ASL MARINE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
Co. Reg. No. 200008542N

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017 – CLARIFICATION ANNOUNCEMENT

The Board of Directors of ASL Marine Holdings Ltd. (the "**Company**"), wishes to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 16 October 2017, with regards to the Material Uncertainty related to Going Concern included in the Independent Auditors' Report of the Company's annual report for the financial year ended 30 June 2017 ("**FY2017 Annual Report**"), as follows:

<u>SGX-ST's Queries:</u>

With reference to the Company's announcement of 12 October 2017 in relation to the Auditor's comments on Material Uncertainty related to Going Concern by Independent Auditor in the Company's FY2017 Annual Report, the Company has been asked to address and provide an explanation on the following:

1. It is disclosed in note 2.1 to the Financial Statements that, "the Directors are of the view that the Group will be able to generate positive cash flows from operations to meet working capital needs and to receive continued financial support from the Banks for a period of 12 months from the approved date of these financial statements." In this regard, please (i) elaborate on the bases of the Directors' view; and (ii) provide the Directors' comments on the Company's plans to fulfil its short-term financial obligations as and when they fall due; and

2. Please provide the Board's confirmation as to whether sufficient information has been disclosed by the Company to enable trading in the Company's securities to continue in an orderly manner.

<u>The Company's Response and Clarification:</u>

1. The Directors are of the view that the Company and the Group will be able to generate positive cash flows from operations to meet working capital needs and to receive continued financial support from the Banks for a period of 12 months from the approved date of these financial statements.

   (i) The Board reached this opinion on the following basis:

      a) As disclosed in our Annual Report and in a series of announcements in 2016 and 2017, the capital base and financial viability of the Company improved significantly after the financial restructuring program that included:

         - Raising gross proceeds of $25.2 million through a rights issue;
         - Obtained approval from noteholders to extend the maturity dates of its existing $100 million and $50 million notes originally due in March 2017 and October 2018 respectively for another three years each;
         - Obtaining a $99.9 million, 5 year Club Term Loan Facility ("**CTL Facility**") and is progressively drawing down to meet our cash flows needs; and
         - Re-profiling its existing term loans through extending the loan tenure thereby reducing monthly installment. The re-profiling significantly reduced the debt repayment for coming 12 months.

         The Directors viewed the CTL Facility and the re-profiling of our existing loans as support from our various lenders towards the Group's working capital needs. The Company has continued to drawdown the CTL Facility subsequent to FY2017.

      b) With respect to the breach of one of the covenants (the "**Breach**"), the Company informed the lenders of our potential breach and the lenders informed the Company that they were prepared to grant the waiver post the results in the event the covenant was breached. Post the results announcement, the Company has formally received a waiver letter on 4 October 2017 from the Lenders (the "**Waiver Letter**"). As the Waiver Letter was obtained after 30

June 2017, a reclassification on the long-term portion of the CTL facility to current liability was required under the Singapore Financial Reporting Standards (the "**Reclassification**").

The Waiver Letter stipulated that the Lenders have no intention to (i) direct the Facility Agent to issue a Default Declaration (as defined in the Facility Agreement) in respect of the Breach; or (ii) in respect of the Breach, cancel or demand an immediate repayment of the CTL Facility for the period of 12 months from the date of the Waiver Letter.

Notwithstanding the Reclassification, the Company will continue to service the CTL facility in accordance to the monthly repayment schedule of the Facility Agreement, over the 5-year tenor of the CTL Facility. Further, the Board notes that despite the Reclassification, the Group had positive net current assets of $63.8 million as at 30 June 2017.

c) The Directors of the Company questioned, reviewed and approved the management's cash flow forecast of the Group. The Directors also monitor the cash flow on a quarterly basis.

Given the context and given the above, barring any further deterioration in the offshore and marine industry, the Directors of the Company are of the view that adequate liquidity exists to finance working requirements of the Company and the Group for a period of 12 months from the approved date of the FY2017 Annual Report.

(ii) In fulfilling its short-term financial obligations:

a) the Group is currently working on re-profiling its existing property loans in Indonesia. When the re-profiling crystallizes, it will defer approximately $18 million. Accordingly, the $18 million will come off our current liabilities and be reclassified as non-current liabilities; and

b) the Group is committed to intensify trade debt collection, assets rationalization, maintaining a tight control over operational costs, negotiating with suppliers, improving productivity and tightening project execution and supervision.

2. The Board of Directors confirm that all material disclosures and information have been provided and announced for the trading of the Company's securities to continue in an orderly manner. The Board notes the following:

i) Pursuant to Rule 704(5) of the listing manual of SGX-ST, the Company has released an announcement on 12 October 2017, with respect to the Material Uncertainty related to Going Concern included in its FY2017 Annual Report, references with enclosures and Letter to Shareholders from Audit Committee were included in the announcement;

ii) The financial restructuring program of the Group is illustrated on page 17 "Improved Financial Flexibility" and page 20 "Funding Arrangements" of our FY2017 Annual Report; and

iii) On 20 January 2017 and 19 December 2016, the Company released announcements informing successful completion of its consent solicitation exercise and full subscription of its rights issue respectively.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman, Managing Director and CEO
19 October 2017