



ASIA ENTERPRISES HOLDING LIMITED

## ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

### Unaudited First Quarter Financial Statement for the Period ended 31 March 2017

#### PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

|  | Group                   |                         |              |
|--|-------------------------|-------------------------|--------------|
|  | 1Q<br>FY2017<br>S\$'000 | 1Q<br>FY2016<br>S\$'000 | %<br>+ / (-) |
| <b>Revenue</b>   | 5,216                   | 9,680                   | (46)         |
| Cost of Sales  | (3,577)                 | (7,202)                 | (50)         |
| <b>Gross Profit</b>  | 1,639                   | 2,478                   | (34)         |
| <b><u>Other Items of Income</u></b>                                    |                         |                         |              |
| Interest Income  | 154                     | 211                     | (27)         |
| Other Gains  | -                       | 15                      | NM           |
| <b><u>Other Items of Expense</u></b>                                   |                         |                         |              |
| Marketing and Distribution Costs                                       | (62)                    | (117)                   | (47)         |
| Administrative Expenses  | (2,198)                 | (1,712)                 | 28           |
| Other Losses   | (174)                   | (108)                   | 61           |
| <b>(Loss)/Profit Before Tax from Continuing Operations</b>             | (641)                   | 767                     | NM           |
| Income Tax Income  | 21                      | -                       | NM           |
| <b>(Loss)/Profit Net of Tax</b>  | (620)                   | 767                     | NM           |
| (Loss)/Profit Attributable to Owners of the Parent, Net of Tax         | (561)                   | 746                     | NM           |
| (Loss)/Profit Attributable to Non-Controlling Interests,<br>Net of Tax | (59)                    | 21                      | NM           |
|  | (620)                   | 767                     | NM           |
| <b>(Loss)/Earnings Per Share</b>                                       |                         |                         |              |
| Basic (Cents)  | (0.16)                  | 0.22                    |              |
| Diluted (Cents)  | (0.16)                  | 0.22                    |              |

(Loss)/Profit before tax is arrived at after crediting (charging) the following:

|  | Group                   |                         |              |
|--|-------------------------|-------------------------|--------------|
|  | 1Q<br>FY2017<br>S\$'000 | 1Q<br>FY2016<br>S\$'000 | %<br>+ / (-) |
| Loss on disposal of plant and equipment    | (11)                    | -                       | NM           |
| Foreign exchange adjustment loss           | (163)                   | (108)                   | 51           |
| Write-back of doubtful debts and bad debts | -                       | 15                      | NM           |
| Depreciation expenses                      | (550)                   | (111)                   | 395          |

NM : Not meaningful

# ASIA ENTERPRISES HOLDING LIMITED

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- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

## Consolidated Statement of Comprehensive Income

|  | Group                   |                         |              |
|--|-------------------------|-------------------------|--------------|
|  | 1Q<br>FY2017<br>S\$'000 | 1Q<br>FY2016<br>S\$'000 | %<br>+ / (-) |
| <b>(Loss)/Profit Net of Tax</b>  | (620)                   | 767                     | NM           |
| <b>Other Comprehensive Income</b>  | -                       | -                       |              |
| <b>Total Comprehensive (Loss)/Income for the Period</b>                        | (620)                   | 767                     | NM           |
| Total Comprehensive (Loss)/Income Attributable to<br>Owners of the Parent      | (561)                   | 746                     | NM           |
| Total Comprehensive (Loss)/Income Attributable to<br>Non-Controlling Interests | (59)                    | 21                      | NM           |
| <b>Total Comprehensive (Loss)/Income</b>                                       | (620)                   | 767                     | NM           |
|  |                         |                         |              |

