PROSPECTUS DATED 5 MARCH 2003

(registered by the Monetary Authority of Singapore on [●] 2003)

This document is important. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser.

We have applied to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares of $0.10 each (the "Shares") in the capital of ASL Marine Holdings Ltd (the "Company") already issued, the new Shares which are the subject of the Invitation (the "New Shares") as well as the Shares which may be allotted and issued upon the exercise of the options which may be granted pursuant to the ASL Employee Share Option Scheme (the "Option Shares"). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Our acceptance of applications will be conditional upon, *inter alia*, permission being granted to deal in, and for quotation of, all of our existing issued Shares, the New Shares and the Option Shares.

If the completion of the Invitation does not occur because the SGX-ST's permission is not granted or for any other reasons, monies paid in respect of any application accepted will be returned to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk, and you will not have any claims whatsoever against us or the Manager.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares, the New Shares or the Option Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of the Prospectus by the Authority does not imply that the Securities and Futures Act (Chapter 289 of Singapore), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares, the New Shares or the Option Shares, as the case may be, being offered or in respect of which an Invitation is made, for investment.

Investing in our Shares involves risks which are described in the section titled "RISK FACTORS" of this Prospectus. No Shares will be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

ASL

ASL MARINE HOLDINGS LTD

(Incorporated in the Republic of Singapore on 4 October 2000)

Invitation in respect of 50,000,000 New Shares of $0.10 each comprising:-

(a) 10,000,000 Offer Shares at $0.21 each by way of public offer; and

(b) 40,000,000 Placement Shares by way of placement comprising:-

- **(i) a minimum of 37,000,000 Placement Shares at $0.21 each; and**
- **(ii) up to 3,000,000 Reserved Shares at $0.21 each reserved for employees, business associates and others who have contributed to the success of our Group,**

payable in full on application.

Manager, Underwriter and Placement Agent

UOB ASIA LIMITED

Primary Sub-Underwriters and Primary Sub-Placement Agents

UNITED OVERSEAS BANK LIMITED

UOBKayHian

UOB KAY HIAN PRIVATE LIMITED

Corporate Overview

- We are an integrated marine company principally involved in shipyard operations and shipchartering.
- Our facilities bases are located in Singapore and Batam, Indonesia.
- We service customers mainly from Asia Pacific, South Asia, the Middle East and Europe. They include companies in the offshore and marine infrastructure, shipping, port operation and other sectors/industries. Singapore is our biggest market.
- Some of our major customers include PSA Marine (Pte) Ltd, PT Karimun Granite, PT Agus Suta Lines, Boskalis International (S) Pte Ltd, TOA-JDN (PUT) Joint Venture, and Dredging International Asia-Pacific Pte Ltd.

Principal Business Activities

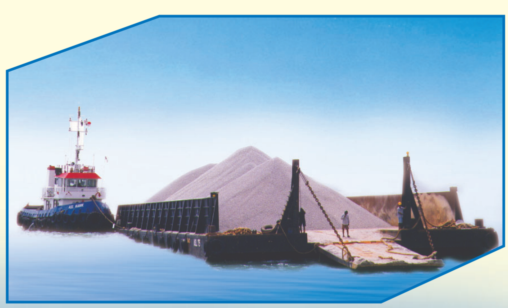
Shipyard operations

Shipbuilding, shiprepair and other marine-related services

- For shipbuilding, we specialise in building vessels of up to 110m in length including tugboats, barges and tankers.
  Completed the construction of 50 vessels comprising 45 barges and 5 tugboats in FY2002.
- Shiprepair facilities for drydocking and afloat repairs.
  Wide range of shiprepair works such as retrofitting and conversion, renewal works, blasting and painting, electrical and electronics works and mechanical works.
- Other marine-related services include logistical support, general engineering services, sale and/or repair/servicing of marine equipment.
- Shipyards in Singapore and Batam occupy an area of approximately 37,219 sqm and approximately 300,000 sqm respectively, and have the following capacities:-
  Singapore yard – Total of up to 20 vessels, for newbuildings and shiprepairs, both drydocked and afloat.
  Batam yard – Total of up to 25 vessels, for newbuildings and afloat shiprepairs.
- Our Singapore yard has a flexible drydocking configuration, and utilises the mobile boat hoist Marine Travelift™ 800CMO which has a lifting capacity of approximately 800 tonnes.
- Plans are underway to build a drydocking facility in our Batam shipyard.

Shipchartering

- Positioned as an established provider of sea transportation comprising mainly tugboats and barges.
  - Fleet comprised 96 tugboats and barges, as at 24 January 2003 (Latest Practicable Date).
- Service largely the offshore and marine infrastructure, as well as other sectors /industries.
- Deploy vessels to countries in Asia Pacific, South Asia, and in the Middle East.



Competitive Strengths

Integration of services

- We build vessels to order and for our shipchartering operations.
- Vessels built for our shipchartering operations may also be sold should the demand opportunity arise, enabling us to capitalise on market situations.
- Our ability to carry out our own shiprepair allows us better control over the schedule and cost of such repairs.
- Shipbuilding and shiprepair operations typically share similar facilities, equipment and labour. Our ability to build vessels in-house and maintain and service them using our own shipyards helps reduce our costs of operations.

Established relationships with customers

- We have established good business relationships with our customers from different industries, with repeat customers accounting for approximately 77%, 95% and 92% of our revenue for FY2000, FY2001 and FY2002 respectively.

Creditable track record

- We have grown steadily over the years, and have been profitable. We have undertaken diverse repair projects and have established ourselves in the shipbuilding market for tugboats and barges.
- We are a significant player in the transportation of granite and other resource materials largely for the offshore and marine infrastructure sector, mainly in Singapore.

Cost-efficient shipyard operations and ship chartering business

- Costs management is a key focus of our operations, enabling us to price our services competitively. Our extensive experience in shipyard operations has enabled us to streamline our systems and processes for better efficiency and improved quality.
- Our Batam shipyard was established to capitalise on lower costs of land, land development, labour, and some overheads as compared to Singapore.
- Maintenance costs are generally low for our charter fleet with average age of about 8 years as at 24 January 2003 (Latest Practicable Date).

Complementary shipyard operations

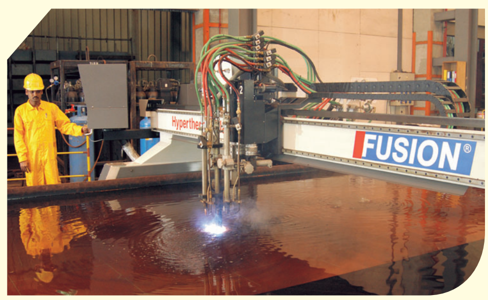
- Shipbuilding and shiprepair projects may be carried out completely in each of our shipyards or may be managed in "modules", with work performed either in our Batam or Singapore shipyards where there are advantages in costs and/or management and technical expertise.

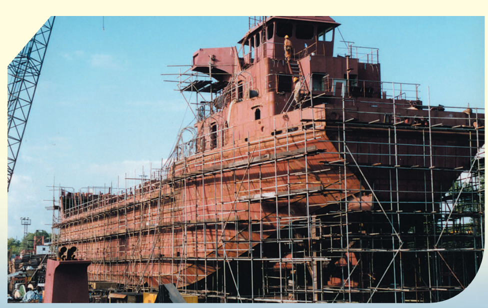
Strategic location of shipyards

- Our shipyards are located in Singapore and Batam, Indonesia, which are positioned strategically near main regional and international shipping lanes.
- Singapore is a recognised regional shipping and transhipment hub.

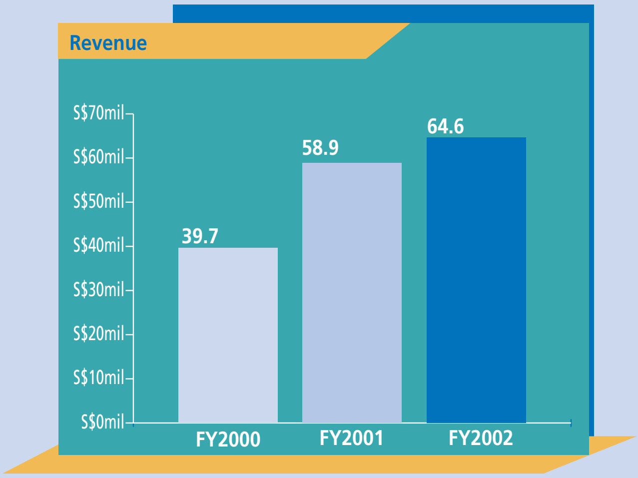
Experienced management team

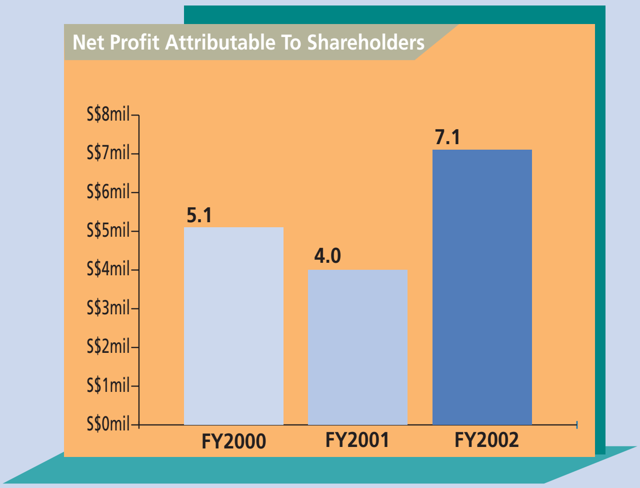
- The capabilities of our experienced and dedicated management are evidenced by the growth in our Group's revenue, profit, market coverage and scale of operations. Our Group has been profitable since our existence as a provider of shipchartering and shipbuilding/shiprepair services.

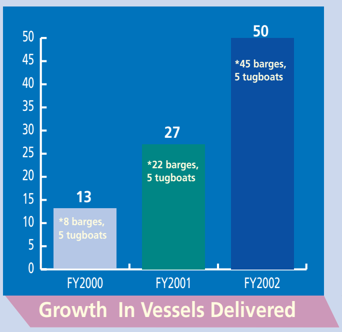


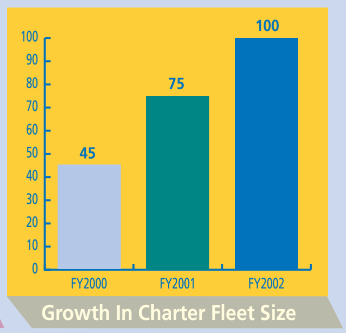


Financial Highlights

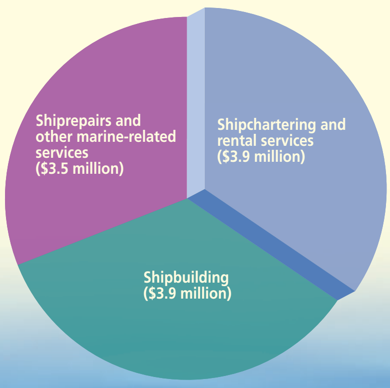








Gross Profit by Operations for FY2002



Business Strategy

- To provide a wider and more comprehensive range of shipyard services
- To expand or develop the range of sectors serviced by our shipchartering business
- To expand the geographical coverage of our vessels and/or our current client base
- To further strengthen relationships with existing customers
- To maintain commitment to quality and turnaround time reliability
- To maintain competitive price positioning through improvements in costs efficiency

Order Books

As at 24 January 2003 (Latest Practicable Date), orders secured amounted to approximately:

- $44.8 million for shipyard business; and
- $10.0 million for shipchartering business.

Future Plans

To set up a drydocking facility in Batam, Indonesia

- We intend to build a floating dock which will have a maximum lifting capacity of approximately 4,500 tonnes to complement our current shipbuilding and afloat shiprepair facilities.
- The floating dock is expected to be completed in early 2004.

To build and service a wider range of vessels

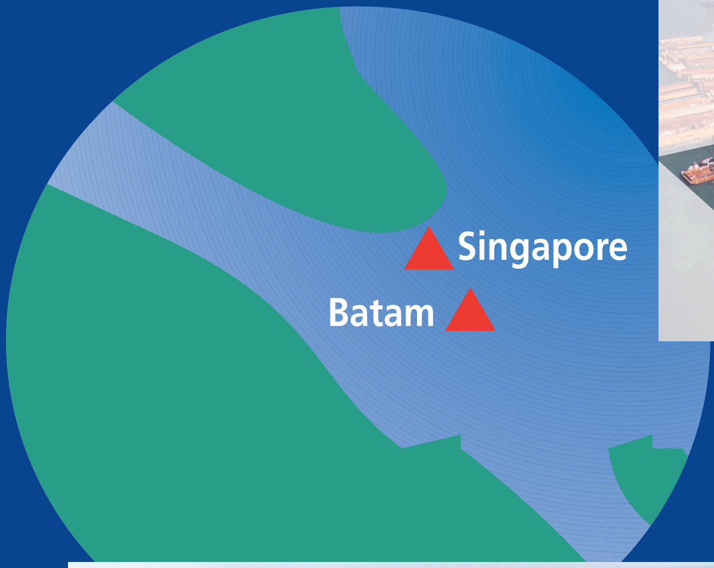
- We intend to build and repair larger vessels and broaden the range of vessels that we build and/or repair to include other vessels such as offshore support vessels, general cargo, bulk carriers and dredging vessels.

To explore joint ventures and/or strategic alliances with existing customers

- We will consider joint ventures or joint operations of vessels and/or facilities to expand our core businesses and to tap into their existing networks of customers and routes they service.

To expand the range of sectors and geographical coverage in which our vessels operate

- We intend to exert more active efforts to establish our shipchartering business in the offshore oil and gas industry and to expand our existing fleet of tugboats and barges.
- We also intend to market our shipchartering services more extensively in the Middle East, other parts of Asia such as India and PRC, and Australia.
- We will consider having shipyard and other marine operations in other countries where there will be additional cost and geographical (e.g. market) advantages.



Our shipyards are located in Singapore and Batam, Indonesia, which are positioned strategically near main regional and international shipping lanes.







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CORPORATE INFORMATION

Board of Directors	:	Ang Kok Tian (*Chairman and Managing Director*) Ang Ah Nui (*Deputy Managing Director*) Ang Kok Eng (*Executive Director*) Ang Kok Leong (*Executive Director*) Hwang Soo Chin (*Independent Director*) Andre Yeap Poh Leong (*Independent Director*)
Company Secretary	:	Goh Nancy CPA
Registered Office	:	19 Pandan Road Singapore 609271
Company Registration Number	:	200008542N
Share Registrar and Share Transfer Agent	:	M & C Services Private Limited 138 Robinson Road #17-00 The Corporate Office Singapore 068906
Manager, Underwriter and Placement Agent	:	UOB Asia Limited 80 Raffles Place UOB Plaza Singapore 048624
Primary Sub-Underwriters and Primary Sub-Placement Agents	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624 UOB Kay Hian Private Limited 80 Raffles Place #30-01 UOB Plaza 1 Singapore 048624
Auditors and Reporting Accountants	:	KPMG Certified Public Accountants 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Solicitors to the Invitation	:	Wong Partnership 80 Raffles Place #58-01 UOB Plaza 1 Singapore 048624
Solicitors as to Indonesian Law	:	Makarim & Taira S Summitmas I, 17th Floor, Jl. Jenderal Sudirman Kav. 61 -62, Jakarta 12069 Indonesia
Receiving Bank	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

Principal Bankers	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624 The Development Bank of Singapore Ltd 6 Shenton Way DBS Building Tower Two Singapore 068809

DEFINITIONS

In this Prospectus and the accompanying Application Forms, the following definitions apply where the context so admits:-

Companies

"Company" or "ASL Marine"	:	ASL Marine Holdings Ltd, a company incorporated in Singapore
"ASL Group", "Group", "we", "us" or "our"	:	The group of companies comprising the Company and its subsidiaries as at the date of this Prospectus
"ASL Project"	:	ASL Project Services Pte Ltd, a company incorporated in Singapore
"ASL Shipyard"	:	ASL Shipyard Pte Ltd, a company incorporated in Singapore
"Capitol Marine"	:	Capitol Marine Pte Ltd, a company incorporated in Singapore
"Capitol Offshore"	:	Capitol Offshore Pte Ltd, a company incorporated in Singapore
"Capitol Shipping"	:	Capitol Shipping Pte Ltd, a company incorporated in Singapore
"Capitol Tug & Barge"	:	Capitol Tug & Barge Pte Ltd, a company incorporated in Singapore
"Kenwell"	:	Kenwell Offshore Pte Ltd, a company incorporated in Singapore
"Lightmode"	:	Lightmode Pte Ltd, a company incorporated in Singapore
"PT ASL" or "PT ASL Shipyard"	:	PT ASL Shipyard Indonesia, a company incorporated in the Republic of Indonesia

General

"Act" or "Companies Act"	:	The Companies Act (Chapter 50 of Singapore)
"Application Forms"	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus
"Application List"	:	The list of applications for subscription of the New Shares
"associated company"	:	In relation to a corporation, means:- (a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20% but not more than 50% of the aggregate of the nominal amount of all the voting shares; or (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially.

"ATM"	:	Automated teller machines of a Participating Bank
"Audit Committee"	:	Audit Committee of the Company
"Authority"	:	The Monetary Authority of Singapore
"CDP"	:	The Central Depository (Pte) Limited
"controlling shareholder"	:	In relation to a corporation, means:- (a) a person who has an interest in the voting shares of a corporation and who exercises control over the corporation; or (b) a person who has an interest of 15% or more of the aggregate of the nominal amount of all the voting shares in a corporation, unless he does not exercise control over the corporation.
"CPF"	:	The Central Provident Fund
"Directors"	:	The directors of our Company as at the date of this Prospectus
"EDB"	:	Economic Development Board of Singapore
"Electronic Applications"	:	Applications for the Offer Shares made through an ATM or through Internet Banking websites in accordance with the terms and conditions of this Prospectus
"EPS"	:	Earnings per Share
"ESOS"	:	ASL Employee Share Option Scheme
"Executive Officers"	:	The executive officers of our Company as at the date of this Prospectus
"FY"	:	Financial year ended or, as the case may be, ending 30 June
"Hong Kong"	:	Hong Kong, Special Administrative Region
"Internet Banking websites"	:	Internet websites of UOB and DBS
"Invitation"	:	The invitation by us to the public to subscribe for the New Shares upon the terms of and subject to the conditions set out in this Prospectus
"Invitation Shares"	:	50,000,000 Shares which are the subject of the Invitation comprising 50,000,000 New Shares
"Issue Price"	:	$0.21 for each New Share
"JTC"	:	Jurong Town Corporation
"Latest Practicable Date"	:	24 January 2003
"Manager"	:	UOB Asia Limited
"Market Day"	:	A day on which the SGX-ST is open for trading in securities

"New Shares"	:	The 50,000,000 new Shares for which we invite applications to subscribe pursuant to the Invitation
"NTA"	:	Net Tangible Assets
"Offer"	:	The offer by us of the Offer Shares to the public in Singapore for subscription at the Offer Price upon the terms and subject to the conditions set out in this Prospectus
"Offer Shares"	:	The 10,000,000 New Shares which are the subject of the Offer
"Options"	:	The options which may be granted pursuant to the ESOS
"Option Shares"	:	The new Shares (not exceeding 15% of the issued share capital of our Company on the date preceding the date of grant of an Option) which may be allotted and issued upon the exercise of Options
"Participating Banks"	:	United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited ("UOB Group"); The Development Bank of Singapore Ltd (including POSB) ("DBS"); and Oversea-Chinese Banking Corporation Limited ("OCBC") Group (comprising OCBC, and Bank of Singapore Limited)
"Placement"	:	The placement of the Placement Shares by the Placement Agent on our behalf for subscription at the Issue Price upon the terms and subject to the conditions set out in this Prospectus
"Placement Agent"	:	UOB Asia Limited
"Placement Shares"	:	The 40,000,000 New Shares which are the subject of the Placement
"PRC"	:	People's Republic of China
"Reserved Shares"	:	Up to 3,000,000 Placement Shares reserved for employees, business associates and others who have contributed to the success of our Group
"Restructuring Exercise"	:	The corporate restructuring exercise undertaken by the Group in connection with the Invitation as described on pages 44 and 45 of this Prospectus
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"Securities Account"	:	The securities account maintained by a depositor with CDP
"Securities and Futures Act"	:	The Securities and Futures Act (Chapter 289 of Singapore)
"Securities and Futures Regulations"	:	The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2002
"Shareholder"	:	Shareholder holding Shares in the capital of our Company
"Shares"	:	Ordinary shares of $0.10 each in the capital of our Company
"Stock Exchange" or *"SGX-ST"*	:	Singapore Exchange Securities Trading Limited
"Underwriter"	:	UOB Asia Limited
"UOB Asia"	:	UOB Asia Limited

Currencies, Units and Others

"cu m"	:	Cubic metre
"ha"	:	Hectare
"m"	:	Metre
"sq ft"	:	Square feet
"sq m"	:	Square metre
"tonne"	:	Metric tonne
"¥" or "Yen"	:	Japanese Yen
"$" or "S$" and "cents"	:	Singapore dollars and cents respectively
"US" or "United States"	:	United States of America
"US$" and "US cents"	:	United States dollars and cents respectively
"%" or "per cent."	:	Per centum

The expressions "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Prospectus and the Application Forms to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act or any statutory modification thereof and used in this Prospectus and the Application Forms shall have the meaning assigned to it under the Companies Act, the Securities and Futures Act or such statutory modification, as the case may be.

Any reference in this Prospectus and the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Prospectus is a reference to Singapore time.

GLOSSARY OF TECHNICAL TERMS

The glossary contains an explanation of certain terms used in this Prospectus in connection with our group of companies and our business. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms.

"afloat repairs"	:	Repairs undertaken while the vessel is afloat and anchored at a location, typically, a jetty or anchorage and not drydocked
"barge"	:	A flat bottomed steel vessel used for the transportation of cargoes. Customarily used in commercial ship canals and in ports where ships are unable to load or unload at the quay due to shallow draft. Commonly used for beaching operations for purpose of loading/unloading cargoes in remote and shallow waters not accessible to conventional ships
"berth"	:	A place alongside a quay where a vessel may load or discharge its cargo
"bhp" or "brake horse power"	:	A measure of engine power
"bollard pull"	:	The force, in tonnes, that a tugboat is capable of exerting against a stationary object. It is a criteria for measuring the towing power of tugboats
"bow"	:	Curved parts of the forward end of the vessel
"bunker"	:	Marine fuel for a ship's engines
"bunkering tanker"	:	Vessel designed for the carriage of bunker
"charter"	:	A contract between shipowner and charterer
"charterer"	:	A person or firm hiring a vessel for the carriage of goods or other purposes
"Chief Engineer"	:	A person who is in charge of the maintenance of the engine machinery in a vessel
"Chief Officer"	:	The person who is second-in-command in respect of the navigation of the vessel and assists the Master in the operation and maintenance of a vessel
"classification societies"	:	Worldwide experienced and reputable societies which undertake to arrange inspections and advise on the hull and machinery of vessels; and are responsible to ensure that the vessels are built or maintained according to the relevant statutory requirements
"contract of affreightment"	:	A contract to carry goods in one or more voyages, using one or more vessels, where the owner bears the cost of the crew and fuel. The rate is based on the quantity eg. weight or volume of the cargo
"dock"	:	An enclosed basin surrounded by quays used for berthing and unberthing vessels

"dredging"	:	The removal of sand, silt, wreckage or other obstruction from the sea bed for purposes of deepening the sea bed for vessel movement
"drydocking"	:	Refers to the process by which a vessel manoeuvres into and comes to rests in the drydock
"dwt" or "deadweight tonnes"	:	One dwt equals 1,000 kilogrammes and is a measure of the total load which a ship can carry, including its cargo, provisions, fuel, stores, bunker, crew and spares
"floating dock"	:	A floating structure used for repairing vessels out of the water. It is capable of being partially submerged to enable the vessels to enter and leave
"grt" or "gross registered tonnage"	:	Measure of the overall volume of a vessel (factor times metric cubic metres) determined in accordance with the Merchant Shipping (Tonnage) Regulations
"launching"	:	Operation of transferring a vessel from dry land to the water
"load line"	:	A line indicating the maximum depth to which a vessel, other than a passenger vessel, may be immersed in circumstances prescribed by various government regulations
"Master"	:	The person who commands and is overall in charge of the operation and maintenance of the vessel
"mobile boat hoist" or "shiplift"	:	A piece of machinery which may be moved from one part of the yard to another and is designed to lift small vessels
"newbuilding"	:	A vessel under construction and/or order
"offshore and marine infrastructure"	:	Includes offshore/marine activities such as dredging, land reclamation, seabed levelling, construction of ports, storage depots, quay walls and docks; offshore oil and gas, sewage, water and other pipelines/tunnels, coastal and riverbank protection, breakwaters, and underwater cables
"pneumatic rubber fenders"	:	Shock absorbers which are used during berthing and between vessels coming alongside each other so as to eliminate contact between the vessel and the berthing structure or another vessel (as the case may be)
"Protection & Indemnity Club" or "P & I Club"	:	A mutual association formed by shipowners to provide protection from financial loss to members by contribution towards that loss by all members, covering liabilities not insurable by the shipowner in the running of his ship, such as cost of defending claims made by cargo owners and third parties
"stern"	:	The rear of the vessel
"superstructure"	:	The part of the vessel that is above the main deck. Typically, this is where the navigation bridge (or wheel house) and accommodations of the crew are located
"tanker"	:	A vessel designed for the carriage of liquid cargo in bulk such as crude oil, refined products or marine fuel for ships
"tug" or "tugboat"	:	A vessel with powerful engines designed for towage and easy manoeuvrability. Normally used for berthing and unberthing operations

Types of charters

"bareboat charter"	:	A charter contract where the vessel is chartered out without crew for a specific period of time and where the maintenance and operating costs of the vessel are borne by the charterer
"spot charter"	:	Immediate or ad hoc charter, when a ship happens to be at or in the vicinity of the port of loading. Normally for short duration to cover the intended voyage
"time charter"	:	The hiring of a ship from a shipowner for a period of time. Under this type of contract, the shipowner places his ship, with crew and equipment, at the disposal of the charterer, for which the charterer pays hire money and, subject to any restrictions in the contract, the charterer decides the type and quantity of cargo to be carried and the ports of loading and discharging. He is responsible for supplying the ship with bunkers and for the payment of cargo handling operations, port charges, pilotage, towage and ship's agency. The technical operation and navigation of the ship remain the responsibility of the shipowner
"voyage charter"	:	A contract of carriage, which the charterer pays for the use of a ship's cargo space for one, or sometimes more than one, voyage. Under this type of charter, the shipowner pays all the operating costs of the ship while payment for port and cargo handling charges are the subject of agreement between the parties. Freight is generally paid per unit of cargo, such as a tonne, based on an agreed quantity, or as a lump sum irrespective of the quantity loaded

Tugboats

"anchor handling tug"	:	A tugboat equipped with handling winches used specifically for the lifting and handling of anchors
"azimuth stern drive tug"	:	A tugboat fitted with 360-degree steerable rudder propellers fitted at stern that makes it highly manoeuvrable. Such a tugboat is well-suited for berthing vessels
"tractor tug"	:	A tugboat that is propelled by blades or screws fitted below and slightly forward of the keel which may be rotated 360-degrees. This makes it highly manoeuvrable and well-suited for berthing vessels
"tugboat-cum workboat"	:	A tugboat fitted with specialised equipment such as cranes or winches on board that allows the vessel to function both as a tugboat and as a workboat for lifting various objects

Barges

"clamp-shell dredger"	:	A barge designed to remove mud, sand and other aggregates from the sea bed or from a river bed using a clamp-shell bucket. The dredged materials may then be transferred to a hopper barge for removal
"crane barge"	:	A barge on which is mounted a crane for lifting equipment and materials
"flat-top deck cargo barge"	:	A barge designed to carry cargo on its open deck

"hopper barge"	:	A barge designed to transport dredged materials such as sand and mud and to discharge the materials through the doors or openings located at the bottom of the barge. It is mainly engaged in dredging operations
"oil barge"	:	A barge designed for the carriage of either crude or refined oil
"work barge"	:	A barge designed as a platform for the loading and unloading of cargo and/or personnel or as a temporary workspace for the handling of equipment and materials

DETAILS OF THE INVITATION

Listing on the SGX-ST

Application has been made to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued, the New Shares which are the subject of the Invitation and the Option Shares. Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Our acceptance of applications will be conditional upon *inter alia*, permission being granted to deal in, and for quotation of, all of our existing issued Shares, the New Shares and the Option Shares. If the completion of the Invitation does not occur because the SGX-ST's permission is not granted or for any other reasons, monies paid in respect of any application accepted will be returned to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares, the New Shares or the Option Shares.

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of the Prospectus. Registration of the Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares, the New Shares or the Option Shares, as the case may be, being offered or in respect of which an invitation is made, for investment.

If a stop order is issued by the Authority under the Securities and Futures Act, monies paid in respect of any application accepted will be returned without any interest or share of revenue or other benefit arising therefrom, and at the applicants' own risk within 14 days from the issue of the stop order.

This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statements in this Prospectus misleading.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us or the Manager. Neither the delivery of this Prospectus and the Application Forms nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in the statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, we may, if required, lodge a supplementary or replacement prospectus pursuant to Section 241 of the Securities and Futures Act and make an announcement of the same to the SGX-ST. All applicants should take note of any such announcement and, upon release of such an announcement, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies.

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the New Shares or for any other purpose. **This Prospectus does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.**

Copies of this Prospectus and the Application Forms and envelopes may be obtained on request, subject to availability during office hours, from:-

UOB ASIA LIMITED
1 Raffles Place
#13-01 OUB Centre
Singapore 048616

and members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website http://www.sgx.com.

Where applications have been made for the New Shares prior to the lodgement of a supplementary or replacement prospectus, we shall, within seven days from the date of lodgement of the supplementary or replacement prospectus (as the case may be), either:-

(a) provide the applicants with a copy of the supplementary or replacement prospectus and provide the applicants with an option to withdraw their applications; or

(b) treat the applications as withdrawn and cancelled and return all monies paid, without interest or any share of revenue or other benefit arising therefrom, in respect of any application accepted within seven days from the date of lodgement of the supplementary or replacement prospectus.

Any applicant who wishes to exercise his option to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify us whereupon we shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at the applicants' risk.

The Application List will open at 10.00 a.m. on 13 March 2003 and will remain open until 12.00 noon on the same day or for such further period or periods as our Directors may, in consultation with the Manager, decide, subject to any limitation under all applicable laws. In the event a supplementary or replacement prospectus is lodged, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement prospectus.

Indicative Timetable for Listing

In accordance with the SGX-ST News Release of 28 May 1993 on the trading of initial public offering shares on a "when issued" basis, an indicative timetable is set out below for your reference:-

Indicative date/time	Event
12.00 noon on 13 March 2003	Close of Application List
14 March 2003	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
9.00 a.m. on 17 March 2003	Commence trading on a "when issued" basis
24 March 2003	Last day of trading on a "when issued" basis
9.00 a.m. on 25 March 2003	Commence trading on a "ready" basis
28 March 2003	Settlement date for all trades done on a "when issued" basis and for trades done on a "ready" basis on 25 March 2003

The above timetable is only indicative as it assumes that the date of closing of the Application List is 13 March 2003, the date of admission of our Company to the Official List of the SGX-ST is 17 March 2003, the shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 17 March 2003. The actual date on which our Shares will commence trading on a "when issued" basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit trading on a "when issued" basis and the commencement date of such trading. All persons trading in our Shares on a "when issued" basis do so at their own risk. **In particular, persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted with or are otherwise beneficially entitled to. Such persons are also exposed to the risk of having to cover their net sell positions earlier if "when issued" trading ends sooner than the indicative date shown above. Persons who have a net sell position traded on a "when issued" basis should close their position on or before the first day of "ready" basis trading.**

Investors should consult the SGX-ST's announcement on "ready" trading date on the Internet (at SGX-ST website http://www.sgx.com) or the newspapers or check with their brokers on the date on which trading on a "ready" basis will commence. In the event of any early or extended closure of the Application List or the shortening or extension of the time period during which the Invitation is open, this will be announced:-

- through a MASNET announcement to be posted on the Internet at the SGX-ST web-site http://www.sgx.com; and
- in a local English newspaper, namely the Straits Times.

PLAN OF DISTRIBUTION

The Issue Price is determined by us in consultation with the Manager, based on market conditions and estimated market demand for our Shares determined through a book-building process. The Issue Price is the same for all Invitation Shares and is payable in full on application.

Offer Shares

The Offer Shares are made available to the members of the public in Singapore for subscription at the Issue Price. The terms and conditions and procedures for application are described in Appendix I on pages 166 to 182 of this Prospectus.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors and approved by the SGX-ST.

Pursuant to the terms and conditions contained in the Management and Underwriting Agreement signed between our Company, the Manager and the Underwriter dated 5 March 2003, the Underwriter has agreed to underwrite our Offer Shares.

Placement Shares (excluding Reserved Shares)

The Placement Shares (excluding Reserved Shares) are reserved for placement to members of the public and institutional investors in Singapore.

Application for the Placement Shares may only be made by way of application forms. The terms and conditions and procedures for application are described in Appendix I on pages 166 to 182 of this Prospectus.

Pursuant to the terms and conditions in the Placement Agreement signed between our Company and the Placement Agent dated 5 March 2003, the Placement Agent agreed to subscribe for and/or procure subscribers for the Placement Shares at the Issue Price.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Reserved Shares

To recognise contributions to our Group, we have reserved up to 3,000,000 Placement Shares for subscription at the Issue Price by our employees, business associates and others who have contributed to the success of our Group. These Reserved Shares are not subject to any moratorium and may be disposed off after the admission of our Company to the Official List of the SGX-ST. In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List or, in the event of an under-subscription for the Placement Shares as at the close of the Application List, to satisfy applications made by members of the public for the Offer Shares to the extent there is an over-subscription for the Offer Shares as at the close of the Application List.

None of our Shareholders or Directors intend to subscribe for Shares in the Invitation.

None of the members of our Company's management or employees intend to subscribe for Shares in the Invitation amounting to more than 5% of the Invitation Shares.

We are not aware of any person who intends to subscribe for Shares in the Invitation amounting to more than 5% of the Invitation Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for Shares amounting to more than 5% of the Invitation Shares. If such person(s) were to make an application for Shares amounting to more than 5% of the Invitation Shares and subsequently be allocated or allotted such number of Shares, we will make the necessary announcements at an appropriate time.

Further, no Shares shall be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

PROSPECTUS SUMMARY

The information contained in this summary is derived from, and should be read in conjunction with, the full text of this Prospectus. In addition to this summary, we urge you to read the entire Prospectus carefully, especially the discussion of the risks of investing in our Shares under "Risk Factors" before deciding to subscribe for our Shares. References to "our Group", "we", "our", and "us" refer to ASL Marine and our subsidiaries, where appropriate.

OUR COMPANY

Our Company was incorporated under the Act as a private company limited by shares under the name of "ASL Marine Holdings Pte Ltd". On 29 January 2003, we were converted into a public limited company and changed our name to "ASL Marine Holdings Ltd".

In preparation for a listing on the SGX-ST, we undertook the Restructuring Exercise to rationalise our corporate structure and business activities, eliminate conflict of interest arising therefrom and to consolidate the principal entities of our Group as subsidiaries under ASL Marine Holdings Ltd.

OUR BUSINESS

We are an integrated marine company principally involved in the businesses of shipyard operations and shipchartering. We have facilities bases in Singapore and Batam, Indonesia, and service customers mainly from Asia Pacific, South Asia, Middle East and Europe. Our customers include companies in the offshore and marine infrastructure, shipping, port operation and other sectors/industries.

Our business activities are segmented into two main divisions:-

Shipyard operations

Our shipyard operations include shipbuilding, shiprepair and other marine-related services. Our operations are conducted through ASL Shipyard in Singapore and PT ASL in Batam, Indonesia. We build vessels and other floating structures, specialising in vessels of up to 110m in length, including tugboats, barges and tankers. We also have the experience and capability to build other types of vessels such as landing crafts. Our Group is able to undertake a wide range of repair works such as retrofitting and conversion, renewal works, blasting and painting, electrical and electronics works and mechanical works. Our Group is also able to perform afloat repairs in both our Singapore and Batam shipyards. This includes repair of small- and medium-sized vessels, as well as larger vessels such as tankers, dredgers and large work vessels. Our Singapore shipyard has drydocking facilities utilising our mobile boat hoist Marine Travelift™ 800CMO ("Travelift"), and plans are underway to build a drydocking facility in our Batam shipyard.

We also provide other marine-related services such as logistical support, general engineering services, sales and/or repair/servicing of marine equipment.

As at the Latest Practicable Date, ASL Shipyard occupies an area of approximately 37,219 sq m, has a total berthing space of approximately 255m and a maximum capacity of up to 20 vessels for shipbuilding and/or shiprepair operations, both drydocked and afloat. The shipyard has a flexible drydocking configuration, and includes the Travelift which has a lifting capacity of approximately 800 tonnes. As at the Latest Practicable Date, PT ASL occupies an area of approximately 300,000 sq m, has approximately 420m of berth space and can berth up to 10 vessels at any one time for shiprepairs. Furthermore, PT ASL's shipyard land can accommodate up to 15 newbuilding projects.

Shipchartering

We are positioned as an established provider of mainly tugboats and barges, currently servicing largely the offshore and marine infrastructure, and other sectors/industries. We offer the charter of tugboats and barges as well as transport mainly granite and other resource materials, construction equipment, boulders and marine rocks, coal, seabed dredged materials, logs and timber and other cargo used for offshore and marine infrastructure, and other industries/sectors. Our biggest markets are in Singapore and Indonesia. In addition, we also service customers from Hong Kong, Philippines, Australia and Europe. We also deploy our vessels to other countries in Asia Pacific and South Asia such as Hong Kong, Sri Lanka, Micronesia and India, and in the Middle East such as Qatar and the United Arab Emirates.

In the last three financial years ended 30 June 2000, 2001 and 2002, our revenue was approximately \$39.7 million, \$58.9 million and \$64.6 million respectively. Our profit after taxation and minority interests was approximately \$5.1 million, \$4.0 million, and \$7.1 million for the corresponding periods respectively.

OUR COMPETITIVE STRENGTHS

Our competitive strengths include the following:-

Integration of services

We are an integrated marine company involved in the business of shipyard operations and shipchartering. We build vessels to order and for our chartering operations. The vessels we build for our chartering operations may also be sold should the demand opportunity arise. Thus, we are able to capitalise on market situations.

Although shipbuilding and shiprepairs have different business processes, they typically use similar facilities, equipment and labour, which may be shared. In addition, we are able to build our vessels in-house and subsequently maintain and service them using our own shipyards allowing better control over the schedule and costs of such repairs.

