

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

Unaudited First Half Financial Statement for the Period ended 30 September 2019

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					
	3Q FY2019 S\$'000	3Q FY2018 S\$'000	% + / (-)	9M FY2019 S\$'000	9M FY2018 S\$'000	% + / (-)
Revenue	11,775	9,068	30	27,697	28,503	(3)
Cost of Sales	(9,853)	(7,213)	37	(22,732)	(22,240)	2
Gross Profit	1,922	1,855	4	4,965	6,263	(21)
<u>Other Items of Income</u>						
Interest Income	231	156	48	801	504	59
Other Gains	110	32	244	77	198	(61)
<u>Other Items of Expense</u>						
Marketing and Distribution Costs	(72)	(70)	3	(168)	(211)	(20)
Administrative Expenses	(2,035)	(1,861)	9	(5,602)	(5,956)	(6)
Other Losses	(2)	-	NM	(69)	-	NM
Profit/(Loss) Before Tax from Continuing Operations	154	112	38	4	798	(99)
Income Tax Income	-	-	NM	-	3	NM
Profit/Loss for the Period	154	112	38	4	801	(100)
Profit/(Loss) Attributable to Owners of the Parent, Net of Tax	208	190	9	171	1,027	(83)
Profit/(Loss) Attributable to Non-Controlling Interests, Net of Tax	(54)	(78)	(31)	(167)	(226)	(26)
Profit/(Loss) for the Period	154	112	38	4	801	(100)
Earnings/(Loss) Per Share						
Basic (Cents)	0.06	0.06		0.05	0.30	
Diluted (Cents)	0.06	0.06		0.05	0.30	

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

	Group					
	3Q FY2019 S\$'000	3Q FY2018 S\$'000	% + / (-)	9M FY2019 S\$'000	9M FY2018 S\$'000	% + / (-)
Foreign exchange adjustment (loss)/gain	105	32	228	48	197	(76)
Recovery of bad debts allowance	5	-	NM	29	1	NM
Bad debts written off and recovery costs	(2)	-	NM	(69)	-	NM
Interest expense on lease liabilities	(78)	-	NM	(237)	-	NM
Depreciation of investment property	(5)	(4)	25	(15)	(14)	7
Depreciation of property, plant and equipment	(531)	(522)	2	(1,596)	(1,602)	(0)
Depreciation of right-of-use assets	(195)	-	NM	(583)	-	NM

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					
	3Q FY2019 S\$'000	3Q FY2018 S\$'000	% +/(-)	9M FY2019 S\$'000	9M FY2018 S\$'000	% +/(-)
Profit/(Loss) for the Period	154	112	38	4	801	(100)
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income/(Loss) for the Period	154	112	38	4	801	(100)
Total Comprehensive Income/(Loss) Attributable to Owners of the Parent	208	190	9	171	1,027	(83)
Total Comprehensive (Loss)/Income Attributable to Non-Controlling Interests	(54)	(78)	(31)	(167)	(226)	(26)
Total Comprehensive Income/ (Loss)	154	112	38	4	801	(100)

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 30/09/2019 S\$'000	As at 31/12/2018 S\$'000	As at 30/09/2019 S\$'000	As at 31/12/2018 S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	19,120	20,678	-	-
Right-Of-Use Assets	10,241	-	-	-
Investment Property	453	467	-	-
Investments in Subsidiaries	-	-	43,530	43,530
Other Financial Assets, Non-Current	6,392	4,878	3,066	2,311
Other Asset	50	50	-	-
Total Non-Current Assets	36,256	26,073	46,596	45,841
<u>Current Assets</u>				
Inventories	15,140	18,416	-	-
Trade and Other Receivables	9,674	8,690	12,636	13,632
Other Financial Assets, Current	2,787	1,788	1,261	1,009
Cash and Cash Equivalents	45,603	48,807	2,328	3,393
Total Current Assets	73,204	77,701	16,225	18,034
Total Assets	109,460	103,774	62,821	63,875
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)	(138)	(138)
Retained Earnings	32,752	34,287	3,921	4,898
Capital Reserve	575	575	-	-
Equity, Attributable to Owners of the Parent	92,045	93,580	62,639	63,616
Non-Controlling Interests	4,911	5,198	-	-
Total Equity	96,956	98,778	62,639	63,616
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	595	595	-	-
Lease Liabilities	9,781	-	-	-
Total Non-Current Liabilities	10,376	595	-	-
<u>Current Liabilities</u>				
Income Tax Payable	3	15	3	15
Trade and Other Payables	1,562	4,386	179	244
Current Portion of Lease Liabilities	563	-	-	-
Total Current Liabilities	2,128	4,401	182	259
Total Liabilities	12,504	4,996	182	259
Total Equity and Liabilities	109,460	103,774	62,821	63,875

