

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

Unaudited Full Year Financial Statement and Dividend Announcement for the Year ended 31 December 2016

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					
	4Q FY2016 S\$'000	4Q FY2015 S\$'000	% + / (-)	Year Ended 31/12/2016 S\$'000	Year Ended 31/12/2015 S\$'000	% + / (-)
Revenue	6,331	7,014	(10)	30,880	32,300	(4)
Cost of Sales	(4,725)	(6,466)	(27)	(22,732)	(28,631)	(21)
Gross Profit	1,606	548	193	8,148	3,669	122
<u>Other Items of Income</u>						
Interest Income	169	183	(8)	801	572	40
Other Gains	216	20	NM	197	257	(23)
<u>Other Items of Expense</u>						
Marketing and Distribution Costs	(57)	(148)	(61)	(361)	(403)	(10)
Administrative Expenses	(1,093)	(1,116)	(2)	(6,280)	(6,020)	4
Finance Costs	-	-	-	-	(1)	NM
Other Losses	(63)	(9,969)	(99)	(63)	(10,244)	(99)
Profit/(Loss) Before Tax from Continuing Operations	778	(10,482)	NM	2,442	(12,170)	NM
Income Tax (Expense) / Income	(59)	56	NM	(59)	36	NM
Profit/(Loss) Net of Tax	719	(10,426)	NM	2,383	(12,134)	NM
Profit/(Loss) Attributable to Owners of the Parent, Net of Tax	690	(10,333)	NM	2,335	(12,080)	NM
Profit/(Loss) Attributable to Non-Controlling Interests, Net of Tax	29	(93)	NM	48	(54)	NM
	719	(10,426)	NM	2,383	(12,134)	NM
Earnings/(Loss) Per Share						
Basic (Cents)	0.20	(3.02)		0.68	(3.53)	
Diluted (Cents)	0.20	(3.02)		0.68	(3.53)	

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

	Group					
	4Q FY2016 S\$'000	4Q FY2015 S\$'000	% + / (-)	Year Ended 31/12/2016 S\$'000	Year Ended 31/12/2015 S\$'000	% + / (-)
Gain on disposal of plant and equipment	-	-	-	25	25	-
Foreign exchange adjustment gain/(loss)	213	19	NM	119	(36)	NM
Write-back of doubtful debts and bad debts	3	-	NM	53	231	(77)
Written-off of doubtful debts and bad debts	(13)	(159)	(92)	(13)	(398)	(97)
Dividend income	-	1	NM	-	1	NM
Inventory written down	-	(9,810)	NM	-	(9,810)	NM
Impairment loss on other asset	(50)	-	NM	(50)	-	NM
Depreciation expenses	(111)	(111)	-	(445)	(450)	(1)

NM : Not meaningful

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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					
	4Q FY2016 S\$'000	4Q FY2015 S\$'000	% + / (-)	Year Ended 31/12/2016 S\$'000	Year Ended 31/12/2015 S\$'000	% + / (-)
Profit/(Loss) Net of Tax	719	(10,426)	NM	2,383	(12,134)	NM
Other Comprehensive Income	-	-		-	-	
Total Comprehensive Income/(Loss) for the Period	719	(10,426)	NM	2,383	(12,134)	NM
Total Comprehensive Income/(Loss) Attributable to Owners of the Parent	690	(10,333)	NM	2,335	(12,080)	NM
Total Comprehensive Income/(Loss) Attributable to Non-Controlling Interests	29	(93)	NM	48	(54)	NM
Total Comprehensive Income/(Loss)	719	(10,426)	NM	2,383	(12,134)	NM

