

RISK FACTORS

Prior to making a decision on whether to approve the Proposal by way of the relevant Extraordinary Resolution, Noteholders should carefully consider all of the information set forth in this Consent Solicitation Statement, including the risk factors set out below.

Noteholders should consider carefully the following risks and all of the other information set forth in this Consent Solicitation Statement before casting a vote in favour of or against the Extraordinary Resolution proposed at the Meeting. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, financial condition, performance, results of operations and/or prospects of ASL Marine or the Group or any decision in respect of the Proposal to be approved by way of the relevant Extraordinary Resolution. Additional risks which ASL Marine is currently unaware of may also impair the business, assets, financial condition, performance, results of operations and/or prospects of ASL Marine and/or the Group. If any of the following risk factors develops into actual events, the business, assets, financial condition, performance, results of operations and/or prospects of ASL Marine and/or the Group could be materially and adversely affected. In such cases, the ability of ASL Marine to comply with its obligations under the Trust Deed and the Notes (to the extent amended in the event that the relevant Extraordinary Resolution is passed) may be adversely affected.

Noteholders should not rely on the information set out herein as the sole basis for any decision in relation to the Proposal to be approved by way of the relevant Extraordinary Resolution but should seek appropriate and relevant advice concerning the appropriateness of a decision in relation to the Proposal to be approved by way of the relevant Extraordinary Resolution for their particular circumstances.

LIMITATIONS OF THIS CONSENT SOLICITATION STATEMENT

This Consent Solicitation Statement does not purport to nor does it contain all information that a Noteholder may require in investigating ASL Marine or the Group prior to making a decision in relation to the Proposal. This Consent Solicitation Statement is not, and does not purport to be, investment advice. A Noteholder should make a decision as to whether to approve the Proposal only after it has determined that such decision is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility. Neither this Consent Solicitation Statement nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Consent Solicitation (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by ASL Marine, the Solicitation Agent, the Trustee, the Meeting Agent or the Issuing and Paying Agent that any recipient of this Consent Solicitation Statement or any such other document or information (or such part thereof) should approve or not approve the Proposal or vote in favour of or against the relevant Extraordinary Resolution. Each person receiving this Consent Solicitation Statement acknowledges that such person has not relied on ASL Marine, its subsidiaries and associated companies (if any), the Solicitation Agent, the Trustee or the Issuing and Paying Agent or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its decision as to whether to approve or not approve the Proposal or whether to vote in favour of or against the relevant Extraordinary Resolution. Any recipient of this Consent Solicitation Statement contemplating whether to approve or not approve the Proposal or whether to vote in favour of or against the relevant Extraordinary Resolution should determine for itself the relevance of the information contained in this Consent Solicitation Statement and any such other document or information (or such part thereof) and its decision should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of ASL Marine, its subsidiaries and associated companies (if any), the Conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A Noteholder should consult with its legal, tax and financial advisers prior to deciding whether to approve or not approve the Proposal or whether to vote in favour of or against the relevant Extraordinary Resolution.

1. Risks Relating to the Group

There is material uncertainty which may cast significant doubt on the Group's and ASL Marine's ability to continue as a going concern.

There cannot be any assurance that ASL Marine or the Group will be able to continue as a going concern. ASL Marine's independent auditor has included an emphasis of matter in respect of the ability of the Group and ASL Marine to continue as a going concern in its report on ASL Marine's consolidated financial statements as of and for the financial year ended 30 June 2016. As at 30 June 2016, the Group's and ASL Marine's total borrowings amounted to approximately S\$592.2 million and S\$150 million respectively of which approximately S\$363 million and S\$100 million were classified as current. The Group's loans and borrowings that are due for repayment in the next 12 months exceed its cash and bank balances of approximately S\$24.7 million as at 30 June 2016. This factor, together with the challenging market conditions in the offshore and marine sector resulting in lower vessel utilisation, downward pressure on charter rates and slower repayment from customers, indicates the existence of a material uncertainty which may cast significant doubt on the ability of the Group and ASL Marine to continue as a going concern. Please refer to the financial statements of the Group in the section "DOCUMENTS INCORPORATED BY REFERENCE" above for a further discussion of the Group's and ASL Marine's results of operations and financial condition as of and for the financial year ended 30 June 2016.

ASL Marine may not be able to generate sufficient cash flow to meet its debt obligations, including its obligations and commitments under the Notes.

The continuing depressed oil prices have caused uncertainty on the outlook for the demand for oil and gas assets in the short to medium term. There is no assurance that ASL Marine will be able to have sufficient cash flow from its operations to finance its debt obligations, including the Notes.

A range of economic, competitive, business, and industry factors will affect the Group's future financial performance and as a result, ASL Marine's ability to generate cash flow from operations and to repay its debt obligations, including the Notes. Many of these factors, such as oil and gas prices, economic and financial conditions in the Group's industry and the global economy or competitive initiatives of the Group's competitors, are beyond its control.

Worldwide downturns in the shipping and shipyard industries may be experienced as a result of generally weak economic conditions. The commercial shipbuilding and shipping industries are cyclical in nature as they are sensitive to the cyclical nature of the industries that they serve, such as offshore oil and gas, marine infrastructure and construction, transportation and other trade-related industries. The demand for and pricing of the Group's services are sensitive to global and regional economic conditions. In shipyard operations, shipowners may cancel signed orders, defer the building or procurement of new vessels and/ or the execution of maintenance and repair work on existing vessels during an economic downturn. In the shipping industry, a general economic slowdown may affect trade in general and/or demand for specific goods which the Group transports. Should any of such developments occur, the Group's financial results may be adversely affected.

The Group's shipping business provides services to companies operating in and/or servicing end-customers in several countries mainly within the Asian and European regions. Should there be adverse developments in any of these countries, the Group's vessels may not be able to enter or berth in the ports in these countries. Such developments may include wars, political and social unrests and riots, and trade sanctions and embargoes. In such an event, the Group's financial results may be adversely affected.

The Group faces intense competition both in the shipping and shipyard industries. The industries in which the Group operates are highly competitive. Some of the Group's competitors have more resources than the Group does while certain competitors may have lower costs of operations. They may also engage in aggressive pricing in order to gain market share. In the event that the Group's competitors are able to provide comparable services at a lower price and/ or better quality and as a result, necessitate the Group to lower prices significantly in order

to secure new contracts, this will result in the Group having a lower profit margin. This could have an adverse effect on the Group's financial performance.

ASL Marine's level of indebtedness could adversely affect its ability to raise additional capital to fund its operations, limit its ability to react to changes in its business or its industry and place it at a competitive disadvantage.

ASL Marine is highly leveraged and has significant short-term liquidity requirements. As of 30 June 2016, ASL Marine had approximately S\$100 million of current interest-bearing borrowings and S\$50 million in non-current interest-bearing borrowings. If ASL Marine successfully implements its restructuring pursuant to the Proposal, ASL Marine will continue to have substantial indebtedness and expects to reclassify the outstanding principal amount of the Notes from current borrowings to non-current borrowings. In addition, the incurrence of additional indebtedness could negatively affect ASL Marine's ability to pay principal and interest on its debt, including the Notes.

If ASL Marine does not generate sufficient cash flow from operations to satisfy its debt obligations, it may have to undertake alternative financing plans, such as:

- refinancing or restructuring its debt;
- selling assets;
- reducing or delaying scheduled expansions and capital investments; or
- seeking to raise additional capital.

There is no assurance that ASL Marine would be able to enter into these alternative financing plans on commercially reasonable terms or at all. However, any alternative financing plans that ASL Marine undertakes, if necessary, may not allow it to meet its debt obligations. ASL Marine's inability to generate sufficient cash flow to satisfy its debt obligations or to obtain alternative financing could materially and adversely affect its business, results of operations, financial condition and business prospects, as well as its ability to satisfy its obligations in respect of the Notes.

ASL Marine's level of debt could:

- make it more difficult to satisfy its obligations with respect to the Notes;
- increase its vulnerability to general adverse economic and industry conditions;
- limit its ability to fund future capital expenditures and working capital, to engage in development activities, or to otherwise realise the value of its assets and opportunities fully because of the need to dedicate a substantial portion of its cash flow from operations to payments of interest and principal on its debt or to comply with any restrictive terms of its debt;
- result in an event of default if it fails to satisfy its obligations with respect to the Notes or its other indebtedness or fails to comply with the financial and other restrictive covenants contained in the Trust Deed and the Notes or agreements governing other indebtedness, which event of default could result in all of its debt becoming immediately due and payable and could permit its lenders to foreclose on any of its assets securing such debt;
- require a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on its indebtedness, therefore reducing its ability to use its cash flow to fund its operations, capital expenditures and future business opportunities;
- increase its cost of borrowing;
- restrict it from making strategic acquisitions or causing it to make non-strategic divestments;

- limit its flexibility in planning for, or reacting to, changes in its business or industry in which it operates, placing it at a competitive disadvantage compared to its competitors who are less highly leveraged and who therefore may be able to take advantage of opportunities that ASL Marine's leverage prevents it from exploring; and
- impair its ability to obtain additional financing in the future.

The Group is dependent on a few major customers.

The Group's five largest customers and their affiliated companies accounted for approximately 52% of the Group's revenue for FY2016.

There is no assurance that these customers and their affiliated companies will continue to engage the Group or that the Group will continue to sustain the general level of revenues that the Group has been securing from them periodically. In the event that any of the Group's major customers cease to have business dealings with the Group or materially reduce the level and/or frequency of jobs that they engage the Group for, the revenue and profitability of the Group will be adversely affected.

The Group is exposed to the risk of increases in costs of materials and equipment for its shipyard business.

Apart from labour, other major cost components for the Group's shipbuilding and shiprepair projects include the costs of steel and other materials as well as equipment such as pumps, propellers and engines.

The costs (including potential future price increases) of such major cost components are taken into consideration when submitting quotations to customers. This allows the Group to gauge the costs and correspondingly the profit margin of a project more accurately. However, should there be price increases in these items, and in so far as the Group is not able to pass on these increases in costs to its customers in fulfilment of its contractual agreements or when negotiating for new contracts, the Group's financial performance may be adversely affected. The Group's profitability may also be affected should there be any cost overruns.

Furthermore, any significant increases in the costs of materials and equipment may affect the price of the Group's vessels which the Group sells to its shipchartering operations. This may correspondingly affect the costs of sales of the Group's shipchartering operations.

The Group is exposed to the risks of fluctuations in charter rates for its shipping business.

The Group offers its vessels on a variety of charter contracts. The tenure for each type of contract ranges from spot charters, which may last from one to 30 days, to longer term charters of up to 15 years. As the Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts, this may expose the Group to short-term fluctuations in charter rates. If the charter rates decline, this may adversely affect the Group's financial results.