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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 30/09/2019 S\$'000		As at 31/12/2018 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30/09/2019 S\$'000		As at 31/12/2018 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			
	3Q FY2019 S\$'000	3Q FY2018 S\$'000	9M FY2019 S\$'000	9M FY2018 S\$'000
<u>Cash Flows from Operating Activities</u>				
Profit Before Tax	154	112	4	798
Adjustments for:				
Depreciation of Investment Property	5	5	15	14
Depreciation of Property, Plant and Equipment	531	530	1,595	1,601
Depreciation of Right-Of-Use Assets	195	-	583	-
Interest Income	(231)	(157)	(801)	(504)
Interest Expenses On Lease Liabilities	78	-	237	-
Operating Cash Flows Before Changes in Working Capital	732	490	1,633	1,909
Inventories	3,233	(6,586)	3,276	(6,812)
Trade and Other Receivables	(2,955)	1,082	(983)	(1,257)
Trade and Other Payables	(1,433)	266	(2,824)	(2,212)
Net Cash Flows From Operations Before Interest and Tax	(423)	(4,748)	1,102	(8,372)
Income Taxes Paid	(5)	(4)	(12)	(9)
Net Cash Flows From/ (Used in) Operating Activities	(428)	(4,752)	1,090	(8,381)
<u>Cash Flows from Investing Activities</u>				
Purchase of Property, Plant and Equipment	(12)	-	(39)	(76)
Right-Of-Use Assets - (Increase)/ Decrease	-	-	(10,824)	-
Other Financial Assets - (Increase)/ Decrease	(1,522)	(1,561)	(2,513)	(4,357)
Interest Received	231	157	801	504
Net Cash Flows From/(Used in) Investing Activities	(1,303)	(1,404)	(12,575)	(3,929)
<u>Cash Flows from Financing Activities</u>				
Dividends Paid to Equity Owners	-	-	(1,706)	(1,706)
Dividends Paid by A Subsidiary to Non-Controlling Interests	-	-	(120)	(80)
Lease Liabilities - Increase/ (Decrease)	(239)	-	10,107	-
Net Cash Flows From/(Used in) Financing Activities	(239)	-	8,281	(1,786)
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,970)	(6,156)	(3,204)	(14,096)
Cash and Cash Equivalents, Beginning Balance	47,573	49,285	48,807	57,225
Cash and Cash Equivalents, Ending Balance	45,603	43,129	45,603	43,129

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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

	Attributable to						Non-Controlling Interests
	Total Equity	Parent Sub-Total	Share Capital	Treasury Shares	Capital Reserve	Retained Earnings	
Group (S\$'000)							
Opening Balance at 1 January 2019	98,778	93,580	58,856	(138)	575	34,287	5,198
Total Comprehensive Income/(Loss) for the Period ended 30 September 2019	4	171	-	-	-	171	(167)
Dividends paid	(1,826)	(1,706)	-	-	-	(1,706)	(120)
Closing Balance at 30 September 2019	96,956	92,045	58,856	(138)	575	32,752	4,911
	(a)						
Opening Balance at 1 January 2018	99,052	93,568	58,856	(138)	575	34,275	5,484
Total Comprehensive Income/(Loss) for the Period ended 30 September 2018	801	1,027	-	-	-	1,027	(226)
Dividends paid	(1,786)	(1,706)	-	-	-	(1,706)	(80)
Closing Balance at 30 September 2018	98,067	92,889	58,856	(138)	575	33,596	5,178
	(a)						