NM : Not meaningful

# ASIA ENTERPRISES HOLDING LIMITED

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

## Statements of Financial Position

|   | Group                          |                                | Company                        |                                |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|   | As at<br>31/03/2017<br>S\$'000 | As at<br>31/12/2016<br>S\$'000 | As at<br>31/03/2017<br>S\$'000 | As at<br>31/12/2016<br>S\$'000 |
| <b>ASSETS</b>   |                                |                                |                                |                                |
| <b><u>Non-Current Assets</u></b>                          |                                |                                |                                |                                |
| Property, Plant and Equipment                             | 24,294                         | 23,404                         | -                              | -                              |
| Investment Property                                       | 501                            | 506                            | -                              | -                              |
| Investments in Subsidiaries                               | -                              | -                              | 43,530                         | 43,530                         |
| Other Asset   | 50                             | 50                             | -                              | -                              |
| <b>Total Non-Current Assets</b>                           | <b>24,845</b>                  | <b>23,960</b>                  | <b>43,530</b>                  | <b>43,530</b>                  |
| <b><u>Current Assets</u></b>                              |                                |                                |                                |                                |
| Inventories   | 11,622                         | 12,824                         | -                              | -                              |
| Trade and Other Receivables                               | 4,554                          | 5,845                          | 17,193                         | 17,017                         |
| Other Financial Assets                                    | 12                             | 12                             | -                              | -                              |
| Cash and Cash Equivalents                                 | 60,472                         | 60,470                         | 2,975                          | 2,942                          |
| <b>Total Current Assets</b>                               | <b>76,660</b>                  | <b>79,151</b>                  | <b>20,168</b>                  | <b>19,959</b>                  |
| <b>Total Assets</b>                                       | <b>101,505</b>                 | <b>103,111</b>                 | <b>63,698</b>                  | <b>63,489</b>                  |
| <b>EQUITY AND LIABILITIES</b>                             |                                |                                |                                |                                |
| <b><u>Equity Attributable to Owners of the Parent</u></b> |                                |                                |                                |                                |
| Share Capital   | 58,856                         | 58,856                         | 58,856                         | 58,856                         |
| Treasury Shares   | (138)                          | (138)                          | (138)                          | (138)                          |
| Retained Earnings   | 33,336                         | 33,897                         | 4,693                          | 4,536                          |
| Capital Reserve   | 575                            | 575                            | -                              | -                              |
| <b>Equity, Attributable to Owners of the Parent</b>       | <b>92,629</b>                  | <b>93,190</b>                  | <b>63,411</b>                  | <b>63,254</b>                  |
| Non-Controlling Interests                                 | 5,588                          | 5,767                          | -                              | -                              |
| <b>Total Equity</b>                                       | <b>98,217</b>                  | <b>98,957</b>                  | <b>63,411</b>                  | <b>63,254</b>                  |
| <b><u>Non-Current Liabilities</u></b>                     |                                |                                |                                |                                |
| Deferred Tax Liabilities                                  | 742                            | 742                            | -                              | -                              |
| Other Financial Liabilities                               | 37                             | -                              | -                              | -                              |
| <b>Total Non-Current Liabilities</b>                      | <b>779</b>                     | <b>742</b>                     | <b>-</b>                       | <b>-</b>                       |
| <b><u>Current Liabilities</u></b>                         |                                |                                |                                |                                |
| Income Tax Payable  | 8                              | 8                              | 8                              | 8                              |
| Trade and Other Payables                                  | 2,481                          | 3,404                          | 279                            | 227                            |
| Other Financial Liabilities                               | 20                             | -                              | -                              | -                              |
| <b>Total Current Liabilities</b>                          | <b>2,509</b>                   | <b>3,412</b>                   | <b>287</b>                     | <b>235</b>                     |
| <b>Total Liabilities</b>                                  | <b>3,288</b>                   | <b>4,154</b>                   | <b>287</b>                     | <b>235</b>                     |
| <b>Total Equity and Liabilities</b>                       | <b>101,505</b>                 | <b>103,111</b>                 | <b>63,698</b>                  | <b>63,489</b>                  |

## ASIA ENTERPRISES HOLDING LIMITED

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### 1(b)(ii) Aggregate amount of group's borrowings and debt securities

#### Amount repayable in one year or less, or on demand

| As at 31/03/2017<br>S\$'000 |           | As at 31/12/2016<br>S\$'000 |           |
|-----------------------------|-----------|-----------------------------|-----------|
| Secured                     | Unsecured | Secured                     | Unsecured |
| 20                          | -         | -                           | -         |

#### Amount repayable after one year

| As at 31/03/2017<br>S\$'000 |           | As at 31/12/2016<br>S\$'000 |           |
|-----------------------------|-----------|-----------------------------|-----------|
| Secured                     | Unsecured | Secured                     | Unsecured |
| 37                          | -         | -                           | -         |

#### Details of any collateral

The secured group borrowings and debt securities refer to motor vehicle bought under hire purchase.