Established relationships with customers

We have been in shipyard operations and the shipchartering business for over 14 years. Over the years of our operations, we have established good business relationships with our customers from different industries which include companies in the offshore and marine infrastructure, shipping, port operation and other sectors/industries. Repeat customers have accounted for a substantial proportion of our revenue for the past three financial years. Our repeat customers accounted for approximately 77%, 95% and 92% of our revenue for the past three financial years ended 30 June 2000, 2001 and 2002 respectively.

Creditable track record

Over the years of our operations, we have grown steadily and have been profitable. To date, we have undertaken diverse repair projects ranging from retrofitting and conversion, renewal works, painting and blasting, electrical and electronics works and mechanical works. We can build vessels of up to 110m in length and have established ourselves in the shipbuilding market for tugboats and barges.

For our shipchartering business, we operate actively in Southeast Asia and have carved out a niche position as a significant player in the transportation of granite and other resource materials largely for the offshore and marine infrastructure sector, mainly in Singapore.

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

Costs management is a key focus of our operations. Our Batam shipyard was set up primarily to capitalise on lower costs of land, land development, labour, and some overheads as compared to Singapore. In our shipchartering business, maintenance costs are generally low for our fleet of vessels which is generally young with an average age of about 8 years as at the Latest Practicable Date. In our commitment to quality, we are able to customise shipbuilding projects and endeavour to ensure timely execution and delivery of our shipbuilding and shiprepair projects. Our extensive experience in shipyard operations has enabled us to streamline our systems and processes for better efficiency and improved quality.

Complementary shipyard operations

We are able to attain further costs efficiency from the rationalisation of operations between our Singapore and Batam shipyards without compromising on turnaround time. Shipbuilding and shiprepair 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 either in our Batam or Singapore 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 our Batam shipyard, and in turn assembled at our Singapore shipyard. For example, the superstructure of a vessel is built in modules in our Batam shipyard and then transported to our Singapore shipyard for final assembly including installation of electrical, wiring, navigational equipment and systems. Furthermore, we can mobilise our technical people between the two shipyards.

Strategic location of shipyards

Singapore is one of the main centres for shipyard operations in Southeast Asia. Currently our shipyards are located in Singapore and Batam, Indonesia, which are positioned strategically near main regional and international shipping lanes. We believe that the locations of our shipyards put us in a good competitive position particularly vis-à-vis other companies engaged in shipping and shiprepairs located in other parts of Asia.

Experienced management team

Our continual success in our field of marine business is led and supported by our pool of experienced and dedicated management. The management of our Group is led by Messrs Ang Kok Tian and Ang Ah Nui who each have approximately 15 years of experience in the shipping and shipyard industries. Their capabilities are evidenced by the growth in our Group's revenue, profit, market coverage and scale of operations.

OUR STRATEGY

Our business strategies are as follows:-

- To provide a wider and more comprehensive range of shipyard businesses, with emphasis on increasing the size/tonnage and types of vessels that we build or service and becoming an integrated provider of marine engineering and logistic services.

- To expand or develop the range of sectors serviced by our shipchartering business.

- To expand the geographical coverage of our vessels and/or our current client base by actively marketing our services to countries other than Singapore and Indonesia and/or through strategic alliances, joint ventures and/or acquisition opportunities.

- To further strengthen relationships with our existing customers.

- To maintain commitment to quality of our marine products and services, and turnaround time reliability, that is, limited project delays with respect to our shipbuilding, shiprepair and other shipyard projects.

- To maintain competitive price positioning through improvements in costs efficiency including operations expansion in other countries with locational costs advantages, capacity expansion and/or upgrading of our fleet, equipment and facilities, business processes improvement, and strengthening the benefits of cross-border collaborations of our shipyard facilities.

OUR FUTURE PLANS

Our future plans are as follows:-

To set up a drydocking facility in Batam

We intend to set up a drydocking facility i.e. a floating dock in our shipyard in Batam, Indonesia, to complement our current shipbuilding and afloat shiprepair facilities.The floating dock, which is targeted to be completed in early 2004, is expected to upgrade our Batam shipyard's drydocking capability to a maximum lifting capacity of approximately 4,500 tonnes.

To build and service a wider range of vessels

We intend to build and repair larger vessels, and broaden the range of vessels that we build and/or repair to include other vessels such as offshore support vessels, general cargo, bulk carriers and dredging vessels.

To explore joint ventures and/or strategic alliances with existing customers

We will consider strategic alliances with our existing customers, in the form of joint ventures or joint operations of vessels and/or facilities, as and when such opportunities arise. This would allow our Company to expand our core businesses and to tap into our customers' networks and the routes that our customers service.

To expand the range of sectors and geographical coverage of our operations

We intend to exert more active efforts to establish our shipchartering business in the offshore oil and gas industry. We also intend to market our chartering services more extensively in countries other than Singapore and Indonesia, namely, in the Middle East, other parts of Asia such as India and the PRC, and Australia. While our shipyard in Batam, Indonesia, has allowed us to benefit from the cost advantages at the moment, we will consider having shipyard and other marine operations in other countries where there will be additional cost and geographical (e.g. market) advantages.

WHERE YOU CAN FIND US

Our registered office is located at 19 Pandan Road, Singapore 609271. Our telephone number is +(65) 6262-2222. Our fascimile number is +(65) 6268-0274. Our internet address is www.aslmarine.com. **Information contained in our website does not constitute part of this Prospectus.**

THE INVITATION

Issue Size	:	50,000,000 New Shares offered in Singapore by way of public Offer comprising 10,000,000 Offer Shares, and Placement comprising 40,000,000 Placement Shares (including up to 3,000,000 Reserved Shares). The New Shares, upon allotment and issue will rank *pari passu* in all respects with the existing Shares.
Issue Price	:	$0.21 for each New Share
Purpose of the Invitation	:	The purpose of the Invitation is to secure admission of our Company to the Official List of the SGX-ST. Our Directors consider that the listing of our Company and the quotation of our Shares, the New Shares and the Option Shares on the SGX-ST will enhance the public image of our Group locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide members of the public, our employees, business associates and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company.
Reserved Shares	:	Out of the 40,000,000 Placement Shares, up to 3,000,000 Placement Shares will be reserved for employees, business associates and others who have contributed to the success of our Group. In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy excess applications for the Placement Shares or in the event of an under-subscription for the Placement Shares, to satisfy excess applications made by members of the public in Singapore for the Offer Shares.
Listing Status	:	Our Shares will, on admission of our Company to the Official List of the SGX-ST, be quoted on the Main Board of the SGX-ST.
Risk Factors	:	Investing in our Shares involves risks which are described in the section "Risk Factors" beginning on page 21 of this Prospectus
Dividend Policy	:	Our Company has not distributed any cash dividend on our Shares since incorporation. We currently do not have a formal dividend policy. The form, frequency and amount of future dividends on our Shares will depend on the level of our cash and retained earnings, our expected financial performance and our projected levels of capital expenditure and other investment plans as well as other factors as our Directors may deem appropriate. Further details are found on page 35 of this Prospectus under the section "Dividend Policy".

RISK FACTORS

To the best of our knowledge and belief, all the risk factors that are material to investors in making an informed decision to invest in our Shares are set out below. Investors should carefully evaluate each of the following considerations and all of the other information set forth in the Prospectus before deciding to invest in our Shares. Some of the following risks relate principally to the industry in which we operate and our business in general. If any of the following risk factors and uncertainties develop into actual events, our business, financial conditions or results of operations may be adversely affected in a material way. In such cases, the trading price of our Shares could decline due to any of these considerations and you may lose all or part of your investment.

RISKS RELATING TO OUR INDUSTRY

We are dependent on the shipping industry which has traditionally been prone to business fluctuations

The shipping industry has traditionally experienced fluctuations in freight and charter rates and vessel values which are dependent on factors including the respective demand for and supply of shipping capacity. These factors may contribute to the volatility of our Group's financial performance, with the decrease in demand and/or an increase in supply of shipping capacity resulting in an adverse impact on the financial performance of our Group.

The demand for shipping capacity would depend on factors such as trade, changes in seaborne and other transportation patterns, weather conditions, port congestion and political situations. The supply factors would include the total number of vessels in operating condition as well as the number of vessels plying the various routes, changes in shipping regulations stipulated by governmental and international bodies/conventions such as the International Maritime Organization ("IMO") and the International Convention for Safety Of Life At Sea ("SOLAS"). Please refer to the section "Shipping Conventions/Government Regulations" on pages 82 and 83 of this Prospectus for more details.

Business conditions in the shipping industry in general are also affected by the independent assessment of demand for and supply of vessels by shipowners with the tendency to overbook new vessels. This may result in the oversupply of vessels and consequently, the depression in freight and charter rates and values of vessels. On the other hand, a rise in demand of vessels in shipping may increase the freight and charter rates and values of vessels.

In the event that there is an increase in shipping capacity resulting in a decline in freight and shipchartering rates, our business conditions and financial performance will be adversely affected.

We operate in the shipping industry which is highly regulated

The shipping industry is highly regulated and compliance with such shipping regulations adds to our cost of operations.

Our vessels are required to comply with the Prevention of Pollution at Sea Act (Chapter 243 of Singapore) which gives effect to the International Convention for the Prevention of Pollution from Ships, 1973 ("MARPOL"), as added to by the protocol of 1978. In the event of a discharge by our vessels of various pollutants, we will be liable to pay for the costs of any measures taken to remove or reduce the contamination caused by the pollution. MARPOL also sets out regulations aimed at the prevention and reduction of pollution from ships by the discharge of oil and various types of gases and discharges.

In addition, our vessels have to meet the safety standards set out in SOLAS which prescribes a series of regulations which are essential for the safety of a vessel and/or its crew.

Both MARPOL and SOLAS were introduced by IMO which may adopt new regulations requiring compliance by our vessels from time to time. In the event that local and international regulations (such as the conventions adopted by the IMO) applicable to the shipping industry become more stringent in the future and/or additional regulations or controls requiring our compliance are introduced, our costs of operations may increase and this will have an adverse effect on the profitability of our Group. Our operations and financial condition will also be adversely affected in the event the certificates of registration issued by the Maritime Port Authority of Singapore in respect of our vessels are cancelled and such vessels are de-registered. Please refer to the section "Shipping Conventions/Government Regulations" on pages 82 and 83 of this Prospectus for the description of the main shipping rules and regulations affecting our operations.

RISKS RELATING TO OUR BUSINESS

General economic, social and political conditions may reduce the demand for our services and affect our overall operations

Worldwide downturns in the shipping and shipyard industries have been experienced as a result of generally weak economic conditions. In shipyard operations, shipowners may defer the building or procurement of new vessels and/or the execution of maintenance and repair work on existing vessels. In the shipping industry, a general economic slowdown may affect trade in general, and/or demand for specific goods which we transport. Should such developments occur, our financial results will be adversely affected.

We provide our services to companies operating in and/or servicing end-customers in several countries mainly within the Asian and the Middle-East regions. Should there be adverse developments in any of these countries, our 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 events, our financial results may be adversely affected.

We are dependent on the offshore and marine infrastructure, shipping and port operation sectors

Our Group services mainly the offshore and marine infrastructure, shipping and port operation sectors. The offshore and marine infrastructure sector accounted for in aggregate approximately 59%, 47% and 48% of our Group's revenue for the past three financial years ended 30 June 2000, 2001 and 2002. The shipping and port operation sector accounted for approximately 38%, 46% and 38% of our Group's revenue for the past three financial years ended 30 June 2000, 2001 and 2002 respectively. Should there be a downturn in such sectors, it will decrease the demand for our shipchartering services. Consequently, our financial results will be adversely affected.

We are dependent on our major customers

Our 5 largest customers for each of our shipchartering business, and the shipbuilding and shiprepair businesses accounted for in aggregate approximately 55% and 55% of our revenue for each of these businesses respectively in FY2002. Please refer to the section "Major Customers" on page 77 of this Prospectus for more details.

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

We face intense competition both in the shipping and shipyard industries

The industries in which we operate are highly competitive. Some of our competitors have more resources than we do while certain competitors may have lower costs of operations. They may also engage in aggressive pricing in order to gain market share. Please refer to the section "Competition" on page 80 of this Prospectus for more details. Several projects are secured through open and closed tenders. The competition for such projects is intense with some projects securing bids from several competitors.

In the event that our competitors are able to provide comparable services at a lower price and/or better quality and as a result, necessitate us to lower our prices significantly in order to secure the contract, this will result in us having a lower profit margin. Furthermore, we may not be able to secure contracts that we are prospecting. These would have an adverse effect on our financial performance.

We are exposed to the risk of increases in costs of materials and equipment for our shipyard business

Apart from labour, other major cost components for our shipbuilding/shiprepair projects include steel and other materials as well as equipment such as pumps, propellers and engines. Steel accounted for approximately 13% of our Group's costs of sales in FY2002. Since the most recent financial year, we have observed that the price of steel plates increased by about 14% from around June 2002 to around January 2003.

Should there be price increases in these items, and in so far as we are not able to pass on these increases in costs to our customers in fulfilment of our contractual agreements or when negotiating for new contracts, our financial performance will be adversely affected. Our profitability may also be affected should there be any cost overruns.

Furthermore, any significant increases in the costs of materials and equipment will affect the price of our vessels which we sell to our shipchartering operations. This will correspondingly affect the costs of sales of our shipchartering operations.

We face the risk of increases in labour costs

Labour costs account for a significant portion of our total costs. In FY2002, it accounted for approximately 11% of our Group's total costs.

Wages in Singapore are generally higher as compared to its competitors such as Malaysia, the Philippines, Indonesia and PRC. Although labour costs in Batam, Indonesia are generally lower than in Singapore, they are generally higher than the labour costs in most other parts of Indonesia. In the event that our wage rates increase at a faster rate vis-à-vis our competitors and/or in the event of significant improvements in the quality of work provided by our competitors in countries with lower labour costs, our financial performance will be affected. In addition, we may lose out on certain contracts prospected. This would affect our financial results.

We are exposed to the risk of increases in fuel oil costs

Increases in fuel oil costs would mainly affect our shipping business in so far as we are not able to pass on the higher fuel costs to our customers. This may have a larger impact on our longer-term contracts where the charter rates have been fixed. On the other hand, should we increase our charter rates, demand for our services may be significantly reduced. Should there be an increase in the fuel costs while fulfilling our contractual obligations to customers in such cases, our financial performance will be affected. Since the most recent financial year, we have observed that the price of fuel oil increased by about 8% from around June 2002 to around January 2003.

We are exposed to the risks of fluctuations in charter rates

We offer our vessels on a variety of charter contracts. The tenure for each type of contract ranges from spot charter, which may last from 1 to 30 days, to longer term charters of up to four years. Short-term chartered tonnage gives our Group the flexibility in managing fleet capacity in response to the demand for our vessels. However, this may expose our Group to short-term fluctuations in charter rates. If the charter rates declined, this may adversely affect our financial results.

We may not be able to complete our contractual obligations to our customers

We undertake shipbuilding and shiprepair projects on a contract basis, subject to certain terms and conditions. In the event that we are unable to complete our contractual obligations, we may have to pay liquidated or other damages, or the customer may seek to rescind the contract, or both.

In the event of a substantial delay in the completion of a shipbuilding/shiprepair project, we may be liable to pay our customers liquidated or other damages under our contracts with them. If the delay continues beyond the time stipulated in the contracts (inclusive of allowable delays) due to force majeure events such as adverse weather or other acts of God, our customers may rescind their shipbuilding/shiprepair contracts with us. This may adversely affect our financial performance.

We face the risk of unreliability of work performed by our subcontractors and/or materials and equipment delivered by our suppliers

In our shipyard business, we are dependent on suppliers for timely delivery of materials and equipment such as steel, pumps, propellers and engines and we outsource jobs such as fabrication work, blasting, painting, electrical and piping work to subcontractors. We may face the risk of our suppliers not being able to deliver on time and/or non-delivery of materials and equipment. If we are unable to source these materials and equipment from alternative suppliers on a timely basis, our production will be delayed, thereby affecting delivery to our customers. In addition, should our subcontractors default on their contractual obligations and work specifications, our ability to deliver the end-product/service to our customers in accordance with quality and/or timing specifications may be compromised. Furthermore, if we are unable to maintain our relationships with our subcontractors at competitive rates, our financial performance may be adversely affected.

We are exposed to payment delays and/or default by our customers

We are exposed to payment delays and/or default by our customers. Our debtors' turnover for the past three financial years ended 30 June 2000, 2001 and 2002 were 133 days, 61 days and 88 days respectively. There is no guarantee on the timeliness of our customers' payments and whether they will be able to fulfil their payment obligations. Any inability on the part of our customers to settle or settle promptly such amounts due to us for work done and/or services rendered may cause our financial performance and operating cash flows to be adversely affected.

We are exposed to fluctuations in foreign exchange rates

We are exposed to foreign exchange risk. A major part of our Group's revenues for FY2000, FY2001 and FY2002 are denominated in Singapore dollars while some are denominated in foreign currencies such as US$. Our costs are denominated in Singapore dollars as well as a range of foreign currencies including US dollars, the Euro, Indonesian Rupiah and the Yen. There is generally no natural hedge on our foreign currency-denominated transactions. Any significant fluctuation in the currency exchange rates at the time of purchase and payment and at the time of sale and receipts will have an impact on our profits. For example, profits derived from sales in US$ would be lower in S$ should there be any depreciation in the exchange rate of US$ against S$.

Fluctuations in currency exchange rates will also result in translation gains or losses on consolidation as S$ is our reporting currency. Any such translation gains or losses will be recorded as translation reserves or deficits as part of our shareholders' equity.

In view of the nature of our business, foreign exchange risks will continue to be an integral aspect of our risk profile in the future.

Our foreign exchange gains/losses for the past three financial years ended 30 June 2000, 2001 and 2002 were as follows:-

	FY2000	**FY2001**	**FY2002**
Net foreign exchange (loss)/gain (S$'000)	(157)	(256)	7
Percentage of turnover (%)	0.4	0.4	–
Percentage of profit before tax (%)	2.7	5.7	0.1

We monitor foreign exchange rates and take appropriate measures to hedge our foreign currency exposure, if required, which may include entering into forward currency contracts for committed foreign purchases and/or receivables.

We have experienced and may continue to experience negative working capital position

We had negative working capital (ie. current liabilities exceed current assets) for the past three financial years ended 30 June 2000, 2001 and 2002, which stood at $9.1 million, $17.3 million and $13.4 million respectively. The main reason for the negative working capital position was that, in addition to gross cash inflow from operating activities, we funded a substantial portion of our fleet expansion and other capital expenditures using short-term banking facilities, as well as interest-free advances received from our controlling shareholders and companies controlled by our controlling shareholders (collectively the "related parties"). For illustrative purposes only, assuming that the interest-free advances received from related parties were interest-bearing based on the rate(s) of our banking facilities for the past three financial years ended 30 June 2000, 2001 and 2002, the corresponding interest expenses for FY2000, FY2001 and FY2002 is estimated to have been approximately $230,000, $320,000 and $230,000 respectively. Our intention was to have lower financing cost, to a large extent, by tapping on the above sources of funds in lieu of long-term loans. Our gearing ratio (as defined by total indebtedness divided by shareholders' equity) for each of the past three financial years ended 30 June 2000, 2001 and 2002 was 0.36, 0.61 and 0.58 respectively.

Subsequent to the financial year ended 30 June 2002 and up to 15 November 2002, we paid off amounts due to related parties, bank overdrafts, short-term loan and trade creditors from newly-secured long-term loan facilities which were made available by converting existing overdraft and fixed advance facilities (the "Converted Loan Facilities"). The total amount of the Converted Loan Facilities is $9.5 million.

In addition to the Converted Loan Facilities, our Group also drew down other existing long-term loans of approximately $3.96 million for working capital purposes.

To further rationalise our existing banking facilities, we have also undertaken the following:-

(i) conversion of $1.0 million of our existing overdraft facility with The Development Bank of Singapore Ltd into a long-term loan facility;

(ii) conversion of $4.0 million of our existing overdraft facility with United Overseas Bank Limited into a long-term loan facility; and

(iii) securement of more favourable repayment terms for our existing long-term loans of approximately $1.8 million with the Oversea-Chinese Banking Corporation Limited.

Taking into account the foregoing and the estimated net proceeds of the Invitation, our Directors expect our working capital position to be positive.

However, in the future, we may need to finance some of our capital expenditures partly through short-term loans in addition to cash flow from operations and long-term loans. In the event that we need to finance some of our capital expenditures partly through short-term loans, our net working capital position may become negative. Furthermore, if we are unable to renew our short-term credit facilities should it be necessary and we are unable to tap other funding sources, our operations may be adversely affected. Please refer to the section "Capitalisation and Indebtedness" on pages 36 and 37 of this Prospectus for more details of our borrowings.

We currently enjoy tax incentives that we may not enjoy in the future

By a series of presidential decrees, Batam's classification as a bonded zone was established with exemptions from customs duties, import/export taxes and value-added tax. If Batam were to lose its classification as a bonded zone, we will have to pay the taxes in respect of our operations in Batam. Currently, PT ASL Shipyard Indonesia, a subsidiary of our Group, is exempted from such taxes and duties up to 31 March 2003 under Government Regulation No. 40 Year 2002 dated 8 July 2002. Should the tax incentive exemption for companies operating within the bonded zone not be extended, we may have to pay import duty on our imports into Indonesia, value-added tax, luxury tax and/or income tax. In the event we are unable to pass on to our customers the increased costs of operations arising from the payment of import duty, value-added tax, luxury tax and/or income tax, our cash flow and financial results may be adversely affected.

The chartering income of shipping companies in Singapore relating to their Singapore-registered vessels plying outside Singapore is currently exempted from income tax, as long as the income is derived from overseas operations. The exemption also applies to income derived from the carriage in international waters of passengers, mails, livestock or goods and includes income derived from the charter of the vessel.

There are also available tax allowances given to our Group that allow us to enjoy a rate of tax that is lower than the Singapore corporate tax rate. Please refer to the section “Taxation” on pages 113 to 116 of this Prospectus for more details.

Any changes to the current tax and/or other investment incentives, and/or rules and regulations pertaining to the taxation of companies, whether in Singapore or Batam (such as the revocation of the bonded zone classification by the Indonesian government), would affect the tax payable by our Group and correspondingly the financial results of our Group.

We may face claims for defects and warranties in respect of shipbuilding and/or shiprepair work undertaken by our Group

We may face claims and/or rescission of contracts by our customers in respect of defective repairs and poor workmanship and non-conformance to work specifications and/or non-execution of the project in respect of vessels that are built or repaired by our Group. We typically extend a warranty period of about 6 months to our customers for repair work undertaken.

We also build new vessels according to the specifications of our customers. Failure to implement projects which fully satisfy the requirements and expectations of our customers for whatever reasons may lead to delays and increased costs if reproduction or rectification of the products/services is required. We typically extend a warranty period of up to 12 months to our customers for new vessels built by our Group. Due to the length of the warranty period extended for repair work and for new vessels built, we may experience claims from our customers that may adversely affect our Group’s future profitability.

Warranty costs are expensed and charged to “Cost of Sales” as and when incurred. We do not provide for warranty costs.

Our customers may elect to rescind the contract while work is in progress. In such cases, our Group is typically required to refund all the progress payments made by the customer and is left with the progress work/vessel which it has to sell in the open market or retain for its shipchartering business. In such circumstances, our Group’s financial performance will be adversely affected.

We are exposed to risks of loss, third party liabilities and liabilities for damaged cargo

Our Group’s fleet comprises tugboats and barges which operate mostly in Asia Pacific, South Asia and the Middle East, and are in turn, governed by the laws of the respective countries for the trading areas under their jurisdictions. In the event of an oil spill or damaged or lost cargo, we may incur liability for containment, clean-up and salvage costs and other damages that may arise as a result of such an event. We may also be liable for damages sustained in collisions and wreck removal charges arising from the normal operation of our fleet and including those under charter. We are also exposed to loss of tows, accompanying cargoes and/or vessels. In our shipchartering operations, our vessels may be involved in accidents, resulting in damage to or loss of vessel, equipment or cargo for which we may be exposed to claims from third parties.

Furthermore, our Group’s vessels and facilities are exposed to damages associated with or caused by natural calamities such as earthquakes and typhoons.

We perform an annual review on the insurance coverage to ensure that it adequately satisfies both the regulatory and business requirements and may increase the coverage if we deem it necessary and appropriate. Please refer to the section “Insurance” on pages 76 and 77 of this Prospectus for more details of the insurance coverage that we have taken up for our vessels as well as under the section “Litigation” on pages 160 and 161 of this Prospectus, for more details. However, in the event of an oil spill or leakage or extensive damages and/or loss to our fleet and including those under charter in excess of our insurance coverage available and/or insurance claims which are contested by the insurance company(ies), the financial performance of our Group may be materially and adversely affected.

Furthermore, events such as wars or terrorist attacks may result in substantial increases in our insurance premiums, thereby affecting our financial performance.

We face the risk of insufficient insurance coverage in the event of a loss of vessels or parts of vessels that we own or repair

We have insurance against loss of vessels or parts of vessels that we own or repair. However, in the event such loss exceeds the insurance coverage or is not covered by the insurance policies we have taken up, we may be liable to cover the amounts claimed. We typically limit our liability to our customers to the amount covered in the corresponding insurance policy.

For our shipchartering operations, we occasionally hire vessels from other owners. Such vessels are typically insured by the owners. However, in the event that such loss exceeds the insurance coverage or is not adequately covered by the insurance policies taken up, we may be liable to cover the amounts claimed. Furthermore, in cases whereby we have not been included as a co-insured, these insurance companies may seek recourse against us.

We are exposed to liabilities for accidents

Due to the nature of shipyard operations, we are subject to the risk of accidents occurring either to our employees or to third parties who may be involved in accidents while on our premises or vessels. These accidents may occur as a result of occurrences such as fire, explosions or other incidents. In the event of an accident that is not covered by our insurance policies or claims in excess of our insurance coverage are made and/or insurance claims which are contested by the insurance company(ies), the financial performance of our Group may be affected. Please refer to the section "Insurance" on pages 76 and 77 of this Prospectus for more details of the various types of insurance policies we have taken.

We may be exposed to liabilities for accidents occurring to workers hired by our subcontractors

For all workers hired by our subcontractors, the subcontractors are required to provide insurance for such workers. Such insurance covers the number of workers deployed in our yards. In addition, our subcontractors are required to include us as co-insured. However, a subcontractor(s) may fail and/or neglect to provide such insurance. In the event of accident(s) which are not covered by such policies or if the number of workers and/or the amount claimed exceed the insurance coverage, we may be liable to bear any liabilities arising from accidents to these workers.

Our vessels are exposed to attacks by pirates

Our vessels may be attacked by pirates. We have taken out hull and machinery policies in respect of our Group's tugboats and barges which cover damage and/or loss to such vessels arising out of pirate attacks, which are generally up to the hull values of the relevant vessels. The loss and/or damage to cargo owned by third parties are covered under insurance policies taken out by our customers. In the event that our vessels are attacked, destroyed or stolen by pirates, resulting in damage and/or loss to our vessels exceeding the insurance coverage or is not covered by the insurance policies we have taken up, our business and financial condition may be adversely affected.

We may be affected by changes in foreign workers' policies

We employ foreign workers both in Singapore and Batam, Indonesia and are required to meet the conditions set out by the immigration departments of the respective countries with regard to the employment of such foreign workers, including securing the requisite work visas and permits. As at 30 June 2002, we had 377 foreign workers representing approximately 66.5% of our total number of full-time employees. For the last two financial years FY2001 and FY2002, the foreign workers' levies we paid, as a percentage of our costs of sales, was insignificant. However, any future changes to employment regulations including the policies of the Directorate General of Immigration of the Ministry of Justice in Indonesia or the Ministry of Manpower or the Central Provident Fund Board in Singapore regarding the quota of foreign workers which may be employed by a company and/or the amount of foreign workers' levies payable, may affect our ability to employ foreign workers in the future or require us to pay higher foreign workers' levies (as the case may be). If we are unable to find suitable replacements at approximately the same costs or are required to pay higher foreign workers' levies, our operations and hence, our costs and profits would be adversely affected.

We may be unable to source for sufficient skilled personnel

Our shipyard operations in Singapore and Batam, Indonesia require skilled personnel such as engineers, fitters, welders, mechanics, electricians and heavy equipment operators who are willing to work additional shifts and/or on weekends if necessary. If we are unable to source for sufficient skilled personnel to meet the customers' orders, or are required to pay substantially higher salaries to procure such skilled personnel, our financial performance would be adversely affected.

Our continued success is dependent, to a large extent, on our ability to retain the services of our Directors and key personnel

Our success is dependent, to a large extent, on the efforts of Messrs Ang Kok Tian and Ang Ah Nui, as well as other key personnel, and their work experiences and on our ability to continue to attract, retain and motivate qualified personnel when necessary. Please refer to the section "Directors and Senior Management" on pages 89 and 90 of this Prospectus for their respective positions in our Group. The loss of services of one or more of these individuals without adequate replacement or the inability to attract new qualified personnel could have a material adverse impact on our Group.

RISKS RELATING TO OUR OPERATIONS IN INDONESIA

We face risks associated with the introduction of new laws or changes to existing laws by the Indonesian government

PT ASL Shipyard, our subsidiary in Batam, Indonesia was established in 1996 to take advantage primarily of the strategic location, tax incentives, and generally lower labour and other operating costs as well as land and infrastructure costs as compared to Singapore. While Indonesia has opened up its economy to foreign investors and companies, the political, regulatory and economic outlook for investors and businesses in Indonesia is uncertain.

Furthermore, the outcome of dispute resolution may not be as consistent or predictable as in the other more developed jurisdictions and it may be difficult to obtain swift enforcement of the laws in Indonesia. Judgements by a court of another jurisdication will not be recognised and enforced in the courts of Indonesia without re-examination of the merits.

At present, 100% foreign ownership of Indonesian-incorporated companies is allowed, subject to a divestment requirement under Indonesian law. Within 15 years from the date of commercial operation of an Indonesian-incorporated company, an agreed percentage of the equity interest in the company must be divested to an Indonesian local/party. An increase in the share of profits to the minority interest would decrease the share of profits attributable to our Group.

Any future changes to governmental guidelines such as foreign ownership requirements, laws or regulations or the introduction of new regulations which would eliminate certain investment incentives for investors or businesses in Batam or be disadvantageous to investors or businesses operating in Batam, could affect the operations of our Batam subsidiary and have an adverse impact on the profitability of our Group. Furthermore, in the event the Indonesian government introduces laws or regulations restricting the transportation of granite and other resource materials from Indonesia, our business and financial condition will be adversely affected.

Labour problems may disrupt our operations in Batam

At present, our workforce in Batam, Indonesia is not unionised and we enjoy generally healthy relationships with our workforce other than minor disputes that require arbitration. There is no assurance that our workforce will continue to remain non-unionised. We have however, experienced work stoppages by some of our workers in August 2000 and some of our contracted workers in December 2001 demanding higher allowances and benefits. These disputes were subsequently resolved when the matters were referred to the Labour Department in Batam, Indonesia. In the event of any concerted union actions such as work stoppages, work at our Batam shipyard may be disrupted. In such a case, our operations would be adversely affected.

In addition, should our subcontractors fail to pay the workers they have contracted to work for our Indonesia subsidiary, PT ASL Shipyard, their workers may look to us for compensation and/or disrupt our operations. In the event that there is a disruption to our operations and/or we are compelled to compensate them from our own funds, our operating results and financial performance will be adversely affected.

Foreign exchange controls

Currently, remittances flowing out of Batam, Indonesia require the provision of a notice, or approval of Bank Indonesia, Indonesia. Please refer to the section "Exchange Controls" on page 112 of this Prospectus for more details. While our operations in Batam, Indonesia are not currently affected by foreign exchange controls in a material way, in the event the Indonesian government tightens or otherwise adversely changes the foreign exchange rules/policies, our operations would be affected in that our ability to convert the relevant currencies when we are required to make payments or the ability of our Batam subsidiary to repatriate dividends and profits may be impeded. As a result, our cash flows and correspondingly, the financial results of our Group may be adversely affected.

RISKS RELATING TO THE OWNERSHIP OF OUR SHARES

Control by our existing Shareholders may limit your ability to influence the outcome of decisions requiring the approval of shareholders

Upon the completion of this Invitation, Messrs Ang Sin Liu, Ang Kok Tian, Ang Ah Nui, Ang Kok Leong, Ang Kok Eng and Ang Swee Kuan, will have voting control of in aggregate approximately 74.75% of our Company's enlarged share capital and, if acting together, will be able to significantly influence our Company's affairs and business which require the approval of our Shareholders, including the election of our Directors and transactions such as capital restructuring and business ventures.

Our Share price may be volatile, which could result in substantial losses for investors subscribing for Shares pursuant to this Invitation

Prior to this Invitation, you could not buy or sell Shares publicly. An active public market for our Shares may not develop or be sustained following this Invitation. You may be unable to sell your Shares at or above the Issue Price. Further, the market price of our Shares may fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:-

- Variations in our operating results
- Changes in securities analysts' estimates of our financial performance
- Changes in market valuations of similar companies
- Announcements by our competitors or ourselves of gain or loss of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments
- Fluctuations in stock market price and volume
- Involvement in litigation

There has been no prior public market for our Shares and this Invitation may not result in an active or liquid market for our Shares

Prior to the Invitation, there had been no public market for our Shares. Although we have made an application to the SGX-ST to list our Shares on the SGX-ST Mainboard, there is no assurance that an active trading market for our Shares will develop or, if it develops, be sustained.

Future sale or availability of our Shares may exert a downward pressure on our Share price

Any future sale or availability of Shares may exert a downward pressure on our Share price. The sale of a significant amount of our Shares in the public market after the Invitation, or the perception that such sales may occur could materially adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. Except as otherwise described under the section "Moratorium" on page 43 of this Prospectus, there will be no other restriction on the ability of the Shareholders to sell their Shares either on SGX-ST Mainboard or otherwise.

New investors will incur immediate dilution and may experience further dilution

Our Issue Price of 21.00 cents per Share is higher than our Group's NTA per Share of 20.67 cents as at 30 June 2002 based on the post-Invitation issued share capital of 198,000,000 Shares and after adjusting for the estimated net proceeds of the Invitation. If we were liquidated immediately following this Invitation, each investor subscribing to this Invitation would receive less than the price paid for their Shares. In addition, we intend to grant our employees share options to subscribe for our Shares under the ASL Employee Share Option Scheme. To the extent that such outstanding options are exercised, there will be further dilution to Shareholders following this Invitation. Please see the section "Dilution" on page 38 of this Prospectus for more details.

Negative publicity, including those relating to any of our substantial Shareholders/key personnel, may adversely affect our Share price

Any negative publicity or announcement relating to any of our substantial Shareholders/key personnel may adversely affect the stock performance of our Company, whether or not this is justifiable. Such negative publicity or announcement may include involvement in insolvency proceedings, failed attempts in takeovers, joint ventures etc.

Apart from the specific factors listed above and general business and economic conditions to which all commercial businesses are exposed to, our Directors are of the view that we are not vulnerable in any material way to any other factors which can be reasonably anticipated.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our officers, Directors or employees acting on our behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would", "should", "shall", "could" and "can" or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plan and prospects and the future prospects of our industry are forward-looking statements. These forward-looking statements, including statements as to our revenue and profitability, prospects, future plans and other matters discussed in this Prospectus regarding matters that are not historical facts, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These factors include, amongst others, changes in the regulatory environment, changes in technology, changes in competitive conditions, and other factors beyond our control.

These factors are discussed in greater detail in this Prospectus, in particular, but not limited to, the discussions under the section "Risk Factors". Given the risks and uncertainties that may cause our actual or future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, undue reliance must not be placed on those statements. Neither the Company, the Manager, Underwriter and Placement Agent nor any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those statements. Nevertheless, we are subject to the Securities and Futures Act and the provisions of the SGX-ST Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and Futures Act, if after the Prospectus is registered but before the close of the Invitation, the Company becomes aware of (a) a false or misleading statement or matter in the Prospectus; (b) an omission from the Prospectus of any information that should have been included in it under Section 243 or 244 of the Securities and Futures Act; or (c) a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Sections 243 or 244 of the Securities and Futures Act to be included in the Prospectus, if it had arisen before the Prospectus was lodged and that is materially adverse from the point of view of an investor, the Company may lodge a supplementary or replacement prospectus with the Authority.

INVITATION STATISTICS

Issue Price	21.00 cents
Net Tangible Assets	
NTA per Share based on the combined balance sheet of our Group as at 30 June 2002 and after adjusting for the Restructuring Exercise and the Sub-Division referred to on pages 39, 44 and 45 of this Prospectus (the "Adjusted NTA"):-	
(a) before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation issued share capital of 148,000,000 Shares	21.61 cents
(b) after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation enlarged issued share capital of 198,000,000 Shares	20.67 cents
(Discount)/Premium of Issue Price (from)/over the Adjusted NTA per Share:-	
(a) before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation issued share capital of 148,000,000 Shares	(2.82)%
(b) after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation enlarged issued share capital of 198,000,000 Shares	1.60%
Earnings	
Historical net EPS for FY2002 based on the pre-Invitation issued share capital of 148,000,000 Shares	4.78 cents
Historical net EPS for FY2002 based on the pre-Invitation issued share capital of 148,000,000 Shares and assuming that the Service Agreements (as set out on pages 96 and 97 of this Prospectus) had been in place from the beginning of FY2002	4.42 cents
Price Earnings Ratio	
Historical net PER based on the Issue Price and historical net EPS of the Group for FY2002	4.39 times
Historical net PER based on the Issue Price and historical net EPS of the Group for FY2002, assuming that the Service Agreements (as set out on pages 96 and 97 of this Prospectus) had been in place from the beginning of FY2002	4.75 times
Net Operating Cash Flow [(1)]	
Historical net operating cash flow per Share for FY2002 based on the pre-Invitation issued share capital of 148,000,000 Shares	8.67 cents
Historical net operating cash flow per Share for FY2002 based on the pre-Invitation issued share capital of 148,000,000 Shares, assuming that the Service Agreements (as set out on pages 96 and 97 of this Prospectus) had been in place from the beginning of FY2002	8.31 cents

Price to Net Operating Cash Flow [(1)]

Issue Price to historical net operating cash flow per Share for FY2002	2.42 times
Issue Price to historical net operating cash flow per Share for FY2002, assuming that the Service Agreements (as set out on pages 96 and 97 of this Prospectus) had been in place from the beginning of FY2002	2.53 times

Market Capitalisation

Market Capitalisation based on the Issue Price of $0.21 per Share and our post-Invitation share capital of 198,000,000 Shares	$41.58 million

Notes:-

(1) Net operating cash flow is defined as net profit attributable to our shareholders after adding back depreciation of property, plant and equipment, allowance for foreseeable losses (net), allowance for doubtful trade receivables (net) and bad debts written off.