NM : Not meaningful

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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 31/12/2016 S\$'000	As at 31/12/2015 S\$'000	As at 31/12/2016 S\$'000	As at 31/12/2015 S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	23,404	8,004	-	-
Investment Property	506	526	-	-
Investments in Subsidiaries	-	-	43,530	43,530
Other Asset	50	100	-	-
Total Non-Current Assets	23,960	8,630	43,530	43,530
<u>Current Assets</u>				
Inventories	12,824	16,981	-	-
Trade and Other Receivables	5,845	6,458	17,017	18,000
Other Financial Assets	12	1,019	-	-
Cash and Cash Equivalents	60,470	68,372	2,942	2,662
Total Current Assets	79,151	92,830	19,959	20,662
Total Assets	103,111	101,460	63,489	64,192
EQUITY AND LIABILITIES				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	58,856	58,856	58,856	58,856
Treasury Shares	(138)	-	(138)	-
Retained Earnings	33,897	33,272	4,536	5,100
Capital Reserve	575	575	-	-
Equity, Attributable to Owners of the Parent	93,190	92,703	63,254	63,956
Non-Controlling Interests	5,767	5,879	-	-
Total Equity	98,957	98,582	63,254	63,956
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	742	688	-	-
Total Non-Current Liabilities	742	688	-	-
<u>Current Liabilities</u>				
Income Tax Payable	8	12	8	12
Trade and Other Payables	3,404	2,178	227	224
Total Current Liabilities	3,412	2,190	235	236
Total Liabilities	4,154	2,878	235	236
Total Equity and Liabilities	103,111	101,460	63,489	64,192

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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 31/12/2016 S\$'000		As at 31/12/2015 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/12/2016 S\$'000		As at 31/12/2015 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable.

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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			
	4Q FY2016 S\$'000	4Q FY2015 S\$'000	Year Ended 31/12/2016 S\$'000	Year Ended 31/12/2015 S\$'000
<u>Cash Flows from Operating Activities</u>				
Profit/(Loss) Before Tax	778	(10,482)	2,442	(12,170)
Adjustments for:				
Depreciation of Investment Property	5	5	20	19
Depreciation of Property, Plant and Equipment	106	106	425	431
Interest Income	(169)	(183)	(801)	(572)
Interest Expense	-	-	-	1
Impairment loss on other asset	50	-	50	-
Gain on Disposal of Plant and Equipment	-	-	(25)	(25)
Operating Cash Flows Before Changes in Working Capital	770	(10,554)	2,111	(12,316)
Inventories	102	12,300	4,157	21,869
Trade and Other Receivables	1,073	1,145	613	963
Trade and Other Payables	(1,336)	24	1,226	(690)
Net Cash Flows From Operations Before Interest and Tax	609	2,915	8,107	9,826
Income Taxes Paid	(1)	25	(9)	(276)
Net Cash Flows From Operating Activities	608	2,940	8,098	9,550
<u>Cash Flows from Investing Activities</u>				
Disposal of Other Financial Assets	-	7	1,007	14
Disposal of Plant and Equipment	1	-	55	40
Purchase of Property, Plant and Equipment	(4,289)	(1,679)	(15,855)	(2,264)
Interest Received	169	183	801	572
Net Cash Flows Used in Investing Activities	(4,119)	(1,489)	(13,992)	(1,638)
<u>Cash Flows from Financing Activities</u>				
Dividends Paid to Equity Owners	-	-	(1,710)	(5,129)
Dividends Paid by A Subsidiary to Non-Controlling Interests	-	-	(160)	(400)
Purchase of Treasury Shares	(55)	-	(138)	-
Other Financial Liabilities	-	-	-	(968)
Interest Paid	-	-	-	(1)
Net Cash Flows Used in Financing Activities	(55)	-	(2,008)	(6,498)
Net (Decrease)/Increase in Cash and Cash Equivalents	(3,566)	1,451	(7,902)	1,414
Cash and Cash Equivalents, Beginning Balance	64,036	66,921	68,372	66,958
Cash and Cash Equivalents, Ending Balance	60,470	68,372	60,470	68,372

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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

Group (S\$'000)	Attributable to						Non-Controlling Interests
	Total Equity	Parent Sub-Total	Share Capital	Treasury Shares	Capital Reserve	Retained Earnings	
Opening Balance at 1 January 2016	98,582	92,703	58,856	-	575	33,272	5,879
Total Comprehensive Income for the Year ended 31 December 2016	2,383	2,335	-	-	-	2,335	48
Purchase of Treasury Shares	(138)	(138)	-	(138)	-	-	-
Dividends paid	(1,870)	(1,710)	-	-	-	(1,710)	(160)
Closing Balance at 31 December 2016	98,957	93,190	58,856	(138)	575	33,897	5,767
	(a)						
Opening Balance at 1 January 2015	116,245	109,912	58,856	-	575	50,481	6,333
Total Comprehensive Loss for the Year ended 31 December 2015	(12,134)	(12,080)	-	-	-	(12,080)	(54)
Dividends paid	(5,529)	(5,129)	-	-	-	(5,129)	(400)
Closing Balance at 31 December 2015	98,582	92,703	58,856	-	575	33,272	5,879
	(a)						

