



ASL MARINE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

Co. Reg. No. 200008542N

PROPOSED DISPOSAL OF JIANGMEN HONGDA SHIPYARD LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of ASL Marine Holdings Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that Hongda Investment Pte. Ltd. (鸿达投资私人有限公司) (“**HDI**”), a 60% owned subsidiary of the Company, has today entered into a share purchase agreement (the “**SPA**”) with Guangdong Sanhe Pile Co., Ltd (广东三和管桩股份有限公司) (the “**Purchaser**”) for the sale of HDI’s entire stake (the “**Disposal Shares**”) in Jiangmen Hongda Shipyard Ltd. (江门鸿达造船有限公司) (“**JMHD**” or the “**Disposal Company**”), a wholly-owned subsidiary of HDI (the “**Proposed Disposal**”).

Upon the completion of the Proposed Disposal, JMHD will cease to be an indirect subsidiary of the Company.

2. INFORMATION ON THE DISPOSAL COMPANY AND THE PURCHASER

JMHD

JMHD is a private company incorporated in the People’s Republic of China (the “**PRC**”) on 25 July 2005, with a registered capital of US\$5 million. In conjunction with the downturn in the global marine industry, JMHD has no operations and is inactive since 2017. JMHD was previously principally engaged in shipbuilding and general engineering services.

The Purchaser

The Purchaser is a private company incorporated in the PRC and is principally engaged in the design, manufacture, sale and servicing of pre-stressed high strength concrete tubular piles. Neither the Purchaser, its directors, nor its shareholders are related to any of the directors, management or controlling shareholders of HDI or the Company.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is part of the Group’s on-going rationalisation of under-utilised and/or non-core assets to raise monies for the purpose of increasing the Group’s current working capital. As there has been no operation in JMHD since 2017, the subsidiary (with its sole remaining assets being land and buildings in the PRC) has been earmarked for disposal. The Board is of the view that the Proposed Disposal will allow the Group to streamline its structure and reduce its fixed operating costs.

4. SALIENT TERMS OF THE PROPOSED DISPOSAL

4.1 Disposal Shares

Subject to the terms and conditions of the SPA, HDI will sell, and the Purchaser shall buy the Disposal Shares, free from all encumbrances or third party interests and together with all rights, benefits and entitlements attaching thereto.

4.2 Consideration

The aggregate consideration payable by the Purchaser to HDI for the sale and purchase of the Disposal Shares is RMB35 million (the “**Disposal Consideration**”).

The Disposal Consideration was arrived at on a willing-buyer and willing-seller basis and is supported by an independent valuation of Shenzhen Zhongtianhe Asset Appraisal Co., Ltd. (the “**Valuer**”). The Valuer, had in its valuation report dated 15 April 2019, stated that the market value of the 100% interest in JMHD was approximately RMB34.2 million as at 31 December 2018, using the asset-based approach.

Within 5 working days following the signing of the SPA, the Purchaser shall issue a banker’s guarantee in favour of HDI for a sum of up to RMB35 million to guarantee the full payment of the Disposal Consideration (the “**Banker’s Guarantee**”). The Disposal Consideration shall be fully satisfied by the Purchaser in cash within 22 working days from the date on which the change of shareholding has been registered with the business registration authority of the PRC.

4.3 Completion

Subject to the terms and conditions of the SPA, completion and delivery of the completion deliverables shall take place at 10.00 a.m. (Beijing time) on the completion date (the “**Completion**”), being the second day after the fulfilment of the conditions precedent.

4.4 Conditions Precedent

The Completion of the Proposed Disposal is conditional upon the satisfaction (or waiver) of *inter alia* the following:

- (a) all the necessary government authorisations, approvals, consents and registrations required in relation to the transfer of shares under the Proposed Disposal having been obtained;
- (b) the performance by the parties of their obligations under the SPA;
- (c) each of the Purchaser, HDI and JMHD having passed all relevant board and/or shareholder resolutions required for the Proposed Disposal;
- (d) the change of shareholding for the Disposal Shares having been registered at the business registration authority of the PRC. and
- (e) the Purchaser having issued and HDI having received the Banker’s Guarantee.

4.5 Undertakings

Under the SPA, HDI will remain liable for JMHD’s operational debts and liabilities, including losses, damages, and compensation (if any), incurred in the ordinary course of business and existing prior to the Completion Date, up to a cap limit of:

- (a) RMB35 million, if the Purchaser makes claims within the first year from the Completion Date; and
- (b) RMB17 million, if the Purchaser makes claims within the second year after the first anniversary of the Completion Date; provided, however, that if the Purchaser has made claims under paragraph (a) above the amount of which is lower than RMB17 million, then the aggregate amount of claims under paragraphs (a) and (b) shall not exceed RMB17 million; and provided further that if the Purchaser has made claims under paragraph (a), above the amount of which exceeds RMB17 million, then the Purchaser shall not make claims under this paragraph (b); and

- (c) RMB12 million, if the Purchaser makes claims within the third year after the second anniversary of the Completion Date; provided, however, that if the Purchaser has made claims under paragraph (a) and/or paragraph (b) above the aggregate amount of which is lower than RMB12 million, then the aggregate amount of claims under paragraphs (a), (b) and (c) shall not exceed RMB12 million; and, provided further that if the Purchaser has made claims under paragraph (a) and/or paragraph (b) above the aggregate amount of which exceeds RMB12 million, then the Purchaser shall not make claims under this paragraph (c).