The Group is exposed to payment delays and/or default by customers.

The Group is exposed to payment delays and/or default by its customers. There is no guarantee on the timeliness of the Group's customers' payments and whether they will be able to fulfill their payment obligations. Any inability on the part of the Group's customers to settle or settle promptly such amounts due to the Group for work done and/or services rendered may cause the Group's financial performance and operating cash flows to be adversely affected.

The Group is exposed to fluctuations in foreign exchange rates.

The Group is exposed to foreign exchange risk. The Group's revenues are denominated in Singapore dollars as well as foreign currencies such as US dollars, Indonesian Rupiah and the Euro. The Group's costs are denominated in Singapore dollars as well as a range of foreign currencies including US dollars, the Euro, Indonesian Rupiah, and the Chinese Renminbi. Any significant fluctuation in the foreign exchange rates at the time of purchase and payment and at the time of sale and receipts may have an impact on the Group's profits.

For example, profits derived from sales in US dollars would be lower in Singapore dollars should there be any depreciation in the exchange rate of US dollars against Singapore dollars.

Fluctuations in foreign exchange rates will also result in translation gains or losses on consolidation as Singapore dollars is the Group's reporting currency. Any such translation gains or losses will be recorded as translation reserves or deficits as part of the Group's shareholders' equity.

The Group monitors foreign exchange rates and takes appropriate measures to hedge foreign currency exposure, if required, which may include entering into forward currency contracts for committed purchases and/or receivables. The Group's foreign exchange risks are hedged either by forward foreign exchange contracts in respect of actual or forecasted currency exposures which are reasonably certain or hedged naturally by a matching sale or purchase of a matching asset or liability of the same currency and amount.

In view of the nature of the Group's business however, foreign exchange risk will continue to be an integral aspect of the Group's risk profile in the future.

The Group may face claims and lawsuits that may result in adverse outcomes.

The Group may face claims and lawsuits by third parties which may result in adverse outcomes. The Group's business and financial position will be affected if the Group has to pay significant monetary damages or spend significant amounts of resources including time and legal costs in the event of legal proceedings. The Group's reputation may also be affected as a result of such proceedings.

Forward looking statements may not be realised.

This Consent Solicitation Statement contains forward-looking statements that relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements and information are based on the beliefs of ASL Marine's management as well as assumptions made by and information currently available to it. These forward-looking statements may be identified by terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would" and "could" or similar words. However, it should be noted that these words are not the exclusive means of identifying forward-looking statements.

All statements regarding ASL Marine's expected financial position, business strategy, debt restructuring, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to:

- ASL Marine's future revenue, profitability, results of operations and financial condition;
- ASL Marine's ability to successfully restructure its outstanding indebtedness and other liabilities;
- ASL Marine's ability to continue operations as a going concern;
- ASL Marine's plans, objectives or goals, including those related to products or services and those related to cost reductions;
- expected growth in consumer demand, regional capacity and competition;
- other expected industry trends, including trends in the pricing of the Group's services;
- assumptions underlying such statements; and
- other matters of a prospective nature discussed in this Consent Solicitation Statement or in announcements made through SGXNET and press releases relating to the Consent Solicitation,

are only predictions.

By their very nature, forward-looking statements involve known and unknown inherent risks, uncertainties and other factors, both general and specific, that may cause ASL Marine's actual results, performance or achievements or events affecting the Group to be materially different from any future results, performance,

achievements or events expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

- the effects of the restructuring of the Group's indebtedness and other liabilities and obligations on its business and operations;
- actions of creditors and shareholders of ASL Marine and its subsidiaries;
- future claims and litigation which may be asserted against ASL Marine and its subsidiaries;
- changes in political, social and economic conditions and the regulatory environment in the jurisdictions in which the Group operates;
- terrorist attacks;
- changes in currency exchange rates;
- growth strategies for and the success of the Group's marketing initiatives;
- changes in market prices for the Group's services;
- changes in the availability and prices of raw materials that the Group needs to provide its services;
- changes in customer preferences;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- changes in the Group's future capital needs and the availability of financing and capital to fund these needs; and
- other factors beyond ASL Marine's control.

It should be noted that the foregoing list of important risks and uncertainties is not exhaustive. Given the risks and uncertainties that may cause ASL Marine's actual future results, performance or achievements or events affecting ASL Marine to be materially different than expected, expressed or implied by the forward-looking statements in this Consent Solicitation Statement, we advise Noteholders not to place undue reliance on those statements. There is no representation or warranty that ASL Marine's actual future results, performance or achievements or expected events affecting the Group will be as discussed in those forward-looking statements. In addition, those forward-looking statements speak only as of the date on which they are made, and ASL Marine does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

The lease for ASL Marine's business premises in Singapore is due to expire in 2025.

ASL Marine's primary operations in Singapore are located at 19 Pandan Road, Singapore 609271, which premises is held under a lease from JTC as lessor. The current lease for the premises is due to expire in 2025. ASL Marine is in the process of preparing a formal application for extension of the lease but there is no assurance that the lessor will grant an extension of the lease beyond 2025 or that any extension granted will be on acceptable terms or terms which are not less favourable than the current terms of the lease. If the lease is not extended beyond 2025, ASL Marine will have to source for new premises for its operations upon the expiration of the original lease term and there is a possibility that ASL Marine may need to relocate its operations offshore. In addition to incurring potential substantial transition costs and additional operating expenses, this may have an adverse effect on ASL Marine's business, financial condition, results of operations and prospects.

2. Risks if an Extraordinary Resolution is Not Passed

ASL Marine will likely be in default on the Notes and may be in default on substantially all of its other existing indebtedness.

If the Extraordinary Resolutions are not passed, ASL Marine will likely not be in a position to pay the interest on, or repay the principal of, any of the Notes. Any such non-payment of interest or principal when due will

(after the applicable grace period of three business days) constitute an Event of Default under the Notes. Such default may also trigger cross default and/or cross acceleration clauses in ASL Marine's loan agreements relating to a substantial amount of ASL Marine's other indebtedness that may allow the creditors to accelerate repayment on such other indebtedness, and enforce on ASL Marine's assets that constitute those creditors' security for their respective indebtedness. It is unclear whether Noteholders will be able to recover any or all of their investments in the Notes in such circumstances.

As mentioned above, secured creditors may enforce / foreclose on the assets over which security interests have been granted. Noteholders and other unsecured creditors may also commence litigation against ASL Marine and its subsidiaries, which may adversely affect ASL Marine's ability to meet its obligations under the Notes, and which could also materially and adversely affect its business, financial condition, results of operations and prospects. Judgments obtained against ASL Marine and its subsidiaries from such litigation could also be enforced against the unsecured assets of ASL Marine and its subsidiaries.

ASL Marine would also, in all likelihood, be unable to pay its debts as they fell due, and hence deemed insolvent. In addition to the abovementioned risks of default, acceleration, enforcement and litigation, ASL Marine would also be susceptible to issuances of statutory demands from its creditors, as well as winding up or judicial management proceedings being taken out against it by those creditors.

Noteholders may not realise any recovery if either Series of Notes are accelerated.

If either Series of Notes are accelerated and a demand is made on ASL Marine to make payment of all amounts due under such Series of Notes, it is likely that ASL Marine would not be able to make such payment. Consequently, if a judicial manager or a liquidator is appointed with respect to ASL Marine, there are likely to be various consequences that would make it more likely for Noteholders to recover less than what Noteholders would have recovered if the Extraordinary Resolutions had been passed.

For example, it is likely that customers of the Group will begin to terminate contracts with the Group that are in effect, the Group would likely be subject to various liquidated damages, the Group would find it more difficult to collect its accounts receivables, and the Group's contingent liabilities would likely crystallise. In addition, it would be difficult to sell the Group's assets at commercially reasonable prices and terms.

Any appointment of a judicial manager or liquidator would also create a new class of creditors that do not currently exist, including financial advisory, banking, liquidation, accounting, legal and other professionals that would be involved in any judicial management and liquidation proceedings.

In addition, judicial management and liquidation proceedings may take a substantial time period to complete before payments to the creditors (if any) are declared, and there is no assurance that Noteholders would be able to recover in a reasonable time period all amounts, or a reasonable amount due to Noteholders, or at all.

The possible returns to Noteholders resulting from the winding up of ASL Marine and its subsidiaries is likely to be significantly less than the Proposal.

Any of ASL Marine's creditors may institute winding up proceedings to recover the debts owed to them. Other than the Noteholders, ASL Marine's largest creditors are financial institutions, most of whom have granted various loans and other financings that are secured over various assets of ASL Marine. Any secured creditor may foreclose upon the security and sell or otherwise deal with such secured assets in accordance with the terms of the security documents governing such security. Any sale of such assets in these circumstances is likely to be at a lower amount than the amount a seller would have received were such sale to take place in circumstances where such seller is not in financial difficulties. Therefore, it is unlikely for there to be significant surplus funds available for distribution to unsecured creditors (including Noteholders) in a winding up of ASL Marine and its subsidiaries that would enable such creditors (including Noteholders) to recover in full all amounts owing to such creditors (including Noteholders).

ASL Marine has not performed a formal liquidation analysis to compare the financial effects to Noteholders of the Proposal against the possible returns to Noteholders resulting from the winding up of ASL Marine and its

subsidiaries. Therefore, no comparison of the terms of the Proposal against a winding up of ASL Marine and its subsidiaries is available.

The respective Extraordinary Resolution in respect of the Series 006 Notes and the Series 007 Notes are separate and independent

The respective Extraordinary Resolution in respect of the Series 006 Notes and the Series 007 Notes are separate and independent. Each Extraordinary Resolution is not contingent upon the passing of the other Extraordinary Resolution. In the event that the Extraordinary Resolution in respect of a particular Series of Notes is passed, there is no guarantee that the Extraordinary Resolution in respect of the other Series of Notes will also be or has been passed. In such a situation, the maturity date of the Series of Notes in respect of which the Extraordinary Resolution is passed will be extended (and the other amendments set out in the Proposal implemented) while the maturity date of the Notes of the other Series will not. In addition, the Vessel Owners might be restricted from entering into the Charge under the negative pledge of the Notes in respect of which the Extraordinary Resolution is not passed, resulting in a breach by ASL Marine of its obligations under the Notes.

3. Consequences if an Extraordinary Resolution is Passed

Each Extraordinary Resolution, if passed, is binding on all Noteholders of the relevant Series, including the waiver of all claims against ASL Marine.

The Conditions of the Notes contain provisions for calling meetings of Noteholders of the relevant Series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders of the relevant Series including Noteholders who did not attend and vote at the relevant meeting and the Noteholders who voted in a manner contrary to the majority.