(2) All figures and ratios have been derived without taking into consideration any Shares which may be issued pursuant to the exercise of options to be granted under the ESOS.

USE OF PROCEEDS

The net proceeds from the subscription of New Shares are estimated to be approximately $8.95 million. The net proceeds represent the amount that we will receive after payment of professional fees, underwriting and placement commissions and other transaction expenses related to the Invitation.

We intend to use the net proceeds from the Invitation as follows:-

(a) approximately $4.5 million to finance the construction of a floating dock for PT ASL Shipyard;

(b) approximately $3.0 million to be used for fleet renewal such as the acquisition of new vessels and/or the upgrading of existing vessels; and

(c) the balance of up to approximately $1.45 million to be used for working capital purposes and/or possible mergers, acquisitions or joint ventures.

Pending the deployment of the net proceeds from the issue of the New Shares as aforesaid, the funds will be placed in short-term deposits or money market instruments as our Directors may deem fit.

In the opinion of our Directors, no minimum amount must be raised by the Invitation.

DIVIDEND POLICY

We have not paid any dividend on our Shares to date.

We currently do not have any formal dividend policy. We may declare annual dividends with the sanction of the Shareholders in a general meeting, but the amount of such dividend shall not exceed the amount recommended by the Directors. Our Directors may also declare interim dividends. Future dividends will be paid by us as and when approved by our Shareholders and Directors.

Our Directors have considered the general principles that they intend to apply when recommending dividends. The actual dividend that our Directors may recommend in respect of any particular year will be subject to the factors outlined below. For FY2003, our Directors intend to recommend and distribute not less than 30% of our net profit attributable to Shareholders as dividends (the "Proposed Dividend"). However, investors should not treat the Proposed Dividend as an indication of our Group's future dividend policy. In determining dividends in respect of subsequent financial years, consideration shall be given to maximising Shareholders' value.

We may only pay dividend out of distributable profits. In considering the form, frequency and amount of future dividends, we will take into account:-

(a) the levels of our cash and retained earnings;
(b) our expected financial performance; and
(c) our projected levels of capital expenditure and other investment plans.

For information relating to taxes payable on dividends, please refer to the section "Taxation" on pages 114 and 115 of this Prospectus.

CAPITALISATION AND INDEBTEDNESS

The following table shows our cash and cash equivalents and capitalisation as at 30 November 2002:-

(i) on an actual basis; and

(ii) as adjusted to reflect the increase in authorised share capital, the Sub-Division, the Restructuring Exercise and the issue of 50,000,000 New Shares pursuant to the Invitation and the application of net proceeds, at an Issue Price of $0.21 per Share, after deducting underwriting and placement commissions and estimated issue expenses related to the Invitation.

S$'000	**As at 30 November 2002**	**As adjusted for the Invitation**
Cash and cash equivalents	11,046	19,996
Indebtedness		
Short-term debt (secured)	4,939	4,939
Short-term debt (unsecured)	–	–
Long-term debt (secured)	17,977	17,977
Long-term debt (unsecured)	–	–
Total indebtedness	22,916	22,916
Share capital, fully paid	14,800	19,800
Share premium	–	3,950
Retained earnings	20,682	20,682
Shareholders' equity	35,482	44,432
Total capitalisation	58,398	67,348

Short-term debts comprised mainly current portion of interest-bearing loans and current portion of the hire-purchase obligations, trust receipt loans and bank overdrafts.

Long-term debts comprised mainly long-term portion of hire-purchase obligations and long-term portion of interest-bearing loans ranging in tenure from 3 to 6 years. These interest-bearing loans were secured for our working capital purposes.

As at 30 November 2002, we had total borrowings of approximately $22.9 million which bear interest at between 4% to 6.7% per annum and are payable monthly in arrears. Based on our shareholders' equity of $35.5 million as at 30 November 2002, our gearing ratio, as defined by total indebtedness divided by shareholders' equity, is 0.65 times.

Our credit facilities are secured by our Group's leasehold property at 19 Pandan Road, Singapore 609271, plant and equipment, tugboats, barges and freehold properties owned by our controlling shareholder. In addition, these credit facilities are also secured by corporate guarantees by certain subsidiaries of our Group and joint and several personal guarantees given by Mr Ang Sin Liu, Mr Ang Kok Tian and Mr Ang Ah Nui. Please refer to the audited combined financial statements under "Cash and Cash Equivalents" and "Property, Plant and Equipment" for details. We are in the process of procuring the discharge of the personal guarantees given by the respective Directors and controlling shareholders as well as the pledge of freehold properties owned by one of our controlling shareholders subject to the approval of the relevant financial institution(s). Please refer to the section "Interested Person Transactions" on page 107 of this Prospectus for more details. Should the financial institution(s) not agree to the discharge of the relevant guarantees and/or pledge, the respective Directors and controlling shareholders will continue to guarantee such banking facilities. Our Directors are of the view that it is unlikely that there will be any significant change in the interest rates of the above stated credit facilities as a result of the discharge of such personal guarantees and pledge.

As at 30 November 2002, our Group does not have any material commitment for capital expenditure. Our non-cancellable operating lease commitments relate to lease agreements for our Singapore shipyard premise amounting to $14.3 million.

DILUTION

Dilution is the amount by which the Issue Price paid by the subscribers of our Shares in this Invitation exceeds our NTA per Share after the Invitation. NTA per Share is determined by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of Shares deemed to be outstanding on the date as of which the book value is determined. Our NTA as at 30 June 2002 was approximately $32.0 million. Our NTA per Share after adjusting for the Restructuring Exercise as described on pages 44 and 45 of this Prospectus and based on the pre-Invitation share capital of 148,000,000 Shares was 21.61 cents.

Based on the issue of 50,000,000 New Shares at an Issue Price of 21.00 cents per Share pursuant to the Invitation and after deducting underwriting commissions and estimated issue expenses, our NTA per Share based on the post-Invitation share capital of 198,000,000 Shares would have been 20.67 cents per Share. This represents an immediate decrease in NTA of 0.94 cents per Share to our existing Shareholders and an immediate dilution in NTA of 0.33 cents per Share to our new investors. The following table illustrates this per Share dilution:-

	Per Share (cents)
Issue Price per Share	21.00
NTA per Share after the Restructuring Exercise based on the pre-Invitation share capital of 148,000,000 Shares	21.61
Decrease in net tangible book value per Share attributable to the Invitation	0.94
Less net tangible book value per Share after the Invitation	20.67
Dilution in net tangible book value per Share to new public investors	0.33

The following table summarises the total number of Shares subscribed, the total consideration paid to us and the average price paid per Share by our existing Shareholders and by the new investors in the Invitation.

	Shares issued		**Total Consideration**		**Average price Per Share(1)**
	Number	**%**	**$'million**	**%**	**Cents**
Existing Shareholders	148,000,000	74.75	32.0 (2)	75.29	21.61 (1)
New investors	50,000,000	25.25	10.5	24.71	21.00
Total	198,000,000	100.00	42.5	100.00	21.46

Notes:-

(1) This is based on our Group's NTA of $32.0 million as at 30 June 2002 and the pre-Invitation share capital of 148,000,000 Shares.

(2) Pursuant to the Restructuring Exercise set out on pages 44 and 45 of the Prospectus, our Company acquired the entire issued and paid-up share capital of various companies controlled by the existing Shareholders, the consideration of which was satisfied by the allotment and issue at par of an aggregate of 14,799,995 ordinary shares of $1.00 each in the capital of our Company, credited as fully paid. The NTA of the companies acquired is $31,979,000 as at 30 June 2002 according to the audited financial statements of these companies.

Upon completion of the Restructuring Exercise, the issued and paid-up share capital of our Company was $14,800,000 comprising 14,800,000 ordinary shares of $1.00 each.

SHARE CAPITAL

We were incorporated in Singapore on 4 October 2000 under the Act as a private limited company under the name of "ASL Marine Holdings Pte Ltd". We changed our name to "ASL Marine Holdings Ltd" on 29 January 2003 in connection with our conversion into a public company limited by shares. As at the Latest Practicable Date, our authorised share capital was $50,000,000 comprising 500,000,000 ordinary shares of $0.10 each and our issued and paid-up capital was $14,800,000 comprising 148,000,000 ordinary shares of $0.10 each.

As at the date of this Prospectus, there is only one class of shares in the capital of our Company, being ordinary shares of $0.10 each. Save for the Option Shares, there are no founder, management or deferred Shares. Our Company's constitution is its Memorandum and Articles of Association.

At an extraordinary meeting held on 17 January 2003, our Shareholders approved the Restructuring Exercise, details of which are set out on pages 44 and 45 of this Prospectus, under "Restructuring Exercise".

At a further extraordinary general meeting held on 23 January 2003, our Shareholders approved, *inter alia*, the following:-

(a) the sub-division of each ordinary share of $1.00 each in our authorised and issued share capital into 10 ordinary shares of $0.10 each (the "Sub-Division");

(b) the conversion of our Company into a public limited company and the consequential change of name to "ASL Marine Holdings Ltd";

(c) the adoption of a new set of Articles of Association;

(d) that authority be given pursuant to Section 161 of the Act to our Directors to issue 50,000,000 New Shares which are the subject of the Invitation on the basis that the New Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the existing Shares;

(e) that authority be given pursuant to Section 161 of the Act to our Directors to issue Shares (other than the New Shares) at any time (whether by way of rights, bonus or otherwise) and upon such terms and conditions whether for cash or otherwise and for such purposes and to such persons as our Directors may in their absolute discretion deem fit provided that the aggregate number of Shares issued pursuant to such authority does not exceed 50% of our issued share capital for the time being, of which the aggregate number of such Shares to be issued other than on a pro-rata basis to our existing shareholders does not exceed 20% of our issued share capital for the time being, and, for this purpose and pursuant to Rule 806(3) of the SGX-ST Listing Manual, the percentage of the issued share capital of our Company to be calculated is based on the maximum potential share capital of our Company at the time this resolution is passed (taking into account the conversion or exercise of any convertible securities and employee share options on issue as at the date of the passing of this resolution, which were issued pursuant to previous shareholder approval), and adjusted for any subsequent consolidation or sub-division of shares unless revoked or varied by us in general meeting, such authority shall continue in force until the conclusion of our next Annual General Meeting or the date by which our next Annual General Meeting is required by law to be held, whichever is earlier; and

(f) the ASL Employee Share Option Scheme.

Details of changes in the issued and paid-up share capital of our Company since 4 October 2000, the date of our incorporation, and immediately after the Invitation, are as follows:-

Purpose of Issue	**Number of shares**	**Resultant issued Share capital ($)**
Issued and fully paid-up ordinary shares of $1.00 each as at 4 October 2000	2	2.00
Issue of new ordinary shares of $1.00 each on 30 October 2000 and 21 September 2002	3	5.00
Issue of new ordinary shares of $1.00 each pursuant to the Restructuring Exercise	14,799,995	14,800,000
After the Sub-Division	148,000,000	14,800,000
New Shares of $0.10 each to be issued pursuant to the Invitation	50,000,000	5,000,000
Post-Invitation issued share capital	198,000,000	19,800,000

The authorised share capital and the shareholders' funds of our Company as at 30 June 2002, after the Restructuring Exercise and the Sub-Division (as at the date of lodgement of this Prospectus) and after the Invitation are set forth below.

	As at 30 June 2002 ($)	**After the Restructuring Exercise and the Sub-Division ($)**	**After the Invitation ($)**
AUTHORISED SHARE CAPITAL			
Ordinary shares of $1.00 each	100,000	–	–
Ordinary shares of $0.10 each	–	50,000,000	50,000,000
SHAREHOLDERS' FUNDS			
Issued and fully paid-up share capital	3	14,800,000	19,800,000
Share premium	–	–	3,950,000
Reserves	–	–	–
	3	14,800,000	23,750,000

SHAREHOLDERS

Ownership Structure

The Shares held by our Directors and substantial Shareholders do not carry different voting rights from the New Shares which are the subject of the Invitation.

The shareholders of our Company and their respective shareholdings immediately before and after the Invitation are set out below:-

	Before the Invitation				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Ang Kok Tian[(1), (2), (3)]	42,180,000	28.5	105,820,000	71.5	42,180,000	21.30	105,820,000	53.44
Ang Ah Nui[(1), (2), (3)]	42,180,000	28.5	105,820,000	71.5	42,180,000	21.30	105,820,000	53.44
Ang Kok Eng[(1), (2), (3)]	17,760,000	12.0	130,240,000	88.0	17,760,000	8.97	130,240,000	65.78
Ang Kok Leong[(1), (2), (3)]	17,760,000	12.0	130,240,000	88.0	17,760,000	8.97	130,240,000	65.78
Hwang Soo Chin	–	–	–	–	–	–	–	–
Andre Yeap Poh Leong	–	–	–	–	–	–	–	–
Substantial Shareholders								
Ang Sin Liu[(2), (3)]	17,760,000	12.0	130,240,000	88.0	17,760,000	8.97	130,240,000	65.78
Ang Swee Kuan[(2), (3)]	10,360,000	7.0	137,640,000	93.0	10,360,000	5.24	137,640,000	69.52
Public (including Reserved Shares)	–	–	–	–	50,000,000	25.25	–	–
Total	148,000,000	100.0			198,000,000	100.00		

Notes:-

(1) Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong are brothers. Each of the brothers is deemed to be interested in the Shares held by the other.

(2) Ang Sin Liu is the father of Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong and Ang Swee Kuan. Each of them is deemed to be interested in the Shares held by the other.

(3) Ang Swee Kuan is the sister of Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong, and the daughter of Ang Sin Liu. Each of them is deemed to be interested in the Shares held by the other.

Significant Changes in Percentage of Ownership

The significant changes in the percentage of ownership of our Company held by our Directors and substantial Shareholders since the date of incorporation are as follows:-

	As at the date of incorporation				As at the Latest Practicable Date (after the Restructuring Exercise and Sub-Division) but before the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
Name	**Number of ordinary shares of $1.00 each**	%	**Number of ordinary shares of $1.00 each**	**%**	**Number of Shares**	%	**Number of Shares**	%
Directors								
Ang Kok Tian(1), (2), (3)	1	50.0	1	50.0	42,180,000	28.5	105,820,000	71.5
Ang Ah Nui(1), (2), (3)	1	50.0	1	50.0	42,180,000	28.5	105,820,000	71.5
Ang Kok Eng(1), (2), (3)	–	–	–	–	17,760,000	12.0	130,240,000	88.0
Ang Kok Leong(1), (2), (3)	–	–	–	–	17,760,000	12.0	130,240,000	88.0
Hwang Soo Chin	–	–	–	–	–	–	–	–
Andre Yeap Poh Leong	–	–	–	–	–	–	–	–
Substantial shareholders								
Ang Sin Liu(2), (3)	–	–	–	–	17,760,000	12.0	130,240,000	88.0
Ang Swee Kuan(2), (3)	–	–	–	–	10,360,000	7.0	137,640,000	93.0

Notes:-

(1) Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong are brothers. Each of the brothers is deemed to be interested in the Shares held by the other.

(2) Ang Sin Liu is the father of Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong and Ang Swee Kuan. Each of them is deemed to be interested in the Shares held by the other.

(3) Ang Swee Kuan is the sister of Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong, and the daughter of Ang Sin Liu. Each of them is deemed to be interested in the Shares held by the other.

Save as disclosed above, there is no other relationship among the Shareholders of our Group.

MORATORIUM

To demonstrate their commitment to our Group, our Company's substantial Shareholders, namely Ang Sin Liu, Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong and Ang Swee Kuan who will in aggregate hold 148,000,000 Shares, representing approximately 74.75% of our Company's enlarged issued and paid-up capital after the Invitation, have undertaken not to sell, transfer or otherwise dispose of any part of their interests in our Company for a period of six (6) months from the date of our Company's admission to the Official List of SGX-ST.

RESTRUCTURING EXERCISE

To rationalise our corporate structure and business activities and to eliminate any conflict of interest arising therefrom, we undertook the Restructuring Exercise in preparation for our listing on the SGX-ST. Prior to the Restructuring Exercise, the issued and paid-up capital of ASL Marine was $5.00 comprising 5 ordinary shares of $1.00 each. As a preliminary step in the Restructuring Exercise, we increased our authorised capital to $50,000,000 comprising 50,000,000 ordinary shares of $1.00 each on 25 November 2002.

A diagram showing our Group structure after the Restructuring Exercise as at the date of this Prospectus is set out on page 46 of this Prospectus. Details of the Restructuring Exercise undertaken are as follows:-

1. Acquisition of shares in ASL Shipyard Pte Ltd

By a reconstruction agreement dated 17 January 2003, we acquired from Ang Sin Liu ("ASL"), our controlling shareholder, Ang Kok Tian ("AKT"), Ang Ah Nui ("AAN"), who are also our Directors and controlling shareholders, an aggregate of 9,999,995 ordinary shares of $1.00 each in the capital of ASL Shipyard with all rights and advantages attaching thereto with effect from 1 July 2002, representing the entire issued and paid-up capital of ASL Shipyard.

The purchase consideration was satisfied by the allotment and issue of an aggregate of 5,675,997 ordinary shares of $1.00 each in the capital of our Company to ASL, AKT and AAN by way of a share swap and the allotment and issue, at the direction of ASL, an aggregate of 4,323,998 ordinary shares of $1.00 each in the capital of our Company to AKT, AAN, Ang Kok Eng ("AKE"), Ang Kok Leong ("AKL") and Ang Swee Kuan ("ASK").

2. Acquisition of shares in ASL Project Services Pte Ltd

By a reconstruction agreement dated 17 January 2003, we acquired from ASL, our controlling shareholder, and AKT, AAN, AKE and AKL, our Directors and controlling shareholders, an aggregate of 500,000 ordinary shares of $1.00 each in the capital of ASL Project Services with all rights and advantages attaching thereto with effect from 1 July 2002, representing the entire issued and paid-up capital of ASL Project Services.

The purchase consideration was satisfied by the allotment and issue of an aggregate of 500,000 ordinary shares of $1.00 each in the capital of our Company to ASL, AKT, AAN, AKE and AKL.

3. Acquisition of shares in Capitol Marine Pte Ltd

By a reconstruction agreement dated 17 January 2003, we acquired from our Directors and controlling shareholders, AKT, AAN, AKE, AKL, and Ang Swee Kuan ("ASK"), our controlling shareholder, an aggregate of 2,000,000 ordinary shares of $1.00 each in the capital of Capitol Marine with all rights and advantages attaching thereto with effect from 1 July 2002, representing the entire issued and paid-up capital of Capitol Marine.

The purchase consideration was satisfied by the allotment and issue of an aggregate of 2,000,000 ordinary shares of $1.00 each in the capital of our Company to AKT, AAN, AKE, AKL and ASK.

4. Acquisition of shares in Capitol Offshore Pte Ltd

By a reconstruction agreement dated 17 January 2003, we acquired from AKT and AAN, our Directors and controlling shareholders, an aggregate of 2,000,000 ordinary shares of $1.00 each in the capital of Capitol Offshore with all rights and advantages attaching thereto with effect from 1 July 2002, representing the entire issued and paid-up capital of Capitol Offshore.

The purchase consideration was satisfied by the allotment and issue of an aggregate of 2,000,000 ordinary shares of $1.00 each in the capital of our Company to AKT and AAN.

5. **Acquisition of shares in Capitol Shipping Pte Ltd**

By a reconstruction agreement dated 17 January 2003, we acquired from AKT and AAN, our Directors and controlling shareholders, an aggregate of 100,000 ordinary shares of $1.00 each in the capital of Capitol Shipping with all rights and advantages attaching thereto with effect from 1 July 2002, representing the entire issued and paid-up capital of Capitol Shipping.

The purchase consideration was satisfied by the allotment and issue of an aggregate of 100,000 ordinary shares of $1.00 each in the capital of our Company to AKT and AAN.

6. **Acquisition of shares in Capitol Tug & Barge Pte Ltd**

By a reconstruction agreement dated 17 January 2003, we acquired from AKT and AAN, our Directors and controlling shareholders, an aggregate of 100,000 ordinary shares of $1.00 each in the capital of Capitol Tug & Barge with all rights and advantages attaching thereto with effect from 1 July 2002, representing the entire issued and paid-up capital of Capitol Tug & Barge.

The purchase consideration was satisfied by the allotment and issue of an aggregate of 100,000 ordinary shares of $1.00 each in the capital of our Company to AKT and AAN.

7. **Acquisition of shares in Lightmode Pte Ltd**

By a reconstruction agreement dated 17 January 2003, we acquired from AKT and AAN, our Directors and controlling shareholders, an aggregate of 100,000 ordinary shares of $1.00 each in the capital of Lightmode with all rights and advantages attaching thereto with effect from 1 July 2002, representing the entire issued and paid-up capital of Lightmode.

The purchase consideration was satisfied by the allotment and issue of an aggregate of 100,000 ordinary shares of $1.00 each in the capital of our Company to AKT and AAN.

The pooling of interests method (as defined by Statement of Accounting Standard 22) will be adopted for FY2003 in the accounting of the acquisitions of ASL Shipyard, ASL Project Services, Capitol Marine, Capitol Offshore, Capitol Shipping, Capitol Tug & Barge, and Lightmode referred to in paragraphs (1) to (7) above.

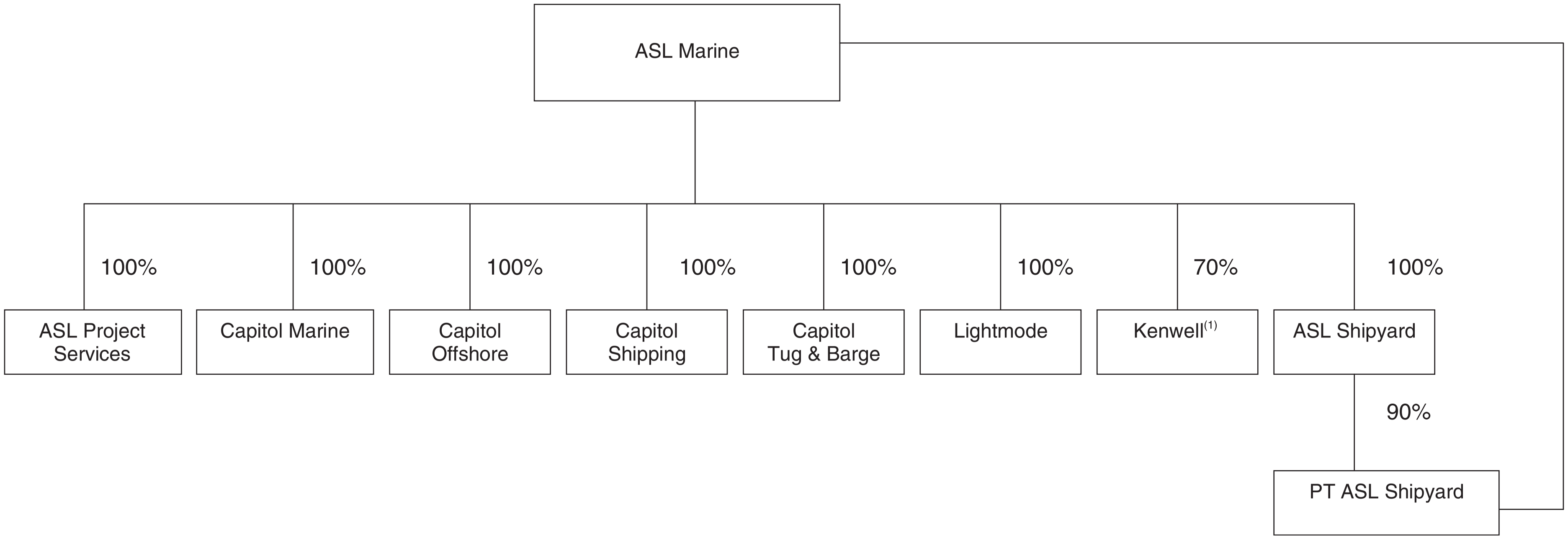
Immediately following the above transactions, our shareholding structure before the Invitation and the Sub-Division was as follows:-

Name of Shareholder	Number of ordinary shares of $1.00 each held before the Sub-Division	Percentage of our pre-Invitation issued and paid-up capital (%)
Ang Kok Tian	4,218,000	28.5
Ang Ah Nui	4,218,000	28.5
Ang Sin Liu	1,776,000	12.0
Ang Kok Eng	1,776,000	12.0
Ang Kok Leong	1,776,000	12.0
Ang Swee Kuan	1,036,000	7.0

Following the completion of the Restructuring Exercise, ASL Shipyard, ASL Project Services, Capitol Marine, Capitol Offshore, Capitol Shipping, Capitol Tug & Barge and Lightmode became our wholly-owned subsidiaries.

GROUP STRUCTURE AFTER THE RESTRUCTURING EXERCISE BUT BEFORE THE INVITATION

Our Group structure following the Restructuring Exercise is as follows:-



Notes:-

(1) Kenwell is 30% owned by an unrelated third party.

Other than the indirect interests of Ang Sin Liu, Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong and Ang Swee Kuan in the companies set out below through their shareholdings in the Company, none of our Directors or substantial Shareholders has any interest, direct or indirect, in any of the subsidiaries.

The details of each subsidiary of our Company as at the date of this Prospectus are as follows:-

Name	Date and place of incorporation	Principal business	Issued and paid-up capital	Percentage owned
ASL Shipyard Pte Ltd	23 July 1992, Singapore	Shipbuilding, shiprepair and general engineering	$9,999,995	100%
ASL Project Services Pte Ltd	2 December 1995, Singapore	Chartering of vessels and ship management	$500,000	100%
Capitol Marine Pte Ltd	18 January 1990, Singapore	Chartering of vessels	$2,000,000	100%
Capitol Offshore Pte Ltd	5 January 1993, Singapore	Chartering of vessels	$2,000,000	100%
Capitol Shipping Pte Ltd	26 May 2000, Singapore	Chartering of vessels	$100,000	100%
Capitol Tug & Barge Pte Ltd	26 May 2000, Singapore	Chartering of vessels	$100,000	100%
Lightmode Pte Ltd	4 April 2001, Singapore	Chartering of vessels	$100,000	100%
Kenwell Offshore Pte Ltd	9 June 2001, Singapore	Distribution of pneumatic rubber fenders	$100,000	70%
PT ASL Shipyard Indonesia	10 July 1996, Indonesia	Shipbuilding, shiprepair and general engineering	US$1,000,000	100%(1)

Notes:-

(1) Through our Company's direct interest in the entire issued and paid-up share capital of ASL Shipyard, our Company is deemed to be interested in the 900 ordinary shares of US$1,000 each, representing 90% of the issued and paid-up share capital of PT ASL Shipyard. On 2 December 2002, Mr Ang Sin Liu transferred 100 ordinary shares of US$1,000 each in the issued and paid-up share capital of PT ASL Shipyard Indonesia held by him, representing 10% of its issued and paid-up share capital, to our Company for cash at par. The said transfer has been approved by the Capital Investment Coordinating Agency in Indonesia and the relevant authority in Batam, Indonesia.

None of our subsidiaries are listed on any stock exchange.

We do not have any associated companies the net assets or profit of which accounts for 10% or more of the net assets or profit respectively of our Group for the past three financial years ended 30 June 2000, 2001 and 2002.

SUMMARY OF COMBINED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of the Prospectus, including the audited combined financial statements set out on pages 118 to 153 of this Prospectus.

OPERATING RESULTS OF OUR GROUP

	Audited		
	Year ended		
$'000	**30 June 2000**	**30 June 2001**	**30 June 2002**
Revenue	39,722	58,900	64,591
Cost of sales	(31,753)	(52,728)	(53,233)
Gross profit	7,969	6,172	11,358
Other operating income	718	1,447	1,416
Administrative expenses	(1,725)	(2,256)	(2,731)
Other operating expenses	(801)	(531)	(67)
Profit from operations	6,161	4,832	9,976
Finance costs	(364)	(354)	(992)
Profit from ordinary activities before taxation	5,797	4,478	8,984
Taxation	(659)	(520)	(1,873)
Profit from ordinary activities after taxation	5,138	3,958	7,111
Minority interests	–	–	(35)
Net profit for the year	5,138	3,958	7,076
EPS (cents)[1]	3.47	2.67	4.78

Note:-

(1) For comparative purposes, EPS has been calculated based on net profit attributable to shareholders and the pre-Invitation share capital of 148,000,000 Shares.

FINANCIAL POSITION OF OUR GROUP

Balance Sheet:	As at 30 June		
$'000	**2000**	**2001**	**2002**
Non-current assets			
Property, plant and equipment	34,375	51,119	55,259
Other financial assets[(1)]	50	50	50
Deferred tax assets	114	132	3
	34,539	51,301	55,312
Current assets			
Inventories	137	13	227
Construction work-in-progress	942	6,489	1,255
Trade receivables	14,496	9,802	15,508
Other receivables, deposits and prepayments	1,695	406	2,062
Amounts due from related parties	724	131	21
Cash and cash equivalents	423	1,030	1,857
	18,417	17,871	20,930
Current liabilities			
Bank overdrafts	4,658	3,819	5,080
Trade payables and accruals	10,268	17,895	14,080
Other payables	267	56	83
Progress billings in excess of construction work-in-progress	2,419	29	573
Amounts due to related parties	6,332	4,396	5,763
Trust receipts (secured)	280	5,118	314
Current portion of interest-bearing loans (secured)	2,697	2,346	4,534
Current portion of obligations under hire purchase creditors	35	483	1,096
Provision for taxation	587	1,077	2,775
	27,543	35,219	34,298
Net current liabilities[(2)]	(9,126)	(17,348)	(13,368)
	25,413	33,953	41,944
Non-current liabilities			
Interest-bearing loans (secured)	(453)	(3,213)	(5,416)
Obligations under hire purchase creditors	–	(1,481)	(2,109)
Deferred tax liabilities	(2,315)	(2,356)	(2,375)
	(2,768)	(7,050)	(9,900)
Minority Interests	–	–	(65)
Net Assets	22,645	26,903	31,979
Capital and Reserves			
Share capital	9,300	9,600	14,800
Accumulated profits	13,345	17,303	17,179
	22,645	26,903	31,979
NTA per Share (cents)[(3)]	15.30	18.18	21.61

Notes:-

(1) These pertain to investments in the shares of four companies which are listed on the Mainboard of the SGX-ST. ASL Shipyard is not in the business of investing in shares of listed companies and does not intend to do so upon admission to the Official List of the SGX-ST.

(2) Please refer to the section "Risk Factors – We have experienced and may continue to experience negative working capital position" on page 25 of this Prospectus for more details.

(3) For comparative purposes, NTA per Share has been calculated based on the NTA of our Group after adjusting for minority interests and the pre-Invitation share capital of 148,000,000 Shares.

ASL MARINE HOLDINGS LTD AND ITS SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial position and results of operations for the past three financial years ("FY") ended 30 June 2000, 2001 and 2002 should be read in conjunction with the audited combined financial statements set out on pages 118 to 153 in this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in these forward looking-statements. Factors that might cause our future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section "Risk Factors" on pages 21 to 30 of this Prospectus.

OVERVIEW

Our Group is an integrated marine company, principally engaged in shipyard operations and shipchartering. In the last three years, our revenue increased by 62.6% from $39.7 million in FY2000 to $64.6 million in FY2002. Our gross profits increased by 42.5%, from $8.0 million in FY2000 to $11.4 million in FY2002. Our profit from operations increased by 61.9%, from $6.2 million in FY2000 to $10.0 million in FY2002.

We have facilities bases in Singapore and Batam, Indonesia for our shipyard operations. We specialise in the building of vessels of up to 110m in length and other floating structures and undertake a wide range of repair works. Our customers are mainly from Asia Pacific, South Asia, Middle East and Europe. Our customers include companies in the offshore and marine infrastructure, shipping, port operation and other sectors/industries. Our shipyard in Batam, Indonesia commenced operations in 1996 and operates mainly as a subcontractor to our Singapore shipyard in the areas of shipbuilding, shiprepairs and other marine-related services.

For shipchartering, we provide mainly tugboats and barges for sea transportation. We currently service largely the offshore and marine infrastructure, and other sectors/industries, providing transportation mainly of granite and other resource materials, boulders, marine rocks and others. Our biggest markets are Singapore and Indonesia but we also service customers from Hong Kong, Philippines, Australia and Europe. We deploy our vessels to countries in Asia Pacific and South Asia such as Hong Kong, Sri Lanka, Micronesia and India, and in the Middle East such as Qatar and the United Arab Emirates.

OPERATING RESULTS BY BUSINESS ACTIVITIES

Our revenue, gross profit and profit from operations by business activities are set out below:-

Revenue ($'000):	**FY2000**	**FY2001**	**FY2002**
Shipyard Operations	27,829	44,579	43,015
– Shipbuilding	12,136	36,467	26,493
– Shiprepairs and other marine-related services	15,693	8,112	16,522
Shipchartering and rental services	11,893	14,321	21,576
	39,722	58,900	64,591

Gross profit ($'000):	**FY2000**	**FY2001**	**FY2002**
Shipyard Operations	4,860	2,470	7,419
– Shipbuilding	681	295	3,889
– Shiprepairs and other marine-related services	4,179	2,175	3,530
Shipchartering and rental services	3,109	3,702	3,939
	7,969	6,172	11,358

Gross profit margin (%):	FY2000	FY2001	FY2002
Shipyard Operations	17.4	5.5	17.2
– Shipbuilding	5.6	0.8	14.7
– Shiprepairs and other marine-related services	26.6	26.8	21.4
Shipchartering and rental services	26.1	25.9	18.3
Group Average	20.1	10.5	17.6

Profit from operations ($'000):	FY2000	FY2001	FY2002
Shipbuilding, shiprepairs and other marine-related services	3,241	1,712	6,252
Shipchartering and rental services	3,274	3,442	4,131
Unallocated expenses	(354)	(322)	(407)
	6,161	4,832	9,976

REVENUE

Our revenue is generated mainly from Singapore which accounted for approximately 75.0%, 79.7% and 81.1% of our total revenue for FY2000, FY2001 and FY2002 respectively. Please refer to the section "Major Customers" on page 78 of this Prospectus for more details.

For FY2000, FY2001 and FY2002, our shipyard operations accounted for 70.1%, 75.7% and 66.6% respectively of our Group's turnover while the remaining 29.9%, 24.3% and 33.4% respectively were attributable to our shipchartering business.

We expect our shipyard operations to continue to account for the majority of our revenue in the foreseeable future.

Shipbuilding, shiprepairs and other marine-related services

Our two shipyards are located at Pandan Road, Singapore and Batam, Indonesia.

Recognising that costs management is essential in the highly competitive shipbuilding and shiprepairs industry, we commenced our shipbuilding and shiprepairs operations in Batam, Indonesia, in 1996 mainly to capitalise on the lower overall operational costs in Indonesia. Currently, our Batam shipyard operates mainly as a subcontractor for our Singapore operations and carries out labour-intensive works such as the building of barges and fabrication of hulls for tugboats and afloat shiprepairs.

We derive revenue from shipbuilding. In FY2002, we completed the building of a total of 50 vessels comprising 45 barges and 5 tugboats.

Most of our shipbuilding contracts secured from external customers are usually awarded through competitive bidding process/negotiations based mainly on pricing, as well as on payment terms, technical/product specifications, and technical and financial capabilities of the bidders. Some contracts are secured through direct negotiations with clients. Individual shipbuilders tend to price based on a certain mark-up on the total direct costs estimated for the project.

For shiprepairs, we are mainly engaged in retrofitting and conversion, renewal works, blasting and painting, electrical and electronic works and mechanical works. We undertake drydocked and afloat repairs. For our shiprepair projects, most of our larger projects are awarded through a competitive bidding process while most of our smaller projects are secured through direct negotiations with customers.

Other marine-related services include logistical support, general engineering services, sale and/or repair/servicing of marine equipment including dredging equipment, pneumatic rubber fenders etc to shipowners.

The key factors that can affect revenue from shipyard operations mainly include:

1. our ability to remain competitive. We face intense competition from existing and new competitors, which may also exert downward pressure on pricing;

2. our ability to provide quality and timely delivery of vessels to our customers. This may have an impact on customer loyalty, attraction of new customers and our reputation in the market;

3. our ability to secure new contracts may be affected by the general economic and/or political climate of the region/countries in which our clients operate;

4. our ability to expand our customer base and geographical penetration;

5. fluctuations in foreign currencies. Our contracts are generally denominated in S$ and some in foreign currencies including US$; and

6. the capacity of our shipyards.

Revenue recognition

Revenue from shipbuilding and shiprepairs contracts is recognised based on the percentage-of-completion method, measured by reference to the percentage of direct costs incurred to-date to the estimated total direct costs for the contract with due consideration made to include only those costs that reflect work performed. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

Shipchartering and rental services

We are positioned as an established provider of mainly tugboats and barges currently servicing largely the offshore and marine infrastructure, and other sectors/industries. Our biggest markets are in Singapore and Indonesia. In addition, we also service customers mainly from Hong Kong, Philippines, Australia and Europe. Please refer to the section "Major Customers" on page 78 of this Prospectus for more details. Some of our vessels include tugboats, tugboats-cum-workboats, flat-top deck cargo barges, hopper barges, crane barges and clamp-shell dredgers. We offer charter of tugboats and barges as well as transport mainly granite and other resource materials, construction equipment, boulders, marine rocks, coal, seabed dredged materials, logs and timber and other cargo used for offshore and marine infrastructure and other sectors/industries.

We offer our vessels on a variety of charter contracts. The tenure for each type of contract ranges from spot charter, which may last from 1 to 30 days, to longer term charters of up to four years. We also offer services on a contract of affreightment basis, whereby we provide transportation and logistics services on a unit rate basis primarily on tonnage.

Generally, our charter contracts are secured and negotiated directly, primarily with repeat customers as well as new customers, through our marketing efforts and referrals from customers. However, a few of our larger contracts are secured through a competitive bidding process.

Shipchartering revenue includes income from the provision mainly of tugboats and/or barges. Rental services include income mainly from the rental of cranes and machinery.

The following is a tabulation of our shipping fleet:

	As at		
	30 June 2000	**30 June 2001**	**30 June 2002**
Tugboats	21	37	42
Barges	24	38	58
	45	75	100

The key factors that can affect revenue from shipchartering and rental operations mainly include:

1. competition from other barge and tug operators. Notwithstanding our track record, we operate in a highly competitive environment and we expect to face intense competition from existing competitors and new market entrants;

2. our ability to provide quality and timely services to our customers. This may have an impact on customer loyalty, securing of new customers and maintaining our reputation in the market;

3. the general economic and/or political climate of the countries in which our clients operate;

4. our ability to expand our customer base through industry and geographical penetration. Our customers are largely in the offshore and marine infrastructure, and other sectors/industries;

5. fleet size and utilisation rate of our vessels; and

6. the charter rates which are determined by the demand for and supply of shipping capacity in the shipping industry.

