ASIA ENTERPRISES HOLDING LIMITED

ANNUAL REPORT 2015

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 43 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,

In the financial year ended 31 December 2015 ("FY2015"), the global steel industry experienced one of the most severe downturns in history. Steel producers and service providers across the entire supply chain were affected by lacklustre end-user demand, excess production capacities and declining steel prices.

Since the second half of 2014, demand for steel products from industrial end-users has been languishing following the collapse in the prices of oil and other commodities. In the face of a moribund global economic climate and the commodities market downturn, industrial end-users have cut their requirements for steel products. As such, demand for steel products remained at depressed levels throughout FY2015.

Together with excess capacity in the supply chain, international steel prices continued drifting lower during the year. According to independent steel industry consultancy MEPS International, world steel prices plummeted 28% in the twelve months to November 2015 and remained under pressure in December 2015.

As a result of the challenging operating environment, the Group's revenue in FY2015 decreased by 50% to S$32.3 million due to a contraction in sales volume and lower average selling prices. The majority of the sales decline in FY2015 was caused by a 69% drop in sales to our largest customer segment, the marine and offshore sector. Against the backdrop of declining oil and commodity prices, shipyards had to contend with a substantial slowdown in newbuild orders in tandem with weaker demand for vessels that support the offshore industry and commodity trade.

In view of the persistent decline in steel prices, the Group had to write down the value of certain steel products in its inventory by S$9.8 million in the last quarter of FY2015. While the Group continued to keep a tight rein on its operating overheads and expenses, these prudent cost control measures were insufficient to mitigate the impact of the revenue decline and inventory write-down. As a result, the Group reported a net loss of S$12.1 million in FY2015.

Notwithstanding these challenges, Asia Enterprises continues to maintain a sound financial position. Thanks to our disciplined and prudent business practices, we had a robust balance sheet with cash and cash equivalents of S$68.4 million and zero borrowings at the end of FY2015. Our net asset value per share stood at 27.1 cents which include cash and cash equivalents of 20.0 cents per share.

We recognise the importance of sustaining shareholder value and remain committed to rewarding our shareholders for their continuous support. Despite incurring a net loss, the Group has recommended a final dividend of 0.5 cents per share with respect to FY2015. Since listing on the Singapore Exchange in 2005, Asia Enterprises has consistently paid dividends representing at least 40% of its earnings every year to shareholders.

Given the demanding business circumstances, it has become even more crucial for appropriate allocation of our financial resources to fulfill the Group's commitment to shareholders while ensuring sufficient financial strength to meet our working capital needs and execute our corporate plans. We have decided to use this slower business period to re-develop one of our warehouses in order to extend the property lease. We also intend to put in place a share buy-back program which will provide the Group with greater flexibility to mitigate any short-term market volatility impact on Asia Enterprises' share price.

The path ahead remains fraught with uncertainties. The operating environment will continue to be volatile and highly competitive due to the deterioration of market demand for steel and excess steel production capacities worldwide. Based on current market sentiment, we expect steel demand from our key end-user segments to remain modest.

As such, we will continue to keep a close watch on our operating expenses and sustain our market competitiveness by focusing on prompt services and maintaining an optimal mix of products to address customers' needs. The Group will also remain prudent in our inventory purchases to ensure stock levels are aligned to market conditions.

With our strong balance sheet, we are confident that Asia Enterprises has the ability to endure this period of slower business activity. The Group will also be ready to capitalise on opportunities when the major steel consuming industries such as shipyards, start to experience a sustained recovery in their business activities.

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. We wish to thank our fellow Directors for their valuable counsel, and also extend our sincere appreciation to our management and staff for their dedication, perseverance and valuable contributions to the Group.

Lee Choon Bok
Executive Chairman

Lee Yih Chyi, Yvonne
Managing Director

FINANCIAL AND BUSINESS REVIEW

FINANCIAL REVIEW

The Group experienced tough business conditions throughout FY2015. The global steel market was sluggish as a result of depressed demand for steel products and excessive inventory in the supply chain. Steel requirements from end-user industries remained dampened by slow business activities amidst the uncertain global economic climate while international steel prices continued on a downward trend during the year. As a result, Group revenue fell 50% to S$32.3 million in FY2015 from S$65.1 million in FY2014, due largely to a contraction in sales volume and the impact of lower average selling prices.

Other income decreased to S$1.1 million in FY2015 from S$1.6 million in the previous year due to lower write-back of doubtful and bad debts, and a foreign exchange loss as compared to a gain in FY2014.

In line with lower revenue, gross profit for FY2015 contracted by 57% to S$3.7 million while gross profit margin softened to 11.4% as compared to 13.2% in FY2014. 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.

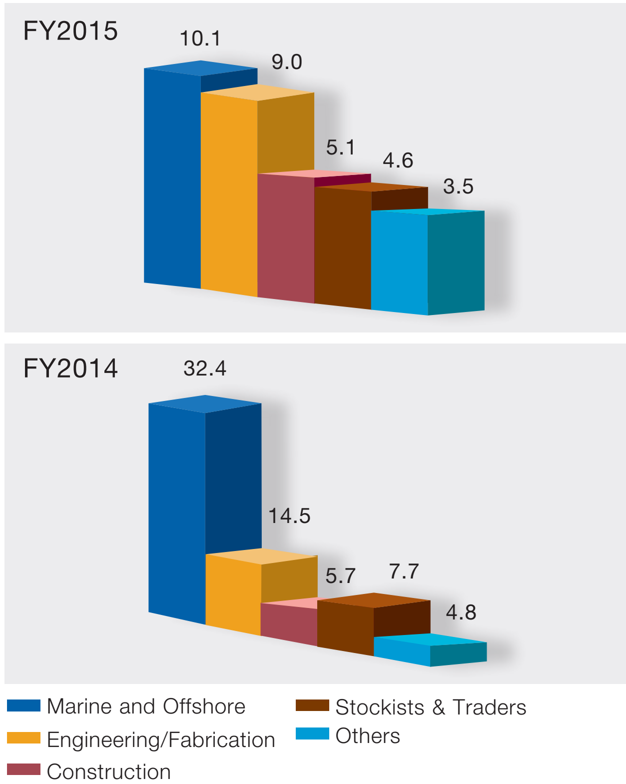
For FY2015, operating expenses (marketing and distribution costs, and administrative expenses) decreased to S$6.4 million from S$7.4 million in FY2014. The Group reduced its marketing and distribution costs by 53% to S$0.4 million in tandem with the lower volume of business during the year. Administrative expenses also fell to S$6.0 million from S$6.6 million in FY2014 due mainly to lower provision for staff bonus.