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- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

## Statement of Cash Flows

|   | Group                   |                         |
|---|-------------------------|-------------------------|
|   | 1Q<br>FY2017<br>S\$'000 | 1Q<br>FY2016<br>S\$'000 |
| <b><u>Cash Flows from Operating Activities</u></b>          |                         |                         |
| (Loss)/Profit Before Tax                                    | (641)                   | 767                     |
| Adjustments for:  |                         |                         |
| Depreciation of Investment Property                         | 5                       | 5                       |
| Depreciation of Property, Plant and Equipment               | 545                     | 106                     |
| Interest Income   | (154)                   | (211)                   |
| Interest Expense  | -                       | -                       |
| Loss on Disposal of Plant and Equipment                     | 11                      | -                       |
| Operating Cash Flows Before Changes in Working Capital      | (234)                   | 667                     |
| Inventories   | 1,202                   | 2,870                   |
| Trade and Other Receivables                                 | 1,291                   | (2,887)                 |
| Trade and Other Payables                                    | (1,043)                 | 38                      |
| Net Cash Flows From Operations Before Interest and Tax      | 1,216                   | 688                     |
| Income Taxes Paid   | 21                      | (2)                     |
| Net Cash Flows From Operating Activities                    | 1,237                   | 686                     |
| <b><u>Cash Flows from Investing Activities</u></b>          |                         |                         |
| Disposal of Plant and Equipment                             | 51                      | -                       |
| Purchase of Property, Plant and Equipment                   | (1,497)                 | (1,346)                 |
| Interest Received   | 154                     | 211                     |
| Net Cash Flows Used in Investing Activities                 | (1,292)                 | (1,135)                 |
| <b><u>Cash Flows from Financing Activities</u></b>          |                         |                         |
| Other Financial Liabilities                                 | 57                      | -                       |
| Net Cash Flows From Financing Activities                    | 57                      | -                       |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b> | 2                       | (449)                   |
| Cash and Cash Equivalents, Beginning Balance                | 60,470                  | 68,372                  |
| <b>Cash and Cash Equivalents, Ending Balance</b>            | 60,472                  | 67,923                  |

# ASIA ENTERPRISES HOLDING LIMITED

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- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

## Statements of Changes in Equity

|   | Attributable to |                  |               |                 |                 |                   | Non-Controlling Interests |
|---|-----------------|------------------|---------------|-----------------|-----------------|-------------------|---------------------------|
|   | Total Equity    | Parent Sub-Total | Share Capital | Treasury Shares | Capital Reserve | Retained Earnings |                           |
| <b>Group (S\$'000)</b>  |                 |                  |               |                 |                 |                   |                           |
| Opening Balance at 1 January 2017                             | 98,957          | 93,190           | 58,856        | (138)           | 575             | 33,897            | 5,767                     |
| Total Comprehensive Loss for the Period ended 31 March 2017   | (620)           | (561)            | -             | -               | -               | (561)             | (59)                      |
| Dividends payable   | (120)           | -                | -             | -               | -               | -                 | (120)                     |
| Closing Balance at 31 March 2017                              | 98,217          | 92,629           | 58,856        | (138)           | 575             | 33,336            | 5,588                     |
|   |                 |                  |               |                 | (a)             |                   |                           |
| Opening Balance at 1 January 2016                             | 98,582          | 92,703           | 58,856        | -               | 575             | 33,272            | 5,879                     |
| Total Comprehensive Income for the Period ended 31 March 2016 | 767             | 746              | -             | -               | -               | 746               | 21                        |
| Dividends payable   | (160)           | -                | -             | -               | -               | -                 | (160)                     |
| Closing Balance at 31 March 2016                              | 99,189          | 93,449           | 58,856        | -               | 575             | 34,018            | 5,740                     |
|   |                 |                  |               |                 | (a)             |                   |                           |

(a) Unrealised and not available for distribution as cash dividends.