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

Company (S\$'000)	Total Equity	Share Capital	Treasury Shares	Retained Earnings
Opening Balance at 1 January 2016	63,956	58,856	-	5,100
Total Comprehensive Income for the Year ended 31 December 2016	1,146	-	-	1,146
Purchase of Treasury Shares	(138)	-	(138)	-
Dividends paid	(1,710)	-	-	(1,710)
Closing Balance at 31 December 2016	63,254	58,856	(138)	4,536
Opening Balance at 1 January 2015	67,377	58,856	-	8,521
Total Comprehensive Income for the Year ended 31 December 2015	1,708	-	-	1,708
Dividends paid	(5,129)	-	-	(5,129)
Closing Balance at 31 December 2015	63,956	58,856	-	5,100

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

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 December 2016. (31 December 2015 : 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 31/12/2016	As at 31/12/2015
Total number of issued shares	341,917,487	341,917,487
Treasury shares	788,600	-
Total number of issued shares excluding treasury shares	341,128,887	341,917,487

1(d)(iv) A statement showing all sales, transfers, disposal, 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 December 2016. There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

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 2015.

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			
	4Q FY2016	4Q FY2015	Year Ended 31/12/2016	Year Ended 31/12/2015
Earnings/(Loss) per ordinary share for the period based on net profit/(loss) attributable to shareholders				
(a) Based on the weighted average number of ordinary shares in issue	0.20 cents	(3.02) cents	0.68 cents	(3.53) cents
Weighted average number of ordinary shares in issue (excluding treasury shares)	341,689,643	341,917,487	341,689,643	341,917,487
(b) On a fully diluted basis	0.20 cents	(3.02) cents	0.68 cents	(3.53) cents
Weighted average number of ordinary shares in issue (excluding treasury shares)	341,689,643	341,917,487	341,689,643	341,917,487

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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 31/12/2016	As at 31/12/2015	As at 31/12/2016	As at 31/12/2015
Net asset value per ordinary share (cents) *	27.32	27.11	18.54	18.71

* The net asset value per ordinary share of the Group and the Company as at 31 December 2016 is computed based on the total number of issued shares (excluding 788,600 treasury shares) of 341,128,887 (31 December 2015: 341,917,487).

- 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 the figures released by World Steel Association (worldsteel), global crude steel production in the first 11 months of 2016 increased 0.4% to around 1,468 million tonnes (Mt) compared to the same period in 2015. This was due mainly to higher crude steel production in Asia which more than offset the decreases recorded in the other main steel producing regions. Steel output in China, the world's largest producer, increased 1.1% to about 739 Mt during the first 11 months of 2016.

According to a Reuters report, China's steel exports fell to 108.5 Mt in 2016 from a record 112.4 Mt in 2015 due to improved domestic demand and the government's resolve to tackle overcapacity. Last year, China shut at least 45 Mt of steel production capacity which met its 2016 target to address an excess supply situation.

According to MEPS, global steel selling prices have been on an upward trend throughout 2016 with the MEPS' world steel price soaring by more than a third year-on-year in December. Despite lackluster steel demand in many countries, the mills have announced a series of price hikes in November and December 2016 due to large increases in raw material costs.

While MEPS expects world steel prices to strengthen further in the coming months as customers replenish inventories after the year-end, the steel consultancy predicts that a prolonged recovery in steel prices is unlikely unless there is a significant change in the market's fundamentals.

(Sources: World Steel Association; MEPS, "Mill input cost increases drive global steel prices upwards" published 22 December 2016; "Steel prices rise in developing countries in November" published 2 December 2016; Reuters, "China steel exports fall from record in relief for global steelmakers" published 13 January 2017)

Review of Statement of Comprehensive Income

Operating conditions in the steel industry remained difficult during the financial year ended 31 December 2016 ("FY2016"). Amid the uncertain global economic climate, end-user demand for steel products continued to be modest and uneven, resulting in excess inventory levels and intense market competition.

