

LETTER TO SHAREHOLDERS DATED 12 OCTOBER 2017

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of ASL Marine Holdings Ltd. (the “**Company**”), please forward this Circular with the Notice of Annual General Meeting and the enclosed proxy form immediately to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Letter is circulated to the Shareholders of the Company (as defined herein) together with the Company’s annual report for the financial year ended 30 June 2017 (the “**Annual Report**”). Its purpose is to provide the Shareholders with information relating to and explaining the rationale for the proposed renewal of the Share Purchase Mandate (as defined herein) to be tabled at the Seventeenth Annual General Meeting of the Company to be held on 28 October 2017 at 9.30 a.m. at 19 Pandan Road, Singapore 609271 (the “**2017 AGM**”). The Notice of the 2017 AGM and a Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Letter.



ASL MARINE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Company Registration No. 200008542N

LETTER TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

DEFINITIONS

In this Letter, the following definitions apply throughout unless otherwise stated.

“2017 AGM”	: The AGM to be held on 28 October 2017
“ACRA”	: The Accounting and Corporate Regulatory Authority
“AGM”	: An annual general meeting of the Company
“Board”	: The board of Directors of the Company as at the date of this Letter
“CDP”	: The Central Depository (Pte) Limited
“Companies Act”	: The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
“Company”	: ASL Marine Holdings Ltd.
“Constitution”	: The constitution of the Company, as may be amended, modified or supplemented from time to time
“control”	: The capacity to dominate decision-making, directly or indirectly, in relation to the financial or operating policies of a company
“Directors”	: The directors of the Company as at the date of this Letter, and each a “Director”
“EGM”	: An extraordinary general meeting of the Company
“FY”	: Financial year ended or ending 30 June
“Group”	: The Company and its subsidiaries
“Latest Practicable Date”	: 27 September 2017, being the latest practicable date prior to the printing of this Letter
“Listing Manual”	: The listing manual of the SGX-ST, or the rules contained therein, as may be amended, modified or supplemented from time to time
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“NTA”	: Net tangible assets
“Securities Account”	: The securities account maintained by a Depositor with CDP
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Share Purchase Mandate”	: The general mandate to authorise the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares upon and subject to the terms of such mandate
“Share Purchases”	: A purchase of Shares by the Company pursuant to the Share Purchase Mandate

- “Shareholders”** : The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term **“Shareholders”** shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
- “Shares”** : Ordinary shares in the share capital of the Company
- “Substantial Shareholders”** : Persons who have an interest in one or more voting Shares, and the total votes attaching to that Share or those Shares representing not less than 5.0% of the total votes attaching to all the voting Shares in the Company
- “Take-over Code”** : The Singapore Code on Takeovers and Mergers, and all practice notes, rules and guidelines thereunder, as may be issued, amended, modified or supplemented from time to time
- “%” or “per cent”** : Per centum or percentage
- “S\$” or “cents”** : Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore, or any statutory modification thereof, as the case may be.

The terms **“subsidiary”** and **“treasury shares”** shall have the meanings ascribed to them respectively in the Companies Act.

The term **“subsidiary holdings”** shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing one gender shall, where applicable, include the other genders.

References to persons, where applicable, shall include corporations.

References to **“paragraph”** are to the paragraphs of this Letter, unless otherwise stated.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Listing Manual or any statutory modification thereof and used in this Letter shall, where applicable, have the meaning assigned to it under the Companies Act, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in the tables included in this Letter between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Letter may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and date in this Letter shall be a reference to Singapore time and date respectively, unless otherwise stated.



ASL MARINE HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 200008542N

DIRECTORS:

Ang Kok Tian (*Chairman, Managing Director and CEO*)
Ang Ah Nui (*Deputy Managing Director*)
Ang Kok Leong (*Executive Director*)
Andre Yeap Poh Leong (*Non-Executive and Independent Director*)
Christopher Chong Meng Tak (*Non-Executive and Independent Director*)
Tan Sek Khee (*Non-Executive and Independent Director*)

Registered Office:

19 Pandan Road
Singapore 609271

12 October 2017

To: The Shareholders of ASL Marine Holdings Ltd.