Nonetheless, HDI shall not be exempted from assuming all of the debts and liabilities of JMHD which were incurred prior to the Completion Date and were caused by JMHD obtaining loans, providing guarantees, and assuming or undertaking to assume third parties' debts.

The Company's wholly owned subsidiary incorporated in the PRC, VOSTA LMG (Zhuhai) Ltd, has undertaken to the Purchaser/JMHD to be jointly liable with HDI for all the liabilities under the SPA.

5. VALUE OF THE DISPOSAL SHARES

5.1 Book Value, Net Asset Value and Open Market Value

Based on the latest unaudited consolidated financial statements of the Group for the 9 months ended 31 March 2019 ("**9M FY2019**") (being the latest announced consolidated financial statements of the Group), the book value and net tangible liability value of the Disposal Shares was RMB9.5 million (approximately S\$1.9 million). There is no open market value for the Disposal Shares as they are not publicly traded.

The Proposed Disposal is expected to result in an excess of the proceeds over the book value of the Disposal Shares of RMB44.5 million (approximately S\$8.9 million).

5.2 Net Loss

The net loss attributable to the Disposal Shares is RMB9.6 million (approximately S\$1.9 million) in 9M FY2019.

5.3 Gain on Disposal

Based on 9M FY2019, the Proposed Disposal is expected to result in a gain on disposal of approximately S\$8.9 million. This gain computed does not take into account the financial effect of any professional fees and transaction costs to be incurred for the Proposed Disposal.

6. USE OF PROCEEDS

The proceeds from the Proposed Disposal are intended to be utilised for working capital requirements of the Group.

7. RELATIVE FIGURES FOR THE PROPOSED DISPOSAL UNDER CHAPTER 10 OF THE SGX-ST LISTING MANUAL

- 7.1** The relative figures in relation to the Proposed Disposal are computed on the applicable bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") based on the latest unaudited consolidated financial statements of the Group for the 9 months ended 31 March 2019 ("**9M FY2019**") (being the latest announced consolidated financial statements of the Group).

7.2 For illustrative purposes only, the relative figures for the Proposed Disposal calculated in accordance with the bases set out in Rule 1006, are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of ⁽¹⁾ , compared with the Group's net asset value of S\$278,090,000.	-0.7%
(b)	The net loss ⁽²⁾ attributable to the assets disposed of, compared with the Group's net loss of S\$24,661,000.	7.8%
(c)	The aggregate value of the consideration received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares.	5.9% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable ⁽⁵⁾

Notes:

(1) The net liability value attributable to the assets disposed of under the Proposed Disposal is S\$1,908,000.

(2) The net loss attributable to the assets disposed of under the Proposed Disposal is S\$1,915,000.

(3) Based on the Disposal Consideration of S\$1,721,000 (RMB8,579,000) attributable to the Company, and the Company's market capitalisation of approximately S\$28,946,000. The Company's market capitalisation is determined by multiplying the number of ordinary shares (the "**Shares**") in issue 629,266,941 (excluding treasury shares) by the volume weighted average price of S\$0.046 per Share on 26 July 2019, being the full market day immediately preceding the signing of the SPA.

(4) There will be no issuance of consideration shares in relation to the Proposed Disposal.

(5) The Company is not a mineral, oil or gas company.

7.3 Based on the above, as the relative figures exceed 5% but do not exceed 20%, the Proposed Disposal falls under the definition of a discloseable transaction under Rule 1010 of the Listing Manual, and therefore does not require the approval of shareholders of the Company (the "**Shareholders**").

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL ON THE GROUP

For illustrative purposes only, the financial effects of the Proposed Disposal on the net tangible assets (“NTA”) per share and earnings per share (“EPS”) of the Group are prepared based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2018 (“FY2018”), as well as the following bases and key assumptions:

- (a) The financial effect of the Proposed Disposal on the Group’s NTA per Share is computed based on the assumption that the Proposed Disposal was completed on 30 June 2018;
- (b) The financial effect of the Proposed Disposal on the Group’s EPS is computed based on the assumption that the Proposed Disposal were completed on 1 July 2017;
- (c) the analysis does not take into account the financial effect of the transaction costs to be incurred for the Proposed Disposal; and
- (d) save as set out above, there have not been any adjustments for the impact of any other transactions or events other than the Proposed Disposal.

8.1 Effects on NTA

Assuming the Proposed Disposal had been completed on 30 June 2018, the effect of the Proposed Disposal on the NTA of the Group is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Consolidated NTA attributable to the Shareholders (S\$’000)	291,651	293,362
Number of issued shares (excluding treasury shares) (’000)	629,267	629,267
Net tangible assets per share (Singapore cents)	46.35	46.62

8.2 Effects on EPS

Assuming the Proposed Disposal had been completed on 1 July 2017, the effect of the Proposed Disposal on the Group’s EPS or loss per share for FY2018 is as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net loss after tax attributable to Shareholders (S\$’000)	69,892	67,740
Weighted average number of issued shares (’000)	629,267	629,267
EPS (Singapore cents)	(11.11)	(10.76)

Please note that the above financial figures are for illustrative purposes only and do not necessarily reflect the actual results and financial performance and position of the Group after the Proposed Disposal. No representation is made as to the actual financial position and/or results of the Company after completion of the Proposed Disposal.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA will be made available for inspection during normal business hours at the Company's registered office at 19 Pandan Road Singapore 609271, for a period of three (3) months from the date of this announcement.

10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement (including information relating to JMHD and the Purchaser) has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares. The Company will make further announcements as appropriate or when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board
ASL Marine Holdings Ltd.

Ang Kok Tian
Chairman, Managing Director and CEO
29 July 2019