The Group recorded minimal interest expenses of S$1,000 in FY2015. Other losses however increased to S$10.5 million from S$0.6 million in FY2014, attributable largely to a write-down in the value of the Group's steel inventory amounting to S$9.8 million as market prices of steel products continued to slide during FY2015.

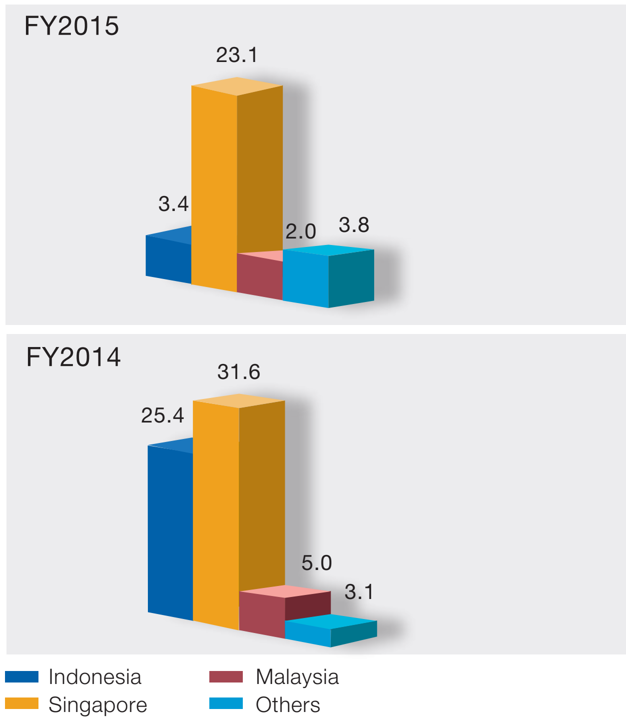
As a result of the above factors, the Group posted a net loss of S$12.1 million in FY2015 as compared to a net profit of S$2.0 million in FY2014. Although the Group maintained a tight rein on its operating overheads and expenses, these cost control measures were insufficient to mitigate the impact from the substantial decrease in revenue and the write-down in inventory.

Notwithstanding the net loss in FY2015, Asia Enterprises is proposing to reward its shareholders for their continuous support through the payment of a final

Revenue Breakdown by Customer Segment (S$ million)



Revenue Breakdown by Geographical Market* (S$ million)



* *based on shipment destination*

FINANCIAL AND BUSINESS REVIEW

dividend of 0.5 cents per share. The proposed dividend is subject to shareholders' approval at the forthcoming annual general meeting to be held on 21 April 2016.

As at 31 December 2015, the Group maintained a sound financial position. Shareholders' equity stood at S$92.7 million, which translated to net asset value of 27.1 cents per share.

Cash and cash equivalents increased to S$68.4 million compared to S$67.0 million at the end of December 2014. The Group remained debt free as at 31 December 2015.

Trade and other receivables as at 31 December 2015 decreased to S$6.5 million compared to S$7.4 million as at 31 December 2014. Debtor turnover in FY2015 lengthened to 73 days compared to 42 days for FY2014.

Trade and other payables decreased to S$2.2 million from S$2.9 million as at 31 December 2014, due mainly to lower purchases. Other financial liabilities as at 31 December 2015 were nil compared to S$1.0 million as at 31 December 2014 which was due mainly to 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 new builds, repairs, conversions and offshore marine-related activities. The Group also serves customers in the construction, engineering/fabrication, manufacturing and precision metal stamping industries.

The decline in the Group's revenue for FY2015 was attributed largely to the marine and offshore segment which registered a 69% decrease in sales to S$10.1 million. This was due to the substantial slowdown in newbuilding activities at shipyards amid persistent weakness in the commodities and chartering markets. Accordingly, this segment accounted for a lower 31% of Group revenue in FY2015, as compared to 50% in the previous year.

Sales to customers in the engineering/fabrication segment in FY2015 also declined to S$9.0 million from S$14.5 million in the previous year as a result of slower orders. Sales derived from the construction segment eased slightly to S$5.1 million in FY2015 from S$5.7 million previously due mainly to lower average selling prices.

Performance by Geographical Market

The Group serves some 700 active customers across the Asia Pacific region. Singapore, Indonesia and Malaysia are its primary geographical markets based on shipment destination. In FY2015, the Group experienced reduced sales to its three primary markets due to weak demand from steel end-users, particularly customers in the marine and offshore sector.

Sales to Indonesia in FY2015 shrank considerably to S$3.4 million from S$25.4 million in the previous year due to slower business conditions at the country's shipyards. Consequently, the contribution from the Indonesia market decreased to 10% of Group revenue in FY2015 as compared to 39% in FY2014.

While sales to Singapore in FY2015 were also lower compared to FY2014, the decline was relatively smaller as the Group serves a more diversified customer base that includes end-users from marine and offshore, engineering/fabrication, construction and manufacturing industries. As a result, the Singapore market accounted for 72% of Group revenue in FY2015, up from 48% previously.

Sales to other markets in the region showed an improvement to S$3.8 million in FY2015, from S$3.1 million in FY2014, and contributed 12% of the Group's revenue.

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 average cost of inventory due to delivery lead time of the products, which is typically around two to three months.

As at 31 December 2015, the Group's inventories (measured on a weighted average cost basis) decreased to S$17.0 million as compared to S$38.9 million at the end of December 2014. This was due mainly to a write-down in the value of steel inventory amounting to S$9.8 million, as well as the Group's ongoing strategy to align its stock of steel products to prevailing market conditions. For FY2015, inventory turnover decreased to 216 days compared to 251 days for FY2014.

FINANCIAL HIGHLIGHTS

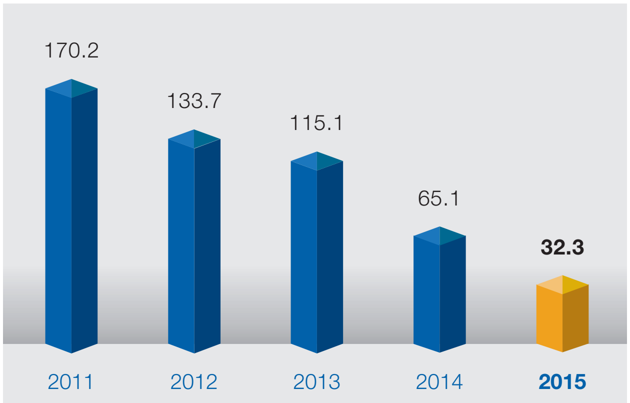
FINANCIAL YEAR ENDED 31 DECEMBER

(S$ million)	FY2015	FY2014	Change
Revenue	32.3	65.1	(50%)
Gross profit margin	11.4%	13.2%	–
Net (loss)/profit	(12.1)	2.0	n.m.
Net (loss)/profit attributable to shareholders	(12.1)	1.9	n.m.
Net gearing	Zero Borrowings	Net Cash	–