Accordingly, if the Extraordinary Resolution in respect of a Series of Notes is passed at the relevant Meeting (or if applicable, any adjourned Meeting), the matters set out in such Extraordinary Resolution shall be binding upon all Noteholders of the relevant Series whether present or not present at such Meeting and each Noteholder of the relevant Series shall be bound to give effect to that Extraordinary Resolution. This includes the waiver of all claims against ASL Marine resulting from any non-payment of the outstanding principal amount of the Notes on the Original Maturity Date.

Noteholders may be required to hold the Notes for an extended period of time.

One of the effects of the approval of the Extraordinary Resolution in respect of a Series of Notes would be that the maturity date of the relevant Series of Notes would be extended by three years. Therefore, if the Extraordinary Resolution in respect of a Series of Notes is passed, holders of Notes of the relevant Series will not receive payment of the principal amount in respect of the Series 006 Notes or, as the case may be, the Series 007 Notes on their respective original maturity dates and payment of the principal amount in respect of the Series 006 Notes or, as the case may be, the Series 007 Notes will only be due and payable on the respective extended maturity dates. Accordingly, Noteholders will have to continue to bear the risks associated with investing in the Notes for an extended period of time unless the Notes are sold or ASL Marine exercises its redemption option in full. There can be no assurance that there will be a market in the Notes, whether before or after the Consent Solicitation, or that Noteholders will be able to sell their Notes at a price that will not entail any losses to Noteholders or at all.

ASL Marine may not be able to redeem the Notes pursuant to the Mandatory Redemption Event.

The Proposal involves seeking the approval of the Noteholders for the mandatory redemption by ASL Marine of the Series 006 Notes or, as the case may be, the Series 007 Notes on certain interest payment dates of 2.5 per cent. of the original principal amount of the respective Series of Notes. However, there can be no assurance that ASL Marine will be able to redeem the Series 006 Notes or, as the case may be, the Series 007 Notes on each mandatory redemption date.

There may be penalties for breaches of the Securities and Futures Act when the Notes are offered or sold to persons and such offer or sale of the Notes is not excluded or exempted from prospectus requirements under the Securities and Futures Act.

Under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), all offers of securities must, prima facie, be accompanied by a prospectus registered by the Monetary Authority of Singapore (“MAS”) unless the offer is excluded or exempted from the prospectus requirements. The Information Memorandum dated 31 March 2014 in respect of ASL Marine’s S\$500,000,000 Multicurrency Debt Issuance Programme has not been registered as a prospectus with MAS. Accordingly, the Notes may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA in respect of offers where the minimum subscription amount is at least S\$200,000 (or its equivalent in foreign currency), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Breaches of the SFA could result in financial penalties and/or, imprisonment of varying amounts and duration depending on the offence.

The Proposal involves seeking the approval of the Noteholders for the Call Option and Mandatory Redemption Event by ASL Marine to redeem part of the principal amount of the Notes of each Series. If the Extraordinary Resolution in respect of a Series of Notes is passed at the relevant Meeting, the denomination of the relevant Series of Notes may be reduced by the amounts paid from time to time on any exercise of ASL Marine’s Call Option and/or any occurrence of a Mandatory Redemption Event to less than S\$200,000 (or its equivalent in foreign currency) and Noteholders may not be able to rely on the exemption in Section 275(1A) of the SFA.

The effect of the Extraordinary Resolution in respect of a Series of Notes may be limited or voidable if a winding up application is made subsequent to the consummation of the Consent Solicitation.

It is possible that creditors of ASL Marine or its subsidiaries could commence winding up proceedings against ASL Marine or its subsidiaries in Singapore or elsewhere after consummation of the Consent Solicitation, which could result in the consequences described below.

Singapore. Singapore insolvency law allows the liquidator of a debtor to void and seek a “claw-back” of transactions entered into by the debtor under certain circumstances during specified periods prior to a winding up of the debtor (i.e. transfer, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against the debtor).

- *Transaction at an undervalue* - Where a transaction is entered into by the debtor with another person where the consideration received by the debtor is significantly less than the value of the transaction. To be voidable, the undervalue transaction must be entered into within five years from the date of the winding up application.
- *Unfair preference* - Where a transaction is entered into by the debtor with one of its creditors which has the effect of putting that creditor in a position which, in the event of the debtor’s liquidation, will be better than the position that creditor would have been in if that transaction was not effected. To be voidable, the debtor must be shown to have been influenced by the desire to give the unfair preference, the debtor must be insolvent at the time of the unfair preference or insolvent as a consequence of the unfair preference, and the unfair preference must be given within six months from the date of the winding up application (2 years if the recipient is an “associate” as defined by the applicable statutes).

Therefore, on the application of the liquidator or any creditor or contributory of ASL Marine in a winding up proceedings, a Singapore court may, if it is satisfied that the affairs of ASL Marine have been conducted in a manner which gave rise to an undervalue transaction or an unfair preference, and that it is just and equitable to do so, order the Trustee and/or the Noteholders to pay to the liquidator of ASL Marine the whole or part of any

payments or consideration received, and an unravelling of the said transaction so as to restore the position that ASL Marine would have been in had it not entered into the said transaction.

A floating charge on the undertaking or property of the debtor created within six months of the commencement of a winding up of the debtor shall, unless it is proved that the debtor immediately after the creation of the charge was solvent, be invalid except to the amount of any cash paid to the debtor at the time of or subsequently to the creation of and in consideration for the charge together with interest on that amount at the rate of 5 per cent. per annum.

One of the consequences of a successful Consent Solicitation is the amendment of the Trust Deed and the Notes and the grant of the Notes Security. ASL Marine cannot assure you that the amendments contemplated by the Consent Solicitation will not be deemed by a Singapore court to be a voidable transaction as highlighted above in the event of a subsequent winding up of ASL Marine or any of the Vessel Owners.

Other jurisdictions. The insolvency laws of other countries may have similar provisions to those described above that may adversely affect Noteholders.

The Notes Security is subordinated and existing secured creditors of ASL Marine will have priority.

The Notes Security is subordinated to the Loan Security and the claims of the beneficiaries of the Loan Security will have priority over the claims of the Noteholders.

Accordingly, the ability of the Noteholders to recover from any proceeds of the Notes Security is dependent on the realisable value of the Notes Security exceeding the indebtedness secured by the Loan Security. If any of the indebtedness secured by the Loan Security becomes due or the creditors thereunder proceed against the assets comprising such security, the assets, proceeds and rights comprised in the Notes Security (including under the floating charge) remaining after repayment of senior secured indebtedness and discharge of the Loan Security may not be sufficient to repay all remaining amounts owing in respect of the Notes. If there are little or no assets, proceeds or rights remaining after repayment of the senior secured indebtedness and discharge of the Loan Security, there would be little or no assets, proceeds or rights in respect of the Charged Vessels against which an owner of a Charged Vessel could seek to exercise its right of redemption. In such event, the assignment and charge over the equity of redemption granted by an owner of a Charged Vessel as part of the Notes Security would also be of limited value and effect.

In the event of a foreclosure, winding up, liquidation, judicial management, receivership or other insolvency proceedings of ASL Marine, other holders of secured indebtedness will also continue to have prior claims to the assets of the Group that constitute their collateral.

To the extent that the claims filed against ASL by Noteholders exceed the realisable value of the Notes Security (after discharge of the Loan Security), Noteholders will have to participate on a *pari passu* basis with all other holders of the unsecured indebtedness of ASL Marine based on the respective amounts owed to each holder or creditor, in the remaining assets of ASL Marine.

As set out in the Proposal, the Security Trustee will enter into an intercreditor deed with the Loan Security Trustee which governs issues of priorities and enforcement in respect of the Notes Security vis-à-vis the Loan Security and which affords the Noteholders and the Security Trustee certain contractual rights and protections. These are, however, contractual rights (and not security interests) and are dependent on the contractual provisions being complied with by parties.

Security interests over the Charged Vessels will take effect as floating, if possible at all under relevant law, rather than fixed charges.

It is contemplated that the Notes Security include a subordinated floating charge over the Common Vessels which form the Loan Security but this is to the extent possible under relevant laws. It may not be possible in respect of some Charged Vessels in certain jurisdictions as further explained below.

Under Singapore law,

- Unlike a fixed charge that attaches to specific assets, a floating charge is an interest in a constantly changing fund of assets. It is a present security which applies to every asset in the fund, but not specifically affecting any item until some act or event occurs or some act on the part of the chargee is done which causes it to crystallise into a fixed security.
- Until the floating charge over the Charged Vessels crystallises, the relevant Group companies are at liberty to use the assets charged in the ordinary course of business. This means that the floating charge over the Charged Vessels is a charge over a group of vessels, present or future, that is constantly changing in the ordinary course of the business of the Group and it is contemplated that the Group may deal with the charged assets or their proceeds in the course of business without the consent of the Security Trustee. Consistent with the right of the chargor to use the assets in a floating charge in the ordinary course of business, the Vessel Owners are entitled to dispose of the Charged Vessels, substitute the Charged Vessels or seek a release of the security over the Charged Vessels provided that certain conditions are satisfied (for instance, such disposal, substitution or release is subject to the Minimum Valuation being maintained). The terms of the Loan Security, which the Notes Security will be subject to, also permits such disposal, substitution and release of the Common Vessels and, as such, Noteholders should note that the pool of Charged Vessels may change and may also be reduced from time to time.
- The floating charge over the Charged Vessels will crystallise and become a fixed charge upon the occurrence of certain limited events such as those stated in the Proposal. Unless and until crystallisation occurs, no legal registration or perfection steps will be taken in respect of any specific Charged Vessel unlike in the case of a fixed charge or mortgage.
- Issues of enforcement and priorities relating to floating charges involve technical areas of law but it is generally considered that a floating charge offers a more vulnerable form of security to chargees compared to fixed charges and mortgages.
- For example, unless and until there is crystallisation, the chargor has freedom to deal with the assets and there may be rights and claims created which rank ahead of the floating charge. Crystallisation does not have retrospective effect and does not improve the priority of the floating charge against other charges existing at the time of crystallisation. In particular, a floating charge is postponed to a later fixed charge, whether or not the subsequent chargee had notice of the prior floating charge. A covenant in the Security Documents not to create subsequent charges ranking in priority to or equal with the floating charge over the Charged Vessels is only effective against a subsequent chargee who took notice of the restriction.
- The floating charge over the Charged Vessels will also be subject to the matters which are given priority over a floating charge by law, including prior charges (such as the Loan Security) and the claims of preferential creditors conferred priority by law or statute. Further, as stated above a floating charge granted within six months of the commencement of a winding up of the debtor shall, unless it is proved that the debtor immediately after the creation of the charge was solvent, be invalid except to the amount of any cash paid to the debtor at the time of or subsequently to the creation of and in consideration for the charge together with interest on that amount at the rate of 5 per cent. per annum.