Dear Sir/Madam

1. RENEWAL OF SHARE PURCHASE MANDATE

- 1.1. We refer to the Notice of the Seventeenth Annual General Meeting of the Shareholders of ASL Marine Holdings Ltd. dated 12 October 2017 (the “**Notice**”) accompanying the Annual Report 2017 of the Company, convening the 2017 AGM to be held on 28 October 2017 and Ordinary Resolution No. 7 under the heading of “Special Business” set out in the Notice.
- 1.2. At the EGM held on 20 October 2006, Shareholders had approved the grant of the Share Purchase Mandate to enable the Company to purchase or otherwise acquire the Shares. The Share Purchase Mandate was last renewed at the AGM held on 28 November 2016 (the “**2016 AGM**”).

The Share Purchase Mandate will expire on the date of the forthcoming 2017 AGM, being 28 October 2017. Accordingly, the Directors propose that the Share Purchase Mandate be renewed at the forthcoming 2017 AGM, to take effect until the conclusion of the next following annual general meeting of the Company.

- 1.3. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed, or reports contained in this Circular.

2. RATIONALE FOR THE RENEWAL OF THE SHARE PURCHASE MANDATE

- 2.1. The rationale for, the authority and limitations on, the renewal of the Share Purchase Mandate were set out in the Company’s circular to Shareholders dated 27 September 2006 (the “**Share Purchase Circular**”). The rationale for the Company to undertake Share Purchases, as previously stated in paragraph 3.2 of the Share Purchase Circular is as follows:
 - (a) In line with international practice, the Share Purchase Mandate will provide the Company with greater flexibility in managing its capital and maximising returns to its Shareholders. To the extent that the Company has capital and surplus funds which are in excess of its financial needs, taking into account its growth and expansion plans, the Share Purchase Mandate will facilitate the return of excess cash and surplus funds to Shareholders in a swift, effective and cost-efficient manner.
 - (b) A share repurchase programme will also allow management to effectively manage and minimise the dilution impact (if any) associated with share schemes.

- (c) The proposed Share Purchase Mandate will allow the Directors to make Share Purchases in order to mitigate short-term market volatility in the Share prices and buffer the effects of short-term speculation thereby restoring investor confidence.
- (d) The Share Purchase Mandate will enable Directors to adjust the Company's share structure with a view to enhancing the earnings per Share and/or the net asset value per Share.

2.2. Share Purchases will only be undertaken if the Directors are of the view that it would benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out at all, or to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances where there might be material adverse effect on the financial position of the Group as a whole.

3. **AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE**

The authority and limitations placed on the purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if renewed at the 2017 AGM, are the same as previously approved at the EGM and last renewed at the 2016 AGM and are summarised as follows:

3.1. **Maximum Number of Shares**

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired by the Company must not exceed that number of Shares representing more than 10% of the issued Shares of the Company as at the date of the 2017 AGM at which the Share Purchase Mandate is renewed. Any Shares held by the Company as treasury shares or subsidiary holdings will be disregarded for the purposes of computing this 10% limit.

The Company has not made any share purchases in the twelve (12) months preceding the date of this Letter.

Purely for illustrative purposes, on the basis of 631,778,541 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2017 AGM, not more than 62,926,694 Shares, representing 10% of 629,266,941 (being 631,778,541 total Shares in issue less 2,511,600 treasury shares and subsidiary holdings), may be purchased by the Company pursuant to the proposed renewal of the Share Purchase Mandate.

As the Company holds 2,511,600 Shares as treasury shares as at the Latest Practicable Date, the Company may only retain a further 60,666,254 Shares as treasury shares as it is only allowed to hold a maximum of 63,177,854 treasury shares (being 10% of the total number of issued Shares of 631,778,541 Shares).

3.2. **Duration of Authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2017 AGM, at which the Share Purchase Mandate is renewed, up to the earlier of:

- (a) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (b) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting, or
- (c) the date on which the Company has purchased the maximum number of Shares mandated under the Share Purchase Mandate (the "**Relevant Period**").

The Share Purchase Mandate may be renewed at subsequent annual general meetings or extraordinary general meetings of the Company.

