(1,706)	-	-	(1,706)	
<b>Closing balance at 30 June 2021</b>	<b>60,397</b>	<b>58,856</b>	<b>(138)</b>	<b>1,679</b>	
<b>Previous year:</b>					
Opening balance at 1 January 2020	62,636	58,856	(138)	3,918	
<b>Changes in equity:</b>					
Total Comprehensive Income for the period ended 30 June 2020	25	-	-	25	
Dividends	(1,706)	-	-	(1,706)	
<b>Closing balance at 30 June 2020</b>	<b>60,955</b>	<b>58,856</b>	<b>(138)</b>	<b>2,237</b>	

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

# ASIA ENTERPRISES HOLDING LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2021

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	1,296	227
Adjustments for:		
Interest income	(239)	(518)
Depreciation of investment property	10	10
Depreciation of property, plant and equipment	1,065	1,037
Depreciation of right-of-use assets	288	347
(Recovery) / Provision for bad debts allowance	(27)	(1)
Government grants and Covid-19 related rent concessions from lessor	(126)	(303)
Gain on disposal of property, plant and equipment	(49)	-
Loss on disposal of investment	7	-
Interest expenses on lease liabilities	148	150
Operating cash flows before changes in working capital	2,373	949
Inventories	(530)	492
Trade and other receivables	(1,253)	(2,478)
Trade and other payables	(786)	(1,366)
Net cash used in operations	(196)	(2,403)
Income taxes paid	(9)	0
Net cash flows used in operating activities	(205)	(2,403)
<b><u>Cash flows from investing activities</u></b>		
Proceeds from disposal of property, plant and equipment	57	-
Purchase of property, plant and equipment	(9)	(3)
Other financial assets - (increase) / decrease	(344)	(508)
Interest received	288	518
Net cash flows (used in) / from investing activities	(8)	7
<b><u>Cash flows from financing activities</u></b>		
Dividends paid to equity owners	(1,706)	-
Receipt of government grant	126	303
Lease liabilities - principal portion paid	(381)	(436)
Net cash flows used in financing activities	(1,961)	(133)
<b>Net decrease in cash and cash equivalents</b>	<b>(2,174)</b>	<b>(2,529)</b>
Cash and cash equivalents, statement of cash flows, beginning balance	51,170	47,424
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<b>48,996</b>	<b>44,895</b>

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 interim consolidated financial statements as at and for the six months ended 30 June 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 interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Singapore Accounting Standards Council. 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 annual financial statements for the year ended 31 December 2020.

#### 2.2. Basis of measurement

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

#### 2.4. New and amended standards adopted by the Group

Other than the adoption of the amended standards from prior reporting year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2020, which were in accordance with SFRS(I)s. These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

# ASIA ENTERPRISES HOLDING LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 2.5. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from the estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 3. Seasonal operations

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

### 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.



# ASIA ENTERPRISES HOLDING LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 4.1. Reportable segments

<u>Group</u> 1 January 2021 to 30 June 2021	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
<b>Revenue by segment</b>					
Total revenue by segment	16,191	1,463	-	-	17,654
Inter-segment sales	(22)	(18)	-	-	(40)
Total revenue	<u>16,169</u>	<u>1,445</u>	-	-	<u>17,614</u>
<b>Recurring EBITDA</b>					
Depreciation	3,204	316	(943)	-	2,577
Interest income	(1,159)	(204)	-	-	(1,363)
Interest expense on lease liabilities	-	-	-	239	239
ORBIT	-	-	-	(148)	(148)
Other unallocated items	<u>2,045</u>	<u>112</u>	<u>(943)</u>	<u>91</u>	<u>1,305</u>
Profit before tax from continuing operations					-
Income tax expense					<u>1,305</u>
<b>Profit from continuing operations</b>					<u>(9)</u>
					<u>1,296</u>
<b>Other material items and reconciliations:</b>					
Depreciation expense	1,159	204	-	-	1,363
<b>Assets and reconciliation:</b>					
Total assets for reportable segments	84,621	15,439	7,325	-	107,385
Unallocated assets	-	-	-	151	151
<b>Total group assets</b>	<u>84,621</u>	<u>15,439</u>	<u>7,325</u>	<u>151</u>	<u>107,536</u>
<b>Liabilities and reconciliations:</b>					
Total liabilities for reportable segments	6,974	5,167	974	-	13,115
Other payables	16	1	93	-	110
Income tax payable	-	-	-	-	-
Deferred tax liabilities	-	-	-	595	595
<b>Total group liabilities</b>	<u>6,990</u>	<u>5,168</u>	<u>1,067</u>	<u>595</u>	<u>13,820</u>