Under other laws,

- To the extent that the Common Vessels are flagged in or the Vessel Owners are incorporated in jurisdictions other than Singapore, there may be other risks and issues relating to floating charges or a floating charge may either not be possible or not enforceable or have limited value. An example would be those set out in the section entitled “5. Risks Relating to Indonesia and other Jurisdictions” further below.

- In some jurisdictions such as Indonesia, a floating charge is not sufficient to create valid security interests. In certain other jurisdictions, it is unclear whether such a floating charge would be effective to create legally valid and binding security interests over the Charged Vessels, and such security interests (if any) may be subject to exceptions, defects, encumbrances, liens and other imperfections that may exist in addition to those inherent in perfected mortgages.

4. Risks Relating to the Continued Investment in the Notes

Limited Liquidity of the Notes.

There can be no assurance regarding the future development of the market for the Notes, the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes, if at all.

When considering whether to submit or deliver Voting Instructions to the Meeting Agent, Noteholders should also take into account that restrictions on the transfer of the Notes by Noteholders will apply from the time the relevant Noteholder delivers the Voting Instruction to the Meeting Agent.

Each Noteholder is to note that by submitting or delivering the Voting Instruction Form to the Meeting Agent, such Noteholder agrees that the Meeting Agent may proceed to request CDP to earmark the direct securities account or securities sub-account in which its Notes are credited and the Notes so earmarked will not be released until the earliest of:

- (a) (i) in respect of a Voting Certificate or Voting Certificates, the surrender to the Meeting Agent of such Voting Certificate(s) by the Expiration Time and notification by the Meeting Agent to CDP of such surrender or the compliance in such other manner with the rules of CDP or (ii) in respect of Voting Instructions by way of a Voting Instruction Form, the notification in writing of any revocation of a Noteholder's previous instructions to the Meeting Agent issued in respect of such Notes by the Expiration Time and, if the Meeting Agent has caused a block voting instruction to be delivered to ASL Marine in respect of such Note(s), the same then being notified in writing by the Meeting Agent to ASL Marine at its specified office set forth on the back cover of this Consent Solicitation Statement or to the chairman of the relevant Meeting, in each case, at least 24 hours before the time appointed for holding such Meeting, and such Notes ceasing in accordance with the procedures of CDP and with the agreement of the Meeting Agent to be held to its order;
- (b) (in the case of Noteholders who are eligible to receive the Early Consent Fee or (as the case may be) the Normal Consent Fee) the time of the payment of the Early Consent Fee or (as the case may be) the Normal Consent Fee to such Noteholders;
- (c) (in all other cases, including in the case where the Notes are held by Noteholders who have voted against the Extraordinary Resolution and such votes have not been validly revoked) the conclusion of the relevant Meeting (or, if applicable, any adjournment of such Meeting); and
- (d) the termination of the Consent Solicitation,

During the Earmarking Period, the Notes which are the subject of the Voting Instruction Form may not be traded or transferred. Notwithstanding anything contained herein, Noteholders should note that the relevant Notes will be earmarked by CDP in accordance with its procedures and subject to its timings. Similarly, Notes so earmarked will also be released by CDP in accordance with its procedures and subject to its timings.

Fluctuation of market value of the Notes.

The value of the Notes may fluctuate as a result of various factors, including (a) the market for similar securities, (b) general economic, political or financial conditions and (c) ASL Marine's or the Group's financial condition, results of operations and future prospects. Adverse economic developments, in Singapore as well as countries in which ASL Marine and/or its subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of ASL Marine or the Group.

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets or may adversely affect the market price of the Notes.

Inflation risk.

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders may have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

Performance of contractual obligations by ASL Marine is dependent on other parties.

The ability of ASL Marine to make payments in respect of the Notes may depend upon the due performance by the other parties to the documents to the Programme of their obligations thereunder including the performance by various parties to such documents of their respective obligations. Whilst the non-performance of any relevant parties will not relieve ASL Marine of its obligations to make payments in respect of the Notes, ASL Marine may not, in such circumstances, be able to fulfil its obligations to the Noteholders.

The Notes may not be a sustainable form of continued investment for all investors.

Each Noteholder should determine the suitability of its continued investment in the Notes in light of its own circumstances. In particular, each Noteholder should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of continuing with its investment in relevant Notes and the information contained in this Consent Solicitation Statement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, its continued investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of its continued investment in the Notes;
- understand thoroughly the terms of the Notes (taking into account the amendments to the terms set out the Notes as set out in the Proposal should such amendments be approved by the Noteholders) and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its continued investment and its ability to bear any applicable risks.

Noteholders may not be able to take any direct enforcement action against ASL Marine or to enforce the Notes Security.

Condition 10 of the Series 006 Notes and Condition 11 of the Series 007 Notes provide that at any time after the Series 006 Notes or, as the case may be, the Series 007 Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against ASL Marine as it may think fit to enforce repayment of the respective Notes. But it is further provided that the Trustee is not bound to take any such proceedings unless (a) directed by an extraordinary resolution passed by the Series 006 Noteholders or, as the case may be, the Series 007 Noteholders or it shall have been so requested in writing by holders of not less than 25.0 per cent. in principal amount of the Series 006 Notes or, as the case may be, the Series 007 Notes outstanding, and (b) (in the case of the Series 006 Notes) it shall have been indemnified by the Series 006 Noteholders to its satisfaction or (in the case of the Series 007 Notes) it shall have been indemnified and/or secured and/or pre-funded by the Series 007 Noteholders to its satisfaction.

Accordingly, the requisite threshold of instruction by the Noteholders of each Series must be met. In addition, the Trustee may request Noteholders of each Series to provide an indemnity and/or security to its satisfaction

before it takes actions on behalf of Noteholders of that Series. Negotiating and agreeing to an indemnity and/or securities can be a lengthy process and may impact on when such pre-funding actions can be taken.

It is also provided under the Conditions of the Notes that no Noteholder shall be entitled to proceed directly against ASL Marine unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

5. Risks Relating to Indonesia and other Jurisdictions

Enforcing the rights of Noteholders under the Trust Deed, the Notes and the Security Documents across multiple jurisdictions may prove difficult and raises uncertainties.

The Notes have been issued by ASL Marine and ASL Marine is incorporated in Singapore. The Security Documents are likely to be governed by the laws of Singapore while the Vessel Owners may be incorporated in Indonesia (an “**Indonesian Vessel Owner**”). In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Indonesia and Singapore. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of Noteholders’ rights. The rights of Noteholders under the Trust Deed, the Notes and the Security Documents may be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that Noteholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Indonesia and Singapore may be materially different from, or be in conflict with, each other and those with which may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction’s laws should apply, adversely affect Noteholders’ ability to enforce their rights under the Notes in the relevant jurisdictions or limit any amounts that Noteholders may receive.

It may not be possible for Noteholders, the Trustee or the Security Trustee to effect service of process, or to enforce judgments of a foreign court, on a Vessel Owner in Indonesia

ASL Marine is a limited liability company incorporated in Singapore. One or more of the Vessel Owners may be incorporated in Indonesia, with the Charged Vessels of such Vessel Owner being flagged in Indonesia. As a result, it may be difficult for the Trustee, the Security Trustee or the Noteholders to effect service of process, including judgments, on a Vessel Owner in Indonesia or their respective commissioners and directors outside Indonesia, or to enforce judgments obtained in non-Indonesian courts against it or its commissioners and directors in Indonesia.

Judgments of non-Indonesian courts may not be enforceable in Indonesian courts, although such judgments could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. There is also doubt as to whether Indonesian courts will recognise judgments in original actions brought in Indonesian courts based only upon the civil liability provisions of the securities laws of other countries. In addition, an Indonesian court may refuse to hear an original action based on securities laws of other countries. As a result, the Trustee, the Security Trustee or the Noteholders would be required to pursue claims against an Indonesian Vessel Owner or its commissioners, directors and executive officers in Indonesian courts. The claims and remedies available under Indonesian law may not be as extensive as those available in other jurisdictions. No assurance can be given that the Indonesian courts will protect the interests of Noteholders in the same manner or to the same extent as would courts in countries outside of Indonesia.

Noteholders may be exposed to a legal system and framework subject to considerable discretion and uncertainty; it may be difficult or impossible for Noteholders to pursue claims under the Notes Security because of potentially considerable discretion and uncertainty of the Indonesian legal system.

It is unclear and uncertain if any Security Documents governed by Singapore law will be recognised or if the security interests purported to be created thereunder will be recognised or enforceable under the laws of

Indonesia. As at the date of this Consent Solicitation Statement, Indonesian counsel has not been formally appointed nor consulted as to the form of a floating charge that can be taken over an Indonesian Vessel Owner's Charged Vessel. While the Issuer will endeavour to provide as similar a security (to a Singapore law floating charge) as possible, there is no assurance that a floating charge (or any other type of security) may be taken over Indonesian assets or, if the Indonesian vessels are the subject of a floating charge governed by Singapore law, that such floating charge will be recognised under the laws of Indonesia or will be enforceable against the Vessel Owner or in Indonesia. In particular, where security is purported to be granted over Indonesian assets but such security is neither governed by Indonesian laws nor registered or perfected as required under Indonesian laws (which will be the case for the contemplated Security Documents), such security may not be recognised or enforceable as security against Indonesian vessels and/or Indonesian Vessel Owners and accordingly will be of limited value and effect. In such event, the Noteholders may not be considered as secured creditors and may only not rank as unsecured creditors under the laws of Indonesia.

Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply within the jurisdictions of Singapore, the United States, the European Union or other jurisdictions. Neither the rights of debtors nor the rights of creditors under Indonesian law are as clearly established or recognised as under legislation or judicial precedent in Singapore, the United States and most European Union member states. In addition, under Indonesian law, debtors may have rights and defenses to actions filed by creditors that these debtors would not have in jurisdictions with more established legal regimes such as those in Singapore, the United States and the European Union member states.

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. Indonesia's commercial and civil laws, as well as rules on judicial process, were historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian law depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system, have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case, and as a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in Indonesia has been widely reported in publicly available sources.

Accordingly, it may be difficult for the Trustee, the Security Trustee or the Noteholders to pursue a claim against an Indonesian Vessel Owner or against any of its Charged Vessels, and this may adversely affect or eliminate entirely the ability of the Trustee, the Security Trustee or the Noteholders to obtain and enforce a judgment against an Indonesian Vessel Owner or increase the costs incurred by the Trustee, the Security Trustee or the Noteholders in pursuing, and the time required to pursue, claims against an Indonesian Vessel Owner.