Nonetheless, the Group improved its sales volume in FY2016 which helped to cushion the impact of lower average selling prices ("ASP") on its revenue. As a result of higher gross profit margin and its continued tight rein on operating overheads and expenses, the Group returned to profitability in FY2016.

The Group is pleased to recommend a final dividend of 0.3 cents per share with respect to FY2016 to reward shareholders for their continued support of Asia Enterprises.

As at 31 December 2016, the Group maintained a sound financial position. It had cash and cash equivalents of S\$60.5 million and zero borrowings. The Group's net asset value per share of 27.32 cents as at 31 December 2016 includes cash and cash equivalents of 17.73 cents per share and inventory of steel products with book value of 3.76 cents per share. As part of its efforts to enhance shareholder value, the Group had purchased a total of 788,600 shares in the Company as at 31 December 2016 from the open market since receiving approval of the Share Buy Back mandate in 2016.

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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)

Revenue

Revenue (\$\$ m)	1Q	2Q	3Q	4Q	Full Year
FY2016	9.7	8.5	6.4	6.3	30.9
FY2015	9.9	7.9	7.5	7.0	32.3
y-o-y change	(2%)	8%	(15%)	(10%)	(4%)

The Group recorded a 10% decline in revenue to S\$6.3 million for the three months ended 31 December 2016 ("4Q16") compared to S\$7.0 million in 4Q15 due mainly to lower sales volume. This was attributed primarily to softer sales to the construction and engineering/fabrication segments which were partially buffered by higher orders from customers in the marine and offshore sector.

For FY2016, the Group recorded an increase in sales volume of steel products compared to FY2015. This was however offset by lower ASP which resulted in a marginal decline of 4% in Group revenue to S\$30.9 million in FY2016 from S\$32.3 million in FY2015.

Revenue Breakdown by Industry

Industry	FY2016		FY2015		y-o-y
	(\$\$ m)	%	(\$\$ m)	%	%
Marine and Offshore	12.0	39	10.1	31	19
Engineering/fabrication	6.9	22	9.0	28	(23)
Construction	5.2	17	5.1	16	2
Stockists and traders	3.6	12	4.6	14	(22)
Manufacturing, precision metal stamping & Others	3.2	10	3.5	11	(9)
Total	30.9	100	32.3	100	(4)

Notwithstanding lower ASP, sales to the marine and offshore segment improved 19% to S\$12.0 million in FY2016 on the back of higher sales volume. Sales to the construction segment were relatively stable in FY2016, buoyed by increased orders of steel products. The engineering/fabrication segment registered lower sales of S\$6.9 million in FY2016 compared to S\$9.0 million in FY2015 due to slower demand and weaker ASP.

Revenue Breakdown by Geographical Market

Countries	FY2016		FY2015		y-o-y
	(\$\$ m)	%	(\$\$ m)	%	%
Singapore	18.6	60	23.1	72	(19)
Indonesia	7.7	25	3.4	10	126
Malaysia	1.6	5	2.0	6	(20)
Others	3.0	10	3.8	12	(21)
Total	30.9	100	32.3	100	(4)

N.B. Revenue breakdown is based on shipment destination

Sales to Indonesia more than doubled to S\$7.7 million in FY2016. This was driven mainly by increased orders from the marine and offshore customer segment. Sales to the Singapore market decreased by 19% to S\$18.6 million due mainly to lower sales to the engineering/fabrication and manufacturing industries, as well as the local marine and offshore customers. Sales volume generated from the Malaysia market was relatively stable in FY2016, but this was negated by weaker ASP.

Gross Profit and Gross Profit Margin

		1Q	2Q	3Q	4Q	Full Year
Gross Profit (\$\$ m)	FY2016	2.5	2.5	1.6	1.6	8.1
	FY2015	1.4	1.0	0.7	0.5	3.7
Gross Profit Margin	FY2016	25.6%	29.1%	24.9%	25.4%	26.4%
	FY2015	13.9%	13.0%	9.5%	7.8%	11.4%

The Group's gross profit in 4Q16 increased 193% to S\$1.6 million compared to S\$0.5 million in 4Q15. This was due mainly to lower weighted average cost of inventory sold following a write-down in the value of the Group's steel inventory in 4Q15. As a result, the Group's gross profit margin widened to 25.4% in 4Q16 compared to 7.8% in 4Q15. For FY2016, the Group also recorded a higher gross profit margin of 26.4% compared to 11.4% in FY2015.

