

NEWS RELEASE

Asia Enterprises Reports Net Profit of S\$1.3 Million for 1H14

- Revenue in 1H14 down 40% to S\$43.6 million due to soft demand from steel end-users
- Gross profit margin improved to 13.3% from 10.4% in 1H13
- Group maintains strong financial position with cash of S\$59.0 million and zero borrowings

Singapore, 7 August 2014 – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported that its net profit for the six months ended 30 June 2014 (“1H14”) decreased 54% to S\$1.3 million. This was due mainly to a 40% decline in Group revenue to S\$43.6 million as challenging operating conditions led to a reduction in the volume of steel products sold.

Sales to customers in the marine and offshore sector decreased as a consequence of a slowdown in new building activities at shipyards in the region while sales to the construction sector eased due to lower project requirements from customers in Singapore. The Group however saw increased sales to its engineering/fabrication customers during 1H14. While the Group was able to improve its gross profit margin to 13.3% from 10.4% in 1H13, this could not compensate for the impact of lower revenue on its bottom line.

For the three months ended 30 June 2014, the Group registered a 45% decrease in net profit to S\$0.7 million which was due mainly to a 33% decline in revenue to S\$21.7 million.

With its prudent management of inventory and operating expenses, the Group continues to exhibit a strong balance sheet. As at 30 June 2014, it had cash and cash equivalents of S\$59.0 million or 17.27 cents per share, and was debt free. In addition, its inventory of steel products of S\$37.3 million translated to 10.92 cents per share. The Group’s net asset value per share stood at 31.97 cents at the end of June 2014.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “We continued to witness heightened competitive conditions during the first half of 2014 due to the muted demand for steel products from end-users amid a situation of excess inventory in the steel supply chain. Despite the tough business environment, the Group remained profitable in 1H14 and sustained sound financial fundamentals.

We envisage business conditions will stay challenging in the remaining months of this year as demand from customers in our primary markets is unlikely to recover significantly in the near term. As such, competition within the steel distribution industry is expected to remain intense.”

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The Group will continue to align its inventory mix to the project requirements of its marine and offshore customers, as well as pursue business opportunities in sectors such as engineering/fabrication, to maintain a diversified customer base.

With its focus on profitability, the Group will continue to prudently manage its inventory purchases and keep a close watch on operating expenses. This will ensure Asia Enterprises remains in a strong financial position to withstand challenges and be ready for growth opportunities when they arise.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 7 August 2014.

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