

NEWS RELEASE

Asia Enterprises Posts Net Profit of S\$1.6 Million for 9M14

- Revenue declined to S\$56.8 million in 9M14 due to the slowdown in end-user demand for steel
- Group maintains sound balance sheet with cash of S\$57.0 million and zero borrowings
- NAV per share of 32.03 cents includes cash of 16.67 cents and inventory with book value of 11.92 cents

Singapore, 4 November 2014 – Asia Enterprises Holding Limited (“Asia Enterprises” or the “Group”), a major regional distributor of steel products to industrial end-users, today reported a 52% decline in net profit to S\$1.6 million for the nine months ended 30 September 2014 (“9M14”). This was due mainly to a 38% reduction in Group revenue to S\$56.8 million as a slowdown in steel demand from end-users this year has resulted in a difficult operating environment for the steel industry.

For the three months ended 30 September 2014 (“3Q14”), the Group reported lower revenue and net profit of S\$13.2 million and S\$0.2 million respectively, compared to the same quarter a year ago.

Managing Director of Asia Enterprises, Ms Yvonne Lee said, “The Group’s business volumes and revenue during the first nine months of this year were affected by the subdued demand for steel products, particularly from end-users in the marine and offshore sector due to slow newbuilding activities at shipyards in Indonesia. The muted demand situation, coupled with the ample inventory in the steel supply chain, has also created a highly competitive landscape in the steel industry.

In spite of this, the Group maintained a stable gross profit margin of 11.9% in 3Q14. As a result, the Group continued to generate a positive, albeit modest, net profit in 3Q14 while maintaining a sound financial position.”

Thanks to its prudent management of inventory and operating expenses, the Group continues to exhibit a strong balance sheet. As at 30 September 2014, it had cash and cash equivalents of S\$57.0 million or 16.67 cents per share, and remained debt free. In addition, its inventory of steel products of S\$40.7 million translated to 11.92 cents per share. The Group’s net asset value per share stood at 32.03 cents at the end of September 2014.

As the year-end is generally a seasonally slow period, business activities may slide in 4Q14 as compared to 3Q14. With weaker end-user demand and an intensely competitive environment, the Group expects to face a tougher period in 4Q14.

To ensure it remains in a strong financial position, the Group will continue to prudently manage and align its inventory purchases to meet customers’ requirements as well as keep a close watch on operating expenses. This will enable Asia Enterprises to withstand challenging business conditions and be ready for growth opportunities when they arise.

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This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 4 November 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