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(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)

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 4Q16, other income increased to S\$0.4 million from S\$0.2 million in 4Q15, attributed mainly to higher foreign exchange gain. For FY2016, other income also improved to S\$1.0 million from S\$0.8 million due mainly to higher interest income.

Marketing and Distribution Costs and Administrative Expenses

Marketing and distribution costs in 4Q16 decreased to S\$57,000 from S\$148,000 in 4Q15 in tandem with the lower level of freight and handling services that were required for customers' orders. Administrative expenses for 4Q16 remained relatively stable at S\$1.1 million.

For FY2016, marketing and distribution costs were largely unchanged at S\$0.4 million compared to FY2015. Administrative expenses in FY2016 increased slightly to S\$6.3 million from S\$6.0 million last year in line with provision made for staff expenses.

Finance Costs and Other Losses

The Group remained debt-free and hence did not incur any finance costs in 4Q16 and FY2016. The Group incurred other losses of S\$63,000 due mainly to the impairment loss on other asset in 4Q16 and FY2016. In FY2015, the Group incurred other losses of S\$10.2 million due mainly to a write-down in the value of its steel inventory.

Net Profit and Net Profit Margin

		1Q	2Q	3Q	4Q	Full Year
Net Profit / Loss (\$ m)	FY2016	0.8	0.7	0.2	0.7	2.4
	FY2015	(0.6)	(0.5)	(0.7)	(10.4)	(12.1)
	y-o-y change	n.m.	n.m.	n.m.	n.m.	n.m.
Net Profit Margin	FY2016	7.9%	8.8%	2.4%	11.4%	7.7%
	FY2015	n.m.	n.m.	n.m.	n.m.	n.m.

The Group posted net profit of S\$0.7 million for 4Q16 compared to a net loss of S\$10.4 million in 4Q15. This was attributed mainly to higher gross profit and other income as well as the absence of an inventory write-down.

For FY2016, the Group posted a turnaround with net profit of S\$2.4 million compared to a loss of S\$12.1 million in FY2015. This was attributed mainly to higher gross profit, the Group's tight control of operating expenses as well as the absence of an inventory write-down.

Dividend

The Board of Directors is recommending a final dividend payment of 0.3 cents per share with respect to FY2016. The proposed dividend is subject to shareholders' approval at the Company's annual general meeting.

Review of Financial Position

Statement of Financial Position as at 31 December 2016

As at 31 December 2016, the Group's shareholders' equity stood at S\$93.2 million, which translated to net asset value of 27.32 cents per share. Shareholders' equity as at 31 December 2016 excluded treasury shares of S\$138,000 which arose from the purchase of shares in the Company under the Share Buy Back mandate.

The Group had cash and cash equivalents of S\$60.5 million and remained debt free as at 31 December 2016.

Property, plant and equipment increased to S\$23.4 million compared to S\$8.0 million as at 31 December 2015 due to the redevelopment of one of the Group's warehouses.

Trade and other receivables decreased to S\$5.8 million from S\$6.5 million at the end of December 2015 in tandem with lower sales.

Inventories (measured on a weighted average cost basis) as at 31 December 2016 decreased to S\$12.8 million from S\$17.0 million at the end of December 2015, in line with the Group's strategy to align its stock levels to prevailing market conditions.

Trade and other payables increased to S\$3.4 million from S\$2.2 million as at 31 December 2015 due mainly to higher other payables arising from the redevelopment of a warehouse.

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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)

Statement of Cash Flows

Net cash generated from operating activities during FY2016 was S\$8.1 million. This was derived mainly from reductions in trade and other receivables and inventory, as well as an increase in trade and other payables.

Net cash used in investing activities amounted to approximately S\$14.0 million, which was mainly for the redevelopment of the Group's warehouse. Net cash used in financing activities in FY2016 was around S\$2.0 million due mainly to the payment of dividends with respect to FY2015 and purchase of treasury shares under the Company's Share Buy Back mandate. As a result of the above factors, the Group's cash and cash equivalents decreased by S\$7.9 million during FY2016 to S\$60.5 million.

