

LETTER TO SHAREHOLDERS DATED 11 NOVEMBER 2016

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter is issued by ASL Marine Holdings Ltd. (the “**Company**”). 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.

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 2016 (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 Sixteenth Annual General Meeting of the Company to be held on Monday, 28 November 2016 at 2.00 p.m. at 19 Pandan Road, Singapore 609271 (the “**2016 AGM**”). The Notice of the 2016 AGM and a Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Letter and the Annual Report with the Notice of the 2016 AGM and the accompanying Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Letter and the Annual Report with the Notice of the 2016 AGM and the accompanying Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Letter and the Annual Report with the Notice of the 2016 AGM and the accompanying Proxy Form immediately to the purchaser, transferee or the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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



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

DIRECTORS:

Executive Directors

Ang Kok Tian (Chairman, Managing Director and CEO)
Ang Ah Nui
Ang Kok Eng
Ang Kok Leong

Independent, Non-Executive Directors

Andre Yeap Poh Leong
Christopher Chong Meng Tak
Tan Sek Khee

Registered Office:

19 Pandan Road
Singapore 609271

11 November 2016

To: The Shareholders of ASL Marine Holdings Ltd. (the "Shareholders")

Dear Sir/Madam

1. RENEWAL OF SHARE PURCHASE MANDATE

1.1 We refer to the Notice of the Sixteenth Annual General Meeting ("2016 AGM") of the Shareholders of ASL Marine Holdings Ltd. (the "Company") dated 11 November 2016 (the "Notice"); accompanying the Annual Report 2016 of the Company, convening the 2016 AGM to be held on 28 November 2016 and Resolution No. 7 under the heading of "Special Business" set out in the Notice.

1.2 At the Extraordinary General Meeting ("EGM") of the Company held on 20 October 2006, Shareholders had approved the grant of a mandate (the "Share Purchase Mandate") to enable the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (the "Shares"). The Share Purchase Mandate was last renewed at the annual general meeting of the Company held on 29 October 2015 (the "2015 AGM").

The Share Purchase Mandate will expire on the date of the forthcoming 2016 AGM, being 28 November 2016. Accordingly, the directors of the Company (the "Directors") as at the date of this Letter propose that the Share Purchase Mandate be renewed at the forthcoming 2016 AGM, to take effect until the conclusion of the next following annual general meeting of the Company.

1.3 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").

2. RATIONALE FOR THE RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 The rationale for the Company to undertake purchase or acquisition of its Shares ("Share Purchases"), as previously stated in section 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 The 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 Company and its subsidiaries (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 2016 AGM, are the same as previously approved at the EGM and last renewed at the 2015 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 2016 AGM at which the Share Purchase Mandate is renewed. Any Shares held as treasury shares 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 Latest Practicable Date.

Purely for illustrative purposes, on the basis of 422,022,894 Shares in issue as at 31 October 2016 (the "Latest Practicable Date") and assuming no further Shares are issued on or prior to the 2016 AGM, not more than 41,951,129 Shares, representing 10% of 419,511,294 (being 422,022,894 total Shares in issue less 2,511,600 treasury shares), 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 39,690,689 Shares as treasury shares as it is only allowed to hold a maximum of 42,202,289 treasury shares (being 10% of the total number of issued Shares of 422,022,894 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 2016 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 Singapore Exchange Securities Trading Limited (“SGX-ST”) by way of:

- (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) off-market purchase under an equal access scheme in accordance with Section 76C of the Companies Act (Cap 50) 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 of the SGX-ST (the “Listing Manual”) and the Companies Act (Cap 50) 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 (Cap 50)) 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 and (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 Singapore Code on Take-overs and Mergers (“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

"Market Day" means a day on which the SGX-ST is open for trading in securities.

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 (Cap 50), 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 (Cap 50) 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 (Cap 50), 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 (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 comprised in the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares 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 (Cap 50) 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 of the Company and in accordance with the applicable laws in Singapore. The Company may not purchase its 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 (Cap 50), 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 The Company is solvent if:

- (a) there is no ground on which the Company could be found to be unable to pay its debts;

- (b) where –
 - (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) 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 accounts of the Group for the financial year ended 30 June 2016 ("FY2016") are based on the assumptions set out below:
 - (a) Based on 422,022,894 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the 2016 AGM, the exercise in full of the Share Purchase Mandate, on the Latest Practicable Date, would result in the purchase or acquisition of 41,951,129 Shares, representing 10% of 419,511,294 Shares (being 422,022,894 total Shares in issue less 2,511,600 treasury shares). As the Company holds 2,511,600 Shares as treasury shares as at the Latest Practicable Date, the Company may only retain a further 39,690,689 Shares as treasury shares as it is only allowed to hold a maximum of 42,202,289 treasury shares (being 10% of the total number of issued Shares of 422,022,894 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 39,690,689 Shares at the maximum price of \$0.148 for each Share (being the price equivalent to 5% above the Average Closing Price), the amount of funds required would be \$5,874,222.

