A-SONIC AEROSPACE LIMITED
Regn. No. 200301838G

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

A-Sonic Aerospace Limited (the "**Company**") was placed on the watch-list on 5 June 2017 as the Company recorded:

(i) pre-tax losses for the three most recently completed consecutive financial years (based on audited full year consolidated accounts and an average daily market capitalization of less than S$40 million over the last 6 months ("**Financial Entry Criteria**"); and

(ii) a volume weighted average price of less than S$0.20 and an average daily market capitalization of less than S$40 million over the last 6 months ("**MTP Entry Criteria**").

In accordance with Rule 1313(2) of the SGX Listing Manual, the Board of Directors of the Company wishes to provide the following update for the fourth quarter ended 31 December 2017, and the twelve (12) months ended 31 December 2017.

Update on Financial

(a) In FY 2017, our "Loss attributable to equity holders of the Company" narrowed to US$1.221 million, compared to US$2.465 million in FY 2016. The improvement was attributable to the turnaround of the sub-business unit operating under "A-Sonic Logistics" brand, from a "Loss attributable to equity holders of the Company" of US$1.046 million in FY 2016 to a "Profit attributable to equity holders of the Company" US$1.029 million in FY 2017. The turnaround of the sub-business unit operating under "A-Sonic Logistics" brand was largely attributable to an increase of US$4.905 million in "Total revenue", and a reduction of US$0.398 million in "Other operating expenses" in FY 2017.

(b) The above gain achieved by A-Sonic Logistics sub-business unit was offset by:

(i) the "Loss attributable to equity holders of the Company" incurred by UBI Logistics sub-business unit which amounted to US$0.841 million; and

(ii) the aviation business unit which amounted to US$1.409 million in FY 2017. The loss incurred by the aviation business unit was largely due to inadequate earning to cover the "Total costs and expenses" of US$1.576 million (excluding "Changes in inventories" of US$0.990 million and "Foreign exchange loss" of US$0.119 million in FY 2017).

Action Taken

While we are encouraged by the turnaround of the business unit under "A-Sonic Logistics" branding in FY 2017, we are not resting on our laurels. There is still a lot of work to be done. With the storied previous two (2) financial years, in FY 2017 and FY 2016, as inspiration for the future, "A-Sonic Logistics" sub-business unit is driven to strive even harder now. We will continue to:

(i) restructure and attempt to reduce forex impact on our business, where commercially feasible;

(ii) restructure the operations and business of subsidiaries or associated companies that are incurring losses; and

(iii) reduce our operating costs and increase productivity.

The aviation business unit is attempting to generate revenue from the sale of aircraft, and to collect third-party debts.

Further Material Development

The Company will make immediate announcement in the event there is any material development.

ISSUED BY ORDER OF THE BOARD

Loo Keat Choon
Joint Company Secretary

28 February 2018