3.3. Manner of Purchase or Acquisition of Shares

Share Purchases may be made on the SGX-ST by way of:

- (a) a market purchase transacted on the SGX-ST through the SGX-ST's trading system and/or through one or more duly licensed dealers appointed by the Company for that purpose ("**Market Purchases**"); and/or
- (b) an off-market purchase under an equal access scheme in accordance with Section 76C of the Companies Act for the purchase or acquisition of Shares from Shareholders ("**Off-Market Purchases**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme.

An equal access scheme (as defined in Section 76C of the Companies Act) must, however, satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that offers may relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

3.4. Listing Manual of SGX-ST

In addition, in accordance with the Listing Manual, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Purchases;
- (d) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (e) whether the Share Purchases, if made, could have any effect on the listing of the shares on the SGX-ST;
- (f) details of any Share Purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid; and
- (g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

3.5. **Purchase Price**

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 110% of the Average Closing Price,

(the “**Maximum Price**”) in either case, excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses of the Share Purchases.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the five consecutive Market Days on which the Shares are transacted on the SGX-ST, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Listing Manual for any corporate action that occurs after the relevant five Market Days period;

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

3.6. **Status of Purchased Shares**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are not held as treasury shares.

3.7. **Treasury Shares**

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the features of treasury shares under the Companies Act are summarised below:

(a) **Maximum Holdings**

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) **Voting and Other Rights**

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

Further, no dividend may be paid, and no other distribution of the Company’s assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares and/or subsidiary holdings (in each case, the “usage”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares and/or subsidiary holdings comprised in the usage, the number of treasury shares and/or subsidiary holdings before and after the usage, and the percentage of the number of treasury shares and/or subsidiary holdings comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage.

3.8. Source of Funds

3.8.1. The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits. Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

3.8.2. The Company may only apply funds that are legally available for Share Purchases as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST. Under the Companies Act, Share Purchases may be made out of the Company's distributable profits which are available for payment as dividends or using capital so long as the Company is solvent.

3.8.3. Pursuant to the Companies Act, the Company is solvent:

- (a) if there is no ground on which the Company could be found to be unable to pay its debts;
- (b) if –
 - (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
 - (c) if the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the proposed Share Purchases become less than the value of its liabilities (including contingent liabilities).

3.8.4. The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the Share Purchase Mandate. The Directors do not intend to exercise the Share Purchase Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

4. FINANCIAL EFFECTS

4.1. If the purchased or acquired Shares are cancelled, the issued share capital of the Company will be reduced by the corresponding total purchase price of the Shares purchased or acquired by the Company. If, on the other hand, the purchased or acquired Shares are not cancelled but held in treasury, then there will be no change in the Company's issued capital. Where the consideration paid by the Company for the Share Purchases is out of profits, such consideration (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the Share Purchases is out of capital, the amount available for the distribution of cash dividends will not be reduced. However, there will be financial effects as illustrated in paragraph 4.3.

4.2. The financial effects on the Company and the Group arising from Share Purchases will depend, *inter alia*, on the number of Shares purchased or acquired, the price paid for such Shares, the manner in which the purchase or acquisition is funded and whether the Shares are cancelled or held in treasury. It is, therefore, not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Purchase Mandate on the net tangible assets and earnings per Share.

4.3. **For illustrative purposes only**, the financial effects of the Share Purchase Mandate on the Company and the Group, based on the audited financial statements of the Group for FY2017 are based on the assumptions set out below:

(a) Based on 631,778,541 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2017 AGM, the exercise in full of the Share Purchase Mandate, on the Latest Practicable Date, would result in the purchase or acquisition of 62,926,694 Shares, representing 10% of 629,266,941 Shares (being 631,778,541 total Shares in issue less 2,511,600 treasury shares and subsidiary holdings). As the Company holds 2,511,600 Shares as treasury shares as at the Latest Practicable Date, the Company may only retain a further 60,666,254 Shares as treasury shares as it is only allowed to hold a maximum of 63,177,854 treasury shares (being 10% of the total number of issued Shares of 631,778,541 Shares).

(b) In the case of a Market Purchase by the Company, and assuming that the Company purchases or acquires, on the Latest Practicable Date, the 60,666,254 Shares at the Maximum Price of \$0.120 for each Share (being the price equivalent to 5% above the Average Closing Price), the amount of funds required would be \$7,279,950.