|   | Total Equity | Share Capital | Treasury Shares | Retained Earnings |
|---|--------------|---------------|-----------------|-------------------|
| <b>Company (S\$'000)</b>                                      |              |               |                 |                   |
| Opening Balance at 1 January 2017                             | 63,254       | 58,856        | (138)           | 4,536             |
| Total Comprehensive Income for the Period ended 31 March 2017 | 157          | -             | -               | 157               |
| Closing Balance at 31 March 2017                              | 63,411       | 58,856        | (138)           | 4,693             |
| Opening Balance at 1 January 2016                             | 63,956       | 58,856        | -               | 5,100             |
| Total Comprehensive Income for the Period ended 31 March 2016 | 213          | -             | -               | 213               |
| Closing Balance at 31 March 2016                              | 64,169       | 58,856        | -               | 5,313             |

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the share capital since the end of the previous period reported on.

There were a total of 788,600 treasury shares held as at 31 March 2017. (31 March 2016 : Nil)

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**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

|   | Number of shares    |                     |
|---|---------------------|---------------------|
|   | As at<br>31/03/2017 | As at<br>31/12/2016 |
| Total number of issued shares                           | 341,917,487         | 341,917,487         |
| Treasury shares   | 788,600             | 788,600             |
| Total number of issued shares excluding treasury shares | 341,128,887         | 341,128,887         |

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

The Company held 788,600 treasury shares as at 31 March 2017. There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

**2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice**

The figures have neither been audited nor reviewed by our auditors.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period, which are consistent with the audited financial statements for the year ended 31 December 2016.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Please refer to Item 4 above.

**6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

|   | Group        |              |
|---|--------------|--------------|
|   | 1Q<br>FY2017 | 1Q<br>FY2016 |
| (Loss)/Earnings per ordinary share for the period based on net (loss)/profit attributable to shareholders |              |              |
| (a) Based on the weighted average number of ordinary shares in issue                                      | (0.16) cents | 0.22 cents   |
| Weighted average number of ordinary shares in issue (excluding treasury shares)                           | 341,128,887  | 341,917,487  |
| (b) On a fully diluted basis  | (0.16) cents | 0.22 cents   |
| Weighted average number of ordinary shares in issue (excluding treasury shares)                           | 341,128,887  | 341,917,487  |

## ASIA ENTERPRISES HOLDING LIMITED

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- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

|  | Group               |                     | Company             |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | As at<br>31/03/2017 | As at<br>31/12/2016 | As at<br>31/03/2017 | As at<br>31/12/2016 |
| Net asset value per ordinary share (cents) * | 27.15               | 27.32               | 18.59               | 18.54               |

\* Based on the total number of issued shares (excluding 788,600 treasury shares) of 341,128,887 for both period and year.

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

(a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

### Review of the Steel Industry

Based on data released by World Steel Association (worldsteel), global crude steel production in the first 3 months of 2017 increased 5.7% to 410.5 million tonnes (Mt) compared to the same period in 2016, driven mainly by higher crude steel production in all the main steel producing regions. After starting 2017 with year-on-year growth rates of 7.4% in January and 4.6% in February, steel output in China, the world's largest producer, increased at a slower pace of 1.8% in March.

In its latest Short Range Outlook released on 21 April 2017, worldsteel sees a cyclical upturn in steel demand in 2017 and 2018 due to a continuing recovery in the developed economies and an accelerating growth momentum in the emerging and developing economies. However, China is expected to show flat steel demand in 2017 as its government tries to retighten the country's real estate policies. With China accounting for 45% of global steel demand, worldsteel expects the overall growth momentum to remain modest. As such, worldsteel is forecasting global steel demand to increase 1.3% to reach 1,535.2 Mt in 2017 followed by growth of 0.9% to 1,548.5 Mt in 2018.

Steel consultancy MEPS believes that global steel prices of flat products are likely to be near to peak values in the current cycle as supply and demand are moving more into balance. However, it expects any decrease in selling values to be less severe than those experienced in previous cycles.

(Sources: World Steel Association; MEPS, "Global steel price recovery expected to falter soon" published on 28 March 2017)

### Review of Statement of Comprehensive Income

During the first quarter ended 31 March 2017 ("1Q17"), the Group's revenue was dragged down by sluggish end-user demand for steel products amid cautious business sentiment. Although the Group recorded a higher gross profit margin in 1Q17, this was insufficient to counterbalance the decrease in sales which led to a decline in gross profit by S\$0.9 million. Coupled with an increase in depreciation expenses by S\$0.5 million in 1Q17 following the completion of a warehouse redevelopment, the Group posted a net loss of S\$0.6 million in 1Q17.

