

NEWS RELEASE

**Asia Enterprises Continues to Pay Dividend
Despite Posting a Net Loss in FY2015**

- Net loss of S\$12.1 million in FY2015 due mainly to an inventory write-down of S\$9.8 million
- Final dividend of 0.5 cents per share to reward shareholders for their continued support
- Strong balance sheet will enable the Group to withstand the current business slowdown – Cash per share of 20.0 cents with zero borrowings at the end of FY2015
- Intends to propose a share buyback program at its upcoming AGM

Singapore, 2 February 2016 – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported its financial results for the 12 months ended 31 December 2015 (“FY2015”).

The Group experienced tough business conditions during FY2015 due to the protracted downturn in the global steel industry. Demand for steel products from end-user industries remained tepid amid the uncertain global economic climate and steep downturn in the oil-related industries. Excess capacity in the steel supply chain has also seen international steel prices drifting lower during the year. According to MEPS, world steel prices fell by 28% in the twelve months to November 2015.¹

As a result of the challenging operating environment, the Group witnessed a contraction in sales volume in line with lower steel requirements of its customers. Coupled with the impact from lower average selling prices of its products, the Group’s revenue decreased by 50% to S\$32.3 million in FY2015.

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.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “The global steel industry is experiencing one of the most severe downturns in history as the effects of continuing weakness in end-user demand, together with excess capacity, are being felt across the whole supply chain.

¹ (Source: MEPS, “International Steel Round Up” published on 7 December 2015)

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While the challenging business landscape affected our financial performance in FY2015, we are confident of the Group's ability to endure this period of slower business activity due to our sound financial position."

As at 31 December 2015, the Group had a balance sheet with S\$68.4 million in cash and no debts to service. Its net asset value per share of 27.11 cents includes cash and cash equivalents of 20.0 cents per share and inventory of steel products with book value of 4.97 cents per share.

"The Group recognises the importance of sustaining shareholder value and remains committed to rewarding our shareholders for their continuous support. As such, we have recommended the payment of a final dividend of 0.5 cents per share in respect of FY2015," said Ms Lee.

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.

The Group's sound financial position will also ensure sufficient liquidity to support its working capital needs, warehouse redevelopment works, and its intention to put in place a share buyback program which will be proposed at its next annual general meeting. Information on the proposed share buyback program will be furnished to shareholders in due course.

The Group will continue to prudently manage its inventory purchases as well as ensure that its stock level and inventory mix are aligned to customers' project requirements. Besides keeping a close watch on its operating expenses, the Group will also continue to sustain its market competitiveness by focusing on prompt services and maintaining an optimal mix of products that address customers' needs.

"While competition within the steel distribution industry is expected to remain intense, we believe the Group is well-positioned to capitalise on opportunities when the major steel consuming industries such as shipyards, start to experience a recovery momentum in business activities," said Ms Lee.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 2 February 2016.

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.

Supported by three facilities in Singapore – two warehouses and a steel processing plant-cum-warehouse with a 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