- (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 39,690,689 Shares at the maximum price of \$0.155 for each Share (being the price equivalent to 10% above the Average Closing Price), the amount of funds required would be \$6,152,057.

4.4 **For illustrative purposes only**, on the basis of the assumptions set out above, and based on the audited accounts of the Group and the Company for the FY2016, 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 2016 and the Latest Practicable Date; and (iv) the Company had purchased 39,690,689 Shares at the beginning of FY2016 on 1 July 2015, the financial effects on the audited financial statements of the Company and the Group for the FY2016 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 2016</u>				
Share Capital	83,092	83,092	83,092	83,092
Other Reserves	504	504	-	-
Revenue Reserves	336,961	336,961	18,141	18,141
Treasury Shares	(923)	(6,797)	(923)	(6,797)
Shareholders' Funds	<u>419,634</u>	<u>413,760</u>	<u>100,310</u>	<u>94,436</u>
Net Tangible Assets (NTA)	401,794	395,920	100,310	94,436
Net Asset Value (NAV)	419,634	413,760	100,310	94,436
Total Equity	424,405	418,531	100,310	94,436
Current Assets	625,587	619,713	270,584	264,710
Current Liabilities	596,914	596,914	190,987	190,987
Total Borrowings	592,186	592,186	150,000	150,000
Bank Balances, Deposits and Cash	24,710	18,836	290	-
Profit for the Year	1,985	1,985	1,020	1,020
No. of Shares as at Latest Practicable Date (in '000)	419,511	379,821	419,511	379,821
<u>Financial Ratios</u>				
NTA per Share (\$)	0.96	1.04	0.24	0.25
NAV per Share (\$)	1.00	1.09	0.24	0.25
Gearing (times)	1.41	1.43	1.50	1.59
Net Gearing (times)	1.35	1.39	1.49	1.59
Current Ratio (times)	1.05	1.04	1.42	1.39
Earnings per Share (cents)	0.47	0.52	0.24	0.27

(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 2016</u>				
Share Capital	83,092	83,092	83,092	83,092
Other Reserves	504	504	-	-
Revenue Reserves	336,961	336,961	18,141	18,141
Treasury Shares	(923)	(7,075)	(923)	(7,075)
Shareholders' Funds	<u>419,634</u>	<u>413,482</u>	<u>100,310</u>	<u>94,158</u>
Net Tangible Assets (NTA)	401,794	395,642	100,310	94,158
Net Asset Value (NAV)	419,634	413,482	100,310	94,158
Total Equity	424,405	418,253	100,310	94,158
Current Assets	625,587	619,435	270,584	264,432
Current Liabilities	596,914	596,914	190,987	190,987
Total Borrowings	592,186	592,186	150,000	150,000
Bank Balances, Deposits and Cash	24,710	18,558	290	-
Profit for the Year	1,985	1,985	1,020	1,020
No. of Shares as at Latest Practicable Date (in '000)	419,511	379,821	419,511	379,821
<u>Financial Ratios</u>				
NTA per Share (\$)	0.96	1.04	0.24	0.25
NAV per Share (\$)	1.00	1.09	0.24	0.25
Gearing (times)	1.41	1.43	1.50	1.59
Net Gearing (times)	1.35	1.39	1.49	1.59
Current Ratio (times)	1.05	1.04	1.42	1.38
Earnings per Share (cents)	0.47	0.52	0.24	0.27

(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 2016</u>				
Share Capital	83,092	77,218	83,092	77,218
Other Reserves	504	504	-	-
Revenue Reserves	336,961	336,961	18,141	18,141
Treasury Shares	(923)	(923)	(923)	(923)
Shareholders' Funds	<u>419,634</u>	<u>413,760</u>	<u>100,310</u>	<u>94,436</u>
Net Tangible Assets (NTA)	401,794	395,920	100,310	94,436
Net Asset Value (NAV)	419,634	413,760	100,310	94,436
Total Equity	424,405	418,531	100,310	94,436
Current Assets	625,587	619,713	270,584	264,710
Current Liabilities	596,914	596,914	190,987	190,987
Total Borrowings	592,186	592,186	150,000	150,000
Bank Balances, Deposits and Cash	24,710	18,836	290	-
Profit for the Year	1,985	1,985	1,020	1,020
No. of Shares as at Latest Practicable Date (in '000)	419,511	379,821	419,511	379,821
<u>Financial Ratios</u>				
NTA per Share (\$)	0.96	1.04	0.24	0.25
NAV per Share (\$)	1.00	1.09	0.24	0.25
Gearing (times)	1.41	1.43	1.50	1.59
Net Gearing (times)	1.35	1.39	1.49	1.59
Current Ratio (times)	1.05	1.04	1.42	1.39
Earnings per Share (cents)	0.47	0.52	0.24	0.27