Nonetheless, the Group sustained a sound financial position backed by cash and cash equivalents of S\$60.5 million as at 31 March 2017. The Group's net asset value per share of 27.15 cents as at 31 March 2017 includes cash and cash equivalents of 17.73 cents per share and inventory of steel products with book value of 3.41 cents per share.

### Revenue

| Revenue (S\$ m) | 1Q    | 2Q  | 3Q  | 4Q  | Full Year |
|-----------------|-------|-----|-----|-----|-----------|
| FY2017          | 5.2   | -   | -   | -   | -         |
| FY2016          | 9.7   | 8.5 | 6.4 | 6.3 | 30.9      |
| y-o-y change    | (46%) | -   | -   | -   | -         |

Group revenue declined 46% year-on-year to S\$5.2 million in 1Q17. This was due to a contraction in sales volume which was partially buffered by higher average selling prices (ASP) in 1Q17 compared to 1Q16. Amid the sluggish market environment, the Group recorded lower sales from its key customer segments – marine and offshore, engineering/fabrication and construction.



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- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (cont'd)

### Gross Profit and Gross Profit Margin

|                         |        | 1Q    | 2Q    | 3Q    | 4Q    | Full Year |
|-------------------------|--------|-------|-------|-------|-------|-----------|
| Gross Profit<br>(S\$ m) | FY2017 | 1.6   | -     | -     | -     | -         |
|                         | FY2016 | 2.5   | 2.5   | 1.6   | 1.6   | 8.1       |
| Gross Profit<br>Margin  | FY2017 | 31.4% | -     | -     | -     | -         |
|                         | FY2016 | 25.6% | 29.1% | 24.9% | 25.4% | 26.4%     |

While the Group's gross profit in 1Q17 was lower year-on-year due to weaker sales, it decreased at a slower pace than revenue by 34% to S\$1.6 million in 1Q17 from S\$2.5 million in 1Q16. This was attributed to an expansion in the Group's gross profit margin to 31.4% in 1Q17 from 25.6% previously as a result of higher average selling prices.

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

### Other Items of Income

In 1Q17, other income remained relatively stable at S\$0.2 million.

### Marketing and Distribution Costs and Administrative Expenses

Marketing and distribution costs in 1Q17 decreased to S\$62,000 from S\$117,000 in 1Q16 in tandem with the lower level of freight and handling services that were required for customers' orders. Administrative expenses for 1Q17 increased to S\$2.2 million from S\$1.7 million in 1Q16 due mainly to an increase in depreciation charges with effect from 1Q17 following the completion of a warehouse redevelopment.

### Finance Costs and Other Losses

The Group incurred other losses of S\$0.2 million in 1Q17 as compared to S\$0.1 million in 1Q16 due mainly to higher foreign exchange adjustment loss.

### Net Profit/(Loss) and Net Profit Margin

|                                   |              | 1Q    | 2Q   | 3Q   | 4Q    | Full Year |
|-----------------------------------|--------------|-------|------|------|-------|-----------|
| Net Profit /<br>(Loss)<br>(S\$ m) | FY2017       | (0.6) | -    | -    | -     | -         |
|                                   | FY2016       | 0.8   | 0.7  | 0.2  | 0.7   | 2.4       |
|                                   | y-o-y change | n.m.  | -    | -    | -     | -         |
| Net Profit<br>Margin              | FY2017       | n.m.  | -    | -    | -     | -         |
|                                   | FY2016       | 7.9%  | 8.8% | 2.4% | 11.4% | 7.7%      |

The Group posted net loss of S\$0.6 million in 1Q17 compared to a net profit of S\$0.8 million in 1Q16. This was due mainly to the negative impact from a slowdown in sales and higher depreciation charges.

### Review of Financial Position

#### Statement of Financial Position as at 31 March 2017

As at 31 March 2017, the Group's shareholders' equity (excluding treasury shares) stood at S\$92.6 million, which translated to net asset value of 27.15 cents per share.