An Indonesian law requiring agreements involving Indonesian parties to be written in the Indonesian language may raise issues as to the enforceability of agreements entered into in connection with the Extraordinary Resolution.

On July 9, 2009, the government enacted Law No. 24 of 2009 on Flag, Language, Coat of Arms and National Anthem ("Law No. 24/2009") requiring that agreements involving Indonesian parties be written in the Indonesian language. Where an agreement also involves foreign parties, it may also be executed in both the Indonesian language and a foreign language. Law No. 24/2009 is silent on the governing language if there is more than one language used in a single agreement. Article 40 of Law No. 24/2009 states that further stipulation on the use of Bahasa Indonesia shall be regulated by the implementing regulations to be issued. However, as of

the date of this Consent Solicitation Statement, no implementing regulations have been issued. Accordingly, until such implementing regulations are issued, it is unclear whether Bahasa Indonesia will be stipulated as the governing language of agreements related to the Group's business or to the Notes, and when such implementing regulations are issued, English might not be recognised as the governing language of such agreements, even if agreed to by the contracting parties.

Although the Security Documents to be entered into pursuant to the Extraordinary Resolution will be prepared in dual English and Indonesian versions as required under Law No. 24/2009, there cannot be any assurance that, in the event of inconsistencies between the Indonesian language and English language versions of these agreements, an Indonesian court would hold that the English version would prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may or may not be fully captured by such Indonesian version. If this occurs, there cannot be any assurance that the Security Documents will be interpreted and enforced by the Indonesian courts as intended.

In addition, on June 20, 2013, the District Court of West Jakarta ruled in a decision No. 451/Pdt.E/2012/PN.Jkt Bar (the "**June 2013 Decision**") that a loan agreement entered into between an Indonesian borrower, PT Bangun Karya Pratama Lestari, as plaintiff, and a non-Indonesian lender, Nine AM Ltd., as defendant, is null and void under Indonesian law. The governing law of the loan agreement was Indonesian law and the agreement was written in the English language. The court ruled that the agreement had contravened Article 31(1) of Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together render an agreement void if, *inter alia*, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1), it therefore failed to satisfy the "lawful cause" (*sebab yang halal*) requirement and was void from the outset, meaning that a valid and binding agreement had never existed. On 7 May 2014, the Jakarta High Court rejected the appeal submitted by Nine AM Ltd. and affirmed the June 2013 Decision in its entirety. In its judgment, the Jakarta High Court was of the opinion that the District Court of West Jakarta's judgment was correct and accurate. Indonesian court decisions are generally not binding precedents and do not constitute a source of law at any level of the judicial hierarchy, as would typically be the case in common law jurisdictions. However, there can be no assurance that a court will not, in the future, issue a similar decision to the June 2013 Decision in relation to the validity and enforceability of agreements which are made in the English language.

Detailed implementing regulations for Law No. 24/2009 have not been published and Law No. 24/2009 does not specify any sanction for non-compliance. ASL Marine cannot predict as to how the implementation of this new law will impact the validity and enforceability of the Security Documents under Indonesian laws. This creates uncertainty as to the ability of holders of Notes to enforce the Notes Security in Indonesia.

The rights over the Charged Property will not be granted directly to Noteholders.

The rights over the Charged Property have not been and will not be granted directly to Noteholders, but will be granted only in favour of the Security Trustee. As a consequence, Noteholders will not have direct security and will not be entitled to take enforcement action in respect of the Notes Security for the Notes, except through the Security Trustee, which has agreed to apply any proceeds of enforcement on such security towards such obligations. Other than the Indonesian capital markets regulations, Indonesian law does not recognise the concept of trust including, without limitation, the relationship of trustee and beneficiary or other fiduciary relationships. Accordingly, enforcement of the provisions granting security in favour of third party beneficiaries and otherwise relating to the nature of the relationship between a trustee (in its capacity as such) and the beneficiaries of a trust in Indonesia will be subject to an Indonesian court accepting the concept of trustee under Singapore law and accepting proof of the application of equitable principles under such security documents.

Other jurisdictions

The laws of other countries may have similar provisions or may raise similar or other issues arising from conflicts of laws or otherwise to those described above if there are any assets located in or proceedings required in such other jurisdictions. These may adversely affect the Notes Security and/or the Noteholders.

ASL MARINE

1. Introduction

ASL Marine was incorporated under the laws of Singapore as a private company limited by shares under the name of “ASL Marine Holdings Pte Ltd” on 4 October 2000. Its name was changed to “ASL Marine Holdings Ltd.” following its conversion to a public company on 29 January 2003. Its shares were listed on the Main Board of the SGX-ST on 17 March 2003. As at 28 December 2016, the market capitalisation of ASL Marine was approximately S\$81.2 million.

The Group started operations as a trader of scrapped steel material in 1974 and subsequently rode on the 1980s construction sector boom by undertaking building construction works. Guided by its vision to be a leading player in the marine sector, the Group undertook ship-breaking activities in 1986 before venturing into shipbuilding and shiprepair - where it constructed its first barge and tug in 1988 and 1990, respectively. In 1989, the Group extended its vertically integrated capabilities by providing charter of tugs and barges and other marine logistics services.

Today, ASL Marine is a vertically-integrated marine services group principally engaged in shipbuilding, shiprepair and conversion, shipchartering, engineering and other marine related services, catering to customers mainly from Asia Pacific, South Asia, Europe, Australia and the Middle East. Headquartered in Singapore, the Group currently owns and operates five shipyards in Singapore, Indonesia (Batam) and the People’s Republic of China (“**PRC**”) (Guangdong), providing a comprehensive range of shipbuilding, shiprepair and conversion services spanning into myriad sectors and industries.

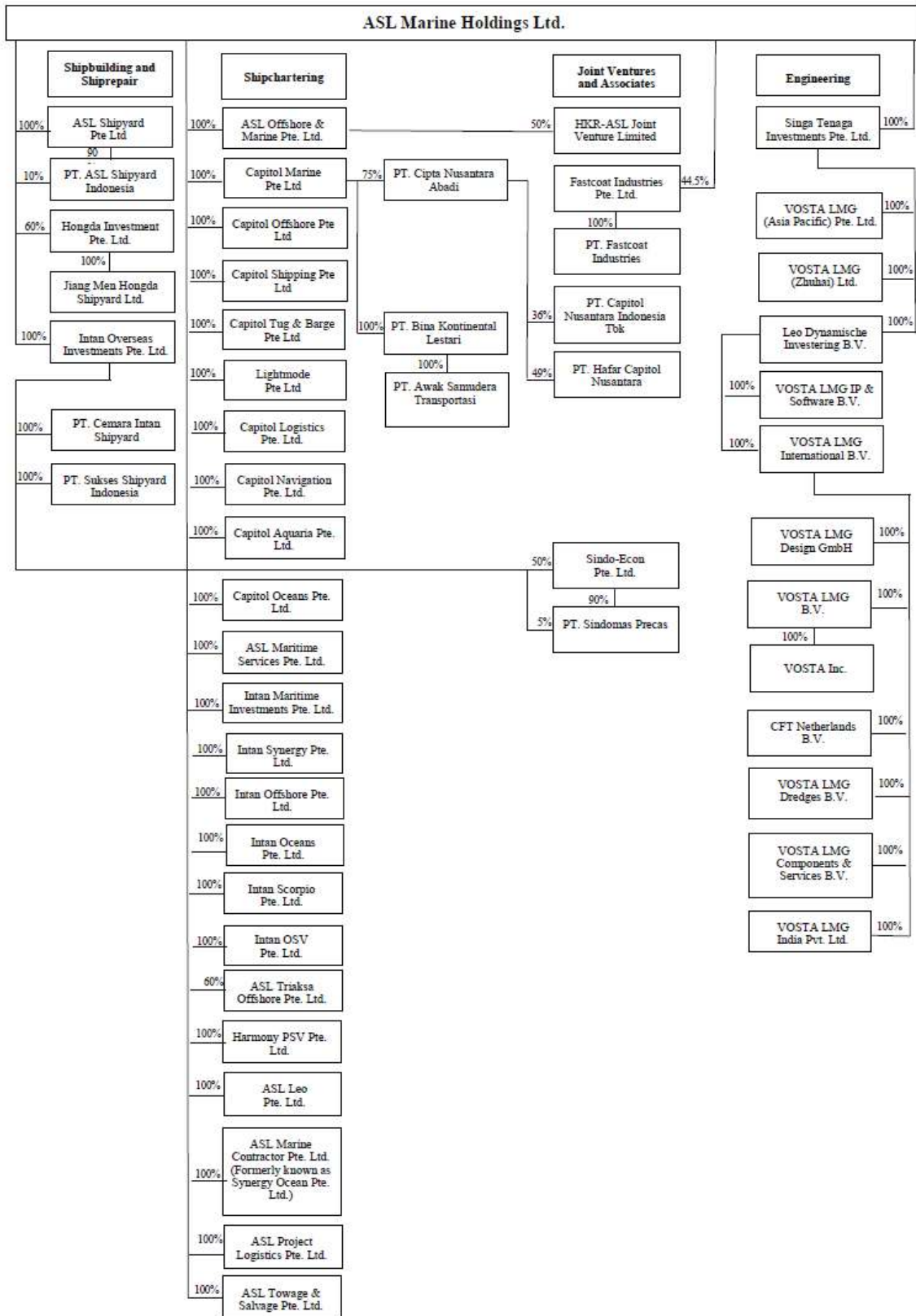
The Group specialises in building construction vessels, dredgers, tugs, barges, tankers and Offshore Support Vessels (“**OSVs**”). The Group also undertakes conversions and repairs of all types of vessels. Equipped with a young fleet of 229 vessels as at 30 June 2016 consisting of Anchor Handling Tugs (“**AHTs**”), Anchor Handling Towing and Supply Vessels (“**AHTSs**”), towing tugs, barges and other vessels for its shipchartering operations, ASL Marine has carved a niche in providing shipchartering services to various industries, including offshore oil and gas, marine infrastructure, dredging, land reclamation, marine construction works and cargoes transportation.

ASL Marine added an engineering segment to its business model after the acquisition of VOSTA LMG International B.V. (“**VOSTA LMG**”) and its subsidiaries (the “**VOSTA LMG group**”) in December 2012. The VOSTA LMG group designs and manages the construction of large custom-built or standard dredgers, makes and supplies a wide range of specialised dredging components, and owns several important patents.

2. Registered office

The registered office of ASL Marine is 19 Pandan Road Singapore 609271.