(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 2016</u>				
Share Capital	83,092	76,940	83,092	76,940
Other Reserves	504	504	-	-
Revenue Reserves	336,961	336,961	18,141	18,141
Treasury Shares	(923)	(923)	(923)	(923)
Shareholders' Funds	<u>419,634</u>	<u>413,482</u>	<u>100,310</u>	<u>94,158</u>
Net Tangible Assets (NTA)	401,794	395,642	100,310	94,158
Net Asset Value (NAV)	419,634	413,482	100,310	94,158
Total Equity	424,405	418,253	100,310	94,158
Current Assets	625,587	619,435	270,584	264,432
Current Liabilities	596,914	596,914	190,987	190,987
Total Borrowings	592,186	592,186	150,000	150,000
Bank Balances, Deposits and Cash	24,710	18,558	290	-
Profit for the Year	1,985	1,985	1,020	1,020
No. of Shares as at Latest Practicable Date (in '000)	419,511	379,821	419,511	379,821
<u>Financial Ratios</u>				
NTA per Share (\$)	0.96	1.04	0.24	0.25
NAV per Share (\$)	1.00	1.09	0.24	0.25
Gearing (times)	1.41	1.43	1.50	1.59
Net Gearing (times)	1.35	1.39	1.49	1.59
Current Ratio (times)	1.05	1.04	1.42	1.38
Earnings per Share (cents)	0.47	0.52	0.24	0.27

- 4.5 As illustrated in the foregoing tables, a Market Purchase or an Off-Market Purchase of the 39,690,689 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 the Market Purchase, the consolidated NTA per Share as at 30 June 2016, would increase from \$0.96 to \$1.04, and the consolidated basic earnings per Share of the Group for the FY2016 would increase from 0.47 cents to 0.52 cents per Share. In the case of the Off-Market Purchase, the consolidated NTA per Share as at 30 June 2016 would increase from \$0.96 to \$1.04, and the consolidated basic earnings per Share of the Group for the FY2016 would increase from 0.47 cents to 0.52 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 FY2016 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, 32.70% 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. 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:

7.1 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.

7.2 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.

7.3 **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.

7.4 **Application of the Take-over Code**

The interests of the Directors and Substantial Shareholders are set out in paragraph 8 below. In the event the Company undertakes Shares 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 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.

8. 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:

8.1 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⁾	58,775,200	14.01	223,220,100	53.21	281,995,300	67.22
Ang Ah Nui ⁽¹⁾	10,440,000	2.49	271,555,300 ⁽²⁾	64.73	281,995,300	67.22
Ang Kok Eng ⁽¹⁾	49,199,400	11.73	232,795,900	55.49	281,995,300	67.22
Ang Kok Leong ⁽¹⁾	48,561,000	11.58	233,434,300	55.64	281,995,300	67.22
Andre Yeap Poh Leong	350,000	0.08	-	-	350,000	0.08
Christopher Chong Meng Tak	-	-	-	-	-	-
Tan Sek Khee	-	-	-	-	-	-

* The percentage is computed based on 419,511,294 issued ordinary shares of the Company as at the Latest Practicable Date (being 422,022,894 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 be interested in the Shares held by the other and their father (Ang Sin Liu) and sister (Ang Swee Kuan).

(2) 51,621,200 shares are registered in the name of a nominee.

8.2 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)}	58,775,200	14.01	223,220,100	53.21	281,995,300	67.22
Ang Ah Nui ^{(1) (2) (3)}	10,440,000	2.49	271,555,300 ⁽⁴⁾	64.73	281,995,300	67.22
Ang Kok Eng ^{(1) (2) (3)}	49,199,400	11.73	232,795,900	55.49	281,995,300	67.22
Ang Kok Leong ^{(1) (2) (3)}	48,561,000	11.58	233,434,300	55.64	281,995,300	67.22
Ang Sin Liu ^{(2) (3)}	39,088,900	9.32	242,906,400 ⁽⁵⁾	57.90	281,995,300	67.22
Ang Swee Kuan ^{(2) (3)}	18,130,000	4.32	263,865,300	62.90	281,995,300	67.22
FMR LLC	-	-	33,638,200 ⁽⁶⁾	8.02	33,638,200	8.02

* The percentage is computed based on 419,511,294 issued ordinary shares of the Company as at the Latest Practicable Date (being 422,022,894 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⁾ 51,621,200 shares are registered in the name of a nominee.
- ⁽⁵⁾ 6,179,600 shares are registered in the name of a nominee.
- ⁽⁶⁾ 33,638,200 shares are registered in the name of a nominee.

9. 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 2016 AGM.

10. 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.

11. 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 to and including the date of the 2016 AGM:

- (1) the constitution of the Company;
- (2) the audited financial statements of the Company and its subsidiaries for the FY2016; and
- (3) the Share Purchase Circular dated 27 September 2006.

12. SGX-ST DISCLAIMER

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

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

Ang Kok Tian
Chairman, Managing Director and CEO