Revenue recognition

Charter and rental income are recognised in the profit and loss account on an accrual basis over the period of the charter and rental.

EXPENSES

Our source of expenses

Cost of sales

Shipbuilding, shiprepairs and other marine-related services

Cost of sales comprise direct costs and overheads. Direct costs consist mainly of materials /components (mainly steel), equipment and subcontract labour/works. Overheads mainly include the depreciation of property, plant and equipment that are directly attributable to shipyard operations, salaries and related costs of operational staff (such as supervisors and engineers), upkeep and maintenance of property, plant and equipment.

To improve our operating flexibility, we primarily utilise subcontract labour/works for shipbuilding and shiprepairs contracts. We incurred costs of \$5.6 million, \$7.6 million and \$9.4 million on subcontract labour/works in FY2000, FY2001 and FY2002 respectively and such costs accounted for approximately 17.5%, 14.5% and 17.6% of our Group's cost of sales in FY2000, FY2001 and FY2002 respectively. The use of subcontract labour/works allows our Group more flexibility in managing costs in view of variations in the number of shipbuilding and shiprepair projects in progress. Subcontractors in Singapore and Batam provide our supply of subcontract labour/works.

The costs charged by subcontractors are usually dependent on prevalent wage rates, the availability of skilled workers and the complexity of the job outsourced.

Key factors affecting the cost of sales mainly include:

1. cost of steel which is the main raw material used for our shipbuilding and one of the significant cost components in shiprepair projects. It accounted for an average of approximately 12.1% of our Group's cost of sales for the past three financial years;

2. our ability to manage and control direct costs within budget and to minimise wastage and damage to equipment;

3. wage levels, labour market conditions and changes in government policies and regulations such as Central Provident Fund contribution and foreign workers' levy and quota will affect our direct employees' costs and subcontract labour/works costs;

4. our ability to maintain and contract at competitive rates with our pool of subcontractors;

5. our ability to manage vessels' construction in compliance with customers' specifications and quality requirements; and

6. fluctuations in foreign currencies. Our cost of sales are generally denominated in S$ and some are in foreign currencies including US$, Euro, Indonesian Rupiah and Japanese Yen.

Shipchartering and rental services

The major components of our cost of sales include direct costs such as fuel oil, staff salaries and related costs, hire of vessels from third party, port charges and overheads such as depreciation and maintenance of vessels and insurance premiums.

Key factors affecting the cost of sales mainly include:

1. fuel oil costs, which accounted for an average of about 24.6% of the cost of sales of the charter and rental segment for the past three financial years;

2. cost of our vessels and the associated depreciation;

3. age and physical condition of fleet. An ageing fleet may require a higher level of maintenance, thereby affecting our upkeep and maintenance costs;

4. wage levels, labour market conditions and changes in government policies and regulations such as Central Provident Fund contribution and foreign workers' levy and quota will affect our crews' cost; and

5. all the other cost components including insurance premiums.

Operating expenses

Operating expenses include administrative and other operating expenses.

Administrative expenses comprise mainly directors' remuneration, other staff costs such as salaries, benefits and related costs, depreciation, professional fees, entertainment, telecommunication expense, travelling and transport and others.

Other operating expenses comprise mainly foreign exchange loss, bad debts written off and allowance for doubtful trade receivables.

Finance costs

Our finance costs comprise mainly interest expense on bank loans, overdrafts, trust receipts and hire-purchase.

REVIEW OF PAST OPERATING PERFORMANCE

An analysis of our past performance based on our results for the last three financial years is set out below:-

FY2000 to FY2001

Revenue

We achieved a higher turnover of $58.9 million in FY2001 as compared to $39.7 million in FY2000. The increase of 48.3% or $19.2 million for FY2001 was mainly attributable to the shipyard operations, which recorded an increase of $16.8 million while the shipchartering and rental segment contributed $2.4 million to the increase.

As discussed above, our revenue from shipbuilding is recognised based on percentage-of-completion method. Revenue from shipbuilding increased by $24.4 million or 200.5% from $12.1 million in FY2000 to $36.5 million in FY2001 as the number of shipbuilding contracts carried out in FY2001 totalled 52, which was significantly higher than the 24 contracts carried out in FY2000. Of these 52 contracts, 10 were for tugboats and 42 were for barges compared to 9 tugboats and 15 barges in FY2000.

With increased marketing and competitive bidding by the management, our Group secured 41 shipbuilding contracts in FY2001 compared to 18 shipbuilding contracts in FY2000. We generally take about 3 months to a maximum of 18 months to complete the building of barges and tugboats. Our Group completed and delivered 27 newbuildings comprising 22 barges and 5 tugboats in FY2001 compared to 13 newbuildings comprising 8 barges and 5 tugboats in FY2000.

Our revenue earned from shiprepairs and other marine-related services decreased by 48.3% from $15.7 million in FY2000 to $8.1 million in FY2001. The decrease was largely because our Group undertook the upgrading of its Singapore shipyard including the shiplift basin for about 4 months thus affecting its available capacity for shiprepairs. The decrease was partly offset by increase in revenue of approximately $0.4 million from its provision of other marine-related services for a land reclamation project in Jurong Island, Singapore.

Our revenue earned from the shipchartering and rental services increased by 20.4% from $11.9 million in FY2000 to $14.3 million in FY2001. The higher shipchartering and rental income earned in FY2001 was substantially attributable to 2 new long-term contracts which commenced in March 2001 and April 2001. Total revenue from these two contracts was approximately $2.6 million in FY2001. These two contracts involved the transportation of granite and other resource materials. Largely to cater for these 2 new contracts, our Group increased our fleet size from 45 vessels in FY2000 to 75 vessels by FY2001.

Gross profit and gross profit margin

Our overall gross profit decreased by 22.5% from $8.0 million in FY2000 to $6.2 million in FY2001. Our overall gross profit margin decreased from 20.1% in FY2000 to 10.5% in FY2001, mainly due to the lower gross profit margin of our shipyard operations.

In FY2001, our gross profit from our shipyard operations declined by $2.4 million partly offset by an increase in gross profit from shipchartering and rental segment of $0.6 million. Our gross profit from shiprepairs and other marine-related services declined by $2.0 million in line with the revenue decline. As explained above, our Group undertook the upgrading of its Singapore shipyard including the shiplift basin for about 4 months.

The gross profit from shipbuilding declined by $0.4 million in FY2001 compared to FY2000 due mainly to unprofitable projects in FY2001. Our Group incurred gross loss of about $0.7 million on 7 contracts due to costs overruns and performance of additional work due to change of specifications by customers, without additional billings. In addition, we granted concessionary pricing to a number of customers for strategic market positioning/relationship building and made provision for job losses of approximately $0.6 million.

Our gross margin earned on shipchartering and rental business remained fairly stable at 25.9% in FY2001 compared to 26.1% in FY2000. The gross profit increased by $0.6 million in line with the increase in revenue.

Other income

Our other income increased from $0.7 million in FY2000 to $1.4 million in FY2001. In FY2001, other income comprised mainly gain on disposal of plant and equipment of $1.3 million, of which $1.1 million relates to the disposal of the Marine Travelift™ BFM500 by our Singapore shipyard.

Administrative expenses

We incurred higher administrative expenses of $2.2 million in FY2001 compared to $1.7 million in FY2000 in line with the increase in our business activities. The increase of $0.5 million was substantially due to increases in staff and related costs, entertainment and telecommunication expenses.

Other operating expenses

Other operating expenses declined by $0.3 million in FY2001 mainly due to lower allowance for doubtful trade receivables and bad debts written off during the year. In FY2001, our Group increased its efforts towards debt collection, which resulted in a lower allowance for doubtful trade receivables.

Finance costs

Our financing costs reduced marginally by approximately $10,000 due mainly to decline in hire-purchase and overdraft interest which was partly offset by increase in trust receipts interest. Most of our hire-purchase obligations were settled in FY2001, except for the hire-purchase agreement for the Marine Travelift™ 800CMO which was entered into towards the end of FY2001.

Profit before taxation

In FY2001, our profit before taxation decreased by $1.3 million to $4.5 million. The lower profit before taxation was mainly due to lower profitability of the shipbuilding and shiprepairs segment and higher administrative expenses. This was partially offset by higher gross profit earned by the shipchartering and rental segment and higher other income mainly from the gain on disposal of the Marine Travelift™ BFM500.

Taxation

Our taxation charge decreased by $0.1 million in FY2001 mainly due to lower profit earned by our Group and the availability of investment allowance granted under the Economic Expansion Incentives (Relief from Income Tax) Act. Our Group's effective tax rate in FY2001 was approximately 11.8% which was fairly comparable to approximately 11.4% in FY2000.

FY2001 to FY2002

Revenue

In FY2002, our revenue increased by $5.7 million or 9.7% to $64.6 million. The shipchartering and rental segment increased by $7.3 million or 50.7% while shipyard operations decreased by $1.6 million or 3.5% compared to FY2001.

Revenue from shipyard operations decreased mainly due to the decrease in shipbuilding revenue of $10.0 million which is partly offset by the increase in revenue from shiprepair projects and other marine-related services of $8.4 million. The main reason for the increase in FY2002 was that the shipyard capacity in Singapore was not restricted by the upgrading of its Singapore shipyard including the shiplift basin for about 4 months in FY2001.

Revenue from shipbuilding was $26.5 million in FY2002, a decrease of $10.0 million or 27.4% compared to FY2001 although the number of shipbuilding contracts carried out during FY2002 had increased. Shipbuilding contracts carried out in FY2002 totalled 61 which is higher than the 52 contracts carried out in FY2001. Of these 61 contracts, 9 were for tugboats and 52 were for barges compared to 10 tugboats and 42 barges in FY2001. The decrease in shipbuilding revenue was mainly due to the decrease in revenue recognised on the building of a fleet of tugboats for a strategic customer by $8.7 million from $20.9 million in FY2001 to $12.2 million in FY2002. We carried out more tugboat projects for this strategic customer in FY2001 compared to FY2002. The contract values of this fleet of tugboats were within the same price range. Overall, the revenue recognised for tugboats decreased by approximately 32% in FY2002 compared to FY2001.

In addition, the average unit revenue recognised in FY2002 for barges decreased by about 30% as a majority of the shipbuilding contracts for barges carried out in FY2002 were generally in respect of smaller sized-barges and of lower contract value owing to our customers' specifications, as compared to those built in FY2001.

Our Group secured 36 shipbuilding contracts in FY2002 compared to 41 shipbuilding contracts in FY2001. Our Group completed and delivered 50 newbuildings comprising 45 barges and 5 tugboats in FY2002 compared to 27 newbuildings comprising 22 barges and 5 tugboats in FY2001.

Revenue from shipchartering and rental segment was $21.6 million in FY2002, an increase of $7.3 million or 50.7% compared to FY2001. The increase in shipchartering and rental revenue was substantially due to higher revenue from the two long-term contracts for the transportation of granite and other resource materials. These contracts commenced only in March 2001 and April 2001 respectively. Total revenue from these two contracts was $7.9 million in FY2002 compared to $2.6 million in FY2001, an increase of $5.3 million. Our Group increased our fleet size from 75 vessels to 100 vessels by FY2002 to meet the increase in demand for shipchartering services.

Gross profit and gross profit margin

Our overall gross profit increased by $5.2 million or 84.0% from $6.2 million in FY2001 to $11.4 million in FY2002. Gross profit from shipyard operations was $7.4 million in FY2002, a significant increase of $5.0 million or 200.4% compared to FY2001.

Our overall gross profit margin improved from 10.5% in FY2001 to 17.6% in FY2002 due mainly to improved gross profit margin from shipyard operations, that is, from 5.5% in FY2001 to 17.2% in FY2002. On the other hand, the gross profit margin of shipchartering and rental segment decreased from 25.9% in FY2001 to 18.3% in FY2002.

The gross profit earned from shipbuilding was higher by $3.6 million in FY2002 compared to FY2001. The gross profit margins in respect of barges for FY2002 were generally higher in spite of the lower average unit revenue. The improvement in gross profit was mainly from construction of 9 hopper barges and 1 crane barge which command higher gross profit margin because these are generally higher value-added and technically more complex than dumb barges and have stringent quality requirements. Our gross profit margins from other types of barges were also generally higher in FY2002. In addition, we had cost savings from purchases of steel plates, which is the main material used in barge construction, as there was an overall reduction in steel plate prices in FY2002. Furthermore, in FY2002, there was a $0.3 million reversal in provision for job losses out of approximately $0.6 million initially made in FY2001. We had 3 loss-making projects in FY2002 compared to 7 in FY2001 and this was due to concessionary pricing mainly to penetrate new markets. We also benefited from economies of scale as 50 projects were completed in FY2002 compared to 27 projects in FY2001.

Gross profit from shiprepairs and other marine-related services increased from $2.2 million in FY2001 to $3.5 million in FY2002 due to much higher revenue which increased by $8.4 million in FY2002. Our gross profit margin declined from 26.8% to 21.4% due to lower margins from the sale of marine-related equipment.

Gross profit from shipchartering and rental segment increased from $3.7 million in FY2001 to $3.9 million in FY2002 due to much higher revenue which increased by $7.3 million in FY2002. This substantial revenue increase enabled our shipchartering and rental segment to register a moderate increase in gross profit despite a decrease in gross profit margin from 25.9% in FY2001 to 18.3% in FY2002. The decrease in gross profit margin was mainly due to the lower gross profit margins from the two long-term contracts which commenced in March and April 2001 respectively and higher cost of sales. The lower gross profit margins of these two long-term contracts only affected approximately four months of the gross profit margin in FY2001 compared to 12 months for FY2002. The two long-term contracts are on contract of affreightment where charter rates include manpower, fuel oil and all other costs for operating the vessels. We increased our fleet size from 75 in FY2001 to 100 in FY2002 partly due to these two contracts, and due to overall demand for our shipchartering business. These resulted in higher expenditure for fuel oil, drydocking and upkeep and crew salaries. In addition, we incurred higher costs due to upgrading of the safety standards of our shipchartering operations.

Other income

Other income totalled $1.42 million in FY2002, a marginal decrease compared to FY2001 of $1.45 million. Other income in FY2002 comprised mainly gain on disposal of barges and tugboats, motor vehicles, plant and machinery totalling $1.1 million and miscellaneous income of $0.3 million.

Administrative expenses

Administrative expenses increased from $2.2 million in FY2001 to $2.7 million in FY2002, an increase of $0.5 million or 21.1%. The increase is in line with our higher turnover and is mainly due to increase in staff cost by $0.4 million and telecommunication expenses by $0.1 million.

Other operating expenses

Other operating expenses declined by $0.5 million in FY2002 compared to FY2001 due mainly to lower allowance for doubtful trade receivables and bad debts written off by a total of $0.2 million and decline in loss on foreign exchange by $0.3 million.

Finance costs

In FY2002, our finance costs was $1.0 million, an increase of $0.6 million compared to FY2001. The increase in FY2002 was due mainly to higher utilisation of term loans, hire-purchase and trust receipts primarily for our operational needs in line with the increase in our business activities.

Profit before taxation

We achieved a profit before taxation of $9.0 million in FY2002 compared to $4.5 million in FY2001, an increase of $4.5 million, or 100.6%. The higher profit before tax was due mainly to improved revenue and gross profit which was partly offset by increase in administrative expenses.

Taxation

Our taxation charge for FY2002 was $1.9 million compared to $0.5 million in FY2001, an increase of $1.4 million or 260.2%. This was mainly due to our higher profit before taxation. Our Group's effective tax rate was 21.4% for FY2002 compared to 11.8% in FY2001. This was due to the full utilisation in FY2001 of investment allowance of $1.3 million in respect of the Marine Travelift™ 800CMO granted to one of our subsidiaries under the Economic Expansion Incentives (Relief from Income Tax) Act.

REVIEW OF PAST FINANCIAL POSITION

Non-current assets

Non-current assets comprised mainly property, plant and equipment, stated at cost less depreciation, amortisation and impairment loss. Property, plant and equipment consists mainly of leasehold land and property, assets under construction, plant and machinery, vessels for shipchartering operations, office equipment, furniture and fittings and motor vehicles.

Our non-current assets increased by $16.8 million to $51.3 million in FY2001 from $34.5 million in FY2000. In FY2001, we acquired vessels, cranes and other equipment and facilities worth $22.2 million and disposed off plant and equipment with net book value totalling $1.7 million. Depreciation charge amounted to $3.7 million in FY2001. We acquired or constructed 16 tugboats and 19 barges, acquired the Marine Travelift™ 800CMO and substantially completed the workshop for shiprepairs and storage purposes. Additional tugboats and barges were acquired mainly to cater to the long-term charter contracts. In FY2001, our shipchartering and rental segment disposed off 5 barges to capitalise on their high selling prices while our shipbuilding segment disposed off the Marine Travelift™ BFM500.

In FY2002, non-current assets stood at $55.3 million, an increase of $4.0 million compared to FY2001. The increase was mainly due to acquisitions of plant and equipment, mainly vessels and cranes, worth $12.4 million. This was partly offset by disposal of plant and equipment, mainly vessels and cranes, of net book value of $3.0 million. Depreciation charge amounted to $5.3 million in FY2002.

Current assets

Our current assets comprised primarily inventories, construction work-in-progress, trade receivables, other receivables, deposits and prepayments, amounts due from related parties as well as cash and cash equivalents.

Our current assets decreased by 3.0% or $0.5 million from $18.4 million in FY2000 to $17.9 million in FY2001. Increases in construction work-in-progress and cash and cash equivalents were partially offset by declines in trade receivables and other receivables, deposits and prepayments, resulting in an overall decrease in current assets. Construction work-in-progress increased significantly by $5.5 million mainly due to an increase in the number of shipbuilding projects where the balance of the contract value net of down payment are billed to customers only upon the completion of the projects. Our cash and cash equivalents grew by $0.6 million to $1.0 million mainly due to the positive operating cash flows of ASL Shipyard. Trade receivables decreased by $4.7 million due to the more stringent implementation of our Group's credit control policy that resulted in better collection from customers. Debtors' turnover decreased from 133 days in FY2000 to 61 days in FY2001. The decline in other receivables, deposits and prepayments of $1.3 million was mainly attributed to collection of debt arising from sale of barges and the reclassification of the deposit on the Marine Travelift™ 800CMO into property, plant and equipment.

Our current assets increased by 17.1% or $3.0 million from $17.9 million in FY2001 to $20.9 million in FY2002. Trade receivables, other receivables, deposits and prepayments and cash and cash equivalents increased by $5.7 million, $1.7 million and $0.8 million respectively while construction work-in-progress decreased by $5.2 million in FY2002. The increase in trade receivables was due primarily to higher turnover in FY2002. Construction work-in-progress decreased significantly as we had only 12 uncompleted shipbuilding and shiprepair projects as at FY2002 compared to 25 such projects as at FY2001. Other receivables, deposits and prepayments increased largely due to sale of more barges in FY2002 compared to FY2001.

Current liabilities

Current liabilities consisted mainly of bank overdrafts, trade payables and accruals, other payables, progress billings in excess of construction work-in-progress, amounts due to related parties, trust receipts, current portions of interest-bearing loans and hire-purchase creditors, and provision for taxation.

Our current liabilities increased by $7.7 million or 27.9% from $27.5 million in FY2000 to $35.2 million in FY2001. The increase was due to the significant increase in trade payables and accruals, trust receipts and provision for taxation, partially set off by declines in bank overdrafts, progress billings in excess of construction work-in-progress and amounts due to related parties. Trade payables and accruals increased by $7.6 million mainly due to the increase in the level of business activities as well as longer credit terms granted by some suppliers. Trust receipts increased by $4.8 million from $0.3 million in FY2000 to $5.1 million in FY2001 in line with the increase in shipbuilding activities. In addition, our Group purchased the Marine Travelift™ 800CMO and other plant and equipment using hire-purchase arrangement in FY2001, resulting in an increase of $0.4 million for obligations under hire-purchase creditors. On the other hand, our Group's bank overdrafts decreased by $0.8 million from $4.6 million in FY2000 to $3.8 million in FY2001 as we utilised more trust receipts. Progress billings in excess of construction work-in-progress declined by $2.4 million due to the decrease in the value of projects that allowed our shipyard operations to make advance billings upon the commencement of the projects. During the year, ASL Shipyard repaid debts owing to a related party amounting to $1.3 million. Provision for taxation increased by $0.5 million in FY2001 mainly due to additional provision for taxation taken up by its subsidiaries, Capitol Marine and ASL Shipyard, for profits recognised during the year.

Our current liabilities declined by $0.9 million or 2.6% from $35.2 million in FY2001 to $34.3 million in FY2002. This was due mainly to decrease in trade payables and accruals of $3.8 million and trust receipt of $4.8 million. This was mainly offset by increase in bank overdrafts of $1.3 million, interest-bearing loans of $2.2 million, obligations under hire-purchase creditors of $0.6 million, amounts due to related parties of $1.4 million and provision for taxation of $1.7 million. In FY2002, we repaid the trust receipts as and when they became due and used bank overdraft and interest-bearing loans to finance our operational needs, resulting in the higher bank overdrafts and interest-bearing loans. In FY2002, one of the subsidiaries declared an interim dividend of $2.0 million, which substantially contributed to the net increase in the amounts due to related parties of $1.4 million. Provision for taxation was higher at $2.8 million in FY2002 compared to $1.1 million in FY2001 due mainly to the higher taxation provision for two subsidiaries in FY2002.

Non-current liabilities

Non-current liabilities comprise interest-bearing loans, hire-purchase creditors and deferred taxation.

Our non-current liabilities increased by $4.3 million or 154.7% from $2.7 million in FY2000 to $7.0 million in FY2001. The increase was mainly due to increases in interest-bearing loans and obligations under hire-purchase contracts amounting to $2.8 million and $1.5 million respectively. Our Group had purchased the Marine Travelift™ 800CMO and other plant and equipment using hire-purchase arrangements in FY2001. To finance our acquisitions of vessels in FY2001, our Group utilised interest-bearing loans from banks.

Our non-current liabilities increased by $2.9 million or 40.4% from $7.0 million in FY2001 to $9.9 million in FY2002. This was mainly due to the increase in interest-bearing loans of $2.2 million and obligations under hire-purchase creditors of $0.6 million. The increase in interest-bearing loans in FY2002 was largely used to finance the purchases of vessels. In FY2002, we entered into 3 new hire-purchase agreements for the purchase of plant and equipment for our shipyard operations.

Share capital and reserves

Our shareholders' equity, comprising share capital and accumulated profits, increased by $4.3 million, or 18.8% from $22.6 million in FY2000 to $26.9 million in FY2001. This was mainly due to additional share capital arising from the incorporation of new subsidiaries and net profit for FY2001 of $3.9 million.

Our shareholders' equity increased by $5.1 million or 18.9% from $26.9 million in FY2001 to $32.0 million in FY2002. This was due to net profits of $7.1 million earned by our Group during the year. This was partly offset by the declaration of an interim tax-exempt dividend of $2.0 million by one of our subsidiaries.

LIQUIDITY AND CAPITAL RESOURCES

We had financed our growth through both internal and external sources. Our internal sources of cash comprise cash generated from operations and capital provided by our Shareholders. Our external sources of liquidity comprise bank facilities, hire-purchase arrangements, suppliers' credit, and advances from related parties.

Our principal uses of cash include payments for cost of goods sold, operating and administrative expenses, capital expenditures, repayment of hire-purchase creditors and bank borrowings, finance costs and dividends to Shareholders.

We had negative working capital (i.e. current liabilities exceed current assets) for the past three financial years ended 30 June 2000, 2001 and 2002, which stood at \$9.1 million, \$17.3 million and \$13.4 million respectively. The main reason for the negative working capital position was that, in addition to gross cash inflow from operating activities, we funded a substantial portion of our fleet expansion and other capital expenditures using short-term banking facilities, as well as interest-free advances received from our controlling shareholders and companies controlled by our controlling shareholders (collectively the "related parties"). Our intention was to have lower financing cost, to a large extent, by tapping on the above sources of funds in lieu of long-term loans. Our gearing ratio (as defined by total indebtedness divided by shareholders' equity) for each of the past three financial years ended 30 June 2000, 2001 and 2002 was 0.36, 0.61 and 0.58 respectively.

Subsequent to the financial year ended 30 June 2002 and up to 15 November 2002, we paid off amounts due to related parties, bank overdrafts, short-term loan and trade creditors from newly-secured long-term loan facilities which were made available by converting existing overdraft and fixed advance facilities (the "Converted Loan Facilities"). The total amount of the Converted Loan Facilities is \$9.5 million.

In addition to the Converted Loan Facilities, we also drew down other existing long-term loans of approximately \$3.96 million for working capital purposes.

To further rationalise our existing banking facilities, we have also undertaken the following:-

(i) conversion of \$1.0 million of our existing overdraft facility with The Development Bank of Singapore Ltd into a long-term loan facility;

(ii) conversion of \$4.0 million of our existing overdraft facility with United Overseas Bank Limited into a long-term loan facility; and

(iii) securement of more favourable repayment terms for our existing long-term loans of approximately \$1.8 million with the Oversea-Chinese Banking Corporation Limited.

Taking into account the foregoing and the estimated net proceeds of the Invitation, our Directors expect our working capital position to be positive. Please refer to the section "Risk Factors – We have experienced and may continue to experience negative working capital position" on page 25 of this Prospectus for more details.

As at the Latest Practicable Date, our material sources of unused liquidity are unutilised overdraft and term loan facilities amounting to an aggregate of \$9.6 million. Taking into account the amount of unutilised facilities, our cash and cash equivalents on hand and the net proceeds from the issue of the Invitation Shares, our Directors are of the opinion that our Group has adequate working capital for our present requirements.

The following table sets out the audited combined statements of cash flows for the past three financial years:-

	FY2000 $'000	FY2001 $'000	FY2002 $'000
Net cash inflow from operating activities	10,652	11,477	8,120
Net cash outflow from investing activities	(7,564)	(17,113)	(6,561)
Net cash inflow/(outflow) from financing activities	(4,481)	7,082	(1,993)
Net increase/(decrease) in cash and cash equivalents	(1,393)	1,446	(434)
Cash and cash equivalents at the beginning of the financial year	(2,842)	(4,235)	(2,789)
Cash and cash equivalents at the end of the financial year	(4,235)	(2,789)	(3,223)

FY2000

In FY2000, we generated net cash from operating activities of $10.7 million mainly due to operating profits of $9.7 million, decline in construction work-in-progress of $2.4 million, increase in trade and other payables of $1.6 million and financing received from related parties of $3.2 million. These cash inflows were partially offset by increase in trade and other receivables of $6.1 million as we had granted longer credit terms to certain chartering customers in FY2000.

The positive net cash flows from operations were utilised for investing and financing activities. We recorded net cash outflows of $7.6 million and $4.5 million for investing and financing activities respectively. In FY2000, we incurred capital expenditures to expand our fleet of vessels and plant and machinery by $10.0 million, which was partly offset by proceeds from disposals of plant and equipment of $2.4 million. One of our subsidiaries paid an interim dividend of $3.2 million, which was declared in FY2000. We drew down additional loans of $0.9 million and repaid $1.5 million of our loans.

FY2001

In FY2001, our net operating cash inflows amounted to $11.5 million primarily due to operating profits of $8.1 million, increase in trade and other payables of $7.4 million and decline in trade and other receivables of $5.7 million, which were partially offset by an increase in construction work-in-progress of $8.5 million. We also recorded net positive cash inflows from financing activities of $7.1 million due mainly to increase in bank loans of $4.3 million, net increase in trust receipts of $4.8 million and partly offset by the repayment of $1.9 million in bank loans.

We continued to expand our shipping fleet by acquiring more tugboats and barges, and plant and equipment. These amounted to $20.1 million which was partly offset by proceeds from disposals of plant and equipment of $3.0 million in FY2001. Our net increase in cash and cash equivalents amounted to $1.4 million for FY2001 and this resulted in a lower net deficit balance of $2.8 million for cash and cash equivalents as at 30 June 2001 compared to $4.2 million as at 30 June 2000.

FY2002

In FY2002, our net operating cash inflows amounted to $8.1 million, primarily due to operating profits of $14.7 million and decrease in construction work-in-progress of $5.4 million. These cash inflows were partly offset by increase in trade and other receivables of $7.4 million and decrease in trade and other payables of $3.8 million.

The positive net cash flows from operations were utilised for investing and financing activities. In FY2002, we invested $10.6 million to expand our fleet of tugboats and barges and plant and machinery, which was partly offset by proceeds from disposals of plant and equipment of $4.0 million. We borrowed additional loans of $8.0 million and repaid $3.6 million in loans. We also repaid a net of $4.8 million of trust receipts. Our net decrease in cash and cash equivalents of $0.4 million in FY2002 resulted in a net deficit balance of $3.2 million for cash and cash equivalents as at 30 June 2002 compared to $2.8 million as at 30 June 2001.

FOREIGN EXCHANGE EXPOSURE

Our foreign currency exchange risk arises mainly from foreign currency-denominated sales, purchases and operating expenses. Please refer to the section "Risk Factors - We are exposed to fluctuations in foreign exchange rates" on page 24 of this Prospectus for more details.

The reporting currency of our Group is Singapore dollars. In respect of our foreign currency-denominated transactions, in FY2002, approximately 2.3% of our total revenue was mainly denominated in US$ while approximately 4.9% of our total purchases, including fixed assets purchases, were in various foreign currencies, mainly US$, Euro, Indonesian Rupiah and Japanese Yen.

Our foreign exchange gains/losses for the past three financial years ended 30 June 2002 were as follows:-

	FY2000	**FY2001**	**FY2002**
Net foreign exchange (loss)/gain (S$'000)	(157)	(256)	7
Percentage of turnover (%)	0.4	0.4	–
Percentage of profit before tax (%)	2.7	5.7	0.1

Currently, we do not have a formal hedging policy for foreign currencies/foreign currency transactions as our Directors believe that it is more efficient to assess each foreign currency transaction individually. We will monitor foreign exchange rates and take appropriate measures to hedge our foreign currency exposure, if required, which may include entering into forward currency contracts for committed foreign purchases and/or receivables.

INFLATION

For the last three financial years, inflation had generally not had a material impact on our Group's financial performance.

CREDIT MANAGEMENT

Our sales to customers are mainly made on credit with credit terms of approximately 30 to 90 days. For shipbuilding, we would generally require a down payment of between 10% to 30% of the contract value, payable upon signing of the contract or up to a maximum of 30 days credit for customers with good credit standing. Thereafter, progress billings in accordance with contractual terms will be issued with credit terms of generally between 30 days to 60 days. The final billing will be issued upon delivery of the vessels and if necessary, banker's guarantee or insurance bond will be given to customers to cover the defects liability period, which ranges generally from 6 to 12 months. For some projects, the balance of the contract value net of down payment are billed to customers only upon the completion of the projects.

For shiprepairs and other marine-related services, generally the billings are issued upon completion and delivery of the project/service. Our credit terms granted to customers generally range from 30 days to 90 days. For some of our projects, in particular the larger ones, billings may be made on a progressive basis with credit terms also ranging generally from 30 to 90 days.

For shipchartering and rental services, our credit terms granted to customers generally range from 30 days to 90 days.

On a case-by-case basis, our Directors may vary the credit terms based on commercial considerations such as size and duration of the project, creditworthiness of the customers and strategic considerations e.g. market entry.

Our Directors monitor the accounts receivables and reviews collectibility on a regular basis. Our debtors' turnover days were 133, 61 and 88 days for FY2000, FY2001 and FY2002 respectively. We do not have a policy in relation to the general allowance for doubtful trade receivables and we will provide for specific debts if we consider its collection to be doubtful. Our net allowance made for doubtful trade receivables were approximately $571,000, $243,000 and $60,000 for FY2000, FY2001 and FY2002 respectively. We did not experience any significant impact on our financial performance arising from payment delays and/or default by our customers in the past three financial years ended 30 June 2000, 2001 and 2002.

OUR BUSINESS

OUR HISTORY AND DEVELOPMENT

The ASL Group started operations in 1974 as a sole proprietorship of Mr Ang Sin Liu engaged in the trading of scrapped steel material under the name “Ang Sin Liu Hardware”. With the increase in construction activity in the 1980s, Ang Sin Liu Construction (Pte) Ltd (“Ang Sin Liu Construction”) was incorporated in 1982 to undertake building construction works.

In 1986, Ang Sin Liu Hardware purchased the lease at No. 19 Pandan Road, Singapore 609271 of approximately 37,219 sq m with a waterfront stretching approximately 179 m to undertake ship-breaking activities. Mr Ang Sin Liu utilised the land further by expanding the business into shipbuilding and shiprepair. We completed the construction of our first barge in 1988 and our first tugboat in 1990.

In 1989, Messrs Ang Kok Tian and Ang Ah Nui decided to tap into the growing market for shipchartering and logistics services for tugboats and barges by diversifying our business into the provision of chartering and marine logistics services in South East Asia. On 18 January 1990, Capitol Marine was incorporated to operate our shipchartering division led by Messrs Ang Kok Tian and Ang Ah Nui. We also began to secure contracts to provide shipchartering and logistics services to local and Indonesian firms. In certain cases, our Group would construct new vessels to accommodate specific client requirements for long-term charters.

Our Group began to establish a reputation for building quality vessels as well as repairing vessels whilst having competitive pricing and delivery performance. We employed technical staff and skilled workers to carry out shipbuilding as well as maintenance and repair works on our vessels and those of our customers. For our shipchartering business, our in-house shiprepair capabilities enabled us to limit the downtime of our vessels. In addition to maintaining an operationally ready fleet of vessels, our Group was able to keep our maintenance costs low.

Our Group completed the construction of our first tanker of 1,000 dwt in 1990 for Soon Bee Oil Industries Pte Ltd. In 1992, our Group secured a contract to build the first of a series of bunkering tankers for Hai Sun Hup Group Ltd (“Hai Sun Hup Group”). These tankers were completed between 1992 and 1995 and were used for bunkering operations.

On 23 July 1992, our shipbuilding and shiprepair businesses were spun off from Ang Sin Liu Construction into a new corporate entity, Ang Sin Liu Shipyard Pte Ltd (“ASL Shipyard”), which was headed by Mr Ang Kok Tian. The ownership of the land at No. 19 Pandan Road, Singapore 609271 was transferred to ASL Shipyard. With the incorporation of ASL Shipyard, there was more focus on our shipbuilding and shiprepair operations. Both the new corporate identity and the greater focus on shipyard operations placed us in a better position when vying for business, particularly in bidding for contracts from larger players in the shipping industry. The business of ASL Shipyard is also complementary to Capitol Marine’s business because ASL Shipyard builds tugboats and barges and sells them to Capitol Marine for charter to third parties.

By 1993, the fleet size of our shipchartering operations had grown to 18 vessels. As our shipchartering business grew, Capitol Offshore was incorporated on 5 January 1993 to operate our shipchartering business. ASL Project Services was set up on 2 December 1995 to centralise the fleet management of our Group.

In 1995, we were awarded a contract by Consort Bunkers Pte Ltd to build two bunkering tankers. These vessels of approximately 3,000 dwt were completed in 1996.

In 1996, we set up a joint venture company, Consort-ASL Marine Pte Ltd with Consort Bunkers Pte Ltd (“Consort Bunkers”), 50% of which was owned by ASL Shipyard to carry out shipchartering operations. We subsequently sold our 50% interest in the joint venture company to Consort Bunkers in January 1998.

In July 1996, PT ASL Shipyard Indonesia, a subsidiary of ASL Shipyard, was registered and established in Batam, Indonesia and is principally engaged in the building of barges and labour intensive shiprepair work. PT ASL Shipyard operates on a waterfront site in Batam, Indonesia and was set up to take advantage primarily of the strategic location, tax incentives and generally lower labour and other operating costs, as well as land and infrastructure costs as compared with the operating environment in Singapore. With its close proximity to our shipyard in Singapore, we are also able to tap the capabilities of both shipyards in delivering vessels that meet our customers’ specifications in a cost-effective manner. We believed that PT ASL Shipyard was ideally located as we viewed the Riau Archipelago and Indonesia as a potential market which could broaden our Group’s customer base.

In January 1996, we had a major upgrade in our shipyard facilities with the acquisition of a pre-owned 453 tonne mobile boat hoist, the Marine Travelift™ BFM500. This enabled us to undertake drydocked repairs and to launch newly built vessels more efficiently.

In 1997, ASL Project Services secured a contract with Koon-Zinkcon Pte Ltd for the marine transportation of stones amounting to about 957,000 tonnes in respect of the Jurong Island Road Link project.

In November 1998, we entered into a contract with PSA Marine (Pte) Ltd ("PSA Marine") to construct two units of 40-tonne bollard pull tractor tugboats.

In December 1999, we sold our entire interests in the issued and paid-up share capital of PT ASL Fabricators and PT ASL Machinery, which undertook the production of steel structures and the trading of machinery respectively, to Mr Ang Ah Nui. PT ASL Fabricators and PT ASL Machinery were liquidated in December 2002.

On 15 January 2000, we entered into another contract with PSA Marine to construct two 45-tonne bollard pull azimuth stern drive tugboats with an option to build a further four units of identical tugboats. As at December 2001, we delivered a total of 10 tugboats to PSA Marine.

In April 2000, ASL Project Services secured a contract with Boskalis International (S) Pte Ltd for the marine transportation of rocks amounting to about 1.75 million tonnes in respect of the trenching, blasting and rocks dumping works related to the West Natuna Transportation System.

In November 2000, ASL Project Services secured a contract with PT Idros Services for the marine transportation of rocks amounting to about 360,000 tonnes in respect of additional rock armour works related to the West Natuna Transportation System.

In April 2001, we completed the construction of a workshop in our Singapore shipyard for approximately $1.4 million.

In April 2001, we acquired a mobile boat hoist from the US, the Marine Travelift™ 800CMO ("Travelift") having a lifting capacity of 800 tonnes. The new Travelift replaced the smaller one with a lifting capacity of 453 tonne which we had acquired in 1996. Please refer to the section "Business" on page 65 of this Prospectus for more details of the Travelift.

In June 2001, we secured a contract from Port of Napier Limited, a New Zealand incorporated company, to build one 65-tonne bollard pull Voith Tractor Tug equipped with propellers that can rotate 360 degrees in a horizontal plane that gives the tractor tugboat improved manoeuvrability.

In March 2002, we secured a contract with two entities within the Bakri group of companies in Saudi Arabia, namely, Bakri Navigation Co. Ltd and Red Sea Marine Services Co. Ltd to build two units of 46-tonne bollard pull azimuth stern drive tugboats.