(c) In the case of an Off-Market Purchase by the Company, and assuming that the Company purchases or acquires, on the Latest Practicable Date, the 60,666,254 Shares at the Maximum Price of \$0.125 for each Share (being the price equivalent to 10% above the Average Closing Price), the amount of funds required would be \$7,583,282.

4.4. **For illustrative purposes only**, on the basis of the assumptions set out above, and based on the audited financial statements of the Group and the Company for the FY2017, and assuming that (i) purchases of Shares are made to the extent as aforesaid; (ii) such purchases of Shares are funded wholly by internal resources; (iii) no Shares are issued between 1 July 2017 and the Latest Practicable Date; and (iv) the Company had purchased 60,666,254 Shares at the beginning of FY2017 on 1 July 2016, the financial effects on the audited financial statements of the Company and the Group for the FY2017 pursuant to the Share Purchase Mandate:

4.4.1. by way of purchases made entirely out of capital and held as treasury shares; and

4.4.2. by way of purchases made entirely out of capital and cancelled,

would have been as follows:

(1) Purchases made entirely out of capital and held as treasury shares

(A) Market Purchases

	GROUP		COMPANY	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
<u>As at 30 June 2017</u>				
Share Capital	108,056	108,056	108,056	108,056
Other Reserves	2,907	2,907	-	-
Revenue Reserves	265,491	265,491	(12,011)	(12,011)
Treasury Shares	(923)	(8,203)	(923)	(8,203)
Shareholders' Funds	375,531	368,251	95,122	87,842
Net Tangible Assets (NTA)	357,654	350,374	95,122	87,842
Net Asset Value (NAV)	375,531	368,251	95,122	87,842
Total Equity	378,778	371,498	95,122	87,842
Current Assets	491,644	484,364	360,778	353,498
Current Liabilities	374,434	374,434	120,145	120,145
Total Borrowings	549,499	549,499	207,795	207,795
Bank Balances, Deposits and Cash	36,141	28,861	1,504	-
Loss attributable to Owners of the Company	(71,659)	(71,659)	(30,152)	(30,152)
<u>Number of Shares ('000)</u>				
No. of shares as at Latest Practicable Date (net of Treasury Shares)	629,267	568,601	629,267	568,601
Weighted average no. of shares in issue (excluding Treasury Shares)	533,144	456,122	533,144	456,122
<u>Financial Ratios</u>				
NTA per Share (\$)	0.57	0.62	0.15	0.15
NAV per Share (\$)	0.60	0.65	0.15	0.15
Gearing (times)	1.46	1.49	2.18	2.37
Net Gearing (times)	1.37	1.41	2.17	2.37
Current Ratio (times)	1.31	1.29	3.00	2.94
Loss per Share (cents)	(13.44)	(15.71)	(5.66)	(6.61)

(B) Off-Market Purchases

	GROUP		COMPANY	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
<u>As at 30 June 2017</u>				
Share Capital	108,056	108,056	108,056	108,056
Other Reserves	2,907	2,907	–	–
Revenue Reserves	265,491	265,491	(12,011)	(12,011)
Treasury Shares	(923)	(8,506)	(923)	(8,506)
Shareholders' Funds	<u>375,531</u>	<u>367,948</u>	<u>95,122</u>	<u>87,539</u>
Net Tangible Assets (NTA)	357,654	350,071	95,122	87,539
Net Asset Value (NAV)	375,531	367,948	95,122	87,539
Total Equity	378,778	371,195	95,122	87,539
Current Assets	491,644	484,061	360,778	353,195
Current Liabilities	374,434	374,434	120,145	120,145
Total Borrowings	549,499	549,499	207,795	207,795
Bank Balances, Deposits and Cash	36,141	28,558	1,504	–
Loss attributable to Owners of the Company	(71,659)	(71,659)	(30,152)	(30,152)
<u>Number of Shares ('000)</u>				
No. of shares as at Latest Practicable Date (net of Treasury Shares)	629,267	568,601	629,267	568,601
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<u>Financial Ratios</u>				
NTA per Share (\$)	0.57	0.62	0.15	0.15
NAV per Share (\$)	0.60	0.65	0.15	0.15
Gearing (times)	1.46	1.49	2.18	2.37
Net Gearing (times)	1.37	1.42	2.17	2.37
Current Ratio (times)	1.31	1.29	3.00	2.94
Loss per Share (cents)	(13.44)	(15.71)	(5.66)	(6.61)