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

There was no material variance from the commentary in Section 10 of the Group's previous financial statements released on 8 November 2016.

- 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

In view of continuing uncertainties in the outlook of the global economy and the current slowdown in the marine and offshore sector, the Group remains cautious of business conditions. While the Group generated higher sales volume in FY2016 as compared to FY2015, the overall demand from steel end-users continues to be modest and uneven. Coupled with steel price volatility and intense industry competition, the operating environment is likely 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.

In spite of the challenging business conditions, the Group remains committed to rewarding its shareholders and has recommended a final dividend payment of 0.3 cents per share for FY2016. Since its public listing on the Singapore Exchange in 2005, Asia Enterprises has consistently paid dividends representing at least 40% of its earnings every year to reward shareholders for their continuous support.

The Group places precedence on safeguarding its financial strength to ensure shareholder value is sustained during slower business periods. With a balance sheet backed by S\$60.5 million in cash and zero debt, the Group believes it remains well-positioned to capitalise on opportunities when the major steel consuming industries start to experience a recovery in business activities.

As part of its strategy to be prepared for future opportunities, the Group has redeveloped one of its three existing warehouses to expand storage capacity and improve operating efficiency. Construction of the new warehouse is completed and it is expected to commence operations upon receipt of approval from the regulatory authorities.

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11 Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported for?

Yes

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount Per Share (in cents)	:	0.3 cent per ordinary share (tax exempt one-tier)

(b) Corresponding period of the immediately preceding financial year

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

Yes

Name of Dividend	:	Final Dividend
Dividend Type	:	Cash
Dividend Amount Per Share (in cents)	:	0.5 cent per ordinary share (tax exempt one-tier)

(c) Date payable

To be announced later.

(d) Book closure date

To be announced later.

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

Not applicable.

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)

	Year Ended 31/12/2016 S\$'000	Year Ended 31/12/2015 S\$'000
Penta Transport Services	160	194

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

The Company has no IPT general mandate.

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year results)

14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

	Steel Distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Continuing Operations 2016					
Revenue by Segment					
Total revenue by segment	26,153	5,279	56	-	31,488
Inter-segment sales	(61)	(492)	(55)	-	(608)
Total revenue	<u>26,092</u>	<u>4,787</u>	<u>1</u>	<u>-</u>	<u>30,880</u>
Recurring EBITDA	2,329	126	(394)	-	2,061
Depreciation	(172)	(273)	-	-	(445)
Interest income				801	801
ORBIT *	<u>2,157</u>	<u>(147)</u>	<u>(394)</u>	<u>801</u>	<u>2,417</u>
Other unallocated items					25
Profit before tax from continuing operations					2,442
Income tax expense					(59)
Profit from continuing operations					2,383
Non-controlling interests					(48)
Profit attributable to owners of the parent					<u>2,335</u>
Other Material Items and Reconciliations:-					
Expenditure for non-current assets	15,705	150	-	-	15,855
Depreciation expense	172	273	-	-	445
Write-back of trade receivables	(53)	-	-	-	(53)
Write-off of trade receivables	13	-	-	-	13
Impairment loss on other asset	-	50	-	-	50
Assets and Reconciliations					
Total assets for reportable segments	<u>84,803</u>	<u>15,128</u>	<u>2,943</u>	<u>-</u>	102,874
Unallocated corporate assets					237
Total group assets					<u>103,111</u>
Liabilities and Reconciliations					
Total liabilities for reportable segments	<u>3,019</u>	<u>133</u>	<u>227</u>	<u>-</u>	3,379
Unallocated corporate liabilities:-					
Other payables					25
Income tax payable					8
Deferred tax liabilities					742
Total group liabilities					<u>4,154</u>
Information about major customers:-					
Top 1 customer	<u>3,435</u>	<u>-</u>	<u>-</u>		<u>3,435</u>

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14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year (cont'd)