In July 2002, we were also awarded a contract by PSA Marine to build two units of 60-tonne bollard pull azimuth stern drive tugboats and two units of 60-tonne bollard pull tractor tugboats.

We are currently in the process of incorporating a foreign equity joint venture Company, PT Capitol Shipping Nusantara ("PT Capitol Shipping") in Indonesia with a registered paid-in capital of US$100,000. Our Group intends for this Company to undertake the provision of shipchartering and freight services. On 17 January 2003, we received approval from the Foreign Investment Coordinating Board in Jakarta, Indonesia for the operation of PT Capitol Shipping. PT Capitol Shipping is currently not operational.

On 25 September 2002, our founder, Mr Ang Sin Liu resigned from our Board. He is currently an advisor to our Board.

As at the Latest Practicable Date, our shipping fleet comprised 96 vessels in total including 42 tugboats and 54 barges.

BUSINESS

PRINCIPAL ACTIVITIES

We are an integrated marine company principally involved in shipyard operations and shipchartering. We have facilities based in Singapore and Batam, Indonesia, and service customers mainly from Asia Pacific, South Asia, Middle East and Europe. Our customers include companies in the offshore and marine infrastructure, shipping, port operation and other sectors/industries.

Our business activities are segmented into two main divisions:-

(a) Shipyard operations

- **Shipbuilding and shiprepair**

  Our shipbuilding and shiprepair operations are conducted through ASL Shipyard in Singapore and PT ASL Shipyard in Batam, Indonesia. Singapore is strategically located at the cross-roads/in close proximity to vital shipping lanes in the region and in the world. Batam is similarly well located, being in close proximity to Singapore. Both are geographically close to the Straits of Malacca, which we believe is one of the busiest shipping lanes in the world.

  Our two shipyards are complementary as our customers enjoy the benefits of having a choice of facilities and resources coupled with competitive pricing from cross-border collaborations. Shipbuilding and shiprepair 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 either in our Batam or Singapore shipyards where there are advantages in costs and/or management and technical expertise. Customers that prefer more cost competitive services such as for largely labour-intensive work would be able to utilise our Batam shipyard where labour costs are significantly lower than in Singapore. Where the comparative cost(s) are significantly lower in Batam as compared to Singapore for a specific project/part of a project, the price charged to the customer may also be significantly lower.

  ASL Shipyard

  ASL Shipyard builds and repairs vessels such as tugboats, barges, landing crafts and tankers.

  Our shipyard in Singapore occupies an area of approximately 37,219 sq m with a total berthing space of approximately 255m. Our Singapore shipyard currently has a maximum capacity of up to 20 vessels, both drydocked and afloat, and is capable of dry-docking up to around 11 vessels at any one time whether undergoing repairs or under construction. In addition, our Singapore shipyard has a berthing capacity of 8 to 9 vessels. The berth spaces may be used for afloat repairs works and for completing the out-fitting work for newly launched vessels before delivery.

  Pursuant to an agreement dated 28 October 1999 made amongst Soon Douglas (Pte) Ltd and Marine Travelift Inc, a US company, as joint sellers and ASL Shipyard, our Group acquired from Marine Travelift Inc., in April 2001, a mobile boat hoist Marine Travelift™ 800 CMO (“Travelift”) which has a lifting capacity of approximately 800 tonnes. The Travelift replaces a smaller version of the marine travelift which we had acquired in 1996.

  The layout of our Singapore shipyard coupled with the Travelift provide the optimal and flexible use of land on which our shipyard is situated. The Travelift moves the vessels and manoeuvres well within the constraints of the shipyard. The Travelift is used for both drydocked repairs as well as for launching newly built vessels from dryland, and has increased ASL Shipyard’s capacity to carry out docking for up to a maximum of 11 vessels at any one time. The Travelift’s sling equalisation system allows vessels to be handled without damaging the hull section.

  In addition to the Travelift, we have a wide range of cranage and transport equipment for the smooth lifting and movement of materials, assemblies and machinery. These include forklifts and several cranes including workshop overhead and mobile cranes with lifting capacity of up to 200 tonnes to lift steel structures.

PT ASL Shipyard

Since its registration in July 1996, PT ASL Shipyard has been operating mainly as a subcontractor for our Singapore operations and undertaking largely labour intensive activities such as the construction of barges (e.g. oil barges, flat-top deck cargo barges and hopper barges) and shiprepair activities.

PT ASL Shipyard is strategically located at Tanjung Uncang on the western coast of Batam, giving it easy access to international waters. PT ASL Shipyard occupies an area of approximately 300,000 sq m has approximately 420m of berth space and can berth up to 10 vessels at any one time. PT ASL Shipyard currently has a capacity of accommodating up to 15 newbuilding projects. Currently, we are undertaking afloat repairs. We plan to build and operate a floating dock for drydocked repair works.

The shipyard operates a large covered workshop which is installed with a numeric-controlled cutting machine and an open fabrication area enabling the yard to fabricate and assemble various steel structures efficiently. The shipyard has overhead and mobile cranes, forklifts, as well as shearing and pressing machines. Depending on the expertise required for a particular shipbuilding or shiprepair job, ASL Shipyard may from time to time, provide personnel with the requisite skills to perform the jobs and if necessary, to supervise the work.

- **Shipbuilding**

  We have established a creditable track record in shipbuilding. We can build vessels in both our Singapore and Batam, Indonesia shipyards. For several of our shipbuilding projects, we also deploy modular system of shipbuilding between the two shipyards whereby the steel hull and/or superstructure of a vessel are fabricated in modules in our Batam shipyard and then transported to our Singapore shipyard. The various modules are then assembled and machinery and equipment are installed and commissioned in our Singapore shipyard. This enables us to derive more costs efficiency. We intend to continue to use such modular system in the construction of the complete hull structure of a vessel. The duration of most of our shipbuilding projects may extend from 3 months to a maximum of 18 months.

  We specialise in building vessels of up to 110m in length. These vessels include tugboats, barges and tankers. The details of some of the contracts we have secured over the years for the construction of new vessels are as follows, further details of which are set out in the section “Our History and Development” on pages 63 and 64 of this Prospectus:-

  - In 1992, our Group secured a contract to build a 3,900 dwt bunkering tanker for the Hai Sun Hup Group.
  - In 1995, we were awarded a contract by Consort Bunkers Pte Ltd to build two bunkering tankers of 3,000 dwt.
  - In November 1998, we entered into a contract with PSA Marine (Pte) Ltd (“PSA Marine”) to construct two units of 40-tonne bollard pull tractor tugboats.
  - On 15 January 2000, we entered into another contract with PSA Marine to design, construct, deliver and commission two 45-tonne bollard pull azimuth stern drive tugboats with an option to build a further four units of identical tugboats.
  - In June 2001, we secured a contract from Port of Napier Limited, a New Zealand incorporated company, to build one 65-tonne bollard pull Voith Tractor Tug equipped with propellers that can rotate 360 degrees in a horizontal plane.
  - In March 2002, we secured a contract with two entities within the Bakri group of companies, namely, Bakri Navigation Co. Ltd and Red Sea Marine Services Co. Ltd to build two units of 46-tonne bollard pull azimuth stern drive tugboats.

- In July 2002, we were also awarded a contract from PSA Marine to build two units of 60-tonne bollard pull azimuth stern drive tugboats and two units of 60-tonne bollard pull tractor tugboats.

In addition to our external customers, we also build vessels to be sold to companies within our Group for our shipchartering business. We may also from time to time, sell vessels which we had originally built for our own shipchartering operations to third parties. Such sales are not uncommon in the shipping industry. This enables us to improve our cash flow management, increase our flexibility in managing our fleet of vessels and utilisation of our shipyards in Singapore and Batam, Indonesia.

For the financial year ended 30 June 2002, we completed the construction of 50 vessels comprising 45 barges and 5 tugboats of which 43 barges of various types and sizes were built by PT ASL Shipyard. These included barges operated by both our Group as well as customers from Singapore and Indonesia.

- **Shiprepairs**

Our Group's shiprepair activities are carried out by both ASL Shipyard and PT ASL Shipyard. Our Group is able to undertake a wide range of repair works such as retrofitting and conversion, renewal works, blasting and painting, electrical and electronics works and mechanical works. Our shipyard in Singapore has drydocking facilities. Our Group is also able to perform afloat repairs in both our Singapore and Batam, Indonesia shipyards. This includes repairs of small- and medium-sized vessels, as well as larger vessels such as tankers, dredgers and large work vessels of up to 110m in length. Our shiprepair contracts typically extend up to one month. However, depending on our customers' requirements, these contracts may extend beyond one month.

We intend to increase our shipbuilding and repair capacity by building a 4,500 tonne floating dock to be utilised for drydocking projects. Please refer to the section "Future Plans" on page 87 of this Prospectus for more information on the proposed floating dock.

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

- **Other marine-related services**

We provide logistical support, general engineering services, sale and/or repair/servicing of marine equipment including dredging equipment and pneumatic rubber fenders, to shipowners. Pursuant to a memorandum of agreement dated 19 April 1999 between ASL Shipyard and Dredging International Asia-Pacific Pte Ltd ("Dredging International"), a Singapore incorporated company, our Group agreed to provide storage, logistical support and subcontracting services for the maintenance of their vessels and dredging equipment to Dredging International for 10 years with effect from the date of the agreement.

The percentage of our revenue accounted for by our shipbuilding, shiprepair and other marine-related services for the last three financial years ended 30 June 2000, 2001 and 2002 were approximately 70%, 76% and 67% respectively.

(b) Shipchartering

We are positioned as an established provider of mainly tugboats and barges currently servicing largely the offshore and marine infrastructure, and other sectors/industries. Some of our vessels include tugboats, flat-top deck cargo barges, hopper barges, crane barges and clamp-shell dredgers. Please refer to Appendix II on pages 183 to 185 of this Prospectus for more details of the types of vessels we own. We offer the charter of our tugboats and barges as well as transport mainly granite and other resource materials, construction equipment, boulders and marine rocks, coal, seabed dredged materials, logs and timber and other cargo used for offshore and marine infrastructure and other industries/sectors.

We offer our vessels on a variety of charter contracts. The tenure for each type of contract ranges from spot charter, which may last from 1 to 30 days, to longer term charters of up to four years. Short-term chartered tonnage gives our Group the flexibility in managing fleet capacity in response to the demand for our vessels. However, this may expose our Group to short-term fluctuations in charter rates and uncertainty in vessel availability at the time of renewal of the charters. We also offer services on a contract of affreightment basis, whereby we provide marine transportation and logistics services on a unit rate basis.

Over the last three financial years ended 30 June 2000, 2001 and 2002, we achieved average utilisation rates of 88% for our tugboats and 84% for our barges respectively. Please refer to the section “Fleet Capacity” on page 79 of this Prospectus for more details of the utilisation rates of our vessels.

Our biggest markets are in Singapore and Indonesia. In recent years, we have expanded our fleet size through the introduction of larger tugboats and barges with greater capacity or specialised purposes. We service customers from Hong Kong, Philippines, Australia and Europe. We also deploy our vessels to other countries in Asia Pacific and South Asia such as Hong Kong, Sri Lanka, Micronesia and India, and in the Middle East such as Qatar and the United Arab Emirates.

Tugboats and Barges

As at the Latest Practicable Date, our Group operates a total of 96 tugboats and barges. Our fleet of barges ranges in size from 80 ft to 230 ft and our fleet of tugboats range in power from 250 bhp to 2,400 bhp. The size of a barge determines its capability and capacity for the transportation of different types and quantity (weight and volume) of goods. Our work barges are also used as working platforms to support our customers’ operations. Some of these operations involve the loading and unloading of cargo and/or personnel, and the provision of temporary work space for the handling of equipment and materials. Depending on the load and speed requirements of our customers, different tugboats will be used to perform towing or pushing of barges and other vessels. In addition, the tugboats are also used for other purposes such as the berthing and unberthing of vessels.

With our extensive fleet of tugboats and barges, our Group is able to charter these vessels to support sectors/industries such as offshore and marine infrastructure, and others. These vessels are used to transport mainly granite and other resource materials, construction equipment, boulders and marine rocks, coal, seabed dredged materials, logs and timber and other cargo to other countries in the Asia Pacific and South Asia such as Indonesia, Hong Kong, Sri Lanka, Micronesia and India, and in the Middle East such as Qatar and the United Arab Emirates.

Our major types of contracts are as follows:-

(a) contracts of affreightment which are contracts to carry goods in one or more voyages, using one or more vessels, where the shipowner bears the costs of the crew and fuel. The rate is based on the quantity (weight or volume) of the cargo;

(b) time/bare-boat charters which are lease contracts on the vessels for a specified period of time; and

(c) voyage charters which are contracts based on the completion of specified routes within specified time periods.

Details of some of our contracts are as follows:-

- In 1997, ASL Project Services secured a contract with Koon-Zinkcon Pte Ltd for the marine transportation of stones amounting to about 957,000 tonnes in respect of the Jurong Island Road Link project.

- In April 2000, ASL Project Services secured a contract with Boskalis International (S) Pte Ltd for the marine transportation of rocks amounting to about 1.75 million tonnes in respect of the trenching, blasting and rocks dumping works related to the West Natuna Transportation System.

- In November 2000, ASL Project Services secured a contract with PT Idros Services for the marine transportation of rocks amounting to about 360,000 tonnes in respect of additional rock armour works related to the West Natuna Transportation System.

- In February 2001, ASL Project Services secured a contract with PT Karimun Granite, an Indonesian company and a subsidiary of Hong Leong Asia Limited, to transport granite and marine rock amounting to about 300,000 tonnes per month from Karimum Island in Indonesia to Singapore and Batam for 3 years.

- In April 2001, ASL Project Services secured a contract with Zhan Chang Granite Quarry Pte Ltd, a Singapore incorporated company to transport granite and other aggregates amounting to about 170,000 tonnes monthly from Karimum, Indonesia to Singapore for 4 years with effect from 1 May 2001.

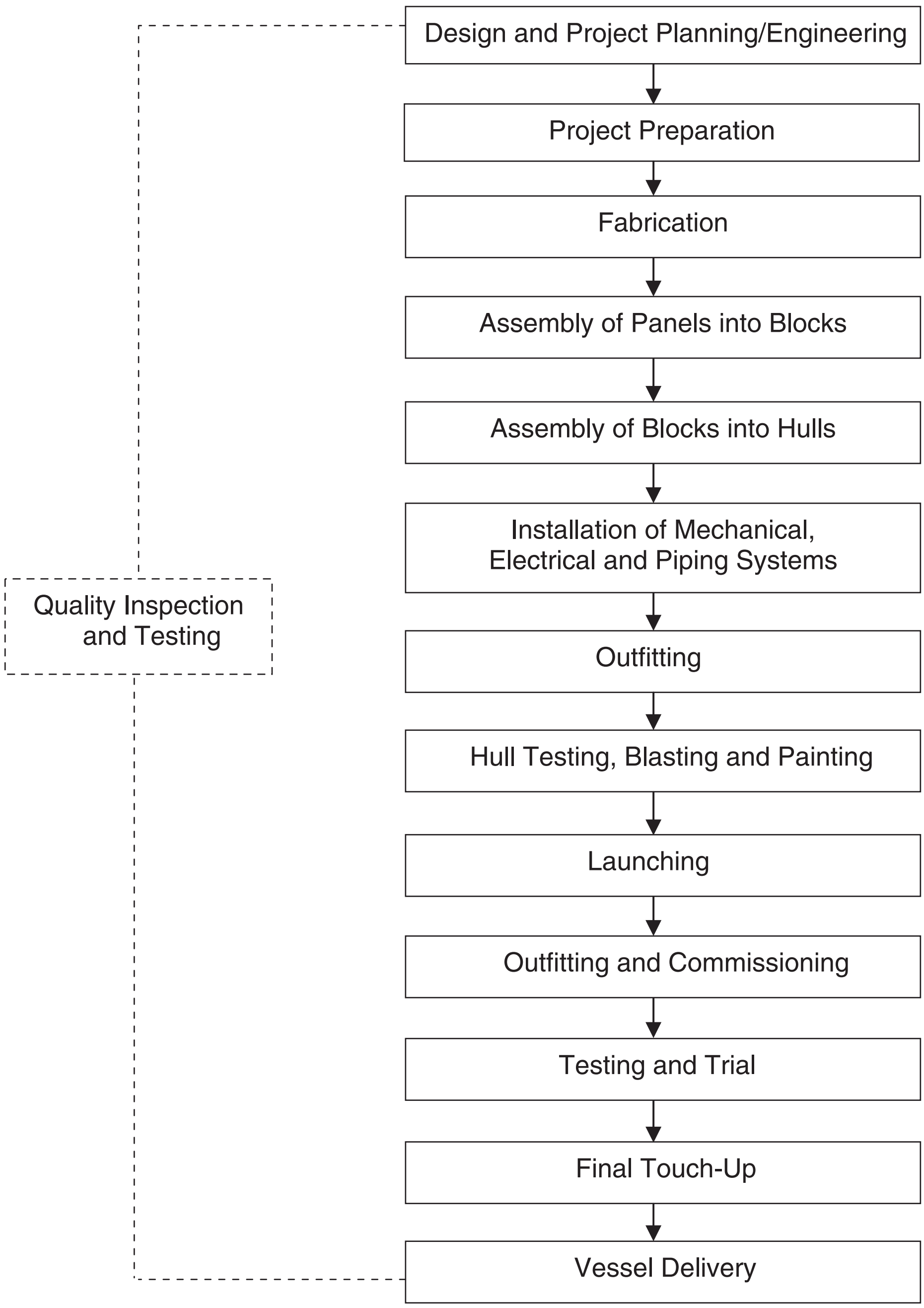
The percentage of our revenue accounted for by our shipchartering business for the last three financial years ended 30 June 2000, 2001 and 2002 were approximately 30%, 24% and 33% respectively.

PRODUCTION PROCESS

The Shipbuilding Process

A schematic representation of the shipbuilding process is illustrated below:-

BASIC SHIPBUILDING PROCESS



Safety systems and procedures are observed throughout the shipbuilding process.

Design and Project Planning/Engineering

Before undertaking a shipbuilding project, we appoint a naval architect to undertake the conceptualisation and design of the vessel proposed to be built. We will also discuss with prospective customers and decide on the types of equipment, parts and materials that meet their design specifications.

The naval architect will produce detailed drawings of the vessel in accordance with our customers' dimensional and design specifications. Our project team comprising several engineers and technicians, and led by the project manager, will be assigned to manage the project. Where applicable, our project team will recommend feature changes to the drawings so as to achieve the most efficient manner of production without compromising the functionality of the design. After reviewing the technical aspects of the design, our project team will submit the drawings to our customers for pre-approval and subsequently, to a relevant classification society for final approval.

Project Preparation

Upon approval of the designs, our project team will make arrangements for the procurement of the relevant equipment, parts and materials. The team will also appoint various contractors to fabricate the steel structures and to undertake the electrical, mechanical and piping installation as well as joinery works. If required by our customers, we may also arrange for the testing of any materials or trade tests of welders.

Fabrication and assembly

The steel is cut into the required shapes and sizes, fitted and welded together to form panels. When the panels have been fabricated, they are then assembled into basic block structures, such as, the stern, mid-ship section, bow and superstructure. The block structures are in turn welded together to form the hull of the vessel.

Installation of mechanical, electrical and piping systems

For the self-propelled vessels such as tugboats, tankers and hopper barges, the propulsion systems and engine machinery as well as electrical and piping systems are installed in the hull of the vessel.

Outfitting

The vessel is then outfitted with ancillary equipment such as the navigation and communications systems, air-conditioning and life-saving and fire-fighting equipment. The internal carpentry, furnishing and fixtures and joinery work are also carried out in various parts of the vessel such as the living quarters and navigation bridge.

Hull Testing, Blasting and Painting

This includes hull testing, blasting and painting. Various tests are undertaken to assess the structural integrity of the hull. These tests include non-destructive tests such as x-rays, ultrasonic and magnetic particle inspection. Other types of tests include air and hydro tests.

After testing, we use high-pressure blasting equipment to prepare the hull for painting. After painting, the vessel is prepared for launching.

Launching

The vessel is launched from dryland to water. In our Singapore yard, we use the Travelift to transport the vessel to the basin area and then lower it into the water. In our Batam yard, we slide the vessel into the water using wooden launching beams. After launching, the vessel is brought to the berth for outfitting and for commissioning.

Outfitting and commissioning

The vessel is outfitted with other ancillary equipment, machinery and fixtures. The various systems in the vessel as well as the entire vessel are then commissioned and a dock trial undertaken for conformity with the design specifications and requirements of the relevant classification society as well as our customers.

Testing and Trial

Following its commissioning, a minimum of two trials are conducted on the newly constructed vessel. A preliminary trial is conducted by the shipyard to test the vessel's speed, manoeuvrability and workability of the various systems in the vessel. The official sea trial is then conducted on the vessel in the presence of our customers' representatives and the surveyor from the classification society to ascertain the seaworthiness and performance of the vessel, its machinery and equipment and to determine if it is in accordance with our customers' specifications.

Final touch-up and vessel delivery

If the results of the sea trials indicate that the vessels do not conform to our customers' specifications, we will undertake the necessary steps/processes to correct such non-conformity(ies). A re-trial is then conducted to ascertain that there is full conformity with all relevant requirements.

After successful trials, various statutory certificates will be issued by the classification societies. These certificates certify that the vessel conforms to the standards and requirements set out in the various international conventions governing the maritime industry as well as the vessel's specifications. Our customers take delivery of the vessels after the issue of these certificates.

Quality inspection and testing

Quality control is observed at all stages of the shipbuilding process. At each stage of the construction, the project manager will liaise with our customers' representatives, contractors, the naval architect and surveyors of the classification societies on the finalisation of the design of the vessel as well as to update them on the progress of all the works in the yards, workshops and those undertaken by our subcontractors as well as the engineering aspects of the project. We will rectify any non-conformity in construction, material or workmanship to our customers' specifications, when notified to us by our customers' representatives.

Throughout the period of construction, the necessary inspections of the vessel, its machinery, equipment and outfittings are carried out by classification societies to ensure that the construction of the vessel is constructed in accordance with the contract and is fit for the purpose intended.

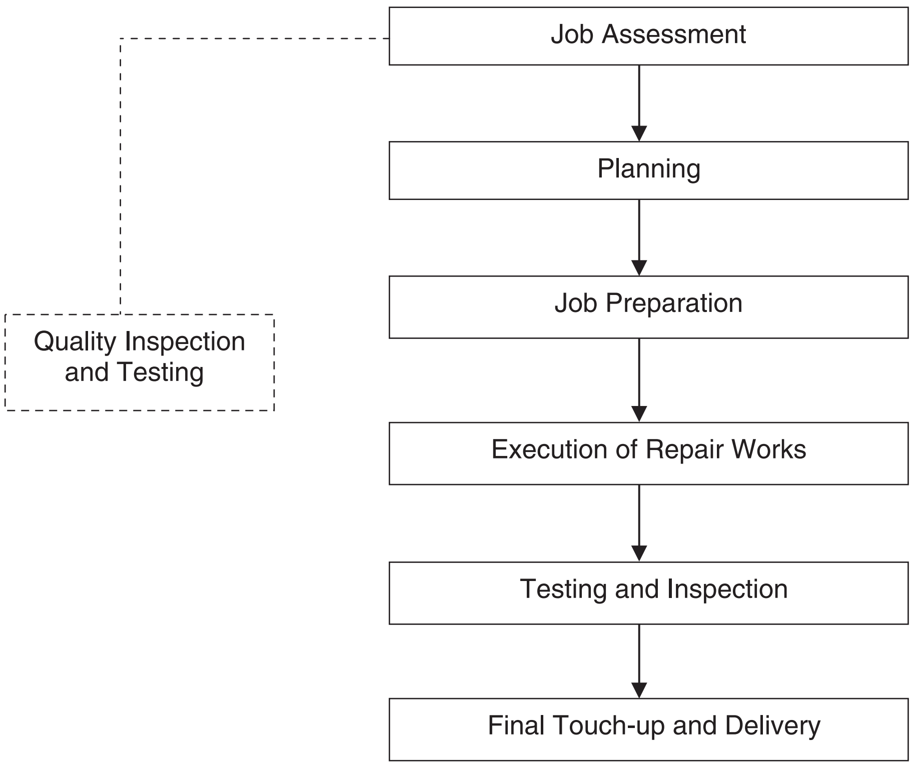
The construction of our tugboats typically take approximately 6 to 18 months to complete while the construction of a barge normally requires approximately 3 to 6 months depending on the complexity of the design and size of the barge.

REPAIR PROCESS

The Shiprepair Process

A schematic representation of the shiprepair process is illustrated below:-

REPAIR PROCESS



Safety systems and procedures are observed throughout the shiprepair process.

Job Assessment and Planning

We will conduct an inspection of the vessel that requires repair and/or maintenance works and discuss with the vessel owners the type and scope of repair works that are required.

In consultation with the vessel owners, we will then plan and decide on the equipment and/or materials and manpower requirements.

Job Preparation

Upon approval of the type and scope of works, our project team will make arrangements for the procurement of equipment, parts and materials. The team will appoint the necessary contractors and mobilise in-house workers to undertake the relevant repair and/or maintenance works.

Prior to executing the repair and/or maintenance works, the section(s) of the vessel that requires repair will be inspected by our shipyard safety officer who will issue a permit-to-work clearance certifying that the repair works may proceed.

Vessels which require afloat repairs are anchored at our berth space and those which require drydocked repairs are accordingly drydocked.

Execution of repair works

After the vessel is berthed or drydocked, the required repair and/or maintenance works are undertaken by the shipyards. Some of the types of repair and/or maintenance works undertaken by our Group are as follows:-

- Retrofitting and conversion

  This involves the integration and upgrading of a structure or piece of equipment that a vessel is not originally fitted with such as the installation of fire-fighting systems or the fabrication and installation of a deckhouse or a crane onto a barge. We also undertake conversion works such as jumboisation wherein the mid-ship block of a vessel is fabricated and inserted into the mid-section of a vessel to lengthen it.

- Renewal works

  This is a process by which a damaged or worn-out section of the hull, machinery, electrical and/or piping system of a vessel is removed and replaced.

- Blasting and painting

  As part of the surface preparation of a vessel, we use high-pressure blasting equipment to remove old coatings of paint from the hull. Once the hull is clean, the fresh coat of marine paint is then applied to the surface of the hull.

- Electrical and electronic works

  This includes the servicing and calibration of electrical equipment, repair of wiring and cabling systems and navigational aids such as radars, as well as communication equipment such as radios and phones.

- Mechanical works

  We perform mechanical works such as withdrawal of tail shafts, removal of propellers and rudders for servicing and/or repair. In addition, we overhaul main and auxiliary engines, pumps, valves, winches and windlass.

We subcontract most of our shiprepair works to third party subcontractors who work under our close supervision.

Testing and Inspection

Following the execution of the repair and/or maintenance works, and depending on the type of works carried out, the relevant section of the vessel is tested for conformity with our customers' specifications and requirements of the relevant classification society.

Final touch-up and delivery

In the event that the works carried out do not conform to our customers' specifications and requirements of the relevant classification society, we will undertake the necessary steps/processes to correct such non-conformity(ies) before the vessel is delivered to our customers.

Quality Inspection and Testing

Quality control is observed at all stages of the shiprepair and/or maintenance process. At each stage of the works, the shiprepair manager will liaise with our customers' representatives, contractors, and as required, surveyors of the classification society to update them on the progress of all the works in the yards, workshops and those undertaken by our subcontractors as well as the engineering aspects of the project. We will rectify any non-conformity in material or workmanship to our customers' specifications, when notified to us by our customers' representatives.

Throughout the repair and/or maintenance period, the vessel is inspected by the classification society periodically to ensure that the repair of the vessel is carried out in accordance with the requirements of the society.

QUALITY ASSURANCE/MAINTENANCE OF FLEET

Our management places a strong emphasis on all aspects of quality including functional and safety aspects of our vessels. Our Group has implemented stringent quality control procedures in its activities in order to provide a consistently high standard of service to our customers.

In our shipbuilding and shiprepair business, our Group requires our employees to comply with the procedures set out in our quality manual. We strive to ensure that the shipbuilding and shiprepair services we provide meet the stringent requirements of our customers using a wide array of quality assurance procedures and control policies. These include the following:-

(a) Design

Our Engineering Department coordinates with our external designers to verify the adequacy of information for the design of a vessel. Engineering drawings and experimental records are documented and maintained by our Engineering Department. A design review committee headed by our Engineering Department and Project Section will discuss changes to the design resulting from a customer's instructions or from the introduction of new legislation and ensure that such changes are incorporated into the new designs in a safe and cost-effective manner.

(b) Equipment and machinery

Our Plant and Services Superintendant has to ensure the upkeep and optimum usage of our equipment and machinery. Periodic inspections are carried out to ensure that our equipment and machinery is in good working condition as well as operated safely. A preventive maintenance programme is also implemented and logs and records maintained of all equipment, machinery and vehicles.

(c) Job Execution

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

Please refer to the sections "Production Process" and "Repair Process" on pages 70 to 72; and pages 73 and 74 of this Prospectus respectively for more details of the quality control procedures undertaken by our Group.

In our shipchartering business, our 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 including the following:-

(a) Regular maintenance is carried out onboard our 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 our 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 our crew and spare parts and tools are carried onboard our vessels for this purpose. More complicated repairs are reported to the operations manager who will arrange for the relevant repairs to be carried out when the vessel returns to our shipyards;

(b) Each time our vessels return to our shipyards, they are inspected by the vessel's assigned superintendent who will discuss with the vessel's Master on the condition of the vessel and whether it requires repairs. Follow-up/remedial action is then taken, if necessary; and

(c) Each vessel is classed by a member of the International Association of Classification Societies ("IACS"). These classification societies 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 are conducted by the classification societies in cycles of 1 year, 2 1/2 years and 5 years. Annual surveys are required by the classification societies and the Maritime Port Authority of Singapore (the "MPA"). In addition, vessels are dry docked for surveys every 2 1/2 years and a special survey undertaken every 5 years. Details of these surveys are as follows:-

(a) Inspection of the vessel's hull is required annually. An intermediate survey is also required of a vessel every 2 1/2 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 2 dry-docking surveys required within a 5-year period.

(b) A special drydocked survey is conducted every 5 years on the hull and machinery. This has to be completed before the International Load Line survey which is also required every 5 years to attest to the vessel's general seaworthiness.

Such surveys are required for us to maintain the "Certificates of Class" in respect of our vessels. The "Certificates of Class" are required to be submitted to the MPA for the certificates of registration of our vessels to be maintained. If our vessels are not surveyed, we will not be able to maintain the relevant "Certificates of Class" and our vessels will be de-registered and prohibited from operating. Please refer to the section "Shipping Conventions/Government Regulations" on page 82 of this Prospectus for more details of the certificates of registration.

The average age of our fleet is approximately 8 years. The practice of constant upgrading and renewal of the fleet has enabled us to cut down on extensive repair and maintenance works and thus meet the higher demand of our customers. We also ensure continued vessel operation and safety by adequately stocking important spare parts and stores. All of our vessels are provided with the necessary operating instructions and equipment or spare parts manual. All substantial modifications, repairs or additions to our fleet are properly documented for future reference.

INSURANCE

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

Our tugboats are covered up to their respective hull values in respect of 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 covered by The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) ("Shipowners' Protection and Indemnity"), a Protection and Indemnity Club of which our Group is a member. Subject to the rules of the Shipowners' Protection and Indemnity, the liability cover for such third party claims is unlimited for loss or damage arising in connection with the ownership or operation of our tugboats except for oil pollution which is limited to US$1 billion per occurrence.

We have arranged for hull and machinery cover for our barges. The protection and indemnity coverage for our barges covers third party liability up to the hull value for each barge.

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 $3 million for any one accident. The coverage for shipbuilders' liability covers all newbuildings from keel-laying up to the contract value of building the vessel with a limit of $5 million for any one vessel and $15 million for any one location.

For our direct hired workers and employees working in our Singapore shipyard, we have workmen compensation insurance policies (as stipulated under the Workmen Compensation Act (Chapter 354 of Singapore)). As our Batam, Indonesia shipyard has more than 10 employees, PT ASL Shipyard is covered under PT Jamsostek, an Indonesian state-owned company which arranges for national employees insurance and protection programmes.

For all workers hired by our subcontractors in both our Singapore and Batam, Indonesia shipyards, the subcontractors are required to provide insurance for the workers. Such insurance covers the number of workers deployed in our shipyards. In addition, our subcontractors in Singapore are required to include our relevant shipyard company as co-insured.

As part of good business practice, we also maintain public liability insurance for both of our shipyards to insure ourselves against accidental bodily injury or loss of or damage to property occurring in connection with our trade, business and shipyard operations. The building structures (workshops and office buildings) in both our shipyards are also insured against loss and damage resulting from fire.

Our Directors believe that we have adequate insurance coverage for the purpose of our business operations.

Note:-

(1) Mr Loo Leong Chai is a majority shareholder of one of our intermediary insurance brokers and the first cousin of Mr Hwang Soo Chin, our Independent Director. However, our decision to retain such broker had been made independently and before we became acquainted with Mr Hwang Soo Chin.

MAJOR CUSTOMERS

Over the years, we have established good working relationships with our base of customers. The customers which accounted for 5% or more of our Group's revenue for any of the last three financial years ended 30 June 2000, 2001 and 2002 are as follows:-

	Percentage of Group's revenue (%)		
Customers	**FY2000**	**FY2001**	**FY2002**
PSA Marine (Pte) Ltd	19.8	35.5	20.4
PT Karimun Granite	–	3.4	7.8
PT Agus Suta Lines	2.3	3.0	6.3
Boskalis International (S) Pte Ltd	13.9	8.2	6.1
TOA-JDN (PUT) Joint Venture	–	0.9	5.0
Dredging International Asia-Pacific Pte Ltd	8.4	2.9	4.9
Gems Marine Pte Ltd	1.3	5.0	0.7
Besix Kier Dabhol S A	11.1	9.8	–
Koon Zinkcon Pte Ltd	6.5	0.3	–
Kai Marine Pte Ltd	5.5	0.4	0.2

For FY2002, our 5 largest customers for our shipchartering business accounted for approximately 55% of our Group's shipchartering revenue. For the same financial period, our 5 largest customers for our shipyard business accounted for approximately 55% of the revenue generated by our Group's shipyard operations. Please refer to the section "Risk Factors – We are dependent on our major customers" on page 22 of this Prospectus for more details.

Revenue distribution by Geographical Regions

We categorise a sale geographically based on the country in which our customers are invoiced. Our revenue distribution by geographical regions for the last three financial years ended 30 June 2000, 2001 and 2002 are as follows:-

	Year ended 30 June					
$'000	**2000**	**%**	**2001**	**%**	**2002**	**%**
Singapore	29,808	75.0	46,924	79.7	52,409	81.1
Indonesia	2,032	5.1	4,245	7.2	5,487	8.5
Rest of Asia(1)	6,022	15.2	6,696	11.4	1,528	2.4
Europe(2)	245	0.6	540	0.9	3,940	6.1
Others(3)	1,615	4.1	495	0.8	1,227	1.9
	39,722	100.0	58,900	100.0	64,591	100.0

Notes:-

(1) Comprises mainly Malaysia, Philippines, Japan, South Korea, India and Hong Kong.

(2) Comprises mainly France, Luxembourg and UK.

(3) Comprises mainly Australia, New Zealand and Mauritius.

Save for PSA Marine, we are not dependent on any single customer to the extent of 20% or more of our revenue in the last financial year.

None of our Directors or substantial Shareholders has any interests, direct or indirect, in any of the above customers.

MAJOR SUPPLIERS

We are generally not directly dependent on any one major supplier except for some equipment supplied by one or few manufacturers or where the equipment brand is specified by customers. We purchase from suppliers who are able to offer us the most competitive terms and quality materials and services. The following suppliers accounted for more than 5% of our Group's purchases for any of the last three financial years ended 30 June 2000, 2001 and 2002 are as follows:-

	Types of Supplies	**Percentage of Group's purchases (%)**		
		FY2000	**FY2001**	**FY2002**
Suppliers				
Hong Leong Asia Ltd	steel	0.8	4.5	15.4
HG Metal Manufacturing Ltd	steel	4.9	3.2	6.0
Deutz Asia-Pacific Pte Ltd	engines	3.3	5.4	4.0
Schottel Far East (Pte) Ltd	ship propellers	3.1	7.6	0.1

Credit terms granted by our suppliers are normally approximately 30 to 180 days. It is our practice to select our suppliers based on factors such as purchase terms, reliability of the supplier and the quality of supplies.

None of our Directors or substantial Shareholders has any interests, direct or indirect, in any of the above suppliers.

SEASONALITY

We have not observed any seasonality for our shipyard operations or shipchartering business.

MARKETING

Our Managing Director, Mr Ang Kok Tian and our Deputy Managing Director, Mr Ang Ah Nui have overall responsibility for our marketing efforts. Messrs Ang Kok Tian and Ang Ah Nui are supported by our marketing team, the members of whom are assigned to various customers and are responsible to the customers on all aspects of customer service and satisfaction. Our marketing team is responsible for maintaining and building our relationships with existing customers and for securing new customers. We also tap on the expertise and network of brokers to source for or to refer new contacts. The team is also involved in identifying new markets in line with our customer base/geographical expansion.

We market our services to customers in the offshore and marine infrastructure, shipping, port operation and other industries/sectors. We constantly make inquiries as to whether our 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. We also use these opportunities to update our customers on our capabilities. We work closely with these customers as we believe that we can value add when we become familiar with and tailor our services to our customers' requirements.

We also follow up closely with our customers during each shipyard project to help ensure that their demands are being met. We regularly obtain feedback from our customers with regard to the vessels delivered and/or services rendered by us. Providing quality and reliable service including after-sales support, maintaining price competitiveness and good relationships with our customers are key contributing factors to our success. These have generated referrals and repeat customers for our Group.

We also participate in tenders for public and private projects. Our Group is kept informed of the tenders either though tender notices in various media or through private invitation because of our Group's reputation, experience and track record. In addition, several private projects are secured through negotiations.

We plan to increase our marketing efforts through participation in major trade shows and exhibitions and to advertise our Group in major trade magazines and trade directories in Asia and the Middle East. Participation in such trade shows will enable us to keep abreast of current industry developments and provide us with a network of valuable contacts.

ORDER BOOKS

As at the Latest Practicable Date, our Group has secured orders amounting to approximately $44.8 million for our shipyard business and approximately $10.0 million for our shipchartering business.

FLEET CAPACITY

As at the Latest Practicable Date, our fleet of vessels comprised 42 tugboats and 54 barges. The utilisation rate of these vessels varies according to the nature of their assignments. The utilisation rates(1) for our tugboats and barges for the last three financial years ended 30 June 2000, 2001 and 2002 are as follows:-

Type of vessel	FY2000	FY2001	FY2002
Tugboats (%)	84	85	91
Barges (%)	87	78	86

The demand for our shipchartering services, as indicated by our utilisation rates is typically spread out throughout the year.