(2) Purchases made entirely out of capital and cancelled**(A) Market Purchases**

	GROUP		COMPANY	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
<u>As at 30 June 2017</u>				
Share Capital	108,056	100,776	108,056	100,776
Other Reserves	2,907	2,907	–	–
Revenue Reserves	265,491	265,491	(12,011)	(12,011)
Treasury Shares	(923)	(923)	(923)	(923)
Shareholders' Funds	<u>375,531</u>	<u>368,251</u>	<u>95,122</u>	<u>87,842</u>
Net Tangible Assets (NTA)	357,654	350,374	95,122	87,842
Net Asset Value (NAV)	375,531	368,251	95,122	87,842
Total Equity	378,778	371,498	95,122	87,842
Current Assets	491,644	484,364	360,778	353,498
Current Liabilities	374,434	374,434	120,145	120,145
Total Borrowings	549,499	549,499	207,795	207,795
Bank Balances, Deposits and Cash	36,141	28,861	1,504	–
Loss attributable to Owners of the Company	(71,659)	(71,659)	(30,152)	(30,152)
<u>Number of Shares ('000)</u>				
No. of shares as at Latest Practicable Date (net of Treasury Shares)	629,267	568,601	629,267	568,601
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<u>Financial Ratios</u>				
NTA per Share (\$)	0.57	0.62	0.15	0.15
NAV per Share (\$)	0.60	0.65	0.15	0.15
Gearing (times)	1.46	1.49	2.18	2.37
Net Gearing (times)	1.37	1.41	2.17	2.37
Current Ratio (times)	1.31	1.29	3.00	2.94
Loss per Share (cents)	(13.44)	(15.71)	(5.66)	(6.61)

(B) Off-Market Purchases

	GROUP		COMPANY	
	Before Share Purchase \$'000	After Share Purchase \$'000	Before Share Purchase \$'000	After Share Purchase \$'000
<u>As at 30 June 2017</u>				
Share Capital	108,056	100,473	108,056	100,473
Other Reserves	2,907	2,907	–	–
Revenue Reserves	265,491	265,491	(12,011)	(12,011)
Treasury Shares	(923)	(923)	(923)	(923)
Shareholders' Funds	<u>375,531</u>	<u>367,948</u>	<u>95,122</u>	<u>87,539</u>
Net Tangible Assets (NTA)	357,654	350,071	95,122	87,539
Net Asset Value (NAV)	375,531	367,948	95,122	87,539
Total Equity	378,778	371,195	95,122	87,539
Current Assets	491,644	484,061	360,778	353,195
Current Liabilities	374,434	374,434	120,145	120,145
Total Borrowings	549,499	549,499	207,795	207,795
Bank Balances, Deposits and Cash	36,141	28,558	1,504	–
Loss attributable to Owners of the Company	(71,659)	(71,659)	(30,152)	(30,152)
<u>Number of Shares ('000)</u>				
No. of shares as at Latest Practicable Date (net of Treasury Shares)	629,267	568,601	629,267	568,601
Weighted average no. of shares in issue (excluding Treasury Shares)	533,144	456,122	533,144	456,122
<u>Financial Ratios</u>				
NTA per Share (\$)	0.57	0.62	0.15	0.15
NAV per Share (\$)	0.60	0.65	0.15	0.15
Gearing (times)	1.46	1.49	2.18	2.37
Net Gearing (times)	1.37	1.42	2.17	2.37
Current Ratio (times)	1.31	1.29	3.00	2.94
Loss per Share (cents)	(13.44)	(15.71)	(5.66)	(6.61)

- 4.5. As illustrated in the foregoing tables, a Market Purchase or an Off-Market Purchase of the 60,666,254 Shares will have the effect of reducing the working capital and the NTA of the Company and the Group by the dollar value of the Shares purchased. In the case of a Market Purchase, the consolidated NTA per Share as at 30 June 2017 would increase from \$0.57 to \$0.62, and the consolidated basic loss per Share of the Group for the FY2017 would increase from 13.44 cents to 15.71 cents per Share. In the case of an Off-Market Purchase, the consolidated NTA per Share as at 30 June 2017 would increase from \$0.57 to \$0.62, and the consolidated basic loss per Share of the Group for the FY2017 would increase from 13.44 cents to 15.71 cents per Share.