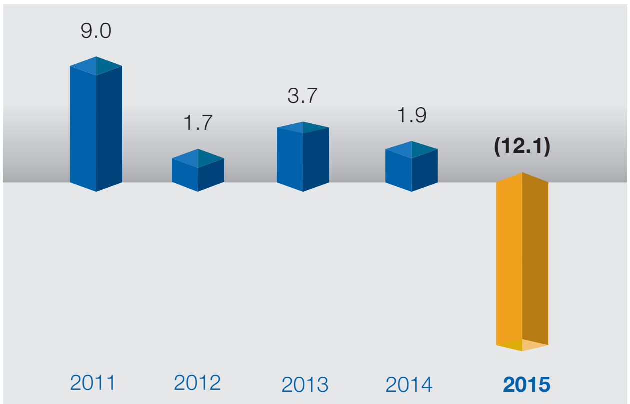
Per Share Data*		
(Loss)/earnings per share (cents)	(3.53)	0.56
Proposed dividend per share (cents)	0.50	1.50#
Net asset value per share (cents)	27.11	32.15

**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

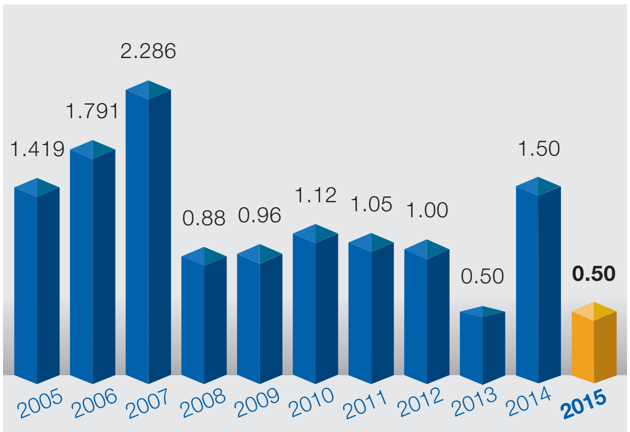
Revenue (S$ million)



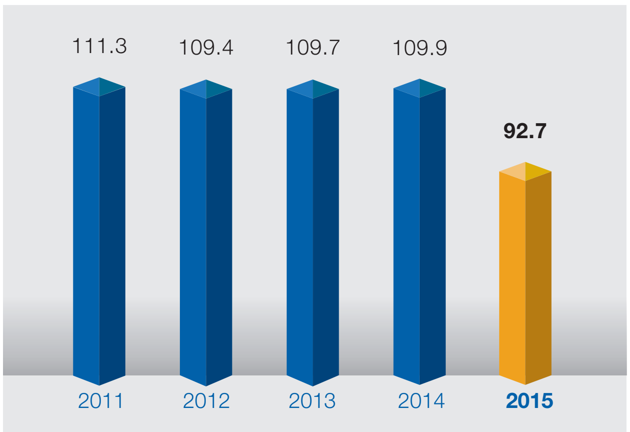
Net Profit/(Loss) Attributable to Shareholders (S$ million)



Dividend Payments (cents per share)



Shareholders' Equity (S$ million)



BOARD OF DIRECTORS

LEE CHOON BOK

Executive Chairman

Mr Lee Choon Bok, 74, was appointed to the Board on 20 January 2005. He was last re-appointed on 23 April 2015. 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.

TAN KEH YAN, PETER

Lead Independent Director
Chairman of Audit and Nominating Committees, Member of Remuneration Committee

Mr Tan Keh Yan, Peter, 67, was appointed as an Independent Director on 22 July 2005. He was last re-elected on 23 April 2015 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 YIH CHYI, YVONNE

Managing Director

Ms Lee Yih Chyi, Yvonne, 46, 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.

LEE BON LEONG (PBM, BBM, JP)

Independent Director
Chairman of Remuneration Committee, Member of Audit and Nominating Committees

Mr Lee Bon Leong, 69, 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 degree from the University of Singapore.

HARMAIDY

Non-Executive Director
Member of Remuneration Committee

Mr Harmaidy, 63, 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 Company Private Limited, 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.

TEO KENG THWAN

Independent Director
Member of Audit and Nominating Committees

Mr Teo Keng Thwan, 72, was appointed as a Non-Executive Director on 20 January 2005 and was last re-appointed on 23 April 2015. 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 degree from the Nanyang Technological University.

ENG JIAT CHENG

Group Administrative Manager

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.

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.

FINANCIAL CONTENTS

CORPORATE SOCIAL RESPONSIBILITY

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 engages in the business of 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 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 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 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 since 2012, which is a widely-recognised international occupational health and safety management system specification. During FY2015, 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 43 years. As a result, we have high staff retention rates with about 43% of our employees having worked at the Group for more than 10 years.

SOCIETY

Asia Enterprises also recognises the important role that businesses can play in providing support and 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 also actively volunteer 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 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 recognises 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' Statement 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 Constitution provides 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 2015 ("FY2015") 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	4	3	4*	3*	2*	2*	1*	1*
Lee Yih Chyi, Yvonne	4	4	4*	4*	2*	2*	1*	1*
Harmaidy	4	4	4*	4*	2	2	1*	1*
Teo Keng Thwan	4	3	4	3	2*	2*	1	1
Tan Keh Yan, Peter	4	4	4	4	2	2	1	1
Lee Bon Leong	4	4	4	4	2	2	1	1

(*) 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 are 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 at least 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 dates 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 in line with Guideline 3.3 of the Code, 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, for the Chairman and 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 listed company board representations, 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 to provide 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 Constitution, 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 listed company 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.

The NC has reviewed and recommended the re-election of Mr Harmaidy and Mr Lee Bon Leong who are retiring at the forthcoming annual general meeting to be held on 21 April 2016 (“forthcoming AGM”) and the re-appointment of Mr Lee Choon Bok and Mr Teo Keng Thwan whose terms as Directors end at the forthcoming AGM. 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 without engagement of an external facilitator.

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: -

Name of Director	Base Salary	Variable Payments	Other Benefits	Fees	Total
$500,000 to $749,999					
Lee Choon Bok	87%	7%	4%	2%	100%
$250,000 to $499,999					
Lee Yih Chyi, Yvonne	87%	8%	2%	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 $918,000 and $177,000 respectively for FY2015.

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

Mr Yeo Geok Seng retired on 31 May 2015.

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 $718,000 for FY2015.

None of the Directors (including the Managing Director) and the top key management personnel (who are not Directors or the Managing Director) of the Company has received any termination, retirement, post-employment benefits for FY2015.