Notes:-

(1) The utilisation rates are calculated based on the number of days in which our vessels are in operation over the number of actual calendar days.

INTELLECTUAL PROPERTY

We have not registered any patents or trade marks and are not materially dependent upon any patent, patent rights, licences, processes or other intangible assets including intellectual property for its business. We have not paid or received any royalties for any licences or use of any intellectual property. Where appropriate, we will use patent and copyright laws to protect our intellectual property rights arising from any new technological process developed by us.

RESEARCH AND DEVELOPMENT

We do not undertake any research and development activity.

COMPETITION AND COMPETITIVE STRENGTHS

COMPETITION

Our shipyard operations and shipchartering business are highly competitive. However, without the necessary industry, business and technical expertise and experience, and an established track record, our Directors believe that it would be difficult for new entrants to engage in these businesses and ensure business viability.

The vessels that our Group builds and repairs are mainly tugboats and barges, up to a maximum of 110m in length. While we are experiencing increasing competition within Asia and the Middle East, our Directors view our main competitors to be from Southeast Asia and PRC especially for shipyard projects.

There are many shipyard companies which build and repair a diverse range of vessels of various types and sizes and/or provide a range of repair services. For our shipyard business, we regard our main competitors in shipbuilding to be Keppel Singmarine Dockyard Pte Ltd, Labroy Marine Ltd, President Marine Pte Ltd, PT Batamec Shipyard and other shipyard companies in Indonesia, Malaysia and PRC. We view our main competitors for shiprepairs to be North Shipyard Pte Ltd, Otto Industries Pte Ltd, PM Coast Pte Ltd and other shipyard companies in Indonesia.

There are many shipping companies which are involved in similar shipchartering business as our Group. The charterers of tugboats and barges are multi-faceted, involving the marine transportation of diverse types of materials and equipment which would in turn determine the size of tugboats and barges to be chartered. The tugboats and barges that our Group charters out are mainly used in the marine transportation of granite and other resource materials, construction equipment, boulders and marine rocks, coal, seabed dredged materials, logs and timber and other cargo. In the shipchartering business, our Directors regard our main competitors to be Hiap Shing Shipping Pte Ltd, Kim Heng Maritime Pte Ltd, Labroy Marine Ltd, Pioneer Offshore Enterprises Pte Ltd, Sembawang Kimtrans Ltd and other shipchartering companies in Indonesia.

COMPETITIVE STRENGTHS

Integration of services

We are an integrated marine company involved in the business of shipyard operations and shipchartering and with our own fleet of vessels and our shipbuilding, shiprepair and other marine capabilities. We build vessels to order and for our shipchartering operations. The vessels we build for our shipchartering operations may also be sold should the demand opportunity arise. Thus, we are able to capitalise on market situations. We are also able to carry out our own shiprepair which results in better control over the schedule and costs of such repairs. It is anticipated that our shiprepair capabilities will be further enhanced and expanded in both of our shipyards. We intend to build a floating dock in Batam, which is expected to be completed by early 2004. Please refer to the section "Prospects, Business Strategy and Future Plans" on page 87 of this Prospectus for more details.

Although shipbuilding and shiprepairs have different business processes, they typically use similar facilities, equipment and labour, which can be shared. In addition, we are able to build our vessels in-house and subsequently maintain and service them using our own shipyards, which help us to reduce our costs of operations.

Established relationships with customers

We have been in shipyard operations and the shipchartering business for over 14 years. Over the years, our Group has grown steadily and has been profitable.

We have established good business relationships with our customers from different industries which include companies in the offshore and marine infrastructure, shipping, port operation and other sectors/industries. Repeat customers have accounted for a substantial proportion of our revenue for the past three financial years. Our repeat customers accounted for approximately 77%, 95% and 92% of our revenue for the past three financial years ended 30 June 2000, 2001 and 2002 respectively. Among other factors that are important in maintaining these relationships include our strong customer-orientation, competitive pricing, quality services and reliable turnaround time.

Creditable track record

Over the years of our operations, we have grown steadily and have been profitable. To date, we have undertaken diverse repair projects ranging from retrofitting and conversion, renewal works, painting and blasting, electrical and electronics works and mechanical works. In addition, we can build vessels of up to 110m in length and have established ourselves in the shipbuilding market for tugboats and barges.

For our shipchartering business, we operate actively in Southeast Asia and have carved out a niche position as a significant player in the transportation of granite and other resource materials largely for the offshore and marine infrastructure sector, mainly in Singapore. The transportation of granite and other resource materials requires a certain capacity in terms of tonnage and fleet size (i.e. at least a certain number of similar vessels) which we are capable of providing.

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

Costs management is a key focus of our operations. As a result, we are able to price our services competitively. Our 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.

In our shipchartering business, maintenance costs are generally low for our fleet of vessels with average age of about 8 years as at the Latest Practicable Date. We review our fleet of vessels on an annual basis to monitor our operational needs against their cost of maintenance. We may also sell our relatively older vessels in our fleet which are used in the chartering business if and when there are ready buyers for these vessels.

We have been able to harness the use of technology, utilising our facilities which have expanded and upgraded over the years. For example, we have invested in an 800-tonne mobile boat hoist, the Marine Travelift™ 800CMO ("Travelift"). Our Directors believe that the Travelift has contributed to lower shiprepair cost and shorter turnaround time. In our commitment to quality, we are able to customise shipbuilding projects and endeavour to ensure timely execution and delivery of our shipbuilding and shiprepair projects. To that end, in our commitment to provide quality products and services to our customers, we have been responsive to our customers' needs, that is, we have had limited delays in our shipbuilding and shiprepair projects. Our extensive experience in shipyard operations has also enabled us to streamline our systems and processes for better efficiency and improved quality.

Complementary shipyard operations

We are able to attain further costs efficiency from the rationalisation of operations between our Singapore and Batam shipyards without compromising on turnaround time. Shipbuilding and shiprepair 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 either in our Batam or Singapore 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 our Batam shipyard, and in turn assembled at our Singapore shipyard. For example, the superstructure of a vessel is built in modules in our Batam shipyard and then transported to our Singapore shipyard for final assembly including installation of electrical wiring, navigational equipment and systems. Furthermore, we can mobilise our technical people between the two shipyards. Please refer to the section "Business" on pages 65 to 67 of this Prospectus for more details of the construction of vessels in such a manner.

Strategic location of shipyards

Singapore is one of the main centres for shipyard operations in Southeast Asia. Currently our shipyards are located in Singapore and Batam, Indonesia, which are positioned strategically near main regional and international shipping lanes. With Singapore as a regional shipping and transhipment hub and with the Straits of Malacca as a main regional and international shipping lane, we believe that the locations of our shipyards put us in a good competitive position particularly vis-à-vis other companies engaged in shipping and shiprepairs located in other parts of Asia.

Experienced management team

Our continual success in our field of marine business is led and supported by our pool of experienced and dedicated management. The management of our Group is led by Messrs Ang Kok Tian and Ang Ah Nui who each have approximately 15 years of experience in the shipping and shipyard industries. Please refer to the section "Directors and Senior Management" on pages 91 and 92 of this Prospectus for the qualifications and work experience of our Directors and Executive Officers. Their capabilities are evidenced by the growth in our Group's revenue, profit, market coverage and scale of operations. Our Group has been profitable since our existence as a provider of shipchartering and shipbuilding/shiprepair services since 1989.

SHIPPING CONVENTIONS/GOVERNMENT REGULATIONS

Our vessels are required to be registered by the Maritime Port Authority of Singapore (the "MPA") under the Merchant Shipping Act (Chapter 179 of Singapore) (the "MSA"). The MSA sets out various requirements relating to vessels which are registered in Singapore. Such requirements include, among others:-

(a) the number and standard of competence of officers and seamen operating and manning our vessels;

(b) crew agreements, engagement and discharge of seamen;

(c) installation of safety equipment onboard vessels; and

(d) surveys and inspections to be undertaken on vessels.

Vessels which meet the relevant requirements specified in the MSA are issued certificates of registration by the MPA, which are not subject to renewal. In order for such certificates to remain valid, our vessels must continue to maintain the "Certificates of Class" issued by the relevant classification societies upon completion of the surveys undertaken by them. These certificates of registration may be cancelled by the MPA if the vessel, its equipment or any matter to which it relates, no longer complies with the MSA or any applicable regulations promulgated thereto. All our vessels which are under the Singapore flag have been issued certificates of registration by MPA.

In addition to the MSA, our vessels are required to comply with various conventions adopted by the International Maritime Organisation ("IMO"). IMO was established in 1948 to provide the mechanism for cooperation among various governments in respect of regulations affecting the safety of shipping, efficiency of navigation and the prevention and control of maritime pollution from ships. To that end, the IMO has developed a body of international conventions, codes and recommendations (the "IMO Regulations") for implementation by its signatory countries. Some of these conventions/regulations include the following:-

International Convention for the Safety of Life at Sea

One of the conventions adopted by IMO is the International Convention for the Safety of Life at Sea 1974 ("SOLAS, 1974"). SOLAS, 1974 specifies minimum standards for the construction, equipment and operation of vessels including the installation of fire-fighting systems and machinery and electrical equipment which are essential for the safety of the vessel under various emergency conditions. Compliance by vessels of 500 GRT or more with SOLAS is mandatory for vessels sailing under the flags of countries which are signatories to SOLAS. Assessment for compliance with SOLAS is carried out by the various classification societies which are members of the IACS such as Nippon Kaiji Kyokai and Germanischer Lloyd. Details of the certificates issued under SOLAS to our vessels are as follows:-

(a) All our tugboats have been issued with safety equipment and safety radio certificates which certify that our tugboats meet the standards under SOLAS in respect of safety.

(b) Our tugboats and barges have been issued with safety construction and load line certificates which are evidence that these vessels have been designed, constructed and maintained in compliance with the requirements of a recognised classification society; and that the maximum depth to which they may be loaded with cargo and/or equipment are within the permissible limits of SOLAS, respectively. In addition, SOLAS has been amended to require automatic identification systems ("AIS"), capable of providing information about the vessel to other vessels and to coastal authorities automatically, to be fitted aboard all vessels of 300 GRT and upwards on international voyages built as well as all cargo ships of 500 GRT and upwards not engaged on international voyages, on or after 1 July 2002. We shall ensure that all our vessels of 300 GRT or more which are built on or after 1 July 2002, will comply with this new requirement.

Prevention of Pollution at Sea

Our vessels are also required to comply with the requirements of the Prevention of Pollution at Sea Act (Chapter 243 of Singapore) ("PPSA") which gives effect to the International Convention for the Prevention of Pollution from Ships, 1973 ("MARPOL"), as added to by the protocol of 1978. MARPOL is another convention introduced by IMO. The PPSA includes regulations aimed at preventing and minimising pollution from vessels by the discharge of oil, refuse, garbage, waste matter, trade effluent, plastics or marine pollutants. Such discharges or emissions may result from accidents or routine operations. Under the PPSA, our vessels are required to keep a record of all discharges of oily mixtures and other discharges and to report any discharge of harmful substances. In the event of a discharge of such pollutants in Singapore waters, we will be liable to pay for the costs of any measures taken by the MPA to remove or reduce the contamination caused by the pollution.

In addition to the pollutants described above, MARPOL sets out requirements regulating the emission of gases from ship exhausts and ozone depleting substances. All vessels which are above 400 GRT are required to comply with MARPOL. Assessment for compliance with MARPOL is also carried out by recognised classification societies. Though our vessels are below 400 GRT, we nevertheless endeavour to comply with some of the requirements of MARPOL as a matter of good practice.

Global Maritime Distress and Safety System ("GMDSS") Regulations

The GMDSS regulations, which constitute part of the SOLAS Convention applies to vessels of 300 GRT or above and became mandatory for such vessels from 1 February 1999. The GMDSS convention requires such vessels to be able to transmit ship-to-shore distress alerts by at least two separate and independent means, each using a different radio communication service, as well as transmit and receive ship-to-ship distress alerts. All our vessels are currently below 300 GRT and are therefore not covered by GMDSS. Where we build vessels which are or above 300 GRT, we will ensure that such vessels are installed with the relevant safety communications equipment as required by GMDSS.

PROPERTIES AND FIXED ASSETS

We operate our business on the following properties owned by us:-

<table>
<tr><th>Location</th><th>Description</th><th>Land Area (sq m)</th><th>Tenure</th><th>Registered Owner</th><th>Annual Rental ($)</th><th>Net Book Value as at 30 June 2002 ($'000)</th></tr>
<tr><td>19 Pandan Road, Singapore 609271</td><td>Shipyard site</td><td>37,219</td><td>30 years from 1 June 1974 with a further term of 21 years 6 months from 1 June 2004[1]</td><td>JTC</td><td>615,156 (before applicable rebates)

A water frontage fee of $42,265.44 (before applicable rebates) is also payable.</td><td>3,776</td></tr>
<tr><td>Tanjung Uncang, Batam, Indonesia</td><td>Shipyard site</td><td>31,346</td><td>30 years from 19 March 1996 to 18 March 2026</td><td>PT ASL Shipyard Indonesia</td><td>7,900</td><td rowspan="4">3,688</td></tr>
<tr><td>Tanjung Uncang, Batam, Indonesia</td><td>Shipyard site</td><td>100,000</td><td>30 years from 19 September 1991 to 18 September 2021</td><td>PT ASL Shipyard Indonesia</td><td>20,200</td></tr>
<tr><td>Tanjung Uncang, Batam, Indonesia</td><td>Shipyard site</td><td>78,008</td><td>30 years from 26 May 1997 to 25 May 2027</td><td>PT ASL Shipyard Indonesia</td><td>15,500</td></tr>
<tr><td>Tanjung Uncang, Batam, Indonesia</td><td>Shipyard site</td><td>87,786</td><td>30 years from 9 April 1999 to 8 April 2029</td><td>PT ASL Shipyard Indonesia</td><td>17,600</td></tr>
</table>

Notes:-

(1) A 30-year lease constitutes a legal interest. Nonetheless, an annual land rent is payable under JTC's terms and conditions of lease.

STAFF

As at 30 June 2002, our Group had a total of 567 confirmed full-time employees, 426 of whom were located in Singapore and 141 of whom were located in Batam, Indonesia. A breakdown of the number of employees in our Group for each of the past three financial years ended 30 June 2000, 2001 and 2002 and as at 30 September 2002 by geographical location is as follows:-

	FY2000	FY2001	FY2002	As at 30 September 2002
Singapore				
Total number of full-time employees	241	386	426	427
Batam, Indonesia				
Total number of full-time employees	107	126	141	133
Total	348	512	567	560

The functional distribution of our full-time employees for the past three financial years ended 30 June 2000, 2001 and 2002 were as follows:-

	FY2000 Average	FY2001 Average	FY2002 Average
Function			
Management	10	11	11
Administration and finance	17	23	27
Supervisors, crew and site personnel	272	396	488
Average number of employees	299	430	526

Sub-contract work/labour

To improve our operating flexibility, we utilise subcontract labour/works for our shipbuilding and shiprepair contracts. We outsource particular jobs/operating activities in our shipyards on a regular basis. This involves mainly the provision of sub-contracted labour. For the past three financial years ended 30 June 2000, 2001 and 2002, our sub-contract costs accounted for approximately 17.5%, 14.5% and 17.6% of our Group's costs of sales respectively.

We do not employ a significant number of temporary employees. Our employees are not unionised. The relationship and co-operation between our management and staff has generally been good other than minor disputes in Batam, Indonesia that required arbitration. These disputes did not have a significant impact on our business and operations. Please refer to the section "Risk Factors – Labour problems may disrupt our operations in Batam" on page 28 of this Prospectus for more details of these disputes.

STAFF TRAINING

We are committed to training and upgrading the skills and knowledge of our employees as we believe that it is essential to maintain the required standards of quality services and to meet our customers' expectations. In addition to on-the-job training, our Group sends its employees to various courses as part of their training to equip them with the necessary knowledge and skills to perform their tasks according to the required performance standards. We also organise training on information technology to upgrade our employees' computer skills. Some of the specialised courses attended by our workers include courses on crane rigging, crane signal, operation of forklifts and scaffolding erection.

In addition, our employees who perform supervisory roles are required by the Factories Act (Chapter 104 of Singapore) ("Factories Act") to undergo courses on lifting supervision, supervision of scaffolding operations, safety instruction and safety assessment. Attendance of these courses by our shipyard supervisors is mandatory by the Factories Act as they help ensure that the safety standards are adhered to.

The total expenditure on staff training for FY2000, FY2001 and FY2002 were insignificant.

PROSPECTS, BUSINESS STRATEGY AND FUTURE PLANS

PROSPECTS

Based on our Directors' knowledge and belief, Singapore is a major shiprepair centre and maritime hub in the Asia Pacific region. There is an established pool of maritime service providers in areas such as shipbuilding, shiprepair, supply of marine and other related equipment, marine logistics and shipchartering.

Barring any unforeseen circumstances, our Directors are of the view that prospects for our Group's shipyard and shipchartering operations will generally remain positive in the foreseeable future. At the same time, our Directors are mindful of the challenges facing our Group including threats from competition in Singapore as well as from overseas players primarily from within the Asia Pacific region and South Asia. Please refer to the section "Risk Factors – We are exposed to the risk of increases in costs of materials and equipment for our shipyard business" and "Risk Factors – We are exposed to the risk of increases in fuel oil costs" on page 23 of this Prospectus for recent observed movement in the prices of steel plates and fuel oil. Accordingly, our thrusts and efforts are geared mainly towards improving and expanding our service capabilities, improving our price competitiveness and expanding our coverage of geographical markets, industries/sectors and overall customer base.

Shipchartering

In shipchartering, our Directors expect continual demand for our services primarily from the offshore and marine infrastructure, and other sectors/industries in Southeast Asia. Our Directors are also of the view that the offshore oil and gas sector in Asia will likely continue to be active in the next few years which may provide further opportunity for our Company.

Shipyard operations

In shipbuilding, our Directors believe that some of the demand for newbuildings may come from a demand for offshore support vessels and/or replacement requirements for ageing vessels. Our Directors have also observed more emphasis by ports and/or terminals towards more stringent safety and performance standards on vessels. As our Group is experienced in the construction of reliable, powerful and manoeuvrable tugboats, we believe this will provide our shipbuilding business with continuing opportunities.

Our Directors are of the view that we may continue to have a stable share of the shiprepair market and intend to further capitalise on the generally lower labour costs and other operating costs in our Batam shipyard by expanding our shipyard capabilities to maintain our price-competitiveness.

BUSINESS STRATEGY

To capitalise on improved business opportunities in the marine sector, our business strategies are as follows:-

- **To provide a wider and more comprehensive range of shipyard services**

  While we have currently been able to provide a range of services in both our Singapore and Batam shipyards, we intend to become an integrated provider of marine engineering and logistics services. For our shipbuilding and shiprepair businesses, we intend to increase the size/tonnage and types of vessels that we may build or service.

- **To expand or develop the range of sectors serviced by our shipchartering busines**

  Our customers in the shipchartering business largely operate in the offshore and marine infrastructure, and other sectors/industries. We have established our Group as a significant player in the marine transportation of granite and other resource materials in the region whose demand is largely dependent on the offshore and marine infrastructure sector.

  In order to diversify our revenue base, we intend to broaden our end-user base by expanding the range of sectors serviced by our shipchartering business.

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

  Our strategic location near vital shipping lanes gives us a competitive advantage vis-à-vis other shipping and shipyard companies which are located in other parts of Asia such as Malaysia and PRC. However, the marine industry is becoming increasingly regionalised/globalised, with local shipping and shipyard companies experiencing stiffer competition from other players mainly from Singapore and also from the rest of Asia. To meet these challenges, we intend to actively market our services to countries other than Singapore and Indonesia. We also intend to explore strategic alliances, joint ventures and/or acquisition opportunities to expand the geographical scope of our facilities base in order to cover more strategic points in Asia and the Middle East.

- **To further strengthen relationships with our existing customers**

  We intend to strengthen relationships with our existing customers particularly with repeat customers, who accounted for the major part of our revenue for the last three financial years. This will enable us to continue to capitalise on and possibly improve our revenue generation from such customers.

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

  We are committed to the provision of quality newbuildings and services and reliable turnaround time, that is, limited delays, with respect to our shipbuilding, shiprepair and shipchartering business. We believe that this commitment has been instrumental to our Group's market entrenchment as a provider of shipyard and shipchartering services.

- **To maintain competitive price positioning through improvements in costs efficiency**

  We understand the need to offset any increase in costs due to inflation and the pressure on prices brought on by increasing competition both locally and from within Asia and the Middle East. We aim to improve our cost efficiency in order to maintain both price competitiveness and profitability by having operations overseas (apart from Batam) where there are locational costs advantages, investing in capacity expansion and/or upgrading of our fleet, equipment and facilities, improvement of our business processes and strengthening the benefits of cross-border collaborations of our shipyard facilities.

FUTURE PLANS

In line with our business strategies, our future plans are as follows:-

To set up a drydocking facility in Batam, Indonesia

Our Group is currently capable of carrying out a wide range of shiprepair services as described on pages 65 to 67 of this Prospectus under the section "Business". While our shipyard in Singapore has both drydocking and afloat repair facilities, we intend to set up a drydocking facility in our Batam, Indonesia shipyard to complement our current shipbuilding and afloat shiprepair facilities. We plan to build a floating dock of approximately 110m by 38m, and to leverage on our capability to build vessels/floating structures. The floating dock is expected to upgrade our Batam shipyard's capability by providing us with a drydocking facility which will have a maximum lifting capacity of approximately 4,500 tonnes.

The floating dock is expected to be completed in early 2004. When completed, the floating dock will be operated by PT ASL Shipyard because of the generally lower operating costs in Batam, Indonesia.

We have undertaken preliminary work such as designing the floating dock and conducting feasibility studies. We intend to channel approximately $4.5 million from the Invitation proceeds to finance the building of the floating dock.

To build and service a wider range of vessels

Currently, we are a niche player specialising in the building and repair of tugboats and barges, of up to approximately 110m in length. We intend to build and repair larger vessels and broaden the range of vessels that we build and/or repair to include other vessels such as offshore support vessels, general cargo, bulk carriers and dredging vessels. Our experience and healthy working relationships with our shipbuilding customers provide us with valuable feedback which allows us to introduce improved designs and features for our newbuildings to better meet the needs of our customers.

To explore joint ventures and/or strategic alliances with our existing customers

In view of our strategy to strengthen our relationships with customers, we will consider strategic alliances with them, in the form of joint ventures or joint operations of vessels and/or facilities, as and when such opportunities arise. This would allow our Company to expand our core businesses and to tap into their existing networks of customers and routes that they service.

To expand the range of sectors and geographical coverage in which our vessels operate

We intend to exert more active efforts to establish our shipchartering business in the offshore oil and gas industry. We are currently exploring the possibility of setting up a shipping representative office in Batam to tap into opportunities in the offshore oil and gas industry. We will also explore opportunities in other sectors. In line with this, we intend to expand our existing fleet of tugboats and barges.

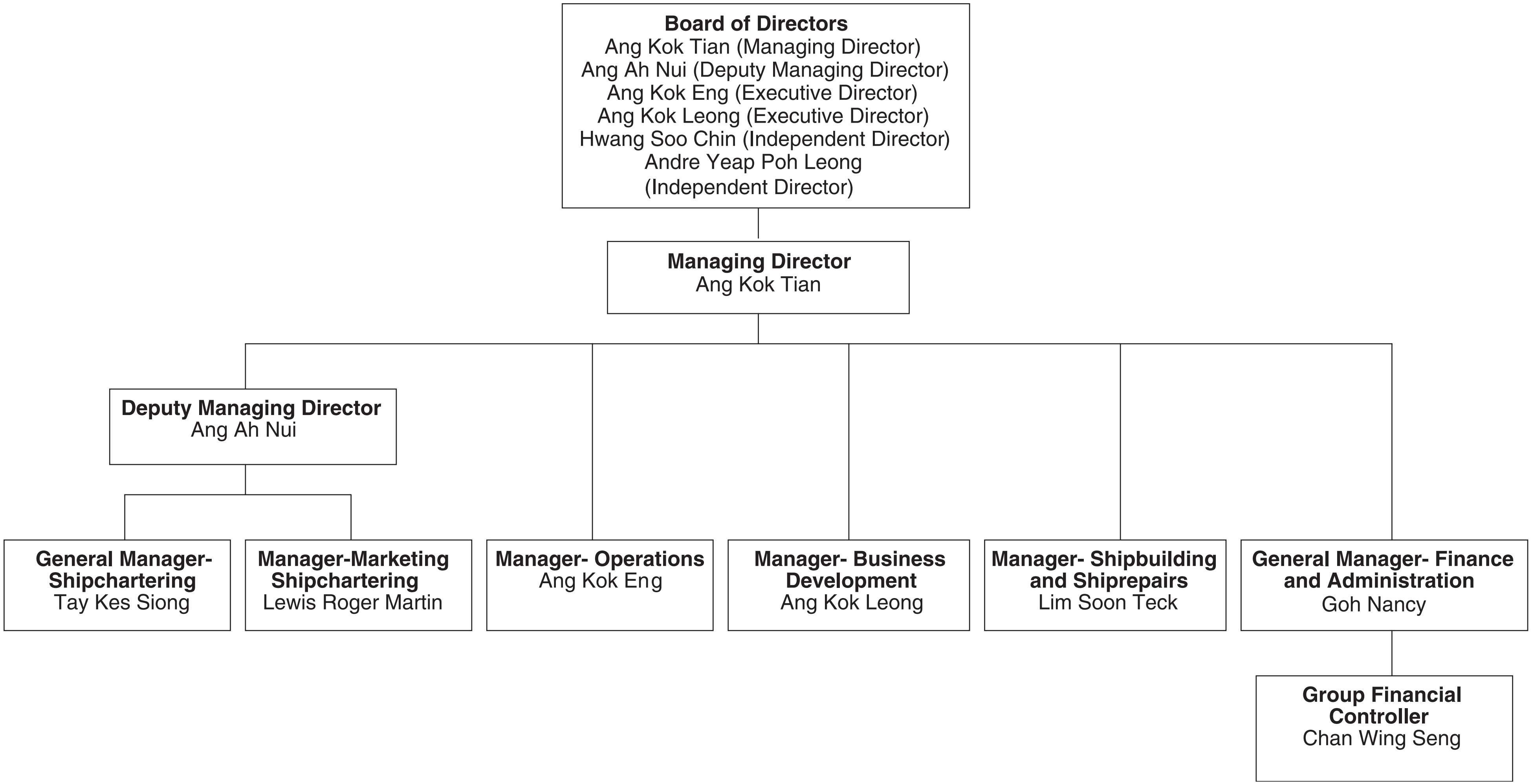
To diversify the risk of a regional downturn, we also intend to market our shipchartering services more extensively in countries other than Singapore and Indonesia, namely, in the Middle East, other parts of Asia such as India and PRC, and Australia. While our shipyard in Batam has allowed us to benefit from the cost advantages at the moment, we will consider having shipyard and other marine operations in other countries where there will be additional cost and geographical (e.g. market) advantages.

MANAGEMENT

Directors and Senior Management

Management Reporting Structure

The following chart shows our management reporting structure as of the Latest Practicable Date.



The following table provides information regarding our Directors and Executive Officers as the Latest Practicable Date.

Name	Age	Address	Board Designation	Management Position
Directors				
Ang Kok Tian	41	341 Yio Chu Kang Road Singapore 805911	Chairman	Managing Director
Ang Ah Nui	39	9 Jalan Anggerek Singapore 369441	Executive Director	Deputy Managing Director
Ang Kok Eng	35	7A Jalan Anggerek Singapore 369436	Executive Director	Manager – Operations
Ang Kok Leong	34	27 Hazel Park Terrace #08-05 Singapore 678949	Executive Director	Manager – Business Development
Hwang Soo Chin	54	267 Bukit Timah Road #01-05 Singapore 259706	Independent Director	Group Managing Director and Chief Executive Officer of The Central Package Group
Andre Yeap Poh Leong	41	14 Kew Heights Singapore 466333	Independent Director	Lawyer

Other Executive Officers

The Executive Officers who are not Directors of the Company are as follows:-

Goh Nancy	46	100 Lorong J Telok Kurau Singapore 425981		General Manager – Finance and Administration
Lim Soon Teck	51	Blk 669A Jurong West Street 64 #14-88 Singapore 641669		Manager – Shipbuilding and Shiprepairs
Tay Kes Siong	52	32 Chempaka Kuning Link Singapore 486267		General Manager – Shipchartering
Lewis Roger Martin	53	558, Hougang Street 51 #06-392 Singapore 530558		Manager – marketing Shipchartering
Chan Wing Seng	44	164 Stirling Road #08-1212 Singapore 140164		Group Financial Controller

Messrs Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong are brothers. Save as disclosed, none of the Directors and Executive Officers are related to each other or the substantial Shareholders.

Our Directors' and Executive Officers' working and business experience are set out below:-

Our Directors

Ang Kok Tian, aged 41, is the Chairman and Managing Director of our Company. Mr Ang began his career at Ang Sin Liu Hardware, handling administration, purchasing and marketing for the company. He was appointed an Executive Director of our Company on 4 October 2000 and has been with the Group for more than 15 years. Mr Ang is in charge of our Group's business strategies and direction, corporate plans and policies and is responsible for the general management of our Group. In particular, he is in charge of our shipbuilding and shiprepair division and is responsible for all aspects of the division's operations, including estimations, negotiations and contract finalisation. Mr Ang has extensive knowledge and experience in the industry and was instrumental in developing the shipbuilding, shiprepairs and shipchartering business of our Group. He graduated with a Bachelor of Science (Honours) degree from the National University of Singapore in 1986.

Ang Ah Nui, aged 39, is the Deputy Managing Director and was appointed an Executive Director of our Company on 4 October 2000. Mr Ang is jointly responsible for our Group's business strategies and direction, corporate plans and policies, and for the general management of our Group's shipchartering operations, including business development and operations. Mr Ang is instrumental in seeking new markets for our business. Mr Ang has extensive industry knowledge and experience, having been with our Group for more than 15 years.

Ang Kok Eng, aged 35, is our Manager – Operations and oversees the operations of our shipyard in PT ASL Shipyard Indonesia. He was appointed an Executive Director of our Company on 18 October 2002. Mr Ang joined the Group on 1 December 1994 and is responsible for our Indonesian operations, and coordinates with management on the execution of new projects, accounts reporting and negotiations for new projects. He is also in charge of our Group's management information systems. Prior to joining our Group, Mr 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, aged 34, is our Manager – Business Development for shipbuilding and shiprepairs and is responsible for developing marketing strategies, identifying new businesses/markets and customers. He was appointed an Executive Director of our Company on 18 October 2002. Mr Ang joined our Group on 1 January 1995 as Marketing Executive where he was involved in marketing and sales in our shipbuilding division. Mr Ang graduated from Carnegie Mellon University in 1994 with a Bachelor of Science Degree in Industrial Management.

Hwang Soo Chin, aged 54, was appointed as our independent Director on 17 January 2003. Mr Hwang is currently the Group Managing Director and Chief Executive Officer of The Central Package Group, a provider of packaging products and solutions which has operations in PRC, Singapore, Batam and Malaysia. Mr Hwang was employed by leading packaging companies from Australia and the United Kingdom in various senior positions during the period 1976-1987. In 1988-1989, he was appointed Executive Director of Tuan Sing Holdings Limited to oversee its manufacturing and construction activities. In 1990-1994, Mr Hwang worked in a major Indonesian Group where he was responsible for the Group's Retail and Property operations in Indonesia.

Between 1995-2000, Mr Hwang was appointed Group Managing Director and Chief Executive Officer of Tuan Sing Holdings Limited. He was also appointed as Chairman of SPP Limited, Gul Technologies Ltd and Vice-Chairman of the Grand Hotel Group Ltd which is listed on the Australian Stock Exchange. He holds a Bachelor of Engineering (Chemical) and a Diploma in Computer Science from the University of Queensland and is currently a Fellow member of the Singapore Institute of Directors.

Andre Yeap Poh Leong, aged 41, was appointed as our independent Director on 17 January 2003. Prior to starting 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 where he had worked from 1987 to 2000, before joining the partnership of Lee & Lee in 2001. His practice has focused on banking, commercial and corporate litigation with special emphasis on securities and stock-broking 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. Mr Yeap graduated from the National University of Singapore with a Bachelor's Degree in Law and is a member of the Singapore International Arbitration Centre.

Our Executive Officers

Goh Nancy, aged 46**,** is our General Manager - Finance and Administration and is responsible for overseeing the finance and administrative matters of our Group including corporate secretarial and legal matters. Ms Goh has over 20 years' experience in financial, human resource and general management functions. Prior to joining our Group on 6 August 2002, Ms Goh was the General Manager of Mindteck Singapore Pte Ltd and was responsible for its day-to-day operations and developing business strategies for the company. Between April 1996 and January 2000, Ms Goh was the General Manager of the Huationg Group where she was responsible for financial management, administration and human resource functions. Ms Goh holds a Bachelor of Accountancy Degree from the University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

Lim Soon Teck, aged 51, is Manager - Shipbuilding and Shiprepairs. He is responsible for our Group's shiprepairs, shipbuilding and other marine engineering services including estimation, production scheduling, facilities planning and others. Mr Lim spent the first 10 years of his career with Maroil Shipbuilding and Engineering Pte Ltd where he held the position of Estimating/Technical Manager before joining our Group. Subsequently, he joined Marine Technic Pte Ltd as an operations manager where he spent 5 years. He then joined Dynamic Marine Pte Ltd for two years as a project estimator before joining Conan Wu & Associates sometime in 1991 as site superintendant. Mr Lim joined our Group on 20 May 1996 as project manager in our Shipyard Operations Division.

Tay Kes Siong, aged 52, joined our Group on 1 October 2002 as General Manager – Shipchartering where he is responsible for managing the shipping operations of our Group, including overall fleet scheduling and maintenance. Prior to joining our Group, Mr Tay was a Marine Surveyor and director of Marine Management Surveyors and Services Pte Ltd from 1997 where he was responsible for marine surveys and consultancy, sea trials, compass adjustments and cargo survey. He also carried out the role of superintendant and was responsible for shipping agencies and services. From 1989 to 1997, he was Marine Surveyor and a director with Marine Management Surveyors and Consultants Pte Ltd and was responsible for marine surveys and consultancy, sea trials, compass adjustments and cargo survey. Mr Tay has more than 30 years of experience in the shipping and marine industry.

Lewis Roger Martin, aged 53, joined our Company on 1 July 1999 as the marketing manager of the shipchartering division and is responsible for its sales and marketing functions, including client relationship management. Mr Lewis has over 32 years of experience in the shipping industry. He was appointed shipping manager cum purchaser of M J Batty Pte Ltd in 1969. Subsequently, he joined Wallem Towage & Salvage Pte Ltd in 1974 where he spent 8 years as its shipping/operations manager. In 1979, he was appointed as shipbroker of Wallem Shipping (S) Pte Ltd. He then joined Ban Choon Shipping Pte Ltd in 1984 as the shipping/yard manager where he spent 14 years, prior to joining our Group.

Chan Wing Seng, aged 44, joined our Group on 1 June 2000 as the Group Financial Controller. He is responsible for our financial and management reporting as well as taxation matters. Mr Chan has about 15 years of experience in accounting, auditing and tax. Prior to joining us, he was with Chua Swee Ming & Co, a public accounting firm where he worked for five years, managing a portfolio of clients. He holds a Bachelor's Degree in Accounting from Edith Cowen University, Australia and a Masters in Commerce from the University of New South Wales, Australia. Mr Chan is an associate member of the Australian Society of Certified Public Accountants.

