NEWS RELEASE

Asia Enterprises Swings to Profit in 1Q18 on Higher Revenue

- Group revenue up 64% year-on-year to S$8.6 million in 1Q18
- EBITDA improved to S$0.5 million in 1Q18, representing a positive swing of S$0.7 million from a loss of S$0.2 million in 1Q17
- Balance sheet remained sound - NAV per share of 27.46 cents; cash per share of 13.38 cents

Singapore, 10 May 2018 – Asia Enterprises Holding Limited ("Asia Enterprises" or the "Group"), a major regional distributor of steel products to industrial end-users, posted net profit attributable to shareholders ("PATMI") of S$0.1 million for the three months ended 31 March 2018 ("1Q18"). This represented a gain of around S$0.7 million from a loss of S$0.6 million in 1Q17.

This turnaround in the Group's bottom line was driven by higher revenue which increased by 64% year-on-year to S$8.6 million in 1Q18. The Group benefited from higher average selling prices, and increased sales volume of steel products on the back of higher orders from customers in the marine and offshore as well as construction sectors.

Gross profit margin in 1Q18 however softened to 22.4% from 31.4% in 1Q17. This was due mainly to an increase in the weighted average cost of inventory sold as the cost of stock replenishment has risen in tandem with the increase in international steel prices during 2017. Nevertheless, the Group registered a 17% increase in gross profit to S$1.9 million from S$1.6 million in 1Q17. Coupled with a tight rein on operating expenses, the Group's PATMI before interest, tax and depreciation ("EBITDA") improved to S$0.5 million in 1Q18 from a loss of S$0.2 million in 1Q17.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, "While competition remained keen and demand across the various steel consuming industries continued to be modest and uneven, the Group registered higher revenue in 1Q18 from the year-ago period. This was partly helped by a moderate increase in restocking activities of customers in certain market segments. We witnessed a change in industrial end-users' purchasing behaviour for steel materials for their project requirements as they face an environment of higher steel prices and comparatively tighter steel supply conditions.

"Following an uptrend during 2017, international steel prices in 1Q18 were generally higher compared to 1Q17. Although the Group benefited from higher average selling prices, our weighted average cost of inventory has also risen as we replenished our stock of steel products across various periods. In a

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volatile steel market environment, the depth of industry experience is critical to steel stockists' business operations. Asia Enterprises has more than 40 years of experience and significant knowledge of the steel industry. This puts us in better stead to exercise prudent inventory purchases and sales decisions as our aim is to sustain the Group's profitability and financial strength."

As at 31 March 2018, the Group had a sound balance sheet comprising cash and cash equivalents of S$45.6 million and zero borrowings. Its net asset value per share of 27.46 cents as at 31 March 2018 includes cash of 13.38 cents per share and inventory with book value of 5.95 cents per share.

Looking ahead, the Group maintains a cautious view of its operating environment in view of the potential economic risks and challenging business conditions facing some of the steel end-user industries that it serves.

Said Ms Lee, "On a brighter note, we witnessed a nascent pick-up in steel purchasing activities from certain segments within the marine and offshore sector in recent months. Demand for certain types of newbuild vessels in the region has slowly returned amid an improvement in commodities trade. This has partly spurred some shipyards to increase purchases of steel materials for their newbuilding projects.

While the pick-up in activities is a positive sign, the extent of this recovery remains uncertain and demand for steel materials is still relatively modest. In addition, business sentiment in the broader marine industry continues to be depressed by the flagging offshore segment."

Intense competition is also expected to prevail in the region's steel industry, while steel prices could remain volatile. To ensure long term business sustainability, the Group will remain prudent in its operations. Besides keeping a careful watch on the steel supply and demand trends as well as purchasing patterns of the industrial end-users that it serves, the Group will also stay vigilant on its credit exposure and maintain tight control of its expenses. Asia Enterprises believes that its sturdy financial position will enable the Group to withstand challenging market conditions and seize opportunities when there is a sustained recovery in demand from major steel consuming industries.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 10 May 2018.

About Asia Enterprises

Since 1973, Asia Enterprises has grown into a major distributor of a wide range of steel products to industrial end-users in Singapore and the Asia-Pacific region. It has also built a strong reputation in the marine and offshore sector.

Asia Enterprises presently owns three facilities in Singapore – a multi-storey warehouse, a single-storey warehouse and a steel processing plant-cum-warehouse – with a total combined land area of 45,934 square metres. Asia Enterprises supplies over 1,200 steel products to more than 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 was listed on the Main Board of the SGX-ST on 1 September 2005.

For further information on Asia Enterprises, please visit the Group's website at: www.asiaenterprises.com.sg