3. Group Structure



4. **Business Activities**

Principal Activities

As a vertically-integrated marine services group principally involved in shipyard operations and shipchartering, the Group has four core businesses - shipbuilding, shiprepair and conversion, shipchartering and engineering.

Shipbuilding and Shiprepair and conversion

The Group is all-rounded in building and repairing all types of vessels, from emergency response and rescue vessels, dredgers, Azimuth stern drive tugs, barges, anchor handling tugs and supplies vessels, platform support vessels, to other commercial vessels such as tankers.

Shipbuilding and shiprepair and conversion projects are primarily carried out through the Group's shipyards. The Group enjoys cost savings in land, labour and overheads in its Indonesia (Batam) and PRC (Guangdong) shipyards. A large part of its shiprepair capacity is located in Indonesia (Batam).

ASL Shipyard Pte Ltd ("ASLS") is a wholly-owned subsidiary of ASL Marine and functions as the Group's main shipbuilding and shiprepair and conversion arm. It is a core subsidiary of the Group and has been instrumental in securing contracts. The Group's shipyard in Singapore occupies an area of approximately 37,219 sq m with a total berthing space of approximately 600 m. The Singapore shipyard currently has a capacity to accommodate up to 18 small vessels, mainly tugs which are dry-docked and afloat. It is capable of dry-docking up to around eight vessels at any one time whether undergoing repairs or under construction and has a berthing capacity of 10 vessels.

The shipyard in Indonesia (Batam) is located in a free trade zone with industrial areas designated specifically for shipyards and developed infrastructure such as roads, telecommunications, utilities and supporting services. The shipyard, with a deep naturally sheltered waterfront, occupies an area of approximately 350,000 sq m, has a total berthing space of approximately 1,500 m and can berth up to 12 vessels ranging from 100 m to 300 m in length at any one time. The Group's docking facilities at its Indonesia (Batam) shipyard include a graving dry-dock measuring 340 m by 60 m which can accommodate vessels up to 300,000 dwt and two medium-sized graving dry-docks of 60,000 dwt and 20,000 dwt. The shipyard is self-contained and is capable of accommodating larger vessels such as Capesize bulk carriers, Aframax tankers and container ships, OSVs, FSO vessels etc.

The Group has also undertaken shipbuilding operations at the PRC (Guangdong) shipyard since May 2007, where smaller and less sophisticated vessels are built. The Group's shipyard in PRC (Guangdong) has a land area of approximately 80,000 sq m and it is owned by the Group's 60%-held subsidiary, Jiang Men Hongda Shipyard Ltd.

Shipbuilding

The duration of most shipbuilding projects ranges from 10 to 30 months. For the larger projects such as the self-propelled cutter suction dredger, the construction period is estimated to be 35 months. Vessels are built-to-order. Most of the vessels are sold to external parties with progressive payments received upon each stage of completion (milestones). In addition to the Group's external customers, the Group also builds vessels to be sold to companies within the Group for its shipchartering business. The Group's ability to build vessels in-house and maintain and service them using its own shipyards helps to contain costs of operations for the Group's chartering arm.

ASLS has established itself as a niche builder for specialised vessels in the European market. It has moved up the value chain into the offshore oil and gas support vessel sector and completed sophisticated vessels such as heavy lift pipelay vessels and subsea support vessels for offshore oil and gas activities.

In December 2014, the shipbuilding contracts for two (2) OSVs, which were scheduled for delivery in 1QFY2015 and 3QFY2015 respectively, were rescinded. Due to the impact of the S\$95 million reversal on shipbuilding revenue following the rescission, shipbuilding segment registered negative revenue of S\$30.2 million for FY2015.

As at 30 June 2016, the Group had an outstanding shipbuilding order book for external customers of approximately S\$223 million for the building of 22 vessels, comprising harbour tugs, barges, tankers and OSVs. These vessels will be progressively delivered to the customers up to the fourth quarter of FY2018.

Including the new orders recently secured, the total outstanding order book for shipbuilding is as follows:

Type of vessels	Unit	S\$'million	%
OSVs*	5	60	27
Tugs**	11	125	56
Dredgers, Barges and Tankers	6	38	17
Total	22	223	100

* OSVs comprise AHTSs and seismic survey vessel

** Tugs comprise diesel electric hybrid azimuth stern drive tugs and high performance escort-rated ASD tugs

Shiprepair and conversion

The Group is capable of undertaking a wide range of shiprepair and conversion works such as steel renewal, blasting and painting, mechanical repair, electrical and electronics works, retrofitting, ship-conversion and jumboisation, for all types of vessels including rigs, tankers, container vessels, bulk carriers, OSVs, dredging vessels, heavy lift vessels, pipe laying vessels, floating storage and offloading vessels (“**FSO vessels**”) and floating production and/or storage and offloading vessels (“**FPSO vessels**”) of up to 340 m in length. The duration of most shiprepair and conversion projects is less than three months. However, depending on the requirements of customers, certain shiprepair and conversion contracts would extend beyond three months. The 300,000 dwt graving dry dock at its Indonesia (Batam) shipyard has enhanced the Group’s capability to repair bigger size vessels and undertake more sophisticated shiprepair and conversion jobs. In 2010, the Group further improved its Indonesia (Batam) shipyard facilities with the addition of two graving dry-docks for servicing medium-sized vessels.

Besides providing third-party vessel owners with repair and maintenance services, the Group’s repair facilities also service in-house vessels and provide a cost-efficient solution of maintaining and upkeeping the Group’s growing fleet of vessels. Furthermore, undertaking both shipbuilding and shiprepair and conversion activities allows the Group to maximise the use of the Group’s shipyard facilities and equipment.

Shipchartering

As at 30 June 2016, the Group owns a young fleet of 229 vessels which services customers from diverse industries, mainly those in marine infrastructure, dredging, land reclamation, marine construction works and cargoes transportation. Of the 229 vessels, seven (7) are AHTSs/AHTs, servicing customers in the offshore oil and gas sector. The Group expands its fleet size through the acquisition of vessels with greater capacity or specialised purposes when there is a requirement. The Group's fleet of vessels comprises mainly towing tugs, barges and other vessels.

The Group offers the charter of tugs and barges to support marine construction works at coastal areas by transporting resource materials, construction equipment, seabed dredged materials and other cargoes and also acting as workhorses in the coastal areas. Its seven (7) OSVs service the offshore oil and gas sector.

The Group offers vessels on a variety of charter contracts including time/bareboat and lumpsum charters. The Group also offers services on a contract of affreightment basis, where the Group provides marine transportation and logistics services on a unit rate basis. The tenure for each type of contract ranges from spot charter, which may last from one to 30 days, to longer term charters of up to 15 years. The Group's shipchartering revenue consists of mainly short-term and ad-hoc contracts. Revenue from long-term chartering contracts (meaning contracts with a duration of more than one year) constituted approximately 23% of the Group's shipchartering revenue for FY2016. As at 30 June 2016, the Group had an outstanding order book of approximately S\$150 million with respect to long-term shipchartering contracts.

The Group's vessels are deployed by customers mainly in Singapore, Indonesia, Malaysia and other Southeast Asian countries.

List of the Group's operating vessels as at 30 June 2016

	Type of Vessels	Number of Units
(a)	Tug	27
(b)	AHTS	6
(c)	AHT	1
(d)	Chemical Tanker	2
(e)	Work Boat	9
(f)	Pusher Tug	12
(g)	Anchor Boat	3
(h)	Flat-top Deck Cargo Barge	82
(i)	Hopper Barge	26
(j)	Crane Barge	25
(k)	Work Barge	4
(l)	Passenger Launch	2
(m)	Mod Barge	10
(n)	Jack-up Barge	1
(o)	Pelican Barge	3

(p)	Self-propelled Barge	4
(q)	Unloader barge	1
(r)	Landing Craft	5
(s)	Grab Dredger	5
(t)	Dredger	1
	Total	229

The average age of the Group's fleet is approximately 7 years as at 30 June 2016. The utilisation rates for the Group's vessels vary according to the nature of their assignments. For FY2016, the average utilisation rate for the Group's vessels was 52%.

Engineering

VOSTA LMG group designs and manages the construction of large custom-built or standard dredgers as well as makes and supplies a wide range of specialised dredging components, and owns several important patents.

In addition to engineering and contracting of custom-built and standard dredges, the product range includes cutting, suction, discharge, automation and coupling systems. Components such as cutter heads, underwater cutting wheels, dredge pumps, ball joints and automation packages complete the product line.

The VOSTA LMG group also assists in the preparation of tender documents and offers consulting services and feasibility studies to dredging contractors.

5. Major Customers

Over the years, the Group has established good working relationships with its broad base of customers in myriad industries from its four main business segments, namely shipbuilding, shiprepair and conversion, shipchartering and engineering. The Group operates in Singapore, Indonesia, the rest of Asia, Europe and other countries. For FY2016, the breakdown of revenue by geographical segments is as follows:

	S\$'000	%
Singapore	140,673	38.6
Indonesia	29,396	8.1
Rest of Asia	13,564	3.7
Europe	81,561	22.4
United States and other countries	99,245	27.2
Total	364,439	100

6. Major Suppliers

The Group procures from a broad group of suppliers. The Group is generally not directly dependent on any one major supplier except for some equipment supplied by one or a few manufacturers or where the equipment brand is specified by customers. The Group purchases from suppliers who offer competitive terms and quality materials and services.

For the Group's new shipbuilding contracts, generally, upon the signing of these contracts with its customers, the Group will enter into supply contracts with suppliers for purchases of major equipment and components such as engines and propellers.

The Group continuously purchases and keeps in stock steel materials (such as steel plates and angles) required for its shipbuilding operation. In respect of new shipbuilding contracts for larger vessels, the Group will also place orders for the purchase of steel materials required under these contracts.

7. Quality Assurance/Maintenance of Fleet

The Group's management places a strong emphasis on all aspects of quality as well as the functional and safety aspects of the Group's vessels. The Group has implemented stringent quality control procedures in its activities in order to provide a consistently high standard of service to its customers.

In the Group's shipbuilding and shiprepair and conversion business, the Group requires its employees to comply with the procedures set out in the Group's quality manual. The Group strives to ensure that the shipbuilding and shiprepair and conversion services it provides meet the stringent requirements of its customers by using a wide array of quality assurance procedures and control policies. These include the following:

(a) Design

The Group's Engineering Department coordinates with customers, external naval architects and the classification societies to verify the adequacy of information for the design of a vessel. Engineering drawings and technical information are documented and maintained by its Engineering Department. Design reviews are carried out jointly by the Engineering Department, Project Team and Production Department to ensure that the design of a vessel is in compliance with the industry standard and the vessel can be constructed in an efficient and cost-effective manner.

