



ASL MARINE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Co. Reg. No. 200008542N

APPLICATION FOR EXTENSION OF TIME TO COMPLY WITH RULE 1315 OF THE LISTING MANUAL

1. INTRODUCTION

The Board of Directors (the **"Board"**) of ASL Marine Holdings Ltd. (the **"Company"**), together with its subsidiaries, the **"Group"**) refers

- (a) to the announcement made by the Company dated 3 December 2019 in relation to the notification of the Company's inclusion on the watch-list of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) with effect from 4 December 2019, due to the financial entry criteria pursuant to Rule 1311 of the Listing Manual of the SGX-ST (the **"Listing Manual"**); and
- (b) the Company's application to the Singapore Exchange Regulation Pte. Ltd. (the **"SGX RegCo"**) on 9 September 2022 for a 12-month extension to satisfy the requirements for the Company's removal from the watch-list (the **"Extension Application"**).

2. EXTENSION OF TIME GRANTED BY THE SGX REGCO TO COMPLY WITH RULE 1315 OF THE LISTING MANUAL

- 2.1 The Company has up to 3 December 2022 to fulfil the requirements under Rule 1315 of the Listing Manual for its removal from the Watch-List, being within 36 months from 4 December 2019 (the **"Cure Period"**), failing which the SGX-ST may either delist the Company or suspend trading of the Company's listed securities with a view of delisting the Company from the SGX-ST.

The Board wishes to update its shareholders that the SGX RegCo has, on 26 October 2022, in relation to the Extension Application, informed the Company that the SGX RegCo has no objection to an extension of 12 months till 4 December 2023 (the **"Extension"**) for the Company to comply with Rule 1315 of the Listing Manual, subject to the following:

- (a) The Company announcing the Extension granted;
- (b) The reasons for seeking the Extension; and
- (c) The conditions as required under Rule 107 of the Listing Manual and if the Extension conditions have been satisfied. If the Extension conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met.

Shareholders should note that the Extension will not be effective if any of the above Extension conditions are not been fulfilled.

- 2.2 In addition, the Board wishes to highlight that:

- (a) The SGX RegCo reserves the right to amend and/or vary its decision and such decision is subject to changes in the policies of the SGX RegCo; and
- (b) The Company is required to make an immediate disclosure via SGXNet if it is/ will be in contravention of any laws and regulations governing the Company and the Constitution of the Company arising from the Extension.

3. REASONS FOR SEEKING THE EXTENSION

3.1 The Company's market capitalisation and cash flow

- (a) Pursuant to paragraph 4.2(1) of Practice Note 13.2 of the Listing Manual, an issuer may be granted an extension to the 36-month Cure Period, of up to 12 months if it satisfies at least one of the following requirements under Rule 1314 of the Listing Manual:
- (i) Records consolidated pre-tax profit for the most recently completed financial year (based on its audited full year consolidated accounts) (the "**Profit Criteria**"); and
 - (ii) Has an average daily market capitalisation of S\$40 million or more over the last 6 months (the "**Market Cap Criteria**").

Additionally, the issuer must also have achieved healthy cash flow from its operating activities (based on its audited full year consolidated accounts for the most recently completed financial year) (the "**Cash Flow Criteria**").

- (b) As at the date of the Extension Application, while the Company has not satisfied the Profit Criteria and the Market Cap Criteria. The Company had an average daily market capitalization of approximately S\$38.3 million, computed based on the 6-month volume weighted average price of \$0.06071 as of 7 September 2022.
- (c) In relation to the Cash Flow Criteria, the Group has achieved sustainable and positive cashflows from its operating activities of S\$41.0 million, S\$45.8 million and S\$55.4 million for FY2020, FY2021 and FY2022 respectively.