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

Name of Employee	Relationship with the Relevant Director
$50,000 to $99,999	
Lee Kee Chong (f.k.a. Lee Choon Chye)	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
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 Shareholders while 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 financial statements 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, compliance and information technology controls, 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.

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 for adequacy and effectiveness on an annual basis. The Management identifies, manages and monitors areas of significant business risks as shown on pages 24 and 25, 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 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 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 and effective 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 judgement 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 holding senior positions in the financial, legal and commercial sectors, and have 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, 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 the external auditor annually and making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving their remuneration and terms of engagement;
(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 FY2015.

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

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 ("SGX") 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 FY2015 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 reports 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 meets or exceeds 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 provides adequate staff with relevant experience to conduct the internal audits.

The internal auditor also highlights 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. In addition, the Company held a Shareholders Day on 15 October 2015 to provide an opportunity for its shareholders to meet the Management and gain a better understanding of the Company's business, financials and dynamics of the steel industry.

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.

CORPORATE GOVERNANCE

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.

Shareholders entitled to attend and vote at the AGM are entitled to appoint up to two proxies 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.

A Relevant Intermediary[1] may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

The Company will put all resolutions to vote by poll and 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 had 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.

[1] A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE GOVERNANCE

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 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Penta Transport Services	$194,000	Nil

The Company has no shareholders' mandate for interested person transactions.

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 fluctuation in the price of steel will affect our cost of purchase and our profitability.

Over the past 43 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 43 years, we have established a diverse pool of some 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

For the reporting year ended 31 December 2015, approximately 31% 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.

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2015.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of the 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.

2. DIRECTORS IN OFFICE AT DATE OF REPORT

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

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

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

	Direct interest		Deemed interest	
Names of directors and company in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**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	–	25,000	131,193,566	131,193,566
Harmaidy	18,539,650	18,539,650	21,332,375	21,332,375
Tan Keh Yan, Peter	125,000	125,000	–	–
Teo Keng Thwan	77,958	77,958	17,375,208	17,375,208

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 body corporate of the company.

The directors' interests as at 21 January 2016 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. 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 arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. OPTIONS

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares 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 under option.

6. REPORT OF 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, compliance and information technology 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 the independent auditor's objectivity and independence is safeguarded where the independent auditor provides 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.

STATEMENT BY DIRECTORS

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, compliance and information technology risks, are adequate as at the end of the reporting year 31 December 2015.

8. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors

....

Lee Choon Bok
Director
Executive Chairman

....

Lee Yih Chyi, Yvonne
Director
Managing Director

29 February 2016

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 2015, 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 financial statements 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 about 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 judgement, 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 financial position of the group and of the company as at 31 December 2015 and the financial performance, 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

29 February 2016

Partner-in-charge of audit: Helen See
Effective from reporting year ended 31 December 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31 December 2015

	Notes	Group 2015 $'000	2014 $'000
Revenue	5	**32,300**	65,072
Cost of sales		**(28,631)**	(56,482)
Gross profit		**3,669**	8,590
Other items of income			
Interest income	6	**572**	334
Other gains	7	**489**	1,233
Other items of expense			
Marketing and distribution costs		**(403)**	(860)
Administrative expenses		**(6,020)**	(6,584)
Finance costs	8	**(1)**	(2)
Other losses	7	**(10,476)**	(605)
(Loss)/Profit before tax from continuing operations		**(12,170)**	2,106
Income tax income/(expense)	10	**36**	(122)
(Loss)/Profit from continuing operations, net of tax		**(12,134)**	1,984
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive (loss)/income		**(12,134)**	1,984
(Loss)/Profit attributable to owners of the parent, net of tax		**(12,080)**	1,910
(Loss)/Profit attributable to non-controlling interests, net of tax		**(54)**	74
(Loss)/Profit net of tax		**(12,134)**	1,984
Total comprehensive (loss)/income attributable to owners of the parent		**(12,080)**	1,910
Total comprehensive (loss)/income attributable to non-controlling interests		**(54)**	74
Total comprehensive (loss)/income		**(12,134)**	1,984
(Loss)/Earnings per share	11	**Cents**	Cents
(Loss)/Earnings per share currency unit			
Basic		**(3.53)**	0.56
Diluted		**(3.53)**	0.56

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Notes	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**8,004**	6,186	**–**	–
Investment property	14	**526**	545	**–**	–
Investments in subsidiaries	15	**–**	–	**43,530**	43,530
Other assets	16	**100**	100	**–**	–
Total non-current assets		**8,630**	6,831	**43,530**	43,530
Current assets					
Inventories	17	**16,981**	38,850	**–**	–
Trade and other receivables	18	**6,458**	7,421	**18,000**	21,909
Other financial assets	19	**1,019**	1,033	**–**	–
Cash and cash equivalents	20	**68,372**	66,958	**2,662**	2,172
Total current assets		**92,830**	114,262	**20,662**	24,081
Total assets		**101,460**	121,093	**64,192**	67,611
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	21	**58,856**	58,856	**58,856**	58,856
Retained earnings		**33,272**	50,481	**5,100**	8,521
Capital reserve	22	**575**	575	**–**	–
Total equity attributable to owners of the parent		**92,703**	109,912	**63,956**	67,377
Non-controlling interests		**5,879**	6,333	**–**	–
Total equity		**98,582**	116,245	**63,956**	67,377
Non-current liabilities					
Deferred tax liabilities	10	**688**	688	**–**	–
Total non-current liabilities		**688**	688	**–**	–
Current liabilities					
Income tax payable		**12**	324	**12**	10
Trade and other payables	23	**2,178**	2,868	**224**	224
Other financial liabilities	24	**–**	968	**–**	–
Total current liabilities		**2,190**	4,160	**236**	234
Total liabilities		**2,878**	4,848	**236**	234
Total equity and liabilities		**101,460**	121,093	**64,192**	67,611

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

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2015

	Total Equity $'000	Attributable to Parent Sub-Total $'000	Share Capital $'000	Capital Reserve $'000	Retained Earnings $'000	Non-Controlling Interests $'000
Group						
Current year:						
Opening balance at 1 January 2015	**116,245**	**109,912**	**58,856**	**575**	**50,481**	**6,333**
Movements in equity:						
Total comprehensive loss for the year	**(12,134)**	**(12,080)**	**–**	**–**	**(12,080)**	**(54)**
Dividends paid (Note 12)	**(5,529)**	**(5,129)**	**–**	**–**	**(5,129)**	**(400)**
Closing balance at 31 December 2015	**98,582**	**92,703**	**58,856**	**575**	**33,272**	**5,879**
Previous 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