(b) Equipment and Machinery

The Group's Plant and Services Superintendent ensures the upkeep and optimum usage of the Group's equipment and machinery. Periodic inspections are carried out to ensure that the Group's equipment and machinery are in good working condition and operating safely. A preventive maintenance programme is also implemented and logs and records are maintained for equipment, machinery and vehicles.

(c) Job Execution

The Group's Project Team, comprising project managers, project engineers and superintendents, is responsible for the organisation, supervision, installation, testing and commissioning of all project works. The project manager also ensures that such work is carried out in accordance with relevant standards and approved specifications and drawings.

In the Group's shipchartering business, the Group has in place a vessel maintenance programme for the proper upkeep of vessels as required by the Merchant Shipping Act, Chapter 179 of Singapore. The programme emphasises the importance of preventive maintenance and lays down a standard set of guidelines which includes the following:

- (a) Regular maintenance is carried out onboard the Group's vessels by both ashore and onboard personnel. The Master, Chief Engineer and Chief Officer of the vessel are responsible for

keeping records and submitting monthly status reports to the Group on any repairs that might be required to be undertaken on the vessel. Routine maintenance and repairs of hull machinery and equipment are typically performed by the Group's crew and spare parts and tools are carried onboard its vessels for this purpose. Repairs which are more complicated are reported to the operations manager who will arrange for the relevant repairs to be carried out when the vessel returns to one of the Group's shipyards;

- (b) When a Group's vessel returns to one of the Group's shipyards, it is inspected by the assigned superintendent who will discuss the condition of the vessel with its Master as to whether it requires repairs. Follow-up or remedial action is then taken, if necessary; and
- (c) Each vessel is classed by a member of the International Association of Classification Societies ("IACS"). The classification society will certify that the vessel has been built and maintained in accordance with the rules of the classification society and complies with the applicable rules and regulations of the flag state and with international conventions of which that state is a member. Such certification is required as evidence that the vessel is "class maintained" and seaworthy.

Surveys on vessels are conducted by the classification societies in cycles of one year, two and a half years and five years. The classification societies and the flag states require annual surveys to be carried out. In addition, vessels are dry-docked for surveys every two and a half years and a special survey undertaken every five years. Details of these surveys are as follows:

- (i) An annual inspection of the vessel's hull. An intermediate survey is also required of a vessel every two and a half years. This involves the physical inspection of ballast tanks and void spaces. Dry-docking may be undertaken at this time to coincide with the first of two drydocking surveys required within a five-year period.
- (ii) A special dry-docked survey is conducted every five years on the hull and machinery. This survey has to be completed before the International Load Line survey, which is also required every five years, to attest to the vessel's general seaworthiness.

Such surveys are required for the Group to maintain the "Certificates of Class" in respect of the Group's vessels. The "Certificates of Class" are required to be submitted to the flag states for the certificates of registration of the Group's vessels to be maintained.

The practice of constant upgrading and renewal of the fleet has enabled the Group to cut down on extensive repair and maintenance works which allows the Group to meet the higher demands of its customers. The Group also ensures continued vessel operation and safety by adequately stocking important spare parts and provisions. All of the Group's vessels are provided with the necessary operating instructions and equipment or spare parts manual. All substantial modifications, repairs or additions to the Group's fleet are properly documented for future reference.

8. Insurance

The Group's owned vessels, equipment and other shipyard facilities are insured in accordance with standard industry practice with insurance underwriters.

The Group's vessels are covered up to their respective hull values for any loss or damage to their hull and machinery. Third party claims for situations such as the injury or death of crew, passengers and third parties, towing, oil-spills, collisions and damage to fixed or other floating objects caused by the

insured vessel are largely covered by The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) ("**Shipowners' Protection and Indemnity Club**"), a Protection and Indemnity Club of which the Group is a member. Subject to the rules of the Shipowners' Protection and Indemnity Club, the liability cover for such third party claims is unlimited for loss or damage arising in connection with the ownership or operation of the Group's vessels except for oil pollution which is limited to US\$1 billion per occurrence.

The Group's shipyards have ship repairer and shipbuilder liability insurance coverage for loss or damage to vessels arising from perils covered under the policies (including third party claims) while the vessels are being repaired, built, launched or undergoing sea trials. The coverage for ship repairer's liability is limited to S\$5 million for any one accident. The shipbuilders' insurance covers all newbuildings from keel-laying up to a contract value of S\$50 million per vessel. Where the contract value exceeds S\$50 million, shipbuilder insurance is separately sourced and covered.

The Group maintains insurance policies for its direct hired workers and employees in Singapore, Indonesia and the PRC. For workers hired by the Group's sub-contractors working at its shipyards, the subcontractors are required to provide insurance for the workers. In addition, the Group's subcontractors in Singapore are required to include the Group's relevant shipyard company as coinsured.

As part of good business practice, the Group also maintains public liability insurance for all of its shipyards to insure the Group against accidental bodily injury or loss of or damage to property occurring in connection with the Group's trade, business and shipyard operations. The building structures (workshops and office buildings) in all of its shipyards are also insured against loss and damage resulting from fire.

The Group believes that it has adequate insurance coverage for the purpose of its business operations.

9. Marketing

The Group's Executive Directors have the overall responsibility for the Group's marketing efforts. The Directors are supported by the Group's marketing team, the members of whom are assigned to various customers and responsible to the customers for all aspects of customer service and satisfaction. The Group's marketing team is responsible for maintaining and building the Group's relationships with existing customers and for securing new customers and is also involved in identifying new markets in line with the Group's customer base and geographical expansion. The Group also taps on the expertise and network of shipbrokers to source for or to refer new contacts.

The Group markets its services to customers in the offshore oil and gas support vessel sector, offshore and marine infrastructure, shipping, port operation and other industries and sectors and constantly makes inquiries as to whether the Group's existing or prospective customers have plans to expand their fleet through the charter or construction of additional vessels, or have other vessels that need repair. The Group also uses these opportunities to update its customers on its capabilities. The Group works closely with these customers as the Group believes that it can add value when it becomes familiar with, and tailor its services to, its customers' requirements.

The Group follows up closely with its customers during each shipbuilding and shiprepair and conversion project to ensure that their demands are being met and regularly obtains feedback from its customers with regard to the vessels delivered and/or services rendered by the Group. Providing quality and reliable services including after-sales support, maintaining price competitiveness and good working

relationships with its customers are key contributing factors to the Group's success. These factors have generated referrals and repeat customers for the Group.

The Group participates in major trade shows and exhibitions and advertises in major trade magazines and trade directories in Asia and Europe. Participation in such trade shows helps the Group to keep abreast of current industry developments and provides the Group with a network of valuable contacts.

10. Competitive Strengths

ASL Marine believes that the Group possesses a number of competitive strengths that would allow it to capitalise on the opportunities in the marine sector as soon as the offshore and marine industry markets recover. ASL Marine's principal competitive strengths are set forth below:

Competitive Strengths

Integration of services

The Group is a fully integrated marine company involved in the business of shipyard operations and shipchartering, with its own fleet of vessels and shipbuilding, shiprepair and conversion and other marine capabilities. The Group builds vessels to order from external customers and for its shipchartering operations. The vessels the Group builds for its shipchartering operations may also be sold should the demand opportunity arise. Thus, the Group is able to capitalise on market situations.

Although shipbuilding and shiprepair and conversion have different business processes, they typically use similar facilities, equipment and labour, which can be shared. The Group's ability to build its vessels in-house and subsequently maintain and service them at the Group's own shipyards results in better control over its costs of operation.

Creditable track records

The Group has been in shipyard operations and the shipchartering business since 1989. The Group has established good business relationships with its customers from different industries which include companies in the offshore oil and gas support vessel sector, offshore and marine infrastructure, shipping and port operation. ASL Shipyard has established itself as a niche builder for specialised vessels in the European market. The Group has moved up the value chain in the offshore oil and gas sector. The Group has been able to secure more technically sophisticated vessels such as heavy lift pipelay vessels and subsea operation vessels which are used for deepwater offshore support activities. Repeat customers have accounted for a substantial proportion of the Group's revenue for the past financial years. Among other factors that are important in maintaining these relationships include the Group's strong customer-orientation, competitive pricing, one-stop and quality services and reliable turnaround time.

Over the years of the Group's operations, the Group has undertaken diverse shiprepair and conversion projects ranging from steel renewal, blasting and painting, mechanical repair, electrical and electronics works, retrofitting, ship-conversion and jumboisation, for all types of vessels including rigs, tankers, container vessels, bulk carriers, OSVs, dredging vessels, heavy lift vessels, pipe laying vessels, FSO vessels and FPSO vessels.

For the Group's shipchartering business, the Group operates actively in Southeast Asia and Singapore. It has carved out a niche position as a significant player in servicing customers from the offshore and marine infrastructure sector (such as dredging, land reclamation and marine infrastructure).

Enhanced docking capacity

The 300,000 dwt graving dry dock in Indonesia (Batam), measuring 340 m by 60 m in size, is currently one of the largest in Indonesia capable of accommodating larger vessels up to Capesize and Aframax. In 2010, the Indonesia (Batam) shipyard facilities were further enhanced with the addition of two medium -sized graving dry docks of 60,000 dwt and 20,000 dwt and two finger piers of 150 m and 350 m in length which expanded the berthing capacity.

Cost-efficient shipyard operations and shipchartering business to enable competitive pricing whilst maintaining quality standards

Cost management is a key focus of the Group's operations. As a result, the Group is able to price its services competitively. The Indonesia (Batam) shipyard, which began operations in 1996, was established primarily to capitalise on lower costs of land, land development, labour, and some overheads as compared to Singapore. The PRC (Guangdong) shipyard, which began operations in 2007, was also established to similarly capitalise on the lower costs of raw material and labour as compared to Singapore.

In the Group's shipchartering business, maintenance costs are generally low for the Group's fleet of vessels. The Group continuously reviews its fleet of vessels to monitor its operational needs against the cost of maintenance. The Group may also sell its relatively older vessels in the fleet which are used in the chartering business if and when there are ready buyers for these vessels.

The Group has been able to harness the use of technology, utilising its facilities which have been expanded and upgraded over the years. In the Group's commitment to quality, the Group is able to customise shipbuilding projects and endeavour to ensure timely execution and delivery of its shipbuilding and shiprepair and conversion projects. The Group's extensive experience in shipyard operations has also enabled it to streamline its systems and processes for better efficiency and improved quality.

