NEWS RELEASE

Asia Enterprises Records Higher Net Profit of $3.7M in FY2021

- Proposing to raise final dividend to 0.8 cent per share for FY2021
- Gross profit margin expanded to 32.2% on the back of higher ASP
- Healthy financial position with cash of $44.3 million and zero borrowings

Singapore, 17 February 2022 – Asia Enterprises Holding Limited ("Asia Enterprises" or the "Group"), a major regional distributor of steel products to industrial end-users, today reported a substantial increase in its net profit for the 12 months ended 31 December 2021 ("FY2021") to $3.7 million, compared to $0.5 million in FY2020.

The stronger bottom line result can be attributed mainly to the higher average selling price ("ASP") of the Group's steel products which rose in tandem with the recovery of international steel prices since the last quarter of 2020. Group revenue however registered a decline of 17% to $35.4 million in FY2021 due mainly to lower sales volume, compensated partially by the increase in ASP.

The higher ASP helped to lift the Group's gross profit by 67% to $11.4 million in FY2021 and led to an expansion of its gross profit margin to 32.2% compared to 16.1% in FY2020.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, "We are pleased that the Group was able to deliver a substantial improvement in profitability for FY2021 despite experiencing challenging business conditions during the year. The increase in international steel prices had benefited the Group as we continued to prudently calibrate our inventory of steel products according to market situation and customers' requirements. However, the overall demand from our industrial end-users moderated in FY2021 as they faced uncertain and uneven market conditions while contending with increases in cost of raw materials as steel prices continued on an uptrend for most of last year.

To share the Group's improved set of results and extend our appreciation to our shareholders for their continuous support over the years, the Board of Directors has recommended the payment of a higher final dividend of 0.8 cents per share for FY2021 compared to 0.5 cents paid in FY2020."

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On a segmental basis, sales to customers in the marine and offshore segment decreased 25% to $24.6 million in FY2021, but revenue contribution from this segment continued to be the largest at 70%. Sales to the engineering/fabrication segment improved 16% to $5.2 million in FY2021 as the higher ASP offset softer customer demand. This segment contributed 15% to Group revenue in FY2021. Sales to customers in the construction segment remained stable at $1.1 million in FY2021 and accounted for 3% of Group revenue. Demand from this segment remained volatile and slow as construction project schedules in Singapore continued to be delayed by manpower constraints amid the COVID-19 pandemic.

On a geographical basis, the Group registered higher sales from customers in Singapore and Malaysia which partially compensated for a decline in billings from customers in Indonesia.

Sales in the Singapore market climbed 32% to $23.3 million in FY2021 on the back of an increase in order volume and higher ASP. The Singapore market accounted for 66% of Group revenue in FY2021. Revenue derived from Malaysia market increased to $1.6 million in FY2021 and made up 5% of the Group's revenue. On the other hand, sales to customers in Indonesia declined 57% to $9.9 million in FY2021 due mainly to lower newbuilding activities at shipyards amid more cautious purchasing behaviour of end-users. This led to a contraction in Indonesia's revenue contribution to 28% in FY2021.

Moving into 2022, the global economy remains shrouded in uncertainty. While governments worldwide are taking steps to reopen their respective economies, resurging COVID-19 infections rates will continue to hamper their efforts and limit a full-fledged recovery. Coupled with heightened geopolitical tensions, ongoing trade friction between the USA and China, rising interest rate environment, as well as the increasing costs of materials, shipping and labour, the global economic outlook is anticipated to remain challenging in the coming year.

Market conditions in the steel industry are also expected to remain uncertain due to volatility of international steel prices. After trending higher from the beginning of 2021, steel prices went into a downturn during the final quarter of the year before recovering some ground at the start of 2022.

"The demand and purchasing patterns of steel industrial end-users are influenced by movements in steel prices as this significantly impacts the economic viability of their projects. On the supply side, increasing international steel prices will also raise the Group's cost of replenishing steel inventories.

In the face of prevailing uncertainties in the global economy and volatility in the steel market, the Group will continue to focus on prudent inventory management as well as ensure that our stock level and mix of steel products remain aligned to customers' project requirements. We are engaging our customers closely to ensure the Group is ready to capitalise on a recovery in end-users' demand for steel products when market conditions start to stabilise," said Ms Lee.

As at 31 December 2021, the Group had cash and cash equivalents of $44.3 million and zero borrowings. On a per share basis, the Group had net asset value of 28.2 cents that included cash and cash equivalents of 13.0 cents and inventory with book value of 6.8 cents.

With a sound and debt-free balance sheet, the Group believes it has the resilience to weather difficult business periods. It will continue to exercise prudence and vigilance in its sales and credit management, as well as ensure tight management of operating expenses to safeguard its financial position.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 17 February 2022.

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 two facilities in Singapore – a multi-storey warehouse and a steel processing plant-cum-warehouse – with a total combined land area of 33,769 square metres.

The Group supplies over 1,200 steel products to more than 700 active customers involved primarily in marine and offshore, engineering/fabrication, oil and gas, construction, as well as precision metal stamping and manufacturing industries.

Asia Enterprises 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