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

	Total Equity	Share Capital	Treasury Shares	Retained Earnings
Company (S\$'000)				
Opening Balance at 1 January 2019	63,616	58,856	(138)	4,898
Total Comprehensive Income for the Period ended 30 September 2019	729	-	-	729
Dividends paid	(1,706)	-	-	(1,706)
Closing Balance at 30 September 2019	62,639	58,856	(138)	3,921
Opening Balance at 1 January 2018	64,058	58,856	(138)	5,340
Total Comprehensive Income for the Period ended 30 September 2018	80	-	-	80
Dividends paid	(1,706)	-	-	(1,706)
Closing Balance at 30 September 2018	62,432	58,856	(138)	3,714

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 30 September 2019. (30 September 2018 : 788,600)

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1(d)(iii) To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year

	Number of shares	
	As at 30/09/2019	As at 31/12/2018
Total number of issued shares	341,917,487	341,917,487
Treasury shares and subsidiary holdings	788,600	788,600
Total number of issued shares excluding treasury shares and subsidiary holdings	341,128,887	341,128,887

1(d)(iv) A statement showing all sales, transfers, 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 30 September 2019. There were no sales, transfers, cancellation and / or use of treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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

Except as disclosed in paragraph 5 below, 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 2018.

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

The Group adopted SFRS (I) 16 on 1 January 2019, using the modified retrospective approach, without restating prior years' information.

In compliance with SFRS (I) 16, the Group has applied the practical expedient to recognise the amount of right-of-use assets equal to the lease liabilities as at 1 January 2019. Subsequent to initial recognition, the Group depreciate the right-of-use assets over the lease term, and recognise interest expenses on the lease liabilities.

The right-of-use assets of approximately S\$10.2 million as at 30 September 2019 were mainly related to the leases of the Group's warehouse facilities. Accordingly, there was a corresponding lease liabilities of approximately S\$10.3 million being recorded as at 30 September 2019.

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			
	3Q FY2019	3Q FY2018	9M FY2019	9M FY2018
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	0.06 cents	0.06 cents	0.05 cents	0.30 cents
Weighted average number of ordinary shares in issue (excluding treasury shares and subsidiary holdings)	341,128,887	341,128,887	341,128,887	341,128,887
(b) On a fully diluted basis	0.06 cents	0.06 cents	0.05 cents	0.30 cents
Weighted average number of ordinary shares in issue (excluding treasury shares and subsidiary holdings)	341,128,887	341,128,887	341,128,887	341,128,887

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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 30/09/2019	As at 31/12/2018	As at 30/09/2019	As at 31/12/2018
Net asset value per ordinary share (cents) *	26.98	27.43	18.36	18.65

* The net asset value per ordinary share of the Group and the Company as at 30 September 2019 is computed based on the total number of issued shares (excluding 788,600 treasury shares and subsidiary holdings) of 341,128,887 (31 December 2018: 341,128,887).

- 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 reported on**

Review of the Steel Industry

Based on data compiled by World Steel Association (worldsteel), global crude steel production increased 4.4% to 1.240 million tonnes (Mt) in the first eight months of 2019 compared to the same period in 2018. Steel output in China increased 9.1% to 664.9 Mt and accounted for almost 54% of global production during the eight month period.

In its latest Short Range Outlook published on 14 October 2019, worldsteel expects global steel demand to grow 3.9% to 1,775.0 Mt in 2019 followed an increase of 1.7% to 1,805.7 Mt in 2020. It forecasts steel demand in China to grow by 7.8% to 900.1 Mt in 2019, due mainly to real estate investment. In contrast, worldsteel expects the rest of the world to record only 0.2% growth to 874.9 Mt as uncertainty, trade tensions and geopolitical issues are weighing on investment and trade.

For 2020, worldsteel sees steel demand in China growing by a slower 1.0%. It expects higher demand growth of 2.5% for the rest of the world, driven mainly by emerging and developing economies, but warned this forecast faces significant downside risks if the current level of uncertainty prevails.

(Source: World Steel Association)

Overview

Asia Enterprises is a major distributor of steel products to industrial end-users in Singapore and the Asia-Pacific region. The Group offers a wide range of products that is complemented by its value-added steel processing services to offer a 'one-stop' solution and 'just-in-time' delivery to its customers in the marine and offshore, oil and gas, engineering/fabrication, construction and manufacturing industries. With operating history dating back to 1973, the Group has forged a strong reputation as a reliable distributor of steel products to the marine and offshore industries.