# ASIA ENTERPRISES HOLDING LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 4.1. Reportable segments (cont'd)

<u>Group</u> 1 January 2020 to 30 June 2020	Steel distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
<b>Revenue by segment</b>					
Total revenue by segment	26,671	1,367	-	-	28,038
Inter-segment sales	(31)	(21)	-	-	(52)
Total revenue	<u>26,640</u>	<u>1,346</u>	<u>-</u>	<u>-</u>	<u>27,986</u>
<b>Recurring EBITDA</b>					
	1,377	(48)	(76)	-	1,253
Depreciation	(1,190)	(204)	-	-	(1,394)
Interest income	-	-	-	518	518
Interest expense on lease liabilities	-	-	-	(150)	(150)
ORBIT	<u>187</u>	<u>(252)</u>	<u>(76)</u>	<u>368</u>	<u>227</u>
Other allocated items					-
Profit before tax from continuing operations					<u>227</u>
Income tax expense					-
<b>Profit from continuing operations</b>					<u><u>227</u></u>
<b>Other material items and reconciliations:</b>					
Depreciation expense	<u>1,190</u>	<u>204</u>	<u>-</u>	<u>-</u>	<u>1,394</u>
<b>Assets and reconciliation:</b>					
Total assets for reportable segments	82,486	17,568	8,045	-	108,099
Unallocated assets	-	-	-	78	78
<b>Total group assets</b>	<u>82,486</u>	<u>17,568</u>	<u>8,045</u>	<u>78</u>	<u>108,177</u>
<b>Liabilities and reconciliations:</b>					
Total liabilities for reportable segments	7,061	4,805	1,744	-	13,610
Other payables	12	3	90	-	105
Income tax payable	-	-	-	39	39
Deferred tax liabilities	-	-	-	595	595
<b>Total group liabilities</b>	<u>7,073</u>	<u>4,808</u>	<u>1,834</u>	<u>634</u>	<u>14,349</u>

## ASIA ENTERPRISES HOLDING LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 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 30 June	
	2021	2020
	\$'000	\$'000
Sales of goods and related services	17,555	27,653
Service income	47	333
Others	12	-
	<u>17,614</u>	<u>27,986</u>

#### 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 30 June	
	2021	2020
	\$'000	\$'000
Singapore	13,060	10,994
Indonesia	3,869	15,851
Malaysia	679	767
Other regions	6	374
	<u>17,614</u>	<u>27,986</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 30 June 2021 and 31 December 2020:

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	65,825	66,431	15,933	17,523
Financial assets at fair value through profit and loss	911	911	143	143
	<u>66,736</u>	<u>67,342</u>	<u>16,076</u>	<u>17,666</u>
<u>Financial liabilities:</u>				
Financial liabilities measured at amortised cost	10,744	12,654	424	376

## ASIA ENTERPRISES HOLDING LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 6. Profit before taxation

##### 6.1 Significant items

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
<b>Income</b>		
Gain on disposal of property, plant and equipment	49	-
Foreign exchange adjustment gain / (loss)	67	109
Recovery for bad debts allowance	27	1
Dividend income	13	14
Government grant	126	303
<b>Expenses</b>		
Loss on disposal of investment	(7)	-
Interest expense on lease liabilities	(148)	(150)
Depreciation of investment property	(10)	(10)
Depreciation of property, plant and equipment	(1,065)	(1,037)
Depreciation of right-of-use assets	(288)	(347)

##### 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.

Significant related party transactions:

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
Penta Transport Services	41	64

# ASIA ENTERPRISES HOLDING LIMITED

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 7. Taxation

	Group	
	6 months ended 30 June	
	2021	2020
	\$'000	\$'000
Current income tax expense	9	-
Total income tax expense	9	-

### 8. Dividend

No interim dividend has been recommended for the half year ended 30 June 2021 (30 June 2020: Nil). Recommendation for dividend will be considered with full-year results.