The Group had cash and cash equivalents of S\$60.5 million and remained in net cash position at 31 March 2017.

Property, plant and equipment increased slightly to S\$24.3 million from S\$23.4 million as at 31 December 2016 due to the redevelopment of one of the Group's warehouses.

Trade and other receivables decreased to S\$4.6 million from S\$5.8 million at the end of December 2016 in tandem with lower sales.

Inventories (measured on a weighted average cost basis) as at 31 March 2017 decreased to S\$11.6 million from S\$12.8 million at the end of December 2016, in line with the Group's strategy to align its stock levels to prevailing market conditions.

Trade and other payables decreased to S\$2.5 million from S\$3.4 million as at 31 December 2016 due mainly to settlement of other payables that were outstanding.

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- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial reported on (cont'd)

### **Statement of Cash Flows**

Net cash generated from operating activities during 1Q17 was S\$1.2 million. This was derived mainly from reductions in trade and other receivables and inventory, offset partially by a decrease in trade and other payables.

Net cash used in investing activities amounted to approximately S\$1.3 million, which was mainly for the redevelopment of the Group's warehouse. Net cash from financing activities in 1Q17 was S\$57,000 due mainly to the hire purchase arrangement for motor vehicle. As a result of the above factors, the Group's cash and cash equivalents remained stable at S\$60.5 million as at 31 March 2017 compared to 31 December 2016.

- 9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The results are in line with the commentary in Section 10 of the Company's previous financial statement released on 24 January 2017 and its profit guidance announced on 25 April 2017.

- 10 **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

### **Group Outlook**

Business sentiment remains cautious in the face of the global economic uncertainties, slowdown in the offshore and marine sector and tighter financing conditions which affect certain steel end-users' outlook for new projects. This could hamper end-users' re-stocking activities for steel products and result in uneven demand patterns.

In view of the current tepid demand environment, as well as the volatility of international steel prices and intense industry competition, the Group expects the operating environment to remain challenging. In addition, fluctuations in the exchange rate of the US dollar against the Singapore dollar could affect the Group's cost of replenishing inventory.

As its steel products can be used in various industries, the Group will continue to engage its customers closely, keep abreast of market trends and adopt a flexible sales strategy to seize demand opportunities when it arise. In addition, the Group will remain financially prudent with its expenses and inventory procurement decisions, while staying vigilant on its credit exposure to safeguard its financial position. With a strong balance sheet backed by net cash of S\$60.5 million, the Group has the ability to withstand the slower business conditions and is well-prepared for future opportunities when steel demand recovers.

- 11 **Dividends**

- (a) **Current financial period reported on**

*Any dividend declared for the current financial period reported for?*

None

- (b) **Corresponding period of the immediately preceding financial year**

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

None

- (c) **Date payable**

Not applicable

- (d) **Book closure date**

Not applicable

## ASIA ENTERPRISES HOLDING LIMITED

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**12 If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared/recommended for the period ended.

**13 Interested Person Transactions ("IPT")**

**If the Group has obtained a general mandate from shareholders for IPT, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Aggregate value of all IPT during the financial year under review (excluding transactions less than S\$100,000)

|                          | <b>1Q<br/>FY2017<br/>S\$'000</b> | <b>1Q<br/>FY2016<br/>S\$'000</b> |
|--------------------------|----------------------------------|----------------------------------|
| Penta Transport Services | <u>75</u>                        | <u>33</u>                        |

The value of IPT of the Group is well below 3% of the Group's latest audited net tangible assets as at 31 December 2016.

The Company has no IPT general mandate.

**14 Confirmation pursuant to Rule 720(1) of the Listing Manual**

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

**BY ORDER OF THE BOARD**

Chew Kok Liang  
Company Secretary  
4 May 2017

# **ASIA ENTERPRISES HOLDING LIMITED**

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## **Confirmation by the Board**

We, Lee Choon Bok and Lee Yih Chyi being two directors of Asia Enterprises Holding Limited ("the Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing material has come to the attention of the Board of Directors of the Company which may render the financial results for the first quarter ended 31 March 2017 to be false or misleading.

On behalf of the Board of Directors

LEE CHOON BOK  
EXECUTIVE CHAIRMAN

LEE YIH CHYI  
MANAGING DIRECTOR