Review of Statement of Comprehensive Income

Revenue

Revenue (S\$ m)	1Q	2Q	3Q	9M	4Q	Full Year
FY2019	7.0	8.9	11.8	27.7	-	-
FY2018	8.5	10.9	9.1	28.5	9.3	37.8
y-o-y change	(17%)	(19%)	30%	(3%)	-	-

For the third quarter ended 30 September 2019 ("3Q19"), the Group's revenue increased 30% to S\$11.8 million from S\$9.1 million in 3Q18. This was lifted primarily by higher orders for steel products from its end-user customers in the marine and offshore, and engineering/fabrication sectors, as well as other stockists and traders.

On a sequential basis, the Group's revenue in 3Q19 improved from S\$8.9 million in 2Q19 and S\$7.0 million in 1Q19. This was attributed mainly to higher customer orders, particularly from the marine and offshore sector.

For the nine months ended 30 September 2019 ("9M19"), the Group registered sales of S\$27.7 million, a marginal dip of 3% from S\$28.5 million in 9M18.

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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)

Gross Profit and Gross Profit Margin

		1Q	2Q	3Q	9M	4Q	Full Year
Gross Profit (\$\$ m)	FY2019	1.3	1.7	1.9	5.0	-	-
	FY2018	1.9	2.5	1.9	6.3	1.6	7.9
Gross Profit Margin	FY2019	19.4%	18.8%	16.3%	17.9%	-	-
	FY2018	22.4%	22.9%	20.5%	22.0%	17.7%	20.9%

The Group's gross profit increased 4% to S\$1.9 million in 3Q19 on the back of higher revenue. Gross profit margin eased to 16.3% in 3Q19 from 20.5% in 3Q18, due mainly to lower average selling prices, combined with the impact from higher weighted average cost of inventory sold in 3Q19 vis-à-vis 3Q18.

Gross profit margin for 9M19 decreased to 17.9% from 22.0% in 9M18 due mainly to lower average selling prices, coupled with higher weighted average cost of inventory sold.

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

Other income in 3Q19 increased to S\$0.3 million from S\$0.2 million in 3Q18 due to higher interest income and foreign exchange adjustment gain.

Marketing and Distribution Costs and Administrative Expenses

Marketing and distribution costs of S\$72,000 in 3Q19 were steady when compared to 3Q18. Administrative expenses in 3Q19 increased 9% to S\$2.0 million from S\$1.9 million. However, administrative expenses for 9M19 declined by 6% to S\$5.6 million compared to S\$6.0 million in 9M18.

Net Profit/(Loss) Attributable to Equity Holders and Net Profit Margin

		1Q	2Q	3Q	9M	4Q	Full Year
Net Profit / (Loss) Attributable to Equity Holders (\$\$ m)	FY2019	(0.4)	0.4	0.2	0.2	-	-
	FY2018	0.1	0.7	0.2	1.0	0.7	1.7
	y-o-y change	n.m.	(42%)	9%	(83)	-	-
Net Profit Margin	FY2019	n.m.	4.7%	1.3%	0.0%	-	-
	FY2018	0.4%	6.0%	1.2%	2.8%	7.6%	4.0%

The Group posted profit attributable to equityholders ("PATMI") of S\$0.2 million in 3Q19. PATMI in 3Q19 rose at a slower pace of 9% year-on-year compared to revenue growth of 30%, primarily because of lower gross profit margin and higher administrative expenses.

For 9M19, the Group reported PATMI of S\$0.2 million compared to S\$1.0 million in 9M18, due mainly to lower gross profit margin. Excluding interest, income tax and depreciation expenses, the Group recorded earnings attributable to equityholders of S\$1.8 million in 9M19, compared to S\$2.1 million in 9M18.

Review of Financial Position

Statement of Financial Position as at 30 September 2019

The Group's balance sheet remained sound with cash and cash equivalents of S\$45.6 million and zero borrowings as at 30 September 2019. Shareholders' equity (excluding treasury shares) stood at S\$92.0 million, which translated to net asset value of 27.0 cents per share. This included cash and cash equivalents of 13.4 cents per share and inventory with book value of 4.4 cents per share.