### 9. Net asset value

	Group		Company	
	As at 30 Jun 2021	As at 31 Dec 2020	As at 30 Jun 2021	As at 31 Dec 2020
Net asset value per ordinary share (cents)	27.47	27.59	17.71	18.46

### 10. Financial assets at fair value through profit and loss

#### Fair value measurement

	Level	Group	
		As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
<u>Quoted equity shares:</u>			
Trading companies and distributors industry: Singapore	1	12	12
<u>Debt assets investments:</u>			
Hedge fund investments - High yield debt securities, Ireland	2	899	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 six months ended 30 June 2021, the Group acquired assets amounting to \$9,000 (30 June 2020: \$3,000) and disposed of assets amounting to \$8,000 (30 June 2020: Nil).

## ASIA ENTERPRISES HOLDING LIMITED

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

#### 12. Investment properties

	Group	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
<u>At cost:</u>		
At beginning of financial year	886	886
At end of interim period/year	<u>886</u>	<u>886</u>
<u>Accumulated depreciation:</u>		
At beginning of financial year	457	438
Depreciation for the interim period/year	10	19
At end of interim period/year	<u>467</u>	<u>457</u>
<u>Net book value:</u>		
At beginning of financial year	429	448
At end of interim period/year	<u>419</u>	<u>429</u>
<u>Fair value of disclosure purpose only:</u>		
Fair value at end of interim period/year	<u>2,065</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 reporting period 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).

#### 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 period end of 30 June 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 30 June 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 six-month period 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 14.4% to 1,004 million tonnes (Mt) for the first six months of 2021 compared to the same period in 2020. In Asia, crude steel production during this six-month period increased 13.8% year-on-year. This was driven by growth across all the steel producing regions in the world, led by China where steel output increased 11.8% to 563 Mt and accounted for 56% of global crude steel production.

In its short range outlook released on 15 April 2021, worldsteel has raised its forecasts for steel demand in 2021 and 2022. It now projects steel demand to grow 5.8% to 1,874.0 Mt this year followed by a further rise of 2.7% to reach 1,924.6 Mt in 2022. These forecasts assume that the current waves of Covid-19 infections will stabilise and steady progress on vaccinations will be made which will allow major steel-using countries to gradually return to normality.

worldsteel expects steel demand in coming years to recover firmly, both in the developed and developing economies, supported by pent-up demand and governments' recovery programmes. However, it cautioned that a return to the pre-pandemic levels of steel demand for most developed economies will take a few years.

*(Source: World Steel Association)*

#### Overview

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

#### Review of Statement of Comprehensive Income

##### Revenue

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

The Group reported revenue of S\$17.6 million for the six months ended 30 June 2021 ("1H21"), down 37% from S\$28.0 million in 1H20. This was due mainly to lower volume of sales which was compensated partially by higher average selling prices ("ASP").

## ASIA ENTERPRISES HOLDING LIMITED

### OTHER INFORMATION

#### 2. Review of performance of the Group (cont'd)

##### *Revenue breakdown by industry*

Industry	1H21		1H20		y-o-y %
	(S\$ m)	%	(S\$ m)	%	
Marine and offshore	12.8	73	22.3	80	(43%)
Engineering/fabrication	2.0	11	2.6	9	(23%)
construction	0.5	3	0.6	2	(16%)
Stockists and traders	1.4	8	2.1	8	(33%)
Manufacturing, precision metal stamping & others	0.9	5	0.4	1	125%
<b>Total</b>	<b>17.6</b>	<b>100</b>	<b>28.0</b>	<b>100</b>	<b>(37%)</b>

Amid fluctuating market conditions in the industries it serves and increasing international prices of steel materials, the Group witnessed a broad-based decline in orders from customers in 1H21 compared to 1H20.

Sales to customers in the marine and offshore segment slipped 43% to S\$12.8 million in 1H21 from S\$22.3 million in 1H20 due mainly to lower demand. Nevertheless, marine and offshore remained as the Group's largest customer segment with a revenue contribution of 73% in 1H21 (1H20: 80%).

Sales to engineering/fabrication segment also softened 23% to S\$2.0 million in 1H21 from S\$2.6 million previously in tandem with lower customer demand. This segment accounted for 11% of Group revenue in 1H21 (1H20: 9%).

Sales derived from customers in the construction segment eased to S\$0.5 million in 1H21 from S\$0.6 million as construction project schedules continued to be hampered by manpower constraints amid the Covid-19 pandemic. The construction segment made up 3% of Group revenue in 1H21 (1H20: 2%).