Continuing Operations 2015	Steel Distribution \$'000	Provision of steel processing \$'000	Corporate \$'000	Unallocated \$'000	Total \$'000
Revenue by Segment					
Total revenue by segment	25,955	7,014	62	-	33,031
Inter-segment sales	(40)	(636)	(55)	-	(731)
Total revenue	<u>25,915</u>	<u>6,378</u>	<u>7</u>	<u>-</u>	<u>32,300</u>
Recurring EBITDA	(11,807)	(142)	(367)	-	(12,316)
Depreciation	(177)	(273)	-	-	(450)
Interest income				572	572
Finance costs				(1)	(1)
ORBIT *	<u>(11,984)</u>	<u>(415)</u>	<u>(367)</u>	<u>571</u>	<u>(12,195)</u>
Other unallocated items					25
Loss before tax from continuing operations					<u>(12,170)</u>
Income tax refund					36
Loss from continuing operations					<u>(12,134)</u>
Non-controlling interests					54
Loss attributable to owners of the parent					<u>(12,080)</u>
Other Material Items and Reconciliations:-					
Expenditure for non-current assets	2,179	85	-	-	2,264
Depreciation expense	177	273	-	-	450
Write-back of trade receivables	(231)	-	-	-	(231)
Write-off of trade receivables	398	-	-	-	398
Inventories written down	<u>9,430</u>	<u>380</u>	<u>-</u>	<u>-</u>	<u>9,810</u>
Assets and Reconciliations					
Total assets for reportable segments	<u>83,009</u>	<u>15,430</u>	<u>2,662</u>	<u>-</u>	101,101
Unallocated corporate assets					359
Total group assets					<u>101,460</u>
Liabilities and Reconciliations					
Total liabilities for reportable segments	<u>1,637</u>	<u>272</u>	<u>223</u>	<u>-</u>	2,132
Unallocated corporate liabilities:-					
Other payables					46
Income tax payable					12
Deferred tax liabilities					688
Total group liabilities					<u>2,878</u>

Information about major customers:-

There are no customers with revenue transactions of over 10% of the group revenue.

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- 14 Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year (cont'd)**

The Group's operations are located in Singapore. An analysis of the Group revenue by geographical market which is analysed based on the billing address of each individual customer is provided below. In addition, the segment assets and capital expenditure analysed by the geographic area in which the assets are located are also tabled below.

	Revenue \$'000	Segment non-current assets \$'000	Segment assets \$'000	Capital expenditure \$'000
2016				
Singapore	21,016	23,960	101,395	15,855
Indonesia	5,963	-	1,075	-
Malaysia	1,531	-	409	-
Other regions	2,370	-	232	-
	<u>30,880</u>	<u>23,960</u>	<u>103,111</u>	<u>15,855</u>
	Revenue \$'000	Segment non-current assets \$'000	Segment assets \$'000	Capital expenditure \$'000
2015				
Singapore	24,609	8,630	100,248	2,264
Indonesia	2,933	-	974	-
Malaysia	2,010	-	238	-
Other regions	2,748	-	-	-
	<u>32,300</u>	<u>8,630</u>	<u>101,460</u>	<u>2,264</u>

- 15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business and geographical segments**

Please refer to item no. 8.

- 16 A breakdown of sales**

	Group		
	Year ended 31/12/2016 S\$'000	Year ended 31/12/2015 S\$'000	Increase/ (Decrease) %
First Half			
Sales reported for first half year	<u>18,185</u>	<u>17,777</u>	2
Profit/(Loss) after tax and before minority interest for first half year	<u>1,512</u>	<u>(1,019)</u>	NM
Second Half			
Sales reported for second half year	<u>12,695</u>	<u>14,523</u>	(13)
Profit/(Loss) after tax and before minority interest for second half year	<u>871</u>	<u>(11,115)</u>	NM

- 17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	Latest Full Year \$'000	Previous Full Year \$'000
Ordinary	1,023	1,710
Preference	-	-
Total	<u>1,023</u>	<u>1,710</u>

The above latest full year dividend amounts are estimated based on number of issued shares (excluding treasury shares) as at 31 December 2016.

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- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(9) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lee Choon Yam	58	Brother of Lee Choon Bok Uncle of Lee Yih Chyi	Head of Production (since 1 July 2005). In charge of production and maintenance	NIL
Lee Yih Lin	44	Son of Lee Choon Bok Brother of Lee Yih Chyi Nephew of Lee Choon Yam	General Manager (since 3 July 2006). His duties include business development, sales and marketing and to solicit, study, propose and negotiate for favourable and feasible projects and businesses in line with corporate directives.	NIL

- 19 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
24 January 2017