Property, plant and equipment decreased slightly to S\$19.1 million from S\$20.7 million as at 31 December 2018 due to depreciation charges. As a result of the adoption of SFRS(I) 16, the present value of the operating lease payment commitments for the Group's warehouse facilities are recognised on its balance sheet as right-of-use assets and lease liabilities. As at 30 September 2019, the Group's right-of-use assets and lease liabilities stood at S\$10.2 million and S\$10.3 million respectively.

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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)

Review of Financial Position (cont'd)

Statement of Financial Position as at 30 September 2019 (cont'd)

Other financial assets as at 30 September 2019 increased to S\$9.2 million from S\$6.7 million as at 31 December 2018 due to an increase in investments in fixed-income securities.

Trade and other receivables increased to S\$9.7 million from S\$8.7 million at the end of December 2018 in line with higher sales.

Inventories (measured on a weighted average cost basis) as at 30 September 2019 declined to S\$15.1 million from S\$18.4 million as at 31 December 2018, in tandem with the Group's sales and inventory replenishment activities.

Trade and other payables decreased to S\$1.6 million from S\$4.4 million as at 31 December 2018 due mainly to settlement of outstanding trade payables.

Statement of Cash Flows

The Group generated net cash from operating activities of S\$1.1 million during 9M19. This was attributed to operating cash flows before changes in working capital of S\$1.7 million and a reduction in inventories, which were offset partially by higher trade and other receivables and a decline in trade and other payables.

Net cash used in investing activities in 9M19 was S\$12.6 million due mainly to the recognition of right-of-use assets of S\$10.8 million and increase in other financial assets. Net cash generated from financing activities amounted to S\$8.3 million in 9M19. This was attributed mainly to the recognition of lease liabilities of S\$10.1 million, offset partially by payment of dividends of S\$1.7 million to equity owners with respect to FY2018.

As a result of the above factors, the Group's cash and cash equivalents decreased to S\$45.6 million as at 30 September 2019 compared to S\$48.8 million as at 31 December 2018.

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

The results are in line with the commentary in section 10 of the Company's previous financial statements released on 6 August 2019.

- 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

The Group has witnessed muted end-user demand for steel and intense competitive pressures since the start of 2019. Nonetheless, the Group was still able to increase its sales in Singapore in 9M19 compared to 9M18. It also registered a gradual recovery of its sales in Indonesia over the first three quarters of FY2019 due mainly to a moderate pick-up in orders from customers in the marine and offshore industry.

Heading into the last quarter of FY2019, the Group expects the operating environment to stay challenging as ongoing global uncertainties will continue to affect the end-user demand for steel. Customer demand is generally subdued towards the year-end while keen market competition is expected to prevail. The cost of inventory replenishment and market selling prices will also continue to be influenced by movements in international steel prices and the US Dollar against the Singapore Dollar.

The Group will remain vigilant on credit exposure and ensure tight control of expenses as part of its prudent financial management. To maintain its market competitiveness, the Group will continue to closely monitor the demand trends and purchasing patterns of major steel end-users, and ensure it has sufficient and relevant inventory to provide shorter delivery lead times to customers.

Barring unforeseen circumstances, the Group remains confident of its business resilience and sustainability. With a balance sheet backed by cash of S\$45.6 million and zero debt, the Group has a sound financial position to withstand challenging market conditions and capitalise on recovery in demand from key steel consuming industries when it arises.

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11 Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported for?

None

(b) Corresponding period of the immediately preceding financial year

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

None

(c) Date payable

Not applicable

(d) Book closure date

Not applicable

12 If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommended for the period ended. Decision on dividend will be considered upon the full year performance.

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)

	9M FY2019 S\$'000	9M FY2018 S\$'000
Penta Transport Services	84	143

The value of IPT of the Group is well below 3% of the Group's latest audited net tangible assets as at 31 December 2018.

The Company has no IPT general mandate.

14 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
5 November 2019

ASIA ENTERPRISES HOLDING LIMITED

(Company Registration No. 200501021H)

Confirmation by the Board

We, Lee Choon Bok and Lee Yih Chyi being two directors of Asia Enterprises Holding Limited ("the Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing material has come to the attention of the Board of Directors of the Company which may render the financial results for the third quarter ended 30 September 2019 to be false or misleading.

On behalf of the Board of Directors

LEE CHOON BOK
EXECUTIVE CHAIRMAN

LEE YIH CHYI
MANAGING DIRECTOR