



ASIA ENTERPRISES HOLDING LIMITED

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

(Incorporated in Singapore)

(the "Company")

REPLY TO SGX QUERIES REGARDING FY2021 ANNUAL REPORT

The Board of Directors (the "Board") of Asia Enterprises Holding Limited ("Asia Enterprises" or the "Company") wishes to respond to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") with respect to the Company's annual report for the year ended 31 December 2021 ("FY2021 Annual Report").

SGX Query 1:

Listing Rule 710 states that "An issuer must describe in its annual report its corporate governance practices with specific reference to the principles and the provisions of the Code. An issuer must comply with the principles of the Code. Where an issuer's practices vary from any provisions of the Code, it must explicitly state, in its annual report, the provision from which it has varied, explain the reason for variation, and explain how the practices it had adopted are consistent with the intent of the relevant principle."

Provision 9.2 of the Code of Corporate Governance 2018 ("the Code") states that "The Board requires and discloses in the company's annual report that it has received assurance from:

(a) The CEO and the Chief Financial Officer ("CFO") 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) The CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Issuer's risk management and internal control systems.

We note that the Company has disclosed on page 21 [sic] of AR2021 "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 Management, the non-existence of any critical internal control deficiencies, and assurances from the Managing Director and Group Financial Controller that: (a) 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 and effective for the type and volume of business that the Group currently operates."

Please make the disclosure as required under Listing Rule 710, in particular in relation to Provision 9.2 (b).

Company's response to SGX Query 1:

The Board has received assurances from the Managing Director and Group Financial Controller that:

- (a) 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 adequacy and effectiveness of the Company's risk management and internal control systems, the Group's internal controls in addressing the financial, operational, compliance and information technology risks and risk management systems are adequate and effective 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 Management, the non-existence of any critical internal control deficiencies, and assurances from the Managing Director and Group Financial Controller, the Board with the concurrence of the AC is of the opinion that the Group's internal controls and risk management systems are adequate and effective for the Group's type and volume of business.

SGX Query 2:

With reference to the audited consolidated statement of cash flows on page 37 of the Company's AR 2021, please provide an explanation for the material difference in the amounts of the following items, as compared to the unaudited financial results announcement of the Company for the year ended 31 December 2021:-

(i) The net cash used in operating activities of \$(297,000) as compared to the net cash used in operating activities of \$(457,000); and

(ii) The net cash used in financing activities of \$(2,458,000), as compared to the net cash used in financing activities of \$(2,297,000).

Company's response to SGX Query 2:

The table below is an extract of the Consolidated Statement of Cash Flows in the FY2021 Annual Report and the Company's announcement of the unaudited financial results ("Unaudited Financial Statements"):

| | FY2021 Annual Report | Unaudited Financial Statements | Variances |
|---------------------------------------|-----------------------------|---------------------------------------|------------------|
| | \$'000 | \$'000 | \$'000 |
| Net cash used in operating activities | (297) | (457) | (160) |
| Net cash used in financing activities | (2,458) | (2,297) | (161) |
| Rounding | | | (1) |

The material difference in the amounts of the aforesaid items in the FY2021 Annual Report as compared to the Unaudited Financial Statements of the Company is approximately \$161,000 (including a rounding difference of \$1,000). This arose from a reclassification of items between the net cash flows used in operating activities and net cash flows used in financing activities. Specifically, these are the items that were reclassified :

- i. Reclassification of unwinding of discount arising from provision for dismantling and removing (outflow) amounting to \$43,000 from financing activities to operating activities;
- ii. Reclassification of COVID-19 related concessions (inflow) of S\$204,000 from financing activities to operating activities.

By Order of the Board
Lee Yih Chyi
Managing Director
26 April 2022