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31 December 2015

	Total Equity $'000	Share Capital $'000	Retained Earnings $'000
<u>**Company**</u>			
Current year:			
Opening balance at 1 January 2015	**67,377**	**58,856**	**8,521**
Movements in equity:			
Total comprehensive income for the year	**1,708**	**–**	**1,708**
Dividends paid (Note 12)	**(5,129)**	**–**	**(5,129)**
Closing balance at 31 December 2015	**63,956**	**58,856**	**5,100**
Previous 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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31 December 2015

	Group	
	2015	**2014**
	$'000	**$'000**
Cash flows from operating activities		
(Loss)/Profit before tax	**(12,170)**	2,106
Adjustments for:		
Interest income	**(572)**	(334)
Interest expense	**1**	2
Depreciation of investment property	**19**	20
Depreciation of property, plant and equipment	**431**	408
Gain on disposal of plant and equipment	**(25)**	(16)
Fair value losses on derivatives	**–**	278
Realisation of forward currency contracts	**(278)**	–
Amortisation of other financial assets	**14**	–
Operating cash flows before changes in working capital	**(12,580)**	2,464
Inventories	**21,869**	8,140
Trade and other receivables	**963**	11,717
Trade and other payables	**(690)**	(313)
Net cash flows from operations	**9,562**	22,008
Income taxes paid	**(276)**	(487)
Net cash flows from operating activities	**9,286**	21,521
Cash flows from investing activities		
Purchase of other financial assets	**–**	(1,021)
Purchase of plant and equipment (Note 13)	**(2,264)**	(493)
Interest received	**572**	334
Proceeds from disposal of plant and equipment	**40**	16
Net cash flows used in investing activities	**(1,652)**	(1,164)
Cash flows from financing activities		
Dividends paid to equity owners	**(5,129)**	(1,709)
Dividends paid by a subsidiary to non-controlling interests	**(400)**	(80)
Other financial liabilities	**(690)**	690
Interest paid	**(1)**	(2)
Net cash flows used in financing activities	**(6,220)**	(1,101)
Net increase in cash and cash equivalents	**1,414**	19,256
Cash and cash equivalents, statement of cash flows, beginning balance	**66,958**	47,702
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	**68,372**	66,958

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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.

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 a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may 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. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

1. GENERAL (CONTINUED)

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

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.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Income tax (continued)

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).

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 2.0% to 14.0%.
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 (land or a building or part of a building or both) 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 only, the fair values are measured 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%.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. 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. 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 costs 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

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.

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. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

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 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

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 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. 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.

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. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Financial liabilities (continued)

#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.

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.

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 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2B. Other explanatory information

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.

2C. 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, historical bad debts, customer concentrations and customer creditworthiness when evaluating the adequacy of the allowance for doubtful trade receivable. To the extent that it is feasible, impairment and uncollectibility is determined individually for each trade receivable. 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 on inventory for excess inventory and decline 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 and market prices 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. During the year, the Group wrote down inventories by $9,810,000 and the carrying amount of inventories at the end of the reporting year is disclosed in the Note on inventories.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2C. Critical judgements, assumptions and estimation uncertainties (continued)

Income tax amounts:

The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

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 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 $8,004,000.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parent 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.

3A. Related companies

Name	Relationship	Country of incorporation
Asia Enterprises Holding Limited	Parent company and ultimate parent company	Singapore
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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3B. Related party transactions

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.

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

Significant related party transactions:

	Group Other related parties 2015 $'000	 2014 $'000
Sale of goods	**(16)**	(35)
Purchases of goods	**1,428**	2,035
Transport services	**194**	388
Management fees	**10**	–

3C. Key management compensation

	Group 2015 $'000	 2014 $'000
Salaries and other short-term employee benefits	**1,813**	1,968

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

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3C. Key management compensation (continued)

	Group	
	2015	**2014**
	$'000	**$'000**
Remuneration of directors of the company	**918**	923
Fees to directors of the company	**177**	177
Fees to directors of a subsidiary	**–**	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 tax and other unallocated items (called "ORBIT").

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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 $'000	Provision of steel processing $'000	Corporate $'000	Unallocated $'000	Total $'000
Group					
Continuing operations 2015					
Revenue by segment					
Total revenue by segment	25,955	7,014	62	–	33,031
Inter-segment sales	(40)	(636)	(55)	–	(731)
Total revenue	25,915	6,378	7	–	32,300
Recurring EBITDA	(11,807)	(142)	(367)	–	(12,316)
Depreciation	(177)	(273)	–	–	(450)
Interest income	–	–	–	572	572
Finance costs	–	–	–	(1)	(1)
ORBIT	(11,984)	(415)	(367)	571	(12,195)
Other unallocated items					25
Loss before tax from continuing operations					(12,170)
Income tax refund					36
Loss from continuing operations					(12,134)
Non-controlling interests					54
Loss attributable to owners of the parent					(12,080)
Other material items and reconciliations:–					
Expenditure for non-current assets	2,179	85	–	–	2,264
Bad debts written off and recovery costs	231	–	–	–	231
Depreciation expense	177	273	–	–	450
Write-back of trade receivables	(463)	–	–	–	(463)
Write-off of trade receivables	399	–	–	–	399
Inventories written down	9,430	380	–	–	9,810
Assets and reconciliations					
Total assets for reportable segments	83,009	15,430	2,662	–	101,101
Unallocated assets	–	–	–	359	359
Total group assets	83,009	15,430	2,662	359	101,460
Liabilities and reconciliations					
Total liabilities for reportable segments	1,637	272	223	–	2,132
Unallocated corporate liabilities:–					
Other payables	–	–	–	46	46
Income tax payable	–	–	–	12	12
Deferred tax liabilities	–	–	–	688	688
Total group liabilities	1,637	272	223	746	2,878

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

Profit or loss from continuing operations and reconciliations: (continued)

	Steel distribution $'000	Provision of steel processing $'000	Corporate $'000	Unallocated $'000	Total $'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

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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	
	2015 $'000	2014 $'000
Singapore	**24,609**	42,302
Indonesia	**2,933**	15,450
Malaysia	**2,010**	5,026
Other regions	**2,748**	2,294
	32,300	65,072

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	
	2015 $'000	2014 $'000
Singapore	**8,630**	6,831

5. REVENUE

	Group	
	2015 $'000	2014 $'000
Sale of goods	**32,125**	64,873
Rental income	**149**	167
Insurance claims	**26**	32
	32,300	65,072

6. INTEREST INCOME

	Group	
	2015 $'000	2014 $'000
Interest income from financial institutions	**548**	321
Other interest income	**24**	13
	572	334

7. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2015	**2014**
	$'000	**$'000**
Allowance for impairment on trade receivables	**(399)**	–
Allowance for impairment on trade receivables – reversal	**463**	708
Bad debts written off and recovery costs – trade receivables	**(231)**	(64)
Dividend income	**1**	1
Inventories written down	**(9,810)**	(263)
Foreign exchange adjustments (loss)/gains	**(36)**	508
Gain on disposal of plant and equipment	**25**	16
Fair value losses on derivatives	**–**	(278)
Net	**(9,987)**	628
Presented in profit or loss as:		
Other gains	**489**	1,233
Other losses	**(10,476)**	(605)
Net	**(9,987)**	628

8. FINANCE COST

	Group	
	2015	**2014**
	$'000	**$'000**
Interest expense	**1**	2

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015	**2014**
	$'000	**$'000**
Short term employee benefits expense	**3,543**	3,937
Contributions to defined contribution plan	**317**	367
Other benefits	**142**	156
Total employee benefits expense	**4,002**	4,460

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10. INCOME TAX

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

	Group	
	2015	**2014**
	$'000	**$'000**
Current tax expense		
Current tax expense	**12**	245
Over adjustments to current tax in respect of prior periods	**(48)**	(168)
Subtotal	**(36)**	77
Deferred tax expense		
Deferred tax expense	**–**	31
Under adjustments in respect of prior periods	**–**	14
Subtotal	**–**	45
Total income tax (income)/expense	**(36)**	122

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% (2014: 17.0%) to profit or loss before income tax as a result of the following differences:

	Group	
	2015	**2014**
	$'000	**$'000**
(Loss)/Profit before tax	**(12,170)**	2,106
Income tax (income)/expense at the above rate	**(2,069)**	358
Non deductible items	**125**	19
Tax exemptions and rebate	**(105)**	(87)
Over adjustments to tax in respect of prior periods	**(48)**	(154)
Unrecognised deferred tax assets	**2,061**	–
Previously unrecognised deferred tax assets recognised this year	**–**	(10)
Other minor items less than 3% each	**–**	(4)
Total income tax (income)/expense	**(36)**	122

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

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

	Group	
	2015	**2014**
	$'000	**$'000**
Excess of book value over tax depreciation on plant and equipment	**–**	45
Total deferred tax expense recognised in profit or loss	**–**	45

10. INCOME TAX (CONTINUED)

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

	Group	
	2015	**2014**
	$'000	**$'000**
Deferred tax liabilities:		
Excess of net book value of plant and equipment over tax values	**688**	688
Total deferred tax liabilities	**688**	688
Deferred tax assets:		
Tax loss carryforwards	**2,061**	–
Unrecognised deferred tax assets	**(2,061)**	–
Total deferred tax assets	**–**	–
Net total of deferred tax liabilities	**688**	688

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

The above deferred tax assets for the tax losses that have not been recognised are in respect of the remaining balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

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	
	2015	**2014**
	$'000	**$'000**
Numerators: earnings attributable to equity:		
(Loss)/Profit for the year attributable to equity owners	**(12,080)**	1,910
	2015	2014
	'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.

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12. DIVIDENDS ON EQUITY SHARES

	Group and Company 2015 $'000	2014 $'000
Final tax exempt (1-tier) dividend paid of 1.5 cents (2014: 0.5 cents) per share	**5,129**	1,709

In respect of the current reporting year, the directors propose that a final dividend of 0.5 cents per share with a total of $1,710,000 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.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Properties $'000	Plant and Equipment $'000	Total $'000
Group			
Cost:			
At 1 January 2014	11,883	10,121	22,004
Additions	284	209	493
Disposals	–	(196)	(196)
At 31 December 2014	12,167	10,134	22,301
Additions	2,252	12	2,264
Disposals	(3,253)	(1,002)	(4,255)
At 31 December 2015	**11,166**	**9,144**	**20,310**
Accumulated depreciation:			
At 1 January 2014	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
Depreciation for the year	260	171	431
Disposals	(3,253)	(987)	(4,240)
At 31 December 2015	**3,709**	**8,597**	**12,306**
Net book value:			
At 1 January 2014	5,407	694	6,101
At 31 December 2014	5,465	721	6,186
At 31 December 2015	**7,457**	**547**	**8,004**

Allocation of the depreciation expense:

	Cost of sales $'000	Administrative expenses $'000	Total $'000
2015	**209**	**222**	**431**
2014	178	230	408

Certain motor vehicles at a carrying value of $127,000 (2014: $169,000) are held in trust by some of the directors of the company.

Fully depreciated plant and equipment still in use had a cost of $7,738,000 (2014: $8,614,000).

14. INVESTMENT PROPERTY

	Group 2015 $'000	Group 2014 $'000
At cost:		
At beginning of the year	**886**	886
At end of the year	**886**	886
Accumulated depreciation:		
At beginning of the year	**341**	321
Depreciation for the year	**19**	20
At end of the year	**360**	341
Net book value:		
At beginning of the year	**545**	565
At end of the year	**526**	545
Fair value:		
Fair value at end of the year	**1,543**	1,367
Rental and service income from investment property	**75**	62
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period	**25**	21

Allocation of the depreciation expense:

	2015 $'000	2014 $'000
Administrative expenses	**19**	20

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).

15. INVESTMENTS IN SUBSIDIARIES

	Company 2015 $'000	Company 2014 $'000
Unquoted shares at cost	**43,530**	43,530

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15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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 2015 $'000	2014 $'000	Effective Percentage of Equity Held 2015 %	2014 %
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 2015 $'000	2014 $'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.

17. INVENTORIES

	Group 2015 $'000	2014 $'000
Finished goods and goods for resale	**15,897**	36,724
Raw material and processed steel	**1,084**	2,126
	16,981	38,850

The write-down of inventories charged to profit or loss included in other losses	**9,810**	263
The amount of inventories charged to cost of sales	**27,318**	54,762

There are no inventories pledged as security for liabilities.

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18. TRADE AND OTHER RECEIVABLES

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Trade receivables:				
Outside parties	**7,630**	8,769	**–**	–
Less allowance for impairment	**(1,433)**	(1,497)	**–**	–
Related party (Note 3)	**2**	1	**–**	–
Subtotal	**6,199**	7,273	**–**	–
Other receivables:				
Subsidiary (Note 3)[(a)]	**–**	–	**16,800**	17,600
Dividends receivable from a subsidiary	**–**	–	**1,185**	4,300
Other receivables	**245**	132	**15**	9
Deposits to secure services	**14**	16	**–**	–
Subtotal	**259**	148	**18,000**	21,909
Total trade and other receivables	**6,458**	7,421	**18,000**	21,909
Movement in above allowance:				
Balance at beginning of the year	**(1,497)**	(2,205)	**–**	–
Charge to profit or loss included in other losses	**(399)**	–	**–**	–
Reversal to profit or loss included in other gains	**463**	708	**–**	–
Balance at end of the year	**(1,433)**	(1,497)	**–**	–

(a) The interest charged for the unsecured loan to subsidiary is between 1.23% to 1.38% (2014: 0.92% to 1.08%) per annum. There is no fixed term for the repayment of the loan.