The present and past directorships (held in the last 5 years preceding the date of this Prospectus) of the Directors and Executive Officers are as follows:-

Directors

Ang Kok Tian

Present

Group companies

ASL Shipyard
ASL Project Services
Capitol Marine
Capitol Offshore
Capitol Shipping
Capitol Tug & Barge
Lightmode

Other companies

Ang Sin Liu Construction (Pte) Ltd
Ang Sin Liu Metals Pte Ltd

Past

Group companies

Nil

Other companies

Consort-ASL Marine Pte Ltd

Ang Ah Nui

Present

Group companies

ASL Shipyard
ASL Project Services
Capitol Marine
Capitol Offshore
Capitol Shipping
Capitol Tug & Barge
Lightmode
PT ASL Shipyard Indonesia

Other companies

Ang Sin Liu Construction (Pte) Ltd
Ang Sin Liu Metals Pte Ltd

Past

Group companies

Nil

Other companies

Transaera-ASL Marine Pte Ltd

Ang Kok Eng

Present

Group companies

Capitol Marine
Kenwell
PT ASL Shipyard Indonesia

Other companies

Nil

Past

Group companies

Capitol Shipping
Capitol Tug & Barge

Other companies

Marine Star Construction Pte Ltd
PT ASL Machinery
PT ASL Fabricators

Ang Kok Leong

Present

Group companies

Capitol Marine
Kenwell

Other companies

Nil

Past

Group companies

Other companies

Inn Creation Pte Ltd

Hwang Soo Chin

Present

Group companies

Nil

Other companies

Baoding Bada Cenpak Packaging Co Ltd
Beijing Goldhawk Package & Production Co Ltd
Cenpak Holdings (M) Sdn Bhd
Cenpak Investments Asia Pte Ltd
Cenpak Malacca Packaging (M) Sdn Bhd
Cenpak (Malaysia) Sdn Bhd
Cenpak Packing Guangzhou Co Ltd
Cenpak Suzhou High Graphic Co Ltd
Cenpak Suzhou Package Technical Development Co Ltd
Central Nagano Pte Ltd
Central Package Investments Pte Ltd
Central Package (Singapore) Private Limited
Cenpak Paper Products (M) Sdn Bhd
CP Packaging Sdn Bhd
Nanjing Cenpak Packaging Co Ltd
SCA Weyerhaeuser (Shanghai) Packaging Co Ltd
SCA Weyerhaeuser (Wuhan) Packaging Co Ltd
Shanghai C P Packaging Co Ltd
Shanghai Cenpak Packaging Co Ltd
Suzhou Cenpak Packaging Co Ltd
Suzhou Cenpak Paper Products Co Ltd
Xianghe Cenpak Fuda Packaging Co Ltd

Past

Group companies

Nil

Other companies

Asiaview Properties Pte Ltd
Avenbury Properties Limited
Back to Health Pte Ltd
DBC Asia Pacific Pte Ltd
Finsbury Private Limited
Garden Properties Pte Ltd
Globaltraco International Pte Ltd
Golden Cape Investments Pte Ltd
Grand Hotel Group Ltd
Grand Hotel Management Limited
Gul Technologies Singapore Ltd
Hypak Sdn Bhd
Megaton Investments Pte Ltd
Oxley Development Pte Ltd
Performance Retreads Sdn Bhd
Premium Property Management Limited
Semicon Advanced Technology (Singapore) Pte Ltd
Shanghai T S International Real Estate Co Ltd
Shelford Properties Pte Ltd
Showatex Private Ltd
Silveriddge Investments Pte Ltd
Singapore Bandbag (Private) Limited
Singapore Express Investments Pte Ltd
Sing-Hu International Pte Ltd
SPP Limited
Statsym Berhad
Superluck Properties Pte Ltd
Tara Investment Pte Ltd
Tebex Medica Singapore Pte Ltd
TS Sales Pte Ltd
TS Technologies Pte Ltd
TSA Real Estate Pty Ltd
TSH Australia Holdings Pte Ltd
TSH Australia Investment Pte Ltd
TSH China Holdings Pte Ltd
Tuan Sing (Australia) Pty Limited
Tuan Sing (HK) Limited
Tuan Sing Holdings Limited
Tuan Sing Land Pte Ltd

Andre Yeap Poh Leong

Present

Group companies

Nil

Other companies

Aquagen International Pte Ltd (as alternate director)

Past

Group companies

Nil

Other companies

Mirant Asia-Pacific Pte Ltd

Executive Officers

	Present	Past
Goh Nancy	**Present**	**Past**
	Group companies	Group companies
	Nil	Nil
	Other companies	Other companies
	GS Clinic & Surgery Pte Ltd	Mindteck Singapore Pte Ltd
Lim Soon Teck	**Present**	**Past**
	Group companies	Group companies
	Nil	Nil
	Other companies	Other companies
	Nil	Nil
Tay Kes Siong	**Present**	**Past**
	Group companies	Group companies
	Nil	Nil
	Other companies	Other companies
	Nil	Marine Management Surveyors & Consultants Pte Ltd Marine Management Surveyors & Services Pte Ltd
Lewis Roger Martin	**Present**	**Past**
	Group companies	Group companies
	Nil	Nil
	Other companies	Other companies
	Alcyone Shipping Pte Ltd	Nil
Chan Wing Seng	**Present**	**Past**
	Group companies	Group companies
	Nil	Kenwell
	Other companies	Other companies
	Asia Food Distribution (S) Pte Ltd Nanochem Pte Ltd Nitor Pte Ltd Silk Rose Pte Ltd Wettimex Distribution Pte Ltd Whitefields Trading Pte Ltd	Autron Capital Pte Ltd

REMUNERATION

The remuneration paid to our Directors and our Executive Officers for services rendered to us and our subsidiaries on an individual basis and in remuneration bands during FY2001 and FY2002 were as follows:-

Names	FY2001	FY2002	Estimated amount for current FY2003 (iv)
Directors			
Ang Kok Tian	Band A	Band A	Band A
Ang Ah Nui	Band A	Band A	Band A
Ang Kok Eng	Band A	Band A	Band A
Ang Kok Leong	Band A	Band A	Band A
Hwang Soo Chin	–	–	Band A
Andre Yeap Poh Leong	–	–	Band A
Executive Officers			
Goh Nancy	–	–	Band A
Lim Soon Teck	Band A	Band A	Band A
Tay Kes Siong	–	–	Band A
Lewis Roger Martin	Band A	Band A	Band A
Chan Wing Seng	Band A	Band A	Band A

Note:-

(i) Band A means between up to $249,999.

(ii) Band B means between $250,000 and $499,999.

(iii) Band C means between $500,000 and $749,999.

(iv) For the purposes of this estimation, no account is taken of the bonus that our Directors are entitled to under their respective service agreements, further details of which are set out under "Service Agreements" on pages 96 and 97 of this Prospectus.

We have not set aside or accrued any amounts for our Directors and Executive Officers to provide for pension, retirement or similar benefits.

SERVICE AGREEMENTS

On 17 January 2003, we entered into separate service agreements (the “Service Agreements”) with Messrs Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong (each, the “Appointee”). Under the Service Agreements, Mr Ang Kok Tian was appointed as Managing Director and Mr Ang Ah Nui was appointed as Deputy Managing Director of our Company for a fixed period of two (2) years (“First Initial Term”), while Messrs Ang Kok Eng and Ang Kok Leong were appointed as our Manager - Operations and Manager – Business Development respectively for a fixed period of one (1) year (“Second Initial Term”) each with effect from the date of our admission to the Official List of the SGX-ST. After the First and Second Initial Terms (as the case may be), the Service Agreements shall be automatically renewed unless terminated by either party giving the other not less than six (6) and three (3) months’ respectively prior written notice or terminated in accordance with the Service Agreements.

The Service Agreements may be terminated by notice in writing by our Company immediately upon the occurrence of events such as the conviction of the Appointee of a criminal offence, the Appointee becoming a bankrupt or of unsound mind, neglecting or refusing, without reasonable cause, to attend to the business of our Company or our Subsidiaries, or the Appointee committing a material breach of his obligations under the Service Agreement or breaching the Service Agreement so as to materially prejudice the business of our Company or our Subsidiaries.

Under the Service Agreements, Messrs Ang Kok Tian and Ang Ah Nui are both entitled to a monthly salary of $20,000 and $18,000 respectively while Messrs Ang Kok Eng and Ang Kok Leong are both entitled to a monthly salary of $12,000. Each Appointee is entitled to an annual wage supplement equivalent to one month’s salary as well as an annual bonus to be determined at the discretion of the Board.

Our Company may in our discretion, provide each of Messrs Ang Kok Tian and Ang Ah Nui with a car, the expenses of which will be fully borne by us. The motor cars will be held in trust for our Company by the Appointees. The beneficial interests in the motor cars belong to us absolutely upon Messrs Ang Kok Tian and Ang Ah Nui ceasing to be in employment with us.

There are confidentiality and non-solicitation clauses under the Service Agreements which are effective during the Appointee's employment and for a further period of twelve (12) months from the earlier of the date of expiry of the term of employment or the termination of the employment.

There are no existing or proposed service contracts entered or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

Had the Service Agreements been in place for the financial year ended 30 June 2002, the aggregate remuneration (including contributions to the Central Provident Fund and other benefits) paid/provided to the Executive Directors would have been approximately $942,000 instead of approximately $407,000 and the consolidated profit before taxation would be approximately $8,449,000 instead of $8,984,000.

CORPORATE GOVERNANCE

Every Director shall retire from office once every three years and for this purpose, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that no Director holding office as Managing or Joint Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. A retiring Director shall be eligible for re-election.

Corporate Governance

Presently, our business and operations are under the management and close supervision of our Executive Directors who are assisted by a team of key Executive Officers. We recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders.

Audit Committee

Our Board of Directors has established an Audit Committee that is chaired by Mr Hwang Soo Chin, an independent Director, and includes Mr Andre Yeap Poh Leong, our other independent Director, and Mr Ang Kok Tian, the Chairman of our Board of Directors. Our Audit Committee is responsible for reviewing:-

- our financial and operating results and accounting policies;
- our financial statements and our consolidated financial statements before their submission to the full Board of Directors and the external auditors' report on those financial statements;
- the co-operation given by our management to our auditors;
- our external audit plans and the results of our external auditors' examination and evaluation of our internal accounting control system;
- the re-appointment of our external auditors; and
- transactions with parties related to us.

Apart from duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of an Singapore law, rule or regulation which has or is likely to have a material impact on our operating results and/or financial position.

Remuneration Committee

The Remuneration Committee comprises Messrs Hwang Soo Chin, Andre Yeap Poh Leong and Ang Kok Tian. The Chairman of the Remuneration Committee is Mr Hwang Soo Chin.

In the event that any member of our Remuneration Committee is interested in a decision to be made by the Remuneration Committee, he will abstain from participating in the decision-making process.

The Remuneration Committee is responsible for setting cash and long-term incentive compensation for our Executive Officers and other key employees and administering the ESOS. As part of its responsibilities, the Remuneration Committee will review annually the remuneration of each of the Directors, Executive Officers and other employees who are related to the substantial Shareholders and will make recommendations, in consultation with the Chairman of the Board, to the entire Board for approval. Our annual report will disclose the remuneration of the Directors, the top 5 key executive officers of our Company as well as of employees who are immediate family members of a Director or Chief Executive officer and whose annual remuneration exceeds $150,000. Each member of the Remuneration Committee shall abstain from voting any resolutions in respect of his remuneration package.

Nominating Committee

The Nominating Committee comprises Messrs Hwang Soo Chin, Andre Yeap Poh Leong and Ang Kok Tian. The Chairman of the Nominating Committee is Mr Andre Yeap Poh Leong. Our Nominating Committee will be responsible for (i) re-nomination of our Directors having regard to the Director's contribution and performance, (ii) determining annually whether or not a Director is independent and (iii) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director. The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value. The performance evaluation will also include consideration of the Company's share price performance over a 5-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. The Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

We are in the process of identifying another non-Executive Director to join our Board and intend to appoint such director before the end of our current financial year.

THE ASL EMPLOYEE SHARE OPTION SCHEME

On 23 January 2003, our Shareholders approved a share option scheme known as the ASL Employee Share Option Scheme ("ESOS"), the rules of which are set out in Appendix IV of this Prospectus. The ESOS complies with the relevant rules as set out in Chapter 8 of the SGX-ST Listing Manual. The ESOS will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them toward better performance through increased dedication and loyalty. The ESOS, which forms an integral and important component of our employee compensation package, is designed to primarily reward and retain Executive Directors, non-Executive Directors and employees whose services are vital to our well-being and success.

As at the Latest Practicable Date, no options have been granted under the ESOS.

Objectives of the ESOS

The ESOS will help us to achieve the following objectives:-

(a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;

(b) to retain key employees and Executive Directors whose contributions are essential to the long-term growth and prosperity of our Group;

(c) to instill loyalty to, and a stronger identification by participants with the long-term prosperity of, our Group;

(d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and

(e) to align the interests of participants with the interests of our Shareholders.

Summary of the ESOS

A summary of the rules of the ESOS is set out as follows:-

(1) Participants

Under the rules of the ESOS, Executive Directors, non-Executive Directors and employees of our Company, our subsidiaries or associated companies (as they may exist from time to time) ("Group Employees") are eligible to participate in the ESOS. Controlling Shareholders and their associates will also be eligible to participate in the ESOS.

(2) Scheme Administration

The ESOS shall be administered by the Remuneration Committee (Please refer to the section "Corporate Governance" on page 98 of this Prospectus for more details) with powers to determine, *inter alia*, the following:-

(a) persons to be granted Options;

(b) number of Options to be granted; and

(c) recommendations for modifications to the ESOS.

As at the date of this Prospectus, the Remuneration Committee comprises Messrs Hwang Soo Chin, Andre Yeap Poh Leong and Ang Kok Tian. The Remuneration Committee will consist of Directors (including Directors or persons who may be participants of the ESOS). A member of the Remuneration Committee who is also a participant of the ESOS must not be involved in its deliberation in respect of Options granted or to be granted to him.

(3) Size of the ESOS

The aggregate nominal amount of Shares over which the Remuneration Committee may grant Options on any date, when aggregated with the nominal amount of Shares issued and issuable in respect of all Options granted under the ESOS and any other share option schemes of our Company, shall not exceed fifteen (15) per cent. of the issued share capital of our Company on the date immediately preceding the date of the relevant grant.

Our Company believes that the fifteen (15) per cent. limit set by the SGX-ST gives our Company sufficient flexibility to decide on the number of Option Shares to offer to its existing or new employees. Fifteen (15) per cent. of our current issued share capital of 148,000,000 Shares constitutes approximately 22,200,000 Shares. There are currently about 30 eligible participants of the ESOS. As it is intended that the ESOS shall last for ten (10) years, assuming that there is no change in the total issued share capital of the Company, the number of Options that may be granted in a year will average approximately 2,220,000. The number of eligible participants is expected to grow over the years. Our Company is of the opinion that it should have sufficient number of Options to offer to new employees as well as to existing ones. The number of Options offered must also be significant enough to serve as a meaningful reward for contributions to our Group. However, this does not necessarily mean that the Company will definitely issue Option Shares up to the prescribed limit. The Remuneration Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each participant which in turn, will depend on the performance and value of the relevant participant to our Group. The Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each employee which will depend on the performance and value of the employee to our Group.

(4) Maximum entitlements

The number of Shares comprised in any Option to be offered to a participant in the ESOS shall be determined at the absolute discretion of the Remuneration Committee, who shall take into account (where applicable) criteria such as rank, past performance, years of service and potential development of the participant provided that the aggregate number of Options available to Controlling Shareholders and their Associates under the ESOS shall not exceed twenty-five (25) per cent. of the total number of Shares which may be issued pursuant to the exercise of the Options under the ESOS; and the number of Options available to each Controlling Shareholder or his Associates shall not exceed ten (10) per cent. of the total number of Shares which may be issued pursuant to the exercise of the Options under the ESOS.

(5) Option exercise period and exercise price

The Options that are granted under the ESOS may have exercise prices that are, at the absolute discretion of the Remuneration Committee, set at a price ("Market Price") equal to the average of the last dealt prices of the Shares on the Official List of the SGX-ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant Option; or at a discount to the Market Price (subject to a maximum discount of twenty (20) per cent. of the Market Price). Options which are exercisable at the Market Price may be exercised after the first anniversary of the date of grant of that Option while Options exercisable at a discount to the Market Price may be exercised after the second anniversary of the date of grant of that Option. Options granted under the ESOS have a life-span of ten (10) years for Options granted to Group Employees (other than non-Executive Directors and/or employees of Associated Companies) and five (5) years for Options granted to non-Executive Directors and/or employees of Associated Companies. Under no circumstances shall the exercise price be less than the par value of a Share.

(6) Grant of Options

Under the rules of the ESOS, there are no fixed periods for the grant of Options. As such, offers of the grant of options may be made at any time from time to time at the discretion of the Remuneration Committee. However, no Option shall be granted during the period of thirty (30) days immediately preceding the date of announcement of our Company's interim or final results (as the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

(7) Termination of Options

Special provisions in the rules of the ESOS deal with the lapse or earlier exercise of Options in circumstances which include the termination of the participant's employment in our Group, the bankruptcy of the participant, the death of the participant, a take-over of our Company and the winding-up of our Company.

(8) Acceptance of Options

The grant of options shall be accepted within thirty (30) days from the date of offer. Offers of Options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay our Company a consideration of $1.00.

(9) Rights of Shares arising

Shares arising from the exercise of options are subject to the provisions of the Memorandum and Articles of Association of our Company. The Shares so allotted will upon issue rank *pari passu* in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the record date ("Record Date") for which falls before the relevant date of exercise date of the Option. "Record Date" means the date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

(10) Duration of the ESOS

The ESOS shall continue in operation for a maximum duration of ten (10) years and may be discontinued for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(11) Abstention from voting

Shareholders who are eligible to participate in the ESOS are to abstain from voting on any shareholders' resolution relating to the ESOS.

Grant of Options with a discounted exercise price

The ability to offer Options to participants of the ESOS with exercise prices set at a discount to the prevailing market prices of the Shares will operate as a means to recognise the performance of participants as well as to motivate them to optimise their performance standards, dedication and efficiency. Besides serving as an incentive and reward scheme for deserving Group Employees, the ESOS will also serve to recruit new group employees whose contributions are important to the long-term growth and profitability of our Group. Such flexibility allows our Company to structure the grant of Options, including combining options set at different exercise prices, to participants of the ESOS having regard to the position and responsibilities of the participant, the performance of our Group and the prevailing market and economic conditions, where applicable.

The flexibility to grant Options with discounted prices is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Remuneration Committee will have absolute discretion to:-

(a) grant Options set at a discount to Market Price (subject to a maximum limit of twenty (20) per cent.); and

(b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

At present, our Company foresees that options may be granted with a discount principally in the following circumstances:-

(a) Firstly, where it is considered more effective to reward and retain talented employees by way of a discounted price option rather than a market price option. This is to reward the outstanding performers who have contributed significantly to our Group's performance and the discounted price option serves as additional incentives to such Group Employees. Options granted by our Company on the basis of market price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence, during such period the ability to offer such Options at a discount would allow our Company to grant Options on a more realistic and economically feasible basis. Furthermore, options granted at a discount will give an opportunity to Group Employees to realise some tangible benefits even if external events cause the share price to remain largely static.

(b) Secondly, where it is more meaningful and attractive to acknowledge a participant's achievements through a discounted price option rather than paying him a cash bonus. For example, options granted at a discount may be used to compensate employees and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit-based cash bonuses or rewards may be combined with grants of market price options or discounted price options, as part of eligible employees' compensation packages. The ESOS will provide Group Employees with an incentive to focus more on improving the profitability of our Group thereby enhancing shareholder value when these are eventually reflected through the price appreciation of the Shares after the vesting period.

(c) Thirdly, where due to speculative forces and having regard to the historical performance of the Share price, the market price of the Shares at the time of the grant of the Options may not be reflective of financial performance indicators such as return on equity and/or earnings growth.

The Committee will have the absolute discretion to grant Options where the exercise price is discounted, to determine the level of discount (subject to a maximum discount of twenty (20) per cent. of the Market Price) and the grantees to whom, and the Options to which, such discount in the exercise price will apply.

In deciding whether to give a discount and the quantum of such discount (subject to the aforesaid limit), the Remuneration Committee will have regard to the financial and other performance of our Company and our Group, the years of service and individual performance of the grantee, the contribution of the grantee to the success and development of our Group and the prevailing market conditions.

Cost of options granted under the ESOS to our Company

In accordance with the Singapore Statements of Accounting Standards (the "SAS") which our Company's accounting statements are currently drawn up to, the grant of Options under the ESOS will not result in a direct impact on our Company's profitability as, in contrast with the payment of cash bonuses, no cash outlay would be expended by our Company or our Group at the time of the grant of such Options.

All Options (whether or not the exercise price is set at a discount to Market Price) have a fair value at the time of grant. The fair value of an Option is an estimate of the amount (derived from applying pricing models developed to value traded Options) that a willing buyer would pay to a willing seller for the Option on the date of grant. While Options such as those to be granted under the ESOS are non-transferable and are not traded on the SGX-ST, the application of such pricing models to Options granted pursuant to the ESOS would result in a fair value being attributed to those Options at the time of their grant.

Under the ESOS, a nominal consideration of $1.00 is payable by each participant for all Options granted to him at the date of offer. As a consequence, if the Option granted to the participant is for a consideration which is less than the fair market value, the difference between the fair market value and actual consideration paid by the participant will represent a cost to our Company (in that our Company will receive, a consideration that is less than the fair value of the Option), the size of which will depend on the amount of Options granted pursuant to the ESOS, and whether the Options are granted for the subscription of Shares at the market price or at a discount to the market price of the Shares. It should be noted that in general, the higher the discount applicable to a discounted price option, the higher the cost will be to our Company in respect of such Option. In addition, the longer the exercise period is in relation to an Option, the higher the cost will be to our Company in respect of such Option. Presently, the SAS has no accounting standards on the recognition of the costs of granting share-based compensation. Hence, such costs are not carried in the books of our Company. If such compensation cost is required to be recognised under the SAS or should our Company adopt an alternative accounting standard which requires such recognition, it will be charged to our Company's profits and losses at the time of the grant of the Option. For example, under the US accounting standards, our Company would be required to amortise this cost to our Company's profit and loss account over the vesting period.

Subject as aforesaid, the cost to our Company of granting Options with a discounted exercise price under the ESOS would be as follows:-

(a) the exercise of an Option at a discounted exercise price would translate into a reduction of the proceeds from the exercise of such Option, as compared to the proceeds that our Company would have received from such exercise had the exercise been made at the Market Price. Such reduction of the exercise proceeds would represent the monetary cost to our Company of granting Options with a discounted exercise price;

(b) as the monetary cost of granting Options with a discounted exercise price is borne by our Company, the earnings of our Company would effectively be reduced by an amount corresponding to the reduced interest earnings that our Company would have received from the difference in proceeds from exercise price with no discount as against the discounted exercise price. Such reduction would, accordingly, result in the dilution of our Company's earnings per Share; and

(c) the effect of the issue of new Shares upon the exercise of Options on our Company's net tangible asset ("NTA") per Share is accretive if the exercise price is above the NTA per Share, but dilutive otherwise. The dilutive effect is greater if the exercise price is at a discount to the Market Price since the amount of the cash inflow to the NTA of our Company on the exercise of such Options would be diminished by the quantum given, as compared with the cash inflow that would have been receivable by our Company had the Options been granted at the market price of the Shares prevailing at the time of the grant.

The costs discussed in (a), (b) and (c) above would materialise only upon the exercise of the relevant Options.

Details of the number of Options granted pursuant to the ESOS, the number of Options exercised and the exercise price (as well as any applicable discounts) will be disclosed in our annual report.

We have made an application to the SGX-ST for permission to deal in, and for quotation of, the Shares which may be issued upon the exercise price of the Options to be granted under the ESOS. The approval of the SGX-ST is not to be taken as indication of the merits of our Company, our subsidiaries, our Shares, the New Shares or the Option Shares.

Any Shareholder entitled to participate in the ESOS should abstain from voting at all general meetings in respect of any ordinary resolutions relating to the ESOS and should not accept nominations as proxies or otherwise for voting at such general meetings in respect of the said ordinary resolutions.

Rationale for participation of the Group Employees

The extension of the ESOS to the Group Employees, allows us to have a fair and equitable system to reward Directors and employees who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the ESOS will also enable us to attract, retain and provide incentives to its participants to produce higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

Participation by Controlling Shareholders

Ang Kok Tian is our Managing Director and one of our controlling shareholders. He has been with our Group for more than 15 years and has been responsible for the growth in our Group over these years. Mr Ang has provided our Group with his vision, guidance and leadership since he joined us and is instrumental in determining our strategic direction, formulating our corporate policies and charting the growth of our business. As Managing Director, Mr Ang is in charge of our Group's business strategies and direction, corporate plans and policies, and is responsible for the general management of our Group. In particular, he is in charge of our shipbuilding and shiprepair division and is responsible for all aspects of the division's operations, including estimations, negotiations and contract scheduling. With his business expertise, our Company has experienced rapid growth and has developed into an established integrated marine company with our own fleet of vessels and our shipbuilding, shiprepair and other marine capabilities. Our gross profit from our shipyard operations under Mr Ang's leadership increased from approximately $2.47 million in FY2001 to $7.42 million in FY2002.

The leadership provided by Mr Ang will be critical to our Group as we embark on the next phase of our growth. His experience and proven track record illustrates the value of his leadership and vision to our Group. Further, we believe that there is potential for further contribution by Mr Ang. There will be a substantial loss to the Company should we fail to retain his services. The grant of Options to Mr Ang under the ESOS is to reward and recognise his past contributions to our Group. Although Mr Ang already has a shareholding interest in our Company, the extension of the ESOS to him will ensure that he is equally entitled with the other employees who are not controlling shareholders to take part in and benefit from his system of remuneration, thereby enhancing his long-term commitment to our Group. Please refer to the section "Shareholders" on pages 41 and 42 of this Prospectus for details of Mr Ang's interests in our Company.

In the event that our Directors decide to grant Options to Mr Ang, our Directors will disclose the rationale and justification for his participation, the actual number of Options and the terms of the Options to our independent Shareholders and will seek the approval of such independent Shareholders at a general meeting in a separate resolution. Mr Ang's participation in the ESOS is 10% of the Shares under the ESOS. Details of the number of Options granted, the number of Options exercised and the subscription price (including any discount) will be disclosed in the annual report of our Company.

Ang Ah Nui is our Deputy Managing Director and a controlling shareholder of our Company. Mr Ang has been with our Group for approximately 15 years. As Deputy Managing Director, Mr Ang is jointly responsible for our Group's business strategies and direction, corporate plans and policies, and for the general management of our Group's shipchartering operations, including business development and operations. Mr Ang has played an important role in the development of our business and in identifying new markets for our chartering operations in Singapore, Indonesia and Malaysia. As head of our shipchartering division, Mr Ang is responsible for managing the fleet operations of our Group, contract negotiations, rates pricing and overall fleet scheduling.

Mr Ang has extensive industry knowledge and experience. We consider Mr Ang's experience and contributions to our Group to be invaluable and believe that there is potential for Mr Ang to further contribute to our Group. The grant of Options to Mr Ang under the ESOS is to reward and recognise his past contributions to our Group. Although Mr Ang already has a shareholding interest in our Company, the extension of the ESOS to him will ensure that he is equally entitled with the other employees who are not controlling shareholders to take part in and benefit from his system of remuneration, thereby enhancing his long-term commitment to our Group. Please refer to the section "Shareholders" on pages 41 and 42 of this Prospectus for details of Mr Ang's interests in our Company.

Mr Ang's maximum participation in the ESOS is 10% of the Shares available under the ESOS. In the event that our Directors decide to grant Options to Mr Ang, our Directors will disclose the rationale and justification for his participation, the actual number of Options and the terms of the Options to our independent Shareholders and will seek the approval of such independent Shareholders at a general meeting in a separate resolution. Details of the number of Options granted, the number of Options exercised and the subscription price (including any discount) will be disclosed in the annual report of our Company.

Ang Kok Eng is one of our Executive Directors and a controlling shareholder of our Company. As part of his responsibilities, Mr Ang oversees the day-to-day operations of our shipyard in Indonesia, PT ASL Shipyard Indonesia. This includes the appointment of subcontractors and workers for PT ASL Shipyard and the coordination with its management on the execution of new projects and accounts reporting. Mr Ang is instrumental in increasing our customer base in Indonesia, being involved in the negotiations for securing new projects for our shipchartering, shipbuilding and shiprepair operations. We believe that there is potential for Mr Ang to further contribute to our Group. The grant of Options to Mr Ang under the ESOS is to reward and recognise his past contributions to our Group. Although Mr Ang already has a shareholding interest in our Company, the extension of the ESOS to him will ensure that he is equally entitled with the other employees who are not controlling shareholders to take part in and benefit from his system of remuneration, thereby enhancing his long-term commitment to our Group. Please refer to the section "Shareholders" on pages 41 and 42 of this Prospectus for details of Mr Ang's interests in our Company.

Mr Ang's maximum participation in the ESOS is 10% of the Shares available under the ESOS. In the event that our Directors decide to grant Options to Mr Ang, our Directors will disclose the rationale and justification for his participation, the actual number of Options and the terms of the Options to our independent Shareholders and will seek the approval of such independent Shareholders at a general meeting in a separate resolution. Details of the number of Options granted, the number of Options exercised and the subscription price (including any discount) will be disclosed in the annual report of our Company.

Ang Kok Leong is one of our Executive Directors and a controlling shareholder of our Company. As part of his responsibilities as Manager – Business Development, Mr Ang is in charge of our Group's marketing and business development efforts and is responsible for developing marketing strategies, identifying new businesses/markets and customers. Mr Ang spearheads our marketing efforts by meeting with our customers to obtain feedback and to understand and anticipate their technical requirements. To ensure that our customers' stringent requirements are met, Mr Ang will follow a project through its completion. Mr Ang has also been working to secure shipchartering, shipbuilding and shiprepair contracts in our local and overseas markets. These markets include France, Belgium, India and Maldives. These contracts have laid the foundation for further growth for our Group in these markets. We believe that there is potential for Mr Ang to further contribute to our Group.

The grant of Options to Mr Ang under the ESOS is to reward and recognise his past contributions to our Group. Although Mr Ang already has a shareholding interest in our Company, the extension of the ESOS to him will ensure that he is equally entitled with the other employees who are not controlling shareholders to take part in and benefit from his system of remuneration, thereby enhancing his long-term commitment to our Group. Please refer to the section “Shareholders” on pages 41 and 42 of this Prospectus for details of Mr Ang’s interests in our Company.

Mr Ang’s maximum participation in the ESOS is 10% of the Shares available under the ESOS. In the event that our Directors decide to grant Options to Mr Ang, our Directors will disclose the rationale and justification for his participation, the actual number of Options and the terms of the Options to our independent Shareholders and will seek the approval of such independent Shareholders at a general meeting in a separate resolution. Details of the number of Options granted, the number of Options exercised and the subscription price (including any discount) will be disclosed in the annual report of our Company.

Participation by the non-Executive Directors

Although the non-Executive Directors are not involved in the day-to-day running of our Group's operations, they, nonetheless, play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by the non-Executive Directors in the ESOS will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to provide them with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For instance, he may bring strategic or other value to our Company which may be difficult to quantify in monetary terms. The grant of Options to non-Executive Directors will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join our Company as non-Executive Directors, and to motivate existing non-Executive Directors to take extra efforts to promote the interests of the Company and/or the Group.

In deciding whether to grant Options to the non-Executive Directors, the Committee will take into consideration, among other things, the services and contributions made to the growth, development and success of our Group and the years of service of a particular non-Executive Director. The Committee may also, where it considers relevant, take into account other factors such as the economic conditions and our Company's performance.

In order to minimise any potential conflict of interests and not to compromise the independence of the non-Executive Directors, the Company intends to grant only a nominal number of Options under the ESOS to such non-Executive Directors. In addition, in the event that any conflict of interests arises in any matter to be decided by the Board, the Company shall procure that the relevant non-Executive Director abstain from voting on such matter at the Board meeting.

Participation by employees of Associated Companies (“Associated Company Employees”)

Our Company does not currently have any Associated Companies. Should our Group in the future acquire Associated Companies or incorporate Associated Companies with strategic partners, the extension of the ESOS to Associated Company Employees will serve to motivate these individuals to contribute to the growth of their companies. The contribution of the Associated Company Employees to the success and development of their companies will in turn benefit our Group from the equity accounting of the higher profits of the Associated Companies. Therefore it is in the interest of our Company to motivate the Associated Company Employees by allowing them to participate in the ESOS.

Should our Company decide in future to grant share options to Associated Company Employees, our Company will consider, *inter alia*, the contribution of such individuals to the success and development of our Company and/or Group before selecting them for participation in the ESOS. For the purposes of assessing their contributions, the Committee may adopt a performance framework which incorporates financial and/or non-financial criteria. These criteria include the contribution of the relevant Associated Company to the net profit after tax and business growth of our Group as well as the years of service of the relevant Associated Company Employee and the extent to which he achieves his performance targets. Although our Company does not have such a framework, it may at the appropriate time, adopt one.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTERESTS

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, the Directors, Executive Officers or the controlling shareholders of our Company or the associates[1] of such Directors, Executive Officers or controlling shareholders) are known as interested person transactions. The following represents transactions undertaken by our Group with our interested persons during the three most recent completed financial years and up to the Latest Practicable Date as well as certain other transactions between the Group and its interested persons. Save as disclosed below and in the section "Restructuring Exercise" on pages 44 and 45 of this Prospectus, our Group does not have any material transactions with any of its interested persons.

Sale and purchase of vessels to and from TGB Shipping & Investments Pte Ltd ("TGB Shipping")

Mdm Tan Geok Moey and Mr Tan Gee Beng are the spouse and father-in-law respectively of Mr Ang Kok Tian, our Director and substantial Shareholder. Mr Ang owns approximately 28.5% of our issued and paid-up share capital before the Invitation. Lightmode, which is our wholly-owned subsidiary, is engaged in the business of chartering tugboats and other vessels. Mdm Tan Geok Moey and Mr Tan Gee Beng own in aggregate approximately 34.1% of the shareholding in Tan Gee Beng Pte Ltd which is the holding company of TGB Shipping. Accordingly, TGB Shipping is an associate of Mr Ang Kok Tian.

Sale of barge to TGB Shipping

In 1995, we built and sold to TGB Shipping one barge, the "TGB 2" for $710,000. We entered into this transaction as it was commercially viable, that is, after taking into consideration the profit to be earned on the sale. The price of the vessel was negotiated at arm's length and on normal commercial terms.

Purchase of tugboat and barge from TGB Shipping

In October 2001, Lightmode entered into a contract with TGB Shipping to purchase one tugboat, the "TGB Prestige" and the barge "TGB 2" for $380,000 and $370,000 respectively. The terms of the contract entitled Lightmode to make payment of an amount of $600,000 out of the aggregate purchase price of $750,000 in 24 monthly instalments. The purchase price was negotiated and arrived at on an arm's length commercial basis and was based on the prevailing market value for such vessels typically charged by unrelated third parties.

We do not intend to enter into any further transactions with TGB Shipping for the purchase and/or sale of vessels from or to TGB Shipping (as the case may be) following our listing on the SGX-ST.

Provision of shiprepair and other engineering services to TGB Shipping

In November 1996, we repaired and serviced one barge, the "TGB 6" and one crane for TGB Shipping for $480,000. In FY2002, we also provided shiprepair and other engineering services for several other vessels owned and operated by TGB Shipping for an aggregate of $150,000.

For FY2002, we also supplied fuel oil to two vessels operated by TGB Shipping in the amount of $11,488.80. The terms of these arrangements were determined at arm's length and on normal commercial terms.

We do not intend to enter into any further transactions with TGB Shipping in relation to the provision of shiprepair and other engineering services following our listing on the SGX-ST.

Advances from Substantial Shareholders and Directors

In FY2000, Capitol Marine declared a dividend in the amount of $3,176,787 in favour of our substantial Shareholders, Messrs Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong and Ang Swee Kuan. Messrs Ang Kok Tian, Ang Kok Eng and Ang Kok Leong are also our Directors. Messrs Ang Kok Tian, Ang Kok Eng and Ang Kok Leong however, decided to advance their portion of the dividends to ASL Shipyard as loans. The advances received by ASL Shipyard were unsecured, interest-free and had no fixed terms of repayment. The above balances have since been fully repaid or settled by ASL Shipyard. Messrs Ang Sin Liu, Ang Kok Tian and Ang Ah Nui have made other advances to various other companies within our Group. These balances have since been fully repaid.

Charge over certain freehold properties belonging to our controlling shareholder to secure certain banking facilities granted to ASL Shipyard

Our controlling shareholder, Mr Ang Sin Liu, had created a charge over certain freehold properties located in Singapore to secure certain banking facilities granted by United Overseas Bank Limited ("UOB") to ASL Shipyard.

The largest amount of loan outstanding during the period from FY2000 to the Latest Practicable Date was S$5.0 million, which was used for working capital purposes.

The total amount outstanding as at the Latest Practicable Date are as follows:-

Type of Facilities	Amount	Purpose
Term loan	S$5.0 million	Working capital
Trust receipts	Euro 1.19 million	Purchase of equipment for newbuilding projects
Performance Guarantees	US$3.92 million	For newbuilding projects
Performance Guarantees	S$6.54 million	For newbuilding projects

The borrowings bear interest at between 4.97% to 5.25% per annum.

We are in the process of procuring the discharge of the charge over the freehold properties owned by our controlling shareholder subject to UOB's approval. Should UOB not agree to the discharge, our controlling shareholder will maintain the charge over the freehold properties.

Personal guarantees given by our controlling shareholders to secure certain banking facilities granted to our subsidiaries

Our controlling shareholders, Messrs Ang Sin Liu, Ang Kok Tian and Ang Ah Nui have provided personal guarantees as security for certain banking facilities including facilities provided by UOB, DBS and other financial institutions.

The largest amount of loan outstanding during the period from FY2000 to the Latest Practicable Date was S$5.0 million, which was used for working capital purposes.

The total amount outstanding as at the Latest Practicable Date are as follows:-

Type of Facilities	Amount	Purpose
Term loans	S$18.75 million	Working capital and purchase of plant and equipment
Mortgage loans	S$0.66 million	Purchase of plant and equipment
Hire purchase obligations	S$2.73 million	Purchase of plant and equipment
Trust receipts	Euro 1.19 million	Purchase of equipment for newbuilding projects
Performance Guarantees	US$3.92 million	For newbuilding projects
Performance Guarantees	S$6.54 million	For newbuilding projects

The borrowings bear interest at between 4.0% to 6.73% per annum.

We are in the process of procuring the discharge of the personal guarantees given by our Directors, subject to the approval by the relevant financial institution(s). Should the financial institution(s) not agree to the discharge, our Directors will continue to guarantee these facilities.

Purchase of vessels, heavy machinery and equipment from Ang Sin Liu Construction (Pte) Ltd ("ASL Construction")

Messrs Ang Sin Liu, Ang Kok Tian and Ang Ah Nui are our controlling shareholders. Messrs Ang Kok Tian and Ang Ah Nui are also our Directors. Messrs Ang Sin Liu, Ang Kok Tian and Ang Ah Nui are also directors of ASL Construction, each owning one-third of the equity interest in ASL Construction. ASL Construction is accordingly, an associate of Messrs Ang Sin Liu, Ang Kok Tian and Ang Ah Nui. ASL Construction is engaged in the sale and rental of heavy machinery and equipment.

Since 1989, we purchased and rented heavy machinery and equipment such as cranes as well as purchased several vessels from ASL Construction. We purchased one used crawler crane and one forklift for $700,000 and $50,000 in FY1999 and FY2002 respectively. The purchase prices and/or rental rates for such equipment were determined on an arm's length basis after taking into account the prevailing market prices and/or rental rates for such equipment. These prices/rates were comparable with the prevailing prices/rates typically charged by unrelated third parties.

Since October 2001, we ceased to purchase and/or rent such machinery equipment from ASL Construction and do not expect to continue this arrangement with ASL Construction in the future following our listing on the SGX-ST.

Provision of management services to ASL Construction

In addition to the sale and rental of heavy machinery and equipment, ASL Construction is also engaged in the business of investing in properties in Singapore and Malaysia.

Since 1999, ASL Shipyard has been providing management services to ASL Construction including the determination of the operational and financial policies of ASL Construction as well as managing its overall operations.

In consideration for the provision of these management services, ASL Construction agreed to pay a management fee to ASL Shipyard. The management fee was negotiated on an arm's length basis. The management fees paid to ASL Shipyard for the past three financial years and as at the Latest Practicable Date are as follows:-

	FY2000	FY2001	FY2002	As at the Latest Practicable Date
Provision of management services to ASL Construction ($'000)	50	–	–	–

We ceased the provision of these management services to ASL Construction in 2001 and do not expect to continue this arrangement with ASL Construction in the future following our listing on the SGX-ST.

Provision of management services to Ang Sin Liu Metals Pte Ltd ("ASL Metals")

Messrs Ang Sin Liu, Ang Kok Tian and Ang Ah Nui are directors of ASL Metals, and each owns one-third of the equity interest in Ang Sin Liu Metals. ASL Metals is principally engaged in the business of trading in used steel materials.

In FY2000, ASL Shipyard provided management services to ASL Metals such as determining the operational and financial policies of ASL Metals, managing its overall operations as well as identifying and negotiating with its customers for the supply of steel materials. In consideration for the provision of these management services, ASL Metals paid to ASL Shipyard a management fee of $20,000.