##### *Revenue breakdown by geographical market*

Countries	1H21		1H20		y-o-y %
	(S\$ m)	%	(S\$ m)	%	
Singapore	13.1	74	11.0	39	19
Indonesia	3.7	21	15.9	57	(77)
Malaysia	0.7	4	0.8	3	(13)
Others	0.1	1	0.3	1	(67)
<b>Total</b>	<b>17.6</b>	<b>100</b>	<b>28.0</b>	<b>100</b>	<b>(37)</b>

*N.B. Revenue breakdown is based on shipment destination*

The Group's sales to Singapore market climbed 19% to S\$13.1 million in 1H21 from S\$11.0 million in 1H20 on the back of stable sales volume and higher ASP. Higher orders of steel products from customers in Singapore's marine and offshore sector during 1H21 helped to offset lower demand from customers in the engineering/fabrication and construction sectors. As a result, the Singapore market accounted for 74% of Group revenue in 1H21 (1H20: 39%).

Sales to Indonesia market fell 77% to S\$3.7 million in 1H21 from S\$15.9 million in 1H20. This is attributed mainly to lower newbuilding activities from shipyards amid more cautious purchasing behaviour among end-users. Hence, the revenue contribution from Indonesia market contracted to 21% in 1H21 (1H20: 57%).

Revenue derived from Malaysia market eased to S\$0.7 million in 1H21 from S\$0.8 million in 1H20 on weak end-user demand. This market made up 4% of Group revenue in 1H21 (1H20: 3%).



## ASIA ENTERPRISES HOLDING LIMITED

### OTHER INFORMATION

#### 2. Review of performance of the Group (cont'd)

##### **Gross profit and gross profit margin**

		1H	2H	Full Year
<b>Gross profit (S\$ m)</b>	<b>FY2021</b>	<b>5.2</b>	-	-
	<b>FY2020</b>	4.0	2.9	6.9
<b>Gross profit margin</b>	<b>FY2021</b>	<b>29.8%</b>	-	-
	<b>FY2020</b>	14.1%	19.7%	16.1%

Notwithstanding lower revenue, the Group's gross profit in 1H21 increased 32% to S\$5.2 million from S\$4.0 million in 1H20. Correspondingly, gross profit margin widened to 29.8% in 1H21 compared to 14.1% in 1H20. This was attributed mainly to higher ASP in 1H21 in tandem with the recovery in 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 1H21 amounted to S\$0.6 million which comprised primarily interest income and grants which are part of the 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 1H21 decreased to S\$0.2 million from S\$0.4 million in 1H20 in tandem with the level of freight and handling services that were required to fulfill customers' orders. Administrative expenses increased to S\$4.2 million from S\$3.8 million previously mainly due to higher provisions for professional and staff-related expenses.

In line with the adoption of SFRS(I)16, the Group recognised non-cash interest expense on lease liabilities of S\$0.1 million in 1H21, which was largely unchanged from 1H20. Other losses of S\$7,000 in 1H21 was due to loss on disposal of investment.

##### **Net profit / (loss) attributable to equity holders**

		1H	2H	Full Year
<b>Net profit / (loss) attributable to equity holders (S\$ m)</b>	<b>FY2021</b>	<b>1.3</b>	-	-
	<b>FY2020</b>	0.2	0.3	0.5
	<b>y-o-y change</b>	471%	-	-

The Group reported significantly higher net profit of S\$1.3 million for 1H21, compared to S\$0.2 million in 1H20. On a segmental basis, the Group recorded operating results before interest and tax (ORBIT) of S\$2.0 million from its steel distribution business in 1H21 compared to S\$0.2 million in 1H20. Steel processing business contributed ORBIT of S\$0.1 million in 1H21 which represented a turnaround from a loss of S\$0.3 million in 1H20.

## ASIA ENTERPRISES HOLDING LIMITED

### OTHER INFORMATION

#### 2. Review of performance of the Group (cont'd)

##### Review of Financial Position

###### *Statement of Financial Position as at 30 June 2021*

The Group's balance sheet remained sound with cash and cash equivalents of S\$49.0 million and zero borrowings as at 30 June 2021. Shareholders' equity (excluding treasury shares) stood at S\$93.7 million as at 30 June 2021. The Group had net asset value of 27.5 cents per share that included cash and cash equivalents of 14.4 cents per share and inventory with book value of 4.2 cents per share.

