

NEWS RELEASE

Asia Enterprises raises dividend payment despite tough business conditions

- Proposes to raise dividend payment to 1.5 cents per share (final and special dividends) for FY2014
- Dividend yield of 7.3% based on closing share price of 20.5 cents on 9 February 2015
- Revenue and net profit declined in FY2014 due to depressed market demand for steel products
- NAV per share of 32.15 cents includes cash of 19.58 cents and steel inventory of 11.36 cents

Singapore, 10 February 2015 – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, has proposed to raise its dividend payment to 1.5 cents per share for the financial year ended 31 December 2014 (“FY2014”) despite recording a softer set of financial results.

The Group saw its net profit decline 47% to S\$2.0 million in FY2014 from S\$3.7 million a year ago as revenue contracted by 43% to S\$65.1 million. This was caused by the depressed demand for steel products from its customers since the start of 2014 and further exacerbated by the slump in oil prices during the second half of the year. For the fourth quarter of FY2014 (“4Q14”), Group revenue fell 64% year-on-year to S\$8.3 million but net profit was sustained at S\$0.4 million compared to 4Q13.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “The operating environment has been more challenging over the last few years. FY2014 was indeed a tough year due to sluggish market demand while the plunge in prices of oil and other commodities has raised uncertainty on the orderbooks of certain steel end-user industries such as shipbuilding, oil-and-gas, and related sectors. As a result, we saw a marked slowdown in steel purchases from our customers, especially in the marine and offshore segment.

Nevertheless, the Group remained profitable and maintained a sturdy financial position at the end of FY2014. The Group has consistently paid out at least 40% of our annual net profits as dividends since listing on the SGX-ST in 2005. To reward our shareholders for their continuous support of Asia Enterprises, we are pleased to propose the payment of a special dividend of 1.25 cents per share, on top of the final dividend of 0.25 cents per share, for FY2014.”

The proposed total dividends translate into a yield of 7.3%, based on Asia Enterprises’ closing share price of 20.5 cents on 9 February 2015.

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During FY2014, sales from the marine and offshore segment decreased by 58% to S\$32.4 million as newbuilding activities at shipyards remained slow. This segment made up 50% of Group revenue, compared to 67% in the previous year. Sales to engineering/fabrication customers eased 10% to S\$14.5 million in FY2014 as a result of slower orders in the second half of the year. Demand for structural steel products from customers in the construction sector was also lower, leading to a 26% decline in sales from this segment to S\$5.7 million in FY2014.

In terms of revenue performance by geographical market, sales to Indonesia fell 64% to S\$25.4 million due to reduced orders from shipyards. As a result, Indonesia market accounted for a lower 39% of Group revenue as compared to 62% in FY2013. Sales generated from Singapore market in FY2014 dipped 13% to S\$31.6 million, making up 48% of Group revenue.

While top line performance was weaker in FY2014, the Group attained higher gross profit margin of 13.2% in FY2014 compared to 10.8% previously, thanks to a change in sales mix.

At the end of FY2014, the Group maintained a strong balance sheet with shareholders' equity of S\$109.9 million, cash and cash equivalents of S\$67.0 million and minimal debt of S\$0.7 million. Net asset value per share stood at 32.15 cents, made up mainly of cash per share of 19.58 cents and inventory per share of 11.36 cents.

The Group expects steel demand from its primary markets to stay depressed in the near term due to slow business activities of end-users. Coupled with ample inventory in the steel supply chain, keen competition within the steel distribution industry will continue to prevail. The recent appreciation of the US dollar is also like to increase the cost of replenishing inventory.

With its prudent management of inventory and finances, lean operating structure and sound financial standing, the Group believes it is well-positioned to withstand periods of slowdown and is also ready for market recovery and growth opportunities when these arise.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 10 February 2015.

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