Shareholders should note that the financial effects set out above are for illustrative purposes only. In particular, it is important to note that the above analysis is based on the respective aforementioned assumptions, and historical FY2017 numbers, and are not necessarily representative of future financial performance.

The Company will take into account both financial and non-financial factors (for example, share market conditions and the performance of the Shares) in assessing the relative impact of a share purchase or acquisition before execution. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

5. LISTING MANUAL OF THE SGX-ST

- 5.1. The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:
- (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and
 - (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement currently requires the inclusion of details such as date of purchase, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, and total consideration paid.

- 5.2. While the Listing Manual does not expressly prohibit purchase of shares by a listed company during any particular time or times, the listed company would be considered an “insider” in relation to any proposed purchase or acquisition of its issued shares. In this regard, the Company will not purchase any Shares pursuant to the Share Purchase Mandate after a price-sensitive development has occurred or has been the subject of consideration and/or a decision of the Board of Directors until such time as the price-sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases during the period of:
- (a) one month immediately preceding the announcement of the Company’s annual results; and
 - (b) two weeks immediately preceding the announcement of the Company’s results for each of the first three quarters of its financial year.

- 5.3. The Listing Manual requires a listed company to ensure that at least 10% of any class of its listed securities must be held by public shareholders. As at the Latest Practicable Date, 32.72% of the issued Shares are held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases and Off-Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. The Company will ensure that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

6. TAXATION

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional tax advisers.

7. REPORTING REQUIREMENTS

The Companies Act and the Listing Manual require the Company to make reports in relation to the Share Purchase Mandate as follows:

- (a) Within 30 days of the passing of a Shareholders' resolution to approve purchases of Shares, the Company must lodge a copy of such resolution with ACRA;
- (b) Within 30 days of a purchase of Shares on the SGX-ST or otherwise, the Company shall lodge with ACRA the notice of the purchase in the prescribed form, such notification including, *inter alia*, details of the purchase, the total number of Shares purchased by the Company, the total number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before the purchase and after the purchase of Shares, the amount of consideration paid by the Company for the purchase, and whether the Shares were purchased out of the profits or the capital of the Company;
- (c) Purchases of Shares must be reported to the SGX-ST, in the forms prescribed by the Listing Manual, and announced to the public, in the case of Market Purchases, not later than 9.00 a.m. on the Market Day following the day of purchase of any of its Shares, and, in the case of Off-Market Purchases, not later than 9.00 a.m. on the second Market Day after the close of acceptances of the offer made by the Company; and
- (d) When seeking the approval of Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases of Shares made by the Company during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, and where relevant, the total consideration paid for such purchases.

8. TAKE-OVER IMPLICATIONS

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code following Share Purchases by the Company are set out in Appendix 2 of the Take-over Code. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

8.1. Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

8.2. Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

8.3. **Effect of Rule 14 and Appendix 2 of the Take-over Code**

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a takeover offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months.

Shareholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity if in doubt as to whether an obligation to make a take-over offer would arise by reason of any Share Purchases by the Company.

8.4. **Application of the Take-over Code**

The interests of the Directors and Substantial Shareholders are set out in paragraph 9 below. In the event the Company undertakes Share Purchases within the Relevant Period, or within any one financial year of the Company, whichever is earlier, of the maximum amount of 10% of the issued Shares of the Company as permitted by the Share Purchase Mandate, the shareholdings and voting rights of:

- (a) the Directors and their concert parties (as defined in the Take-over Code) will remain above fifty per cent (50%); and
- (b) the Substantial Shareholders, namely, Ang Sin Liu, Ang Swee Kuan and their concert parties (as defined in the Take-over Code) will remain above fifty per cent (50%),

and accordingly, no general offer is required to be made pursuant to the Take-over Code.

The Directors are not aware of any other Shareholder who may become obligated to make a mandatory offer in the event that the Company purchases the maximum number of Shares under the Share Purchase Mandate.

9. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

The interests of Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, as recorded in the Company's Register of Directors' Shareholdings and Register of Substantial Shareholders respectively, were as follows:

9.1. Directors' Interests

The interests of the Directors in the Shares as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of shares	%*	No. of shares	%*	No. of shares	%*
Ang Kok Tian ⁽¹⁾	88,162,800	14.01	334,830,150	53.21	422,992,950	67.22
Ang Ah Nui ⁽¹⁾	30,660,000	4.87	392,332,950 ⁽²⁾	62.35	422,992,950	67.22
Ang Kok Leong ⁽¹⁾	72,841,500	11.58	350,151,450	55.64	422,992,950	67.22
Andre Yeap Poh Leong	350,000	0.06	–	–	350,000	0.06
Christopher Chong Meng Tak	–	–	–	–	–	–
Tan Sek Khee	–	–	–	–	–	–

* The percentage is computed based on 629,266,941 issued ordinary shares of the Company as at the Latest Practicable Date (being 631,778,541 total shares in issue less 2,511,600 treasury shares)

Notes:

- (1) Ang Kok Tian, Ang Ah Nui and Ang Kok Leong are brothers. Each of the brothers is deemed to be interested in the Shares held by the other and their father (Ang Sin Liu), brother (Ang Kok Eng) and sister (Ang Swee Kuan).
- (2) 62,431,800 shares are registered in the name of a nominee.

9.2. Substantial Shareholders' Interests

The interests of the Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest		Total Interest	
	No. of shares	%*	No. of shares	%*	No. of shares	%*
Ang Kok Tian ⁽¹⁾⁽²⁾⁽³⁾	88,162,800	14.01	334,830,150	53.21	422,992,950	67.22
Ang Ah Nui ⁽¹⁾⁽²⁾⁽³⁾	30,660,000	4.87	392,332,950 ⁽⁴⁾	62.35	422,992,950	67.22
Ang Kok Eng ⁽¹⁾⁽²⁾⁽³⁾	73,799,100	11.73	349,193,850	55.49	422,992,950	67.22
Ang Kok Leong ⁽¹⁾⁽²⁾⁽³⁾	72,841,500	11.58	350,151,450	55.64	422,992,950	67.22
Ang Sin Liu ⁽²⁾⁽³⁾	58,633,350	9.32	364,359,600 ⁽⁵⁾	57.90	422,992,950	67.22
Ang Swee Kuan ⁽²⁾⁽³⁾	27,195,000	4.32	395,797,950	62.90	422,992,950	67.22
FMR LLC	–	–	54,372,313 ⁽⁶⁾	8.64	54,372,313	8.64

* The percentage is computed based on 629,266,941 issued ordinary shares of the Company as at the Latest Practicable Date (being 631,778,541 total shares in issue less 2,511,600 treasury shares)

Notes:

- (1) Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong are brothers. Each of the brothers is deemed to have an interest in the shares held by the other.
- (2) Ang Sin Liu is the father of Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong and Ang Swee Kuan. Each of them is deemed to have an interest in the shares held by the other.
- (3) Ang Swee Kuan is the sister of Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong and the daughter of Ang Sin Liu. Each of them is deemed to have an interest in the shares held by the other.
- (4) 62,431,800 shares are registered in the name of a nominee.
- (5) 9,269,400 shares are registered in the name of a nominee.
- (6) 54,372,313 shares are registered in the name of a nominee.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the Annual Report in accordance with the instructions printed thereon.

The completion and lodgement of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the AGM if he so wishes.

11. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 7 relating to the renewal of the Share Purchase Mandate to be proposed at the 2017 AGM.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading. Where information in this Letter 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 Letter in its proper form and context.

13. INSPECTION OF DOCUMENTS

Copies of the following documents may be inspected at the registered office of the Company during normal business hours on any weekday (public holidays excepted) from the date of this Letter up to and including the date of the 2017 AGM:

- (1) the Constitution;
- (2) the Annual Report of the Company for FY2017; and
- (3) the Share Purchase Circular dated 27 September 2006.

Yours faithfully
For and on behalf of the Board of Directors of
ASL MARINE HOLDINGS LTD.

Ang Kok Tian
Chairman, Managing Director and CEO