Complementary shipyard operations

The Group is able to attain further costs efficiency from the rationalisation of operations between the shipyards in Singapore, Indonesia (Batam) and the PRC (Guangdong), without compromising on turnaround time. Shipbuilding and shiprepair and conversion projects may be carried out completely in each of the shipyards or may be segregated by and managed in parts or "modules", with work performed in any of the Indonesia (Batam), Singapore or PRC (Guangdong) shipyards where there are advantages in costs and/or management and technical expertise. For shipbuilding, various parts of a vessel could be built or fabricated at the Indonesia (Batam) or the PRC (Guangdong) shipyard, and in turn assembled at the Singapore shipyard. For example, the superstructure of a vessel is built in modules in the Indonesia (Batam) shipyard and then transported to the Singapore shipyard for final assembly including installation of electrical wiring, navigational equipment and systems. Furthermore, the Group can mobilise its technical staff among the four shipyards.

Strategic location of shipyards

Three of the Group's shipyards, which are located in Singapore and Indonesia (Batam), are positioned strategically near main regional and international shipping lanes. The Group believes that the locations of these three shipyards put it in a good competitive position particularly *vis-à-vis* other companies engaged in shipping and shiprepairs and conversion located in other parts of Asia.

Experienced management team

The Group is led and supported by the Group's pool of experienced and dedicated management. The management of the Group is led by Messrs Ang Kok Tian and Ang Ah Nui who each have more than 20 years of experience in the shipping and shipyard industries.

11. Industry Outlook

The Group expects the market conditions of the offshore and marine industry to remain tough and challenging for the next 12 months. Against this transition period, the Group will continue to focus on improving its fleet utilisation and implementing a more stringent control on costs to mitigate the impact of this inevitable external environmental pressure.

12. Business Strategy

The Group's business strategies are as follows:

- **To provide a comprehensive range of marine services**

The Group will continue to provide a range of services in its shipyards for its shipbuilding and shiprepair and conversion businesses.

- **To expand the geographical coverage of the Group's vessels and/or the Group's current client base by actively marketing the Group's services in other countries and/ or through strategic alliances, joint ventures and/or acquisition opportunities**

The Group's strategic location near vital shipping lanes gives it a competitive advantage *vis-à-vis* other shipping and shipyard companies which are located in other parts of Asia such as Malaysia and the PRC. However, the marine industry is becoming increasingly regionalised and globalised, with local shipping and shipyard companies experiencing stiffer competition from other players mainly from the PRC, Vietnam and the rest of Asia. To meet these challenges, the Group actively markets its services in Europe, Australia and other Asian countries. The Group will also explore strategic alliances, joint ventures and/or acquisition opportunities to expand the geographical scope of its facilities base in order to cover more strategic locations in Europe and Asia.

- **To further strengthen relationships with the Group's existing customers and expand the Group's customer base**

The Group will continue its emphasis on strengthening relationships with its existing customers particularly with repeat customers from Europe and Asia. The Group is working towards expanding its customer base in all of its four business segments.

- **To maintain commitment to quality and turnaround time reliability**

The Group is committed to the provision of quality newbuildings and services and reliable turnaround time (by limiting delays), with respect to the Group's shipbuilding, shiprepair and conversion, shipchartering and engineering business. The Group believes that this commitment has been instrumental to the Group's market entrenchment as a provider of marine services.

- **To maintain improvements in costs efficiency**

In the current challenging market, ASL Marine is focused on minimising costs and is currently recalibrating its strategies in this regard. The Group aims to focus on the shiprepair and conversion segment by offering maintenance services to ship owners and/or undertake conversion jobs with the enhancements made to its Batam facilities. In respect of the Group's shipchartering operations, the Group remains committed to maximising deployment and re-configuring its chartering fleet to better respond to market changes and its customers' needs.

13. **Directors and Senior Management**

Directors

Ang Kok Tian, Chairman and Managing Director

Mr K T Ang was appointed an Executive Director of ASL Marine in October 2000 and Chairman of the Board and Managing Director in January 2003.

Mr K T Ang has been with the Group for more than 20 years, has extensive knowledge and experience in the industry and is instrumental in developing the business of the Group. Mr K T Ang is in charge of the Group's business strategies and direction, corporate plans and policies as well as the general management of the Group. In particular, he is in charge of the shipbuilding, shiprepair and conversion and engineering divisions and is responsible for all aspects of the shipyard's operations, including estimations, negotiations and contract finalisation. Mr K T Ang began his career at Ang Sin Liu Hardware, handling administration, purchasing and marketing for the company. He graduated from the National University of Singapore in 1986 where he received his Bachelor's Degree in Science.

Ang Ah Nui, Deputy Managing Director

Mr A N Ang was appointed an Executive Director of ASL Marine in October 2000 and Deputy Managing Director in January 2003.

Mr A N Ang, having been with the Group for more than 20 years, has extensive industry knowledge and experience and is instrumental in seeking new markets for the business. Mr A N Ang is jointly responsible for the Group's business strategies and direction, corporate plans and policies, and for the general management of the Group's shiprepair and conversion and shipchartering operations, including business development and operations. Mr A N Ang is also a Non-executive Director of Koon Holdings Limited, a company listed on the SGX-ST and the Australian Stock Exchange.

Ang Kok Eng, Executive Director

Mr K E Ang was appointed an Executive Director of ASL Marine in October 2002.

Mr K E Ang is responsible for developing marketing strategies and identifying new businesses and markets and customers for Asia. Mr K E Ang joined the Group on 1 December 1994 and is responsible for the operations of the shipyards in Indonesia (Batam) and the PRC (Guangdong). He is also in charge of the Group's management information systems. Prior to joining the Group, Mr K E Ang was the Product Manager of Navystar Industrial Co. Ltd, a toy manufacturing company based in Hong Kong and the PRC. He graduated from the University of Michigan, USA in 1992 with a Bachelor of Science Degree in Electrical Engineering.

Ang Kok Leong, Executive Director

Mr K L Ang was appointed an Executive Director of ASL Marine in October 2002.

Mr K L Ang is responsible for developing marketing strategies and identifying new businesses, markets and customers for Europe, Australia, South America and East Malaysia. Mr K L Ang joined the Group on 1 January 1995 as a Marketing Executive in the shipbuilding division. He graduated from Carnegie Mellon University in 1994 with a Bachelor of Science Degree in Industrial Management.

Andre Yeap Poh Leong, Independent Director

Mr Yeap joined the Board in January 2003.

Mr Yeap is currently a Senior Counsel at Rajah & Tann LLP. Prior to joining Rajah & Tann LLP in 2004, he ran his own practice under the name “Andre Yeap & Co”. Mr Yeap had worked in various law firms in Singapore. He was a Senior Litigation Partner at Allen & Gledhill (now known as Allen & Gledhill LLP) where he had worked from 1987 to 2000, before joining the partnership of Lee & Lee in 2001. His practice focuses on banking, commercial and corporate litigation with special emphasis on securities and stockbroking-related litigation as well as construction litigation, including ship and oil-rig matters, both in Court and in arbitration. He was appointed Senior Counsel on 4 January 2003. He graduated from the National University of Singapore with a Bachelor’s Degree in Law and is a Fellow of the Singapore Institute of Arbitrators.

Christopher Chong Meng Tak, Independent Director

Mr Chong joined the Board in January 2006.

Mr Chong is a partner of ACH Investments Pte Ltd, a corporate advisory firm regulated by the MAS. He is currently an Independent Director of several other public companies including Cedar Strategic Holdings Ltd, Singapore O&G Ltd, Ying Li International Real Estate Limited and Forise International Limited listed on the SGX-ST and GLG Corp Ltd listed on the Australian Stock Exchange. Mr Chong is also a Director and/or an adviser to several private companies, significant Asian families and a regulatory branch of the Singapore Government.

Mr Chong has significant experience in capital markets, securities law, corporate governance and corporate affairs. Prior to co-founding ACH Investments Pte Ltd, he was an award winning analyst and the managing director of HSBC Securities (Singapore) Pte Ltd, formerly known as HSBC James Capel Securities (Singapore) Pte Ltd, and prior to this was an Executive Director of UOB Kay Hian Holdings Ltd, formerly known as Kay Hian James Capel Ltd.

Mr Chong holds a Bachelor Degree in Economics (First Class Honours) from the University College of Wales and a Masters in Business Administration from the London Business School. He is a member of the Institute of Chartered Accountants of Scotland, a Fellow of the Australian Institute of Certified Public Accountants, a Fellow of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Singapore Institute of Directors, a Fellow of the Australian Institute of Company Directors and a Master Stockbroker of the Securities and Derivatives Industry Association of Australia.

Tan Sek Khee, Independent Director

Mr Tan joined the Board in January 2014.

Mr Tan is currently the Independent Director of two other public companies, namely Eurotronic Group Limited and Ying Li International Real Estate Limited listed on the SGX-ST. Mr Tan is also the executive director of several private companies in Singapore, Indonesia, Thailand and China. Mr Tan brings to the Group extensive experience in general management, business development, marketing, procurement and logistics. He has more than 30 years of corporate and business experience in Singapore, Indonesia, Thailand and China.

Mr Tan holds a Bachelor's Degree of Commence from the National University of Singapore, and is a registered member of the Singapore Institute of Directors.

Senior Management

Tay Kes Siong, General Manager (Shipchartering)

Capt. Tay joined the Group in October 2002 and is responsible for managing the shipping operations of the Group, including marketing, overall fleet scheduling, maintenance, crew management, shipping agencies and freight forwarding.

Capt. Tay has more than 40 years of experience in the shipping and marine industry. Prior to joining the Group, Capt. Tay was a Marine Surveyor and a Director of Marine Management Surveyors and Services Pte Ltd which engaged in marine and cargo surveys, consultancy, sea trials, compass adjustments, pre-purchase inspections, shipping agencies, forwarding and crew management.

Toh Sock Kuan, Head of Corporate Finance and Treasury

Ms Toh joined the Group in March 2016 and is responsible for the corporate finance, investor relations and treasury management functions of the Group. Ms Toh has over 20 years of corporate banking experience, managing small and medium enterprises, large corporates to GLC accounts. From 2007 to 2016, she worked at a European bank where she was in charge of both corporate banking and financial institution duties as Head of Local Portfolio and Deputy Head, Corporate Banking.

Koh Kai Kheng Irene, Group Financial Controller and Company Secretary

Ms Koh joined the Group in May 2016 and is responsible for financial, accounting and corporate secretarial functions of the Group. Ms Koh holds a professional qualification from the Association of Chartered Certified Accountants (ACCA) and is a fellow member of the ACCA and Institute of Singapore Chartered Accountants.

Ms Koh first joined the Group as Accountant in July 2002 culminating to her last position as Senior Group Finance Manager in April 2014. She worked as external auditors in public accounting firms prior to joining the Group in 2002.