19. OTHER FINANCIAL ASSETS

	Group 2015 $'000	Group 2014 $'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)	**1,007**	1,021
Total financial assets at fair value through profit or loss	**1,019**	1,033

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 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Not restricted in use	**68,372**	66,958	**2,662**	2,172

The rates of interest on interest earning balances of $68,372,000 (2014: $66,958,000) for the group was between 0.5% and 1.65% (2014: 0.5% and 1.5%) per annum.

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21. SHARE CAPITAL

	Number of shares issued '000	Share capital $'000
Group and Company		
Ordinary shares of no par value:		
Balance at beginning and end of the year 31 December 2014	**341,917**	58,856
Balance at beginning and end of the year 31 December 2015	**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.

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 represent 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 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Trade payables:				
Outside parties and accrued liabilities	**1,975**	1,677	**224**	224
Related parties (Note 3)	**158**	49	**–**	–
Subtotal	**2,133**	1,726	**224**	224
Other payables:				
Advance from customers	**20**	429	**–**	–
Others	**25**	713	**–**	–
Subtotal	**45**	1,142	**–**	–
Total trade and other payables	**2,178**	2,868	**224**	224

24. OTHER FINANCIAL LIABILITIES

	Group 2015 $'000	Group 2014 $'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 0.89% to 0.92% (2014: 0.6% to 1.35%) per annum and were 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 US$'000	Reference Currency	Maturity	Fair Value (Loss)/Gain S$'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)

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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).

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	
	2015	**2014**
	$'000	**$'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. Categories 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	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Cash and bank balances	**68,372**	66,958	**2,662**	2,172
Loans and receivables	**6,458**	7,421	**18,000**	21,909
Financial assets at fair value through profit or loss	**1,019**	1,033	**–**	–
At end of the year	**75,849**	75,412	**20,662**	24,081
Financial liabilities:				
Trade and other payables measured at amortised cost	**2,158**	2,439	**224**	224
Other financial liabilities measured at amortised cost	**–**	690	**–**	–
Derivative financial instrument at fair value	**–**	278	**–**	–
At end of the year	**2,158**	3,407	**224**	224

Further quantitative disclosures are included throughout these financial statements.

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, foreign exchange and price exposures. Management has certain practices for the management of financial risks. The guidelines set out the short and long term objectives and actions to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, foreign exchange, credit and market risks for all kinds of transactions.

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

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 statements 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 to 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 would 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, any other financial instruments and other financial assets is limited because the counter 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 any impairment loss 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.

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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 (2014: 30 to 90 days). But some customers take a longer period to settle the amounts:

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

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables:		
Less than 30 days	**332**	506
31 to 60 days	**193**	345
Over 60 days	**166**	615
Total	**691**	1,466

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

	Group	
	2015	**2014**
	$'000	**$'000**
Trade receivables:		
Over 365 days	**1,433**	1,497

The allowance which is disclosed in the Note on trade receivables is based on individual accounts totalling $1,433,000 (2014: $1,497,000) 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	
	2015	**2014**
	$'000	**$'000**
Top 1 customer	**669**	657
Top 2 customers	**1,046**	991
Top 3 customers	**1,332**	1,309

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	
	2015 $'000	**2014 $'000**
Derivative financial liabilities:		
Forward currency options	–	9,532
Forward currency contracts	–	855
At end of the year	–	10,387

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 statements 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.

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 (2014: 30-60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

	Group	
	2015 $'000	**2014 $'000**
Bank Facilities:		
Undrawn borrowing facilities	**83,578**	84,879
Banker's guarantee	**13**	37

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 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 and floating interest rates. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets:				
Floating rate	**31,388**	41,165	**17,462**	18,272
Fixed rate	**37,991**	26,814	**2,000**	1,500
Total at end of the year	**69,379**	67,979	**19,462**	19,772
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.

	Group	
	2015	**2014**
	$'000	**$'000**
Financial assets:		
A hypothetical increase in interest rates by 100 basis points with all other variables held constant, would have an increase in pre-tax (loss)/profit for the year by	**314**	412

	Company	
	2015	**2014**
	$'000	**$'000**
Financial assets:		
A hypothetical increase in interest rates by 100 basis points with all other variables held constant, would have an increase in pre-tax (loss)/profit for the year by	**175**	183

The analysis has been performed for fixed interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The hypothetical changes in basis points are not based on observable market data (unobservable inputs). The impact of a change in interest rates on floating interest rate financial instruments has not been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss.

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

26G. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

	US dollar	
	2015	**2014**
	$'000	**$'000**
Group		
Financial assets:		
Cash and cash equivalents	**3,422**	10,722
Loans and receivables	**8**	29
Total financial assets	**3,430**	10,751
Financial liabilities:		
Trade and other payables	**(188)**	(46)
Other financial liabilities	**–**	(690)
Total financial liabilities	**(188)**	(736)
Net financial assets at end of the year	**3,242**	10,015

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.

Sensitivity analysis:

	2015	**2014**
	$'000	**$'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 (loss)/profit of	**(324)**	(1,002)

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 reasonable 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 basis that there no hedged transactions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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 follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Commitments to redevelop the Group's warehouse	**17,415**	–
Commitments to purchase plant and equipment	**1,284**	–
	18,699	–

28. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

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

	Group	
	2015	**2014**
	$'000	**$'000**
Not later than one year	**1,109**	1,031
Later than one year and not later than five years	**4,278**	4,122
Later than five years	**15,041**	14,899
Rental expense for the year	**1,097**	1,044

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 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 new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1: Disclosure Initiative (early application)
Various	Improvements to FRSs (Issued in January 2014). Relating to: FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures

30. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable 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 1	Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018