3.2 The Company has taken steps to return to profitability

Since being placed on the Watch-List, the Company has taken active steps and made concerted efforts for the Group to return to profitability since being placed on the Watch-List. Some of these steps include the following:

- (a) Continuing focus on core businesses with sustainable revenue generated during the Cure Period.
- (b) Expanding revenue streams by leveraging on our core competencies and key resources. Such initiatives include recycling and low-emission marine related services.
- (c) Strengthening operational efficiencies, productivity and business performance with recruitment of experienced maritime professionals and executives to join the Management team.
- (d) Support from shareholders / noteholders / financial institutions / government

During the Cure Period, the Group has managed to:

- (i) Reduce the interest bearing loans and borrowings from face value of S\$423.1 million as of 30 June 2019 to S\$350.2 million as of 30 June 2022 with no default in payments;
- (ii) Reduce the coupon rate of its Series 006 and Series 007 Notes to 3% per annum and extension of the maturity dates to 28 March 2025 and 1 October 2026 respectively pursuant to Consent Solicitation Exercises undertaken in 2019;
- (iii) Receive continual support from our principal lenders on additional trade and working capital facilities and re-profiling of existing debts to November 2026; and

- (iv) Obtain support and recognition from Enterprise Singapore in respect of the Group's established role in Singapore's Maritime industry. Enterprise Singapore has provided undertakings to our principal lenders that supported additional banking facilities and application for the extension of lease to our two plots of lease-hold shipyard lands in Singapore.

3.3 COVID-19 pandemic

- (a) Throughout the entire Cure Period, the Group has been severely affected by the COVID-19 pandemic.
- (b) During the COVID-19 pandemic, the Singapore Maritime industry was particularly overwhelmed and stretched, whereby multiple stringent protocols were imposed on the Group's Singapore shipyard and marine operations by various government agencies including Ministry of Health, Ministry of Manpower, Ministry of Trade Industry and the Maritime and Port Authority. On top of that, the travel restriction imposed by the respective country governments had made transit between Singapore and Batam (where our main shipyard operations are located) extremely difficult and severely affected our business operations.
- (c) Like many other marine services companies, the Group's businesses have been severely affected by COVID-19. The main impacts are:
 - (i) Ship Building Division– significant dip in demand of new vessels ordering.
 - (ii) Ship Repair Division– slow-down in maintenance of vessels due to uncertain economic outlook.
 - (iii) Ship Chartering Division– loss of revenue due to disruption caused by suspension of major regional infrastructure projects, long period of vessels being laid up (due to low demand for charter of our vessels), etc.

3.4 Inflationary pressure

As most countries adopt the "Living with COVID" policy, life has gradually returned to normality. The COVID-19 pandemic and Russia's invasion of Ukraine resulted in great disruption in supply chain logistics which brought about inflation globally. The surge in energy prices, rising cost of raw materials and commodities, surging labor costs due to labor shortage, as well as higher interest rates, have caused significant increase in the cost of doing business. The Group has been sandwiched between a higher cost of operation and a need for competitive pricing that suppress operating margins. The inflationary outlook and risk of economic recession posed serious challenges in us fulfilling the Exit Criteria.

3.5 Geopolitical tension

Russia's invasion of Ukraine and the most recent US-Taiwan-China heightened tension, have added uncertainties and caused potential hindrance to the recovery of international trades. The Maritime industry, as a vital part of the global supply-chain logistics, is not spared from the impact of geopolitical tensions. The Group is reviewing its business strategy and redeploying resources to prepare for the challenges ahead.

3.6 Irreversible negative effects with trading suspension or delisting of the Company's securities

In the event that the trading of the Company's securities is suspended or delisted, such occurrences are generally regarded as events of default and the Group's financing facilities and/or loans may be withdrawn or not renewed. In such an event, there is no assurance that the Group will be able to obtain alternative funding on comparable

terms or not at all, in a timely manner to enable the Group to meet its financial and business obligations.

4. GENERAL

It is anticipated that with the grant of the Extension, the Company can be on course to return to profitability and fulfil the requirements under Rule 1315 of the Listing Manual for its removal from the Watch-List. The Board will update its shareholders if there are any material developments in this regard.

By Order of the Board

Ang Kok Tian
Chairman, Managing Director and Chief Executive Officer
27 October 2022