Property, plant and equipment decreased to S\$16.8 million from S\$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 30 June 2021, the Group's right-of-use assets and lease liabilities stood at S\$9.1 million and S\$9.4 million respectively.

Other financial assets as at 30 June 2021 increased slightly to S\$9.1 million from S\$8.8 million as at 31 December 2020 due to an increase in investments in fixed-income securities.

Trade and other receivables increased to S\$8.6 million as at 30 June 2021 from S\$7.4 million as at 31 December 2020 due mainly to higher sales in 1H21 compared to 2H20.

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 30 June 2021, inventories increased to S\$14.4 million from S\$13.9 million as at 31 December 2020 in tandem with the Group's sales and inventory replenishment activities. On an annualised basis, inventory turnover days for 1H21 was around 213 days compared to 141 days for FY2020.

Non-current and current provisions as at 30 June 2021 increased to S\$2.5 million from S\$1.6 million as at 31 December 2020, due mainly to provisions for professional and staff-related expenses. Provisions as at 30 June 2021 comprised largely provision for reinstatement costs of properties.

Trade and other payables arose mainly from purchases of inventories and services from third parties on credit terms. Trade and other payables amounted to S\$1.3 million as at 30 June 2021 compared to S\$3.0 million as at 31 December 2020. The decline was attributed mainly to the settlement of outstanding sums owing to suppliers.

##### **Statement of Cash Flows**

Net cash used in operating activities amounted to S\$0.2 million in 1H21. This was attributed to operating cash flows before changes in working capital of S\$2.4 million, offset by net outflows resulting from increases in inventories and trade and other receivables, as well as settlement of trade and other payables.

Net cash used in investing activities in 1H21 was S\$8,000. 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 1H21 amounted to S\$2.0 million, which was due mainly to the payment of dividend with respect to FY2020 and lease liabilities.

As a result of the above factors, the Group's cash and cash equivalents decreased to S\$49.0 million as at 30 June 2021 compared to S\$51.2 million at 31 December 2020.

## ASIA ENTERPRISES HOLDING LIMITED

### OTHER INFORMATION

#### 2. Review of performance of the Group (cont'd)

##### Significant trends and competitive conditions

The outlook of the global economy continues to be weighed down by the Covid-19 pandemic as new variants of the virus have caused a resurgence in infections. While the global economy is still generally expected to recover and grow this year, the spread of new variants and fresh wave of infections could lead to renewed lockdown measures and pose risks to this prospect.

As for the steel industry, international prices of steel products have been on the rise since the last quarter of 2020 due to a situation of tight supply against rising demand as global economies recover. This trend of higher prices could have a major impact on the economic viability of steel end-users' new projects and thereby affect their steel purchasing patterns. Coupled with prevailing economic uncertainties, end-users are likely to remain cautious in their purchases of steel raw materials.

In light of the above, the Group foresees business conditions to remain challenging as steel demand from industrial end-users in its key markets could remain muted due to higher steel prices and uncertain business outlook. A slowdown in business activities of key steel-consuming industries would have an adverse impact on demand for steel products.

Keen market competition, fluctuations in steel prices and movements in the US Dollar vis-à-vis the Singapore Dollar will also continue to affect the Group's market selling prices and cost of inventory replenishment.

In tandem with the increase in international steel prices, the cost of replenishing steel inventories has also risen. As such, the Group will continue to focus on prudent management of its inventory purchases and also ensure that its stock level and mix of steel products are aligned to the project requirements of customers.

With a sound and debt-free balance sheet, the Group believes it is well-positioned to overcome difficult business cycles. It will continue to exercise prudence and vigilance in its sales, inventory and credit management, as well as to 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 the first half of 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").

#### By Order of the Board

Siau Kuei Lian / Teo Chia Hui  
Joint Company Secretaries  
5 August 2021

## **ASIA ENTERPRISES HOLDING LIMITED**

### **NEGATIVE ASSURANCE CONFIRMATION ON INTERIM FINANCIAL RESULTS PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

We, Lee Bon Leong and Lee Yih Chyi, being two directors of Asia Enterprises Holding Limited ("the Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing material has come to the attention of the Board of Directors of the Company which may render the financial results for the first half ended 30 June 2021 to be false or misleading.

On behalf of the Board of Directors

Lee Bon Leong  
Non-Executive, Independent Chairman

Lee Yih Chyi  
Managing Director