STATISTICS OF SHAREHOLDINGS

As At 24 March 2016

SHAREHOLDERS' INFORMATION

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1–99	7	0.42	383	0.00
100–1,000	57	3.40	28,915	0.01
1,001–10,000	546	32.58	2,588,882	0.76
10,001–1,000,000	1,037	61.87	60,305,134	17.96
1,000,001 and above	29	1.73	278,994,173	81.59
	1,676	**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 Company Private Limited	21,332,375	6.24
3.	Chong Thim Pheng	19,341,400	5.66
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.	Phillip Securities Pte Ltd	7,367,500	2.15
9.	Yap Hwee Hong	6,040,216	1.77
10.	Bank Of Singapore Nominees Pte Ltd	4,763,750	1.39
11.	Lee Choon Bok	3,816,216	1.12
12.	DBS Nominees (Private) Limited	3,509,550	1.03
13.	Koh Siak Lin, Victor	2,584,408	0.76
14.	DBSN Services Pte Ltd	2,305,950	0.67
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.	Raffles Nominees (Pte) Limited	2,010,500	0.59
18.	Sia Ling Sing	1,497,000	0.44
19.	Foong Yim Lye	1,375,000	0.40
20.	OCBC Nominees Singapore Private Limited	1,368,500	0.40
	Total:	**267,933,848**	**78.37**

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information provided to the Company as at 24 March 2016, approximately 38.97% 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 24 March 2016

LIST OF SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 24 March 2016)

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 Company Private Limited	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)	25,000	131,193,566[2]	131,218,566	38.38
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	19,341,400	–	19,341,400	5.66

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 Company Private Limited.

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, 21 April 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2015 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt (one-tier) dividend of 0.5 cents per ordinary share for the financial year ended 31 December 2015. (2014: 0.25 cents per ordinary share) **(Resolution 2)**

3. To re-elect Mr Harmaidy, a Director who is retiring pursuant to Regulation 104 of the Constitution of the Company. [See Explanatory Note (i)] **(Resolution 3)**

4. To re-elect Mr Lee Bon Leong, a Director who is retiring pursuant to Regulation 104 of the Constitution of the Company. [See Explanatory Note (ii)] **(Resolution 4)**

5. To re-appoint Mr Lee Choon Bok as a Director of the Company. [See Explanatory Note (iii)] **(Resolution 5)**

6. To re-appoint Mr Teo Keng Thwan as a Director of the Company. [See Explanatory Note (iv)] **(Resolution 6)**

7. To approve the payment of Directors' fees of S$177,000 for the financial year ended 31 December 2015. (2014: S$177,000) **(Resolution 7)**

8. To re-appoint RSM Chio Lim LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their 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

(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 Constitution 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 (v)] **(Resolution 9)**

By Order of the Board

Chew Kok Liang/Nathaniel C.V.
Company Secretaries
Singapore, 6 April 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Harmaidy will upon re-election as a Director of the Company remain as a member of the Remuneration Committee.

(ii) Mr Lee Bon Leong will upon re-election as a Director of the Company remain as Chairman of the Remuneration Committee and a member of Audit and Nominating Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(iii) Ordinary Resolution 5, if passed, is to re-appoint Mr Lee Choon Bok as Director of the Company to continue in office of the Company. With the repeal of Section 153(6) of the Companies Act, Cap. 50 with effect from 3 January 2016, upon re-appointment, Mr Lee Choon Bok will thereafter, be subject to retirement by rotation under the Company's Constitution. Mr Lee Choon Bok will upon re-appointment as a Director of the Company remain as Executive Chairman of the Company.

(iv) Ordinary Resolution 6, if passed, is to re-appoint Mr Teo Keng Thwan as Director of the Company to continue in office of the Company. With the repeal of Section 153(6) of the Companies Act, Cap. 50 with effect from 3 January 2016, upon re-appointment, Mr Teo Keng Thwan will thereafter, be subject to retirement by rotation under the Company's Constitution. 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.

(v) 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 Ordinary 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 Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

Notes:

1. A Member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting (the "Meeting") may appoint not more than two proxies 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. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

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

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Asia Enterprises Holding Limited (the "Company") will be closed on 20 May 2016 for the purpose of determining the entitlements of the Company's shareholders ("Shareholders") to a first and final tax exempt (one-tier) dividend of 0.5 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 19 May 2016.

Duly completed registrable transfers received by the Company's Share Registrar, RHT Corporate Advisory Pte Ltd, 6 Battery Road #10-01 Singapore 049909 up to 5.00 p.m. on 19 May 2016 will be registered to determine entitlements to the said dividend.

Payment of the dividend, if approved by members at the Annual General Meeting to be held on 21 April 2016 will be made on 30 May 2016.

By Order of the Board

Chew Kok Liang/Nathaniel C.V.
Company Secretaries
Singapore, 6 April 2016

ASIA ENTERPRISES HOLDING LIMITED
[Company Registration No. 200501021H]
(Incorporated In the Republic of Singapore)

IMPORTANT:
1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being *a member/members of **ASIA ENTERPRISES HOLDING LIMITED** (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be presented by Proxy	
			No of Shares	%

*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings to be presented by Proxy	
			No of Shares	%

as *my/our proxy/proxies to vote for *me/us on *my/our behalf, at the Annual General Meeting ("AGM") of the Company to be held at No. 3 Pioneer Sector Walk Singapore 627897 on Thursday, 21 April 2016 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 AGM as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain from voting as *he/they may think fit, as he/they will on any other matter arising at the AGM.

(If you wish to exercise all your votes "For" or "Against", please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1	Audited Financial Statements for the financial year ended 31 December 2015		
2	Payment of proposed first and final tax exempt (one-tier) dividend		
3	Re-election of Mr Harmaidy as a Director		
4	Re-election of Mr Lee Bon Leong as a Director		
5	Re-appointment of Mr Lee Choon Bok as a Director		
6	Re-appointment of Mr Teo Keng Thwan as a Director		
7	Approval of Directors' fees amounting to S$177,000 for the financial year ended 31 December 2015		
8	Re-appointment of RSM Chio Lim LLP as Auditors		
Special Business			
9	Authority to allot and issue new shares		

Dated this __________ day of ______________ 2016

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

____
Signature of Member
or Common Seal of Corporate Shareholder
* Delete where inapplicable

IMPORTANT: Please read notes overleaf

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 81SF of the Securities and Futures Act, Chapter 289), 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 (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

5. Subject to note 9, 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.

6. 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 less than forty-eight (48) hours before the time appointed for the Meeting.

7. 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.

8. 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, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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 seventy-two (72) 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 (or proxies) 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 6 April 2016.

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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
RHT Corporate Advisory Pte Ltd
6 Battery Road #10-01
Singapore 049909
Tel (65) 6381 6966
Fax (65) 6381 6967

AUDITORS
RSM Chio Lim LLP
8 Wilkie Road, #03-08
Wilkie Edge
Singapore 228095

See Ling Ling, Helen
Partner-in-charge
(Appointed with effect from financial year ended 31 December 2015)

INVESTOR RELATIONS CONSULTANT
Octant Consulting
7500A Beach Road
The Plaza #08-318
Singapore 199591
Tel (65) 6296 3583

ASIA ENTERPRISES HOLDING LIMITED
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