We have ceased the provision of these management services to ASL Metals in 2001 and do not expect to continue this arrangement with ASL Metals in the future following our listing on the SGX-ST.

Sale and purchase of equipment to and from ASL Metals

Sale of scrap metal to ASL Metals

We sold scrap metal to ASL Metals. The value of these transactions for the last three financial years and as at the Latest Practicable Date are as follows:-

	FY2000	FY2001	FY2002	As at the Latest Practicable Date
Sale of scrap metal ($)	–	–	54,800	–

Purchase of equipment and materials from ASL Metals

In FY2000, we purchased $15,400 of materials from ASL Metals. We also purchased one crane from ASL Metals in FY2002 for $23,500 respectively. On 2 July 2002, we purchased another crane from ASL Metals for $150,000. The purchase price was negotiated and arrived at on an arm's length commercial basis and was based on the prevailing market value for such material or equipment typically charged by unrelated third parties.

We do not intend to enter into any further transactions with ASL Metals for the purchase of equipment and/or materials from ASL Metals.

Charter of vessels to ASL Metals

In FY2002, we chartered one barge and one tugboat to ASL Metals and offered our towage services for an aggregate of $27,800. The charter rates at which we provided our towage services were determined on an arm's length basis after taking into account the prevailing market prices and/or rental rates for such equipment. These prices/rates were comparable with the prevailing prices/rates typically charged by unrelated third parties.

We do not intend to enter into any further transactions with ASL Metals for the charter of vessels following our listing on the SGX-ST.

Sale of vessel to ASL Metals for scrapping

In FY2001, ASL Shipyard sold one vessel "Mataram" to ASL Metals for scrapping at $180,000. The sale was conducted on an arm's length basis and on normal commercial terms.

We do not intend to enter into any further transactions with ASL Metals for the sale of vessels for scrapping following our listing on the SGX-ST.

Sale of vehicles to Messrs Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong

In preparation for our listing on the SGX-ST, we sold a total of 6 vehicles to our Directors and controlling shareholders, Messrs Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong. These vehicles were sold for an aggregate of approximately $428,223. The prices at which we sold the vehicles were at arm's length and based on the prevailing market values of the vehicles.

Sale and purchase of the issued and paid-up share capital of various Indonesian companies

PT ASL Fabricators and PT ASL Machinery were incorporated in Indonesia to undertake the fabrication of steel structures, and the trading of machinery respectively. On 31 December 1999, Mr Ang Ah Nui acquired the entire issued and paid-up share capital in PT ASL Fabricators and PT ASL Machinery, for a purchase consideration of $328,000 and $246,000 respectively. The purchase consideration was based on the cost of investments of each of PT ASL Fabricators and PT ASL Machinery, which is $8,119 more than the net tangible assets of these two subsidiaries at the date of disposal.

PT ASL Fabricators and PT ASL Machinery were both wound up in December 2002.

Notes:-

(1) For the purpose of this section and as defined in the SFR, "associate":

(a) in relation to a corporation, means -

(i) a director or controlling shareholder;

(ii) a subsidiary or associated company; or

(iii) a subsidiary or associated company of the controlling shareholder,

of the corporation;

(b) in relation to a director, chief executive officer, substantial shareholder or controlling shareholder of a corporation who is an individual, means -

(i) his immediate family;

(ii) a trustee, when acting in his capacity as such trustee, of any trust of which the individual or his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object; or

(iii) any corporation in which he and his immediate family together (directly or indirectly) have an interest of not less than 30% of the aggregate of the nominal amount of all the voting shares; and

(c) in relation to a substantial shareholder, or controlling shareholder, which is a corporation, means, notwithstanding paragraph (i), any corporation which is its related corporation or associated company.

POTENTIAL INTERESTED PERSON TRANSACTIONS AND CONFLICT OF INTERESTS

TGB Shipping

Mdm Tan Geok Moey is the spouse of Mr Ang Kok Tian, our Managing Director, and she owns approximately 17.7% of the shareholding in Tan Gee Beng Pte Ltd, the holding company of TGB Shipping. Mdm Tan is not a director of Tan Gee Beng Pte Ltd. TGB Shipping's operation involves the owning and chartering of a small fleet of tugboats and barges. Mdm Tan had been a non-executive director of TGB Shipping in the past, but had on 18 April 2002, resigned as a director of TGB Shipping. Prior to her resignation as a director of TGB Shipping, Mdm Tan had not participated in the day-to-day management of TGB Shipping since 1995. TGB Shipping and/or Tan Gee Beng Pte Ltd (the "TGB Group") have been in the shipchartering business since the 1980s.

Although part of the business of the TGB Group, that is currently under TGB Shipping, is similar to our shipchartering operations, the TGB Group has historically not been in competition with us as our customer base and the sectors/industries in which we serve are far more extensive than that of the TGB Shipping/TGB Group. TGB Shipping leases out its vessels mainly to companies in the logging industry in Indonesia under lease purchase contracts. Our Group, on the other hand, charters its vessels to support sectors/industries such as offshore and marine infrastructure, shipping and others. These vessels are used to transport granite and other resource materials, construction and other heavy equipment, boulders and marine rocks, coal, seabed dredged materials, logs and timber to other countries in the Asia Pacific and South Asia such as Indonesia, Hong Kong, Sri Lanka, Micronesia and India, and in the Middle East such as Qatar and the United Arab Emirates.

In addition, our fleet of tugboats and barges is also more extensive than that of TGB Group's. As at the Latest Practicable Date, we own 42 tugboats and 54 barges as compared to the 2 tugboats and 3 barges operated by TGB Shipping.

Mr Ang Kok Tian, our Managing Director, is under a fiduciary duty to our Company to act in our best interests. In the event that there is a conflict of interest in discharging his duties as a Director, Mr Ang is required to disclose the situations of conflict to our Board of Directors and is to abstain from voting on those matters. In addition, our Board includes two independent Directors who are members of our Audit Committee and are responsible for ensuring that good corporate governance is practiced. Notwithstanding such duties owed by Mr Ang to our Company, he has undertaken during the period in which either of Tan Geok Moey and Tan Gee Beng (i) remains as a director of Tan Gee Beng Pte Ltd or TGB Shipping; or (ii) has a shareholding interest (directly or indirectly) in Tan Gee Beng Pte Ltd and/or TGB Shipping, not to refer any business opportunities to the TGB Group in connection with the chartering of tugboats and/or barges and/or shipbuilding and shiprepair, and other marine-related services undertaken by our Group.

In view of the foregoing considerations, our Directors believe that it is unlikely that a material conflict of interest situation between TGB Shipping and our Group would arise. The potential conflict of interest is mitigated by the fact that Mdm Tan Geok Moey is not engaged in the management of TGB Shipping's business and has since resigned as director of TGB Shipping on 18 April 2002. In addition, Tan Geok Moey ("TGM"), Tan Gee Beng ("TGB"), TGB Shipping and Tan Gee Beng Pte Ltd have entered into a deed of undertaking ("Undertaking") with our Company pursuant to which they have jointly and severally undertaken to our Company that, following the listing of our Company on the SGX-ST, they will not, during the period in which either of TGM or TGB (a) remains as a director of Tan Gee Beng Pte Ltd; and/or (b) has a shareholding interest (directly or indirectly) in any of the companies within the TGB Group:-

(a) directly or indirectly carry on (whether alone or in partnership or joint venture with anyone else) any activity which competes with our Company in the business of chartering tugboats and barges to customers in the offshore and marine infrastructure, construction, port operation and shipping industries. For the avoidance of doubt, the existing charters by the TGB Group of 1 tugboat and 2 barges in respect of the transportation of quarry products and logs/timber will not be subject to the Undertaking;

(b) acquire or incorporate any entity which engages in the business of shipchartering; and shipbuilding and shiprepair; and

(c) acquire any additional tugboats and/or barges.

YLS Steel Pte Ltd ("YLS")

YLS is principally engaged in the waste disposal business and trading of steel materials. Ang Yew Chye, Ang Yu Seng and Ang Yew Lai are first cousins of Messrs Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong and also shareholders of YLS, owning in aggregate the entire issued and paid-up share capital of YLS. Ang Yew Chye, Ang Yu Seng and Ang Yew Lai are also the nephews of Mr Ang Sin Liu and the cousins of Mdm Ang Swee Kuan, who is our substantial Shareholder. Ang Yew Chye, Ang Yu Seng and Ang Yew Lai are not "associates" of Ang Sin Liu, Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong and Ang Swee Kuan within the meaning of the Securities and Futures Act.

In March 2001, YLS purchased a plot of land situated at 4, Pioneer Sector 1, Singapore to operate a shipyard. Currently, to our Directors' knowledge, the shipyard is used mainly for storage of steel/scrap materials. Our Directors are not aware if the shipyard may subsequently be used by YLS for shipbuilding and shiprepairs.

Being our Directors, Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong are under a fiduciary duty to our Company to act in our best interests. In the event that there is a conflict of interest in discharging their duties as a Director, Ang Kok Tian, Ang Ah Nui, Ang Kok Eng, Ang Kok Leong are required to disclose the situations of conflict to our Board of Directors and are to abstain from voting on those matters.

Provision of management consultancy services to our Group

Our Executive Officer, Mr Tay Kes Siong was a director of Marine Management Surveyors & Services Pte Ltd ("MMSS"), a company which provides marine consultancy services to various companies within the marine industry. Mr Tay also owns 30.0% of the issued and paid-up share capital of MMSS.

MMSS has been providing marine consultancy services to our Group since 1990.

We do not intend to continue with this arrangement upon the listing of our Company on the SGX-ST. Mr Tay has since resigned as a director of MMSS.

Alcyone Shipping Pte Ltd ("Alcyone")

Our Executive Officer, Mr Lewis Roger Martin is a director in Alcyone which is currently dormant.

The principal activities of Alcyone comprise the activities carried out by a shipping agency such as those relating to customs and port clearance and processing of shipping documents. Mr Lewis does not hold any interests in Alcyone and as at the date of this Prospectus, does not hold any Shares in our Company. Mr Lewis has also undertaken not to hold any executive roles in Alcyone as long as he remains as an executive officer of the Company. As such, our Directors are of the opinion that the directorship of Mr Lewis in Alcyone will not interfere with his duties and obligations as one of our Executive Officers. Furthermore, Mr Lewis Roger Martin does not fall under the definition of "interested person" in Rule 904 (4) of the Listing Manual.

Save as disclosed above and under the section "Restructuring Exercise" on pages 44 and 45 of this Prospectus:-

(a) no Director, substantial Shareholders, controlling shareholders or Executive Officer of the Group has any interest, direct or indirect, in any transactions to which the Company was or is to be a party;

(b) no Director, substantial Shareholders, controlling shareholders or Executive Officer of the Group has any interest, direct or indirect, in any company carrying on the same business or carrying on a similar trade as the Group; and

(c) no Director, substantial Shareholders, controlling shareholders or Executive Officer of the Group has any interest, direct or indirect, in any enterprise or company that is the Group's customer or supplier of goods or services.

REVIEW BY AUDIT COMMITTEE

Our Audit Committee which comprises two independent Directors and our Chairman will review all existing and future interested person transactions on at least a quarterly basis to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of our Shareholders. Please refer to the section "Corporate Governance" on page 97 of this Prospectus for more details of our Audit Committee.

Our Audit Committee will also review all interested person transactions to ensure that the then prevailing rules and regulations of the SGX-ST (in particular Chapter 9 of the SGX-ST Listing Manual) are complied with. We will also endeavour to comply with the principles of and best practices set out in the "Best Practices Guide" of the SGX-ST Listing Manual.

EXCHANGE CONTROLS

Currently, there are no exchange control restrictions in Singapore.

In Indonesia, exchange control is administered by Bank Indonesia, Indonesia and the Indonesian Ministry of Finance. Currently, remittances flowing out of Batam require the provision of a notice, or approval of Bank Indonesia, Indonesia. Under Act No. 1 of 1967 on Foreign Direct Investments as amended by Act No. 11 of 1970, a foreign investment enterprise organised under the laws of and domiciled in Indonesia may repatriate profits proceeds from the sale of shares, compensation in case of nationalisation and repatriation of remaining invested capital in case of liquidation, loan principals and interests, royalties as well as costs related to expatriate employment expenses without prior approval of these authorities.

Please refer to the section “Risk Factors - Foreign exchange controls” on page 29 of this Prospectus for more details.

TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of the Shares. Prospective purchasers of the Shares should consult their own tax advisers concerning the consequences of their particular situations. This description is based on laws, regulations and interpretations as now in effect and available as of the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of the issuance of the Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

Singapore

Income Tax

Singapore resident taxpayers, which include individuals who are residing in Singapore and companies which are controlled or managed in Singapore, are subject to Singapore income tax on:-

- income accruing in or derived from Singapore; and
- foreign income received or deemed received in Singapore.

A corporate taxpayer is regarded as resident in Singapore if the company's business is controlled and managed in Singapore. Normally, control and management of the company is vested in its board of directors and the company is resident in the country where the directors meet. However, this would only apply if the Board has full autonomy in conducting the company's business. An individual is regarded as resident in Singapore if the individual is physically present in Singapore or exercises an employment in Singapore (other than as a director of a company) for 183 days or more in a calendar year, or if the individual resides in Singapore.

Non-Singapore resident corporate taxpayers, subject to certain exceptions, are subject to Singapore income tax only on:-

- income that is accrued in or derived from Singapore; and
- foreign income received or deemed received in Singapore.

Non-Singapore resident individuals, subject to certain exceptions, are subject to Singapore income tax on income accruing in or derived in Singapore.

The Singapore corporate tax rate is 22% with effect from the Year of Assessment 2003. In addition, from the Year of Assessment 2002, a partial tax exemption is available on the first $100,000 of a company's chargeable income. Three-quarters of the first $10,000 of chargeable income and half of the next $90,000 of chargeable income is exempt from tax. The remaining chargeable income (after tax exemption) is taxed at the prevailing corporate tax rate. Pursuant to the Second Off-Budget Measures announced on 12 October 2001, a 5% tax rebate is given on the tax payable for the Year of Assessment 2002 only. The above tax exemption and rebate do not apply to Singapore dividends received by companies which is taxed at 22% for the Year of Assessment 2003, or 24.5% for the Year of Assessment 2002.

Subject to the application of a tax treaty, non-Singapore resident taxpayers are generally subject to withholding tax at the Singapore corporate tax rate on certain types of income derived from Singapore or 15% in the case of interest, royalty and rental of movable equipment.

Group Relief System and Effective Date of Implementation

The group relief system has been implemented with effect from the Year of Assessment 2003. Under the group relief system, a company ("transferor company") belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (collectively referred to hereinafter as "loss items") to another company ("claimant company") belonging to the same group, to be deducted against the assessable income of the latter company. The transfer of loss items under the group relief system is hereinafter referred to as "group relief".

Group relief is available to companies belonging to the same group of companies, subject to the rules governing the order of transfer of loss items and the restriction on the quantum to be transferred.

The group must consist of a Singapore incorporated company and its Singapore incorporated group members in order to qualify for the group relief, and the transferor and the claimant company must have the same accounting year end. Two Singapore-incorporated companies are members of the same group if:

- at least 75% of the ordinary share capital in one company is beneficially held, directly or indirectly, by the other (i.e. the relevant holding); or
- at least 75% of the ordinary share capital in each of the two companies is beneficially held, directly or indirectly, by a third Singapore incorporated company (i.e. the relevant holding company).

Loss items may be transferred by the transferor company to more than one company provided the loss items must be fully set-off against the available assessable income of the first claimant company before they can be set-off against the income of the second claimant company and so on. Similarly, a claimant company may claim loss items from one or more transferor companies.

The loss items of a company whose income from its trade or activity is wholly exempted from tax would not be available for transfer under the group relief system. Companies enjoying certain tax incentives are also not eligible for group relief.

Dividend Distributions

Under Singapore's current taxation system, the income tax paid by our Company on its taxable income is deemed to be paid by our Shareholders. Where these profits are distributed as dividends to shareholders, the dividends received by the shareholders are net of the corporate income tax paid by our Company. Shareholders are taxed on the gross amount of dividends (that is, the amount of net proceeds received plus an amount which the Company has deducted from the gross proceeds and paid as corporate income tax). The income tax paid effectively becomes available to our Shareholders as a tax credit to offset their Singapore income tax liability.

Singapore does not currently impose withholding tax on dividends paid to Singapore resident or non-Singapore resident shareholders. As the income tax paid by our Company at the prevailing corporate tax rate is deemed to be paid by its shareholders, no further Singapore income tax liability is imposed on the gross amount of dividends received by such non-resident shareholders who are taxed at the same corporate tax rate. Accordingly, non-resident shareholders will not receive any refund of income tax from the Inland Revenue Authority of Singapore.

Singapore resident shareholders are taxed on the amount of gross dividends received from our Company at the income tax rates applicable to such resident shareholders. Where their income tax rates are lower (or, as the case may be, higher) than the corporate tax rate applicable to our Company, such resident shareholders may receive an income tax refund from (or, as the case may be, be required to pay additional income tax to) the Inland Revenue Authority of Singapore.

On 3 May 2002, the Finance Minister announced in the Financial Year 2002 Budget that Singapore will move to a “one tier” corporate tax system with effect from 1 January 2003. Under this system, the tax collected from corporate profits is final and Singapore dividends are tax exempt in the hands of the shareholder, regardless of the tax residence status or the legal form of the shareholder. To enable companies to make full use of unutilised dividend franking credits as at 31 December 2002, the Finance Minister introduced a 5 year transition period from 1 January 2003 to 31 December 2007 for such companies to pay franked dividends out of its unutilised dividend franking credits. During this period, the shareholders will continue to receive these dividends with tax credits attached and will be entitled to set off the tax credits against their tax liability.

Under the Economic Expansion (Incentives) Act (Chapter 86) of Singapore, administered by the EDB, we may enjoy tax benefits in the form of investment allowances. Our Company may utilise these investment allowances to offset against the chargeable income of our Company and such amounts shall be exempted from tax, provided that our Company incurs fixed capital expenditures in accordance with the terms and conditions specified in the Investment Allowance Certificate. We received the Investment Allowance Certificate from the EDB on 21 June 2002. These investment allowances will have the effect of decreasing our tax expense in our financial statements.

In addition, under the Income Tax Act (Chapter 134) of Singapore, the chartering income of shipping companies in Singapore relating to their Singapore-registered ships/vessels is currently exempted from income tax, as long as the income is derived from overseas operations.

Where a company distributes dividends out of income which is taxed at a concessionary rate or is exempt from tax, such dividends are allowed to flow as exempt dividends to its immediate shareholders. A corporate shareholder receiving these tax-exempt dividends can pass on such tax-exempt dividends to its own shareholders provided the shareholder is a holding company which owns at least 50% of the beneficial interest in the issued capital of the company distributing the tax-exempt dividends. Tax exemption does not apply to any dividends paid on preference shares.

The current rules limit the flow through of the tax-exempt dividend to two tiers of shareholders. In the 2002 Budget, the Finance Minister has proposed that with effect from 1 January 2003, dividends distributed out of income which has been exempted from tax under tax incentive schemes would be allowed to flow tax-free to all tiers of shareholders, regardless of the shareholding level.

<u>Gains on Disposal of the Shares</u>

Singapore does not impose tax on capital gains. However, gains or profits may be construed to be of an income nature and subject to tax, especially if they arise from activities which the Inland Revenue Authority of Singapore regards as the carrying on of a trade in Singapore, or if they are short-term gains from the sale of real property or shares in unlisted companies with substantial real property or real property-related assets in Singapore. Thus, any gains or profits from the disposal of the Shares are not taxable in Singapore unless the seller is regarded as carrying on a trade in securities in Singapore, in which case the disposal profits would be taxable as trading profits rather than capital gains.

<u>Stamp Duty</u>

There is no stamp duty payable in respect of the issuance and holding of the Shares. Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of $2 for every $1,000 market value of the Shares registered in Singapore.

The stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an instrument of transfer is executed outside Singapore or no instrument of transfer is executed, no stamp duty is payable on the acquisition of the Shares. Stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

The above stamp duty is not applicable to electronic transfers of the shares through the CDP System.

Estate Duty

For individuals not domiciled in Singapore, estate duty is charged on immovable assets located in Singapore. "Movable" assets of non-domiciled individuals will be exempt from estate duty irrespective of where they are located. Our Shares are considered to be movable property situated in Singapore. Thus, an individual holder of the Shares not domiciled in Singapore at the time of his death will not be subject to Singapore estate duty on the value of any Shares held by the individual upon the individual's death.

Prospective purchasers of the Shares who are individuals, whether or not domiciled in Singapore, should consult their own tax advisers regarding Singapore estate duty consequences of their investment.

INDEPENDENT AUDITORS' REPORT

5 March 2003

The Board of Directors
ASL Marine Holdings Ltd
19 Pandan Road
Singapore 609271

Dear Sirs

We have audited the combined financial statements of ASL Marine Holdings Ltd ("the Company") and subsidiaries (collectively the "Group"), as set out on pages 118 to 153, comprising the combined balance sheets as at 30 June 2000, 2001 and 2002, combined profit and loss accounts, combined statements of changes in equity and combined statements of cash flows for the years then ended and the notes thereto. These financial statements of the Group, which have been prepared and presented in accordance with Singapore Statements of Accounting Standard, are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with Singapore Statements of Accounting Standard so as to present fairly, in all material respects, the financial positions of the Group as at 30 June 2000, 2001 and 2002 and of the results, changes in equity and cash flows of the Group for the financial years then ended.

This report has been prepared for inclusion in the Prospectus dated 5 March 2003 for the issue of 50,000,000 new ordinary shares of par value $0.10 each in the share capital of the Company. No audited financial statements of the Company have been prepared for any period subsequent to 30 June 2002.

Yours faithfully

KPMG
Certified Public Accountants
Singapore

Tan Huay Lim
Partner

ASL MARINE HOLDINGS LTD AND ITS SUBSIDIARIES
COMBINED BALANCE SHEETS
AS AT 30 JUNE 2000, 2001 AND 2002

	Note	2000 $'000	2001 $'000	2002 $'000
Non-current assets				
Property, plant and equipment	5	34,375	51,119	55,259
Other financial assets	6	50	50	50
Deferred tax assets	7	114	132	3
		34,539	51,301	55,312
Current assets				
Inventories	8	137	13	227
Construction work-in-progress	9	942	6,489	1,255
Trade receivables	10	14,496	9,802	15,508
Other receivables, deposits and prepayments	11	1,695	406	2,062
Amounts due from related parties	12	724	131	21
Cash and cash equivalents	13	423	1,030	1,857
		18,417	17,871	20,930
Current liabilities				
Bank overdrafts	13	4,658	3,819	5,080
Trade payables and accruals	14	10,268	17,895	14,080
Other payables	15	267	56	83
Progress billings in excess of construction work-in-progress	9	2,419	29	573
Amounts due to related parties	12	6,332	4,396	5,763
Trust receipts (secured)	5	280	5,118	314
Current portion of interest-bearing loans (secured)	16	2,697	2,346	4,534
Current portion of obligations under hire purchase creditors	17	35	483	1,096
Provision for taxation		587	1,077	2,775
		27,543	35,219	34,298
Net current liabilities		(9,126)	(17,348)	(13,368)
		25,413	33,953	41,944
Non-current liabilities				
Interest-bearing loans (secured)	16	(453)	(3,213)	(5,416)
Obligations under hire purchase creditors	17	–	(1,481)	(2,109)
Deferred tax liabilities	7	(2,315)	(2,356)	(2,375)
		(2,768)	(7,050)	(9,900)
Minority Interests		–	–	(65)
Net Assets		22,645	26,903	31,979
Capital and Reserves				
Share capital	18	9,300	9,600	14,800
Accumulated profits		13,345	17,303	17,179
		22,645	26,903	31,979

The accompanying notes form an integral part of these financial statements.

ASL MARINE HOLDINGS LTD AND ITS SUBSIDIARIES
COMBINED PROFIT AND LOSS ACCOUNTS
FOR THE YEARS ENDED 30 JUNE 2000, 2001 AND 2002

	Note	2000 $'000	2001 $'000	2002 $'000
Revenue	19	39,722	58,900	64,591
Cost of sales		(31,753)	(52,728)	(53,233)
Gross profit		7,969	6,172	11,358
Other operating income	20	718	1,447	1,416
Administrative expenses		(1,725)	(2,256)	(2,731)
Other operating expenses		(801)	(531)	(67)
Profit from operations		6,161	4,832	9,976
Finance costs	20	(364)	(354)	(992)
Profit from ordinary activities before taxation	20	5,797	4,478	8,984
Taxation	21	(659)	(520)	(1,873)
Profit from ordinary activities after taxation		5,138	3,958	7,111
Minority interests		–	–	(35)
Net profit for the year		5,138	3,958	7,076

The accompanying notes form an integral part of these financial statements.

ASL MARINE HOLDINGS LTD AND ITS SUBSIDIARIES
COMBINED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 30 JUNE 2000, 2001 AND 2002

	Note	Share capital $'000	Accumulated profits $'000	Total $'000
At 1 July 1999		5,650	15,034	20,684
Bonus issue of ordinary shares of $1.00 each		3,650	(3,650)	–
Profit for the year		–	5,138	5,138
Dividend	22	–	(3,177)	(3,177)
At 30 June 2000		9,300	13,345	22,645
Issue of ordinary shares of $1.00 each		300	–	300
Profit for the year		–	3,958	3,958
At 30 June 2001		9,600	17,303	26,903
Profit for the year		–	7,076	7,076
Dividend	22	–	(2,000)	(2,000)
Bonus issue of ordinary shares of $1.00 each		5,200	(5,200)	–
At 30 June 2002		14,800	17,179	31,979

The accompanying notes form an integral part of these financial statements.

ASL MARINE HOLDINGS LTD AND ITS SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 30 JUNE 2000, 2001 AND 2002

	Note	2000 $'000	2001 $'000	2002 $'000
Operating activities				
Profit before taxation		5,797	4,478	8,984
Adjustments for:				
Interest expenses		364	354	992
Interest income		(6)	(4)	(4)
Dividend income		(1)	(1)	(1)
Depreciation of property, plant and equipment		3,373	3,632	5,390
Gain on disposal of plant and equipment		(449)	(1,319)	(1,058)
Plant and equipment written off		–	33	–
Allowance for foreseeable losses (net)		–	633	305
Allowance for doubtful trade receivables (net)		571	243	60
Bad debts written off (non-trade)		46	–	7
Operating profit before working capital changes		9,695	8,049	14,675
Changes in working capital:				
Inventories		10	124	(214)
Construction work-in-progress		2,396	(8,502)	5,426
Trade and other receivables		(6,095)	5,740	(7,429)
Trade and other payables		1,619	7,416	(3,788)
Balances with related parties		3,179	(1,343)	(523)
Cash generated from operations		10,804	11,484	8,147
Income tax paid		(152)	(7)	(27)
Net cash inflow from operating activities		10,652	11,477	8,120
Investing activities				
Interest received		6	4	4
Dividend received		1	1	1
Purchase of property, plant and equipment		(9,961)	(20,144)	(10,587)
Proceeds from disposal of plant and equipment		2,390	3,026	4,021
Net cash outflow from investing activities		(7,564)	(17,113)	(6,561)
Financing activities				
Interest paid		(364)	(354)	(992)
Dividend paid		(3,177)	–	–
Repayment of interest-bearing loans		(1,547)	(1,938)	(3,589)
Proceeds from interest-bearing loans		950	4,348	7,980
Repayment of hire purchase creditors		(623)	(112)	(618)
Proceeds from issue of shares		–	300	30
Repayment of trust receipts		–	(280)	(5,118)
Proceeds from trust receipts		280	5,118	314
Net cash (outflow)/inflow from financing activities		(4,481)	7,082	(1,993)
Net (decrease)/increase in cash and cash equivalents		(1,393)	1,446	(434)
Cash and cash equivalents at beginning of the year		(2,842)	(4,235)	(2,789)
Cash and cash equivalents at end of the year	13	(4,235)	(2,789)	(3,223)

The Group acquired property, plant and equipment with an aggregate cost of $12,446,000 (30/6/2001: $22,185,000; 30/6/2000: $9,961,000), of which $1,859,000 (30/6/2001: $2,041,000; 30/6/2000: $Nil) was acquired by means of hire purchase. Cash payments of $10,587,000 (30/6/2001: $20,144,000; 30/6/2000: $9,961,000) were made to purchase property, plant and equipment.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

1. Business and Organisation

1.1 These combined financial statements have been prepared for inclusion in the Prospectus of ASL Marine Holdings Ltd (the "Company" or "ASL Marine") dated 5 March 2003 in connection with the Invitation by the Company in respect of the issue of 50,000,000 New Shares of $0.10 each at the price of $0.21 per share.

1.2 The Company

The Company was incorporated in the Republic of Singapore on 4 October 2000 as a private limited company under the name of ASL Marine Holdings Pte Ltd. On 29 January 2003, the Company was converted into a public limited company and changed its name to ASL Marine Holdings Ltd. The Company was incorporated for the purpose of acquiring the shares in the existing companies of the Group (as defined in Note 1.3) which are principally engaged in the provision of shipbuilding, shiprepairs, charter of tugboats, barges, and cranes, and provision of related services. Its registered office is at 19 Pandan Road, Singapore 609271.

The principal activities of the Company are those relating to an investment holding company.

At the date of incorporation, the authorised share capital of the Company was $100,000 divided into 100,000 ordinary shares of $1.00 each, of which two subscribers' shares were issued and fully paid at par for cash. An additional one ordinary share and two ordinary shares of $1.00 each were issued at par for cash on 30 October 2000 and 21 September 2002 respectively.

By an ordinary resolution passed at an extraordinary general meeting of the Company held on 21 September 2002, the authorised share capital of the Company was increased from $100,000 to $20,000,000 by the creation of an additional 19,900,000 ordinary shares of $1.00 each, ranking pari passu with the existing shares of the Company.

Subsequently, by an ordinary resolution passed at an extraordinary general meeting of the Company held on 25 November 2002, the authorised share capital of the Company was further increased from $20,000,000 to $50,000,000 by the creation of an additional 30,000,000 ordinary shares of $1.00 each, ranking pari passu with the existing shares of the Company.

Details of movements in the issued share capital of the Company since the date of incorporation are as follows:

Date	Description	Number of shares	Amount $
4 October 2000, date of incorporation	Issue of subscribers' shares of $1.00 each fully paid at par for cash	2	2
30 October 2000	Issue of 1 ordinary share of $1.00 each fully paid at par for cash	1	1
As at 30 June 2001 and 2002		3	3
21 September 2002	Issue of 2 ordinary shares of $1.00 each fully paid at par for cash	2	2
22 January 2003	Issue of ordinary shares of $1.00 each pursuant to the restructuring exercise as described in Note 1.3	14,799,995	14,799,995
As at 22 January 2003		14,800,000	14,800,000

1. Business and Organisation (cont'd)

1.2 The Company (cont'd)

In December 2001, the Company subscribed for and was allotted 69,999 ordinary shares of $1.00 each in the issued and paid up capital of Kenwell Offshore Pte Ltd ("Kenwell") which were fully paid at par for cash. One ordinary share of $1.00 in the capital of Kenwell was transferred to the Company in April 2002, resulting in the Company owning 70% of the issued and paid-up share capital of Kenwell.

1.3 The Restructuring Exercise

Pursuant to a restructuring exercise ("Restructuring Exercise") entered into by the Company and the shareholders of the following companies effective 1 July 2002, the Company acquired the entire issued and paid-up share capital of the following companies by the allotment and issue at par of 14,799,995 ordinary shares of $1.00 each in the capital of the Company by way of a one-for-one share swap at par value credited as fully paid upon issue:

Name of Companies	Issued and paid-up share capital S$
ASL Shipyard Pte Ltd and its subsidiary, PT ASL Shipyard Indonesia	9,999,995
ASL Project Services Pte Ltd	500,000
Capitol Marine Pte Ltd	2,000,000
Capitol Offshore Pte Ltd	2,000,000
Capitol Tug & Barge Pte Ltd	100,000
Capitol Shipping Pte Ltd	100,000
Lightmode Pte Ltd	100,000
	14,799,995

1.4 Basis of preparation

The combined financial statements of the Group for the three financial years ended 30 June 2000, 2001 and 2002 ("the relevant period") were prepared using the historical cost method in a manner similar to the "pooling of interest" method as the Restructuring Exercise involved companies under common control for the relevant period. Such manner of presentation reflects the economic substance of the combining companies as a single economic enterprise, although the legal parent-subsidiary relationships were not established until after the balance sheet date. These combined financial statements of the Group are a combination or aggregation of all the financial statements of the companies in the Group as a single economic enterprise.

The combined financial statements for the relevant period were prepared based on the audited financial statements of the companies in the Group in accordance with Singapore Statements of Accounting Standards ("SAS") (including Interpretations of Statements of Accounting Standard) issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Singapore Companies Act, Chapter 50.

All material intra-group transactions and balances have been eliminated on combination.

These combined financial statements were authorised for issue by the directors of the Company on 5 March 2003.

1. Business and Organisation (cont'd)

1.5 Auditors

The financial statements of the companies in the Group for the relevant period were audited by KPMG, a firm of Certified Public Accountants registered in accordance with the Accountants Act (Chapter 2).

The financial statements of PT ASL Shipyard Indonesia for the relevant period were audited by KPMG for the purpose of preparation of the combined financial statements.

The statutory financial statements of the Company and subsidiaries for the financial years covered by this report were not subject to any audit qualifications, modifications or disclaimers.

2. Subsidiaries

Pursuant to the Restructuring Exercise as set out in Note 1.3 and at the date of this report, the Company has the following subsidiaries:

Name of Subsidiaries	Principal activities	Date and place of incorporation/ business	Group's effective equity interest		
			2000 %	2001 %	2002 %
ASL Shipyard Pte Ltd	Shipbuilding, shiprepair and general engineering	23 July 1992 Singapore	100	100	100
PT. ASL Shipyard Indonesia	Shipbuilding, shiprepair and general engineering	10 July 1996 Indonesia	*100	*100	*100
ASL Project Services Pte Ltd	Chartering of vessels and ship management	2 December 1995 Singapore	100	100	100
Capitol Marine Pte Ltd	Chartering of vessels	18 January 1990 Singapore	100	100	100
Capitol Offshore Pte Ltd	Chartering of vessels	5 January 1993 Singapore	100	100	100
Capitol Tug & Barge Pte Ltd	Chartering of vessels	26 May 2000 Singapore	–	100	100
Capitol Shipping Pte Ltd	Chartering of vessels	26 May 2000 Singapore	–	100	100
Lightmode Pte Ltd	Chartering of vessels	4 April 2001 Singapore	–	100	100
Kenwell Offshore Pte Ltd	Distribution of marine rubber fenders	9 June 2001 Singapore	–	–	70

* 10% of the equity interest was held in trust by one of the shareholders of the Company. On 2 December 2002, the shareholder transferred 100 ordinary shares of US$1,000 each in the issued and paid-up share capital of PT ASL Shipyard Indonesia held by him, representing 10% of its issued and paid-up capital to the Company. The said transfer has been approved by the Capital Investment Coordinating Agency in Indonesia and the relevant authority in Batam, Indonesia.

3. Summary of Significant Accounting Policies

(a) Statement of Compliance

The combined financial statements have been prepared in accordance with Singapore Statements of Accounting Standard ("SAS") (including Interpretations of Statements of Accounting Standard) issued by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Singapore Companies Act, Chapter 50.

(b) Basis of Accounting

The combined financial statements, which are expressed in Singapore dollars unless stated to be expressed in Singapore dollars thousands, are prepared on the historical cost basis.

(c) Subsidiaries

Investments in subsidiaries in the Company's balance sheet are stated at cost less impairment losses.

(d) Foreign Currencies

(i) Translation of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account.

(ii) Financial statements of foreign operations

In respect of foreign subsidiaries whose operations are integral to those of the Group, all monetary assets and liabilities are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. All non-monetary assets and liabilities are reported using exchange rates at date of the transactions, and transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account.

(e) Property, Plant and Equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

3. Summary of Significant Accounting Policies (cont'd)

(e) Property, Plant and Equipment (cont'd)

(ii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Disposal

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account on the date of retirement or disposal.

(iv) Depreciation

No depreciation is provided on assets under construction. Depreciation is provided on a straight-line basis so as to write off items of property, plant and equipment, and major components that are accounted for separately over their estimated useful lives as follows:

Land use rights and leasehold land	lower of 30 years and remaining lease period
Leasehold properties	20 to 30 years
Plant and machinery	5 to 30 years
Office equipment, furniture and fittings	3 to 10 years
Tugboats	15 years
Barges	15 years
Motor vehicles	5 to 8 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(f) Intangible Assets

(i) Goodwill

Goodwill arising on acquisition represents the excess of cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses and is amortised from the date of initial recognition over its estimated useful life of not more than 20 years.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed.

3. Summary of Significant Accounting Policies (cont'd)

(f) Intangible Assets (cont'd)

(ii) Negative Goodwill

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

(g) Financial Assets

Debts and equity securities, which are not held for trading are classified as non-current assets and are stated at cost less any allowance for diminution in value which, in the opinion of the directors, are other than temporary, as determined by the directors. Any such allowances are recognised as an expense in the profit and loss account.

The difference between the cost of acquisition and redemption value of long-term debt securities is amortised over the period from acquisition to maturity.

(h) Inventories

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) and net realisable value. Cost comprises costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

(i) Construction Work-In-Progress

Construction work-in-progress is stated at cost less progress payments received and receivable. Costs include costs of direct materials, sub-contract fees and other direct overheads, less any provision considered necessary to account for anticipated or foreseeable losses so as to reduce the costs to estimated net realisable value.

(j) Trade and Other Receivables

Trade and other receivables are stated at cost less allowance for doubtful receivables.

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the combined statements of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

3. Summary of Significant Accounting Policies (cont'd)

(l) Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

(i) Calculation of recoverable amount

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversal of impairment loss

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. All reversals of impairment are recognised in the profit and loss account.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of that effect of that specific event.

(m) Trade and Other Payables

Trade and other payables are stated at cost.

(n) Interest-Bearing Loans and Borrowings

Interest-bearing borrowings are recognised at cost.

(o) Hire Purchase Assets

Assets acquired on hire purchase arrangements are capitalised in the financial statements and the corresponding obligations are treated as liabilities. The assets capitalised are depreciated in accordance with the accounting policy for depreciation of property, plant and equipment as set out in note 3(e). The total interest, being the difference between the total instalments payable and the capitalised amount, is amortised over each lease or hire purchase period to give a constant rate of charge on the remaining balance of obligations.

3. Summary of Significant Accounting Policies (cont'd)

(p) Employee Benefits

(i) Defined contribution plans

Contributions to defined contribution pension plans are recognised as an expense in the profit and loss account as