

LETTER FROM THE CHAIRMAN OF AUDIT COMMITTEE

To the Noteholders of ASL Marine Holdings Ltd.

Dear Noteholders,

Thank you for your continuous support towards the Group.

The Company has just released its full year results for the twelve months ended 30 June 2018. FY2018 has once again been a trying year for the Group. While the market seems to have stabilised, it has yet to recover fully from the industry downturn. The Group's revenue fell 18% to S\$280.5 million in the last financial year. While revenues in shipchartering and shiprepair segments have increased to S\$118.7 million and S\$93.8 million respectively, recovery in the shipbuilding segment remains slow with only S\$54.9 million revenue generated in the year and the management do not foresee the shipbuilding segment to improve significantly in the next 12 months.

The management has been working hard to streamline some of the non-core assets of the Group. However, due to the oversupply of Offshore Support Vessels ("OSVs") in the market which resulted in a depressed pricing, the management has not been able to successfully execute its asset disposal plans.

In light of the slower than expected recovery in the shipbuilding segment, the Group has progressively shifted its focus to the shiprepair segment. There is an increase in shiprepair projects as many upstream players are readying their vessels for deployment opportunities. However, these projects require revolving credit facilities and trade lines from the lenders. The management is in the midst of discussing with the Group's principal bankers on possible additional working capital lines so as to increase the business volume.

Despite the prolonged weakness in the market, with the support of the noteholders, shareholders and financial institutions, the Group's core business continues to recover from the business down cycle, albeit slower than expected.

I have therefore suggested to the Board and management that we should call an informal meeting to update you on the business climate and financial performance of the Group, as well as our ongoing discussions with the principal bankers on possible additional working capital lines.

Christopher Chong
Chairman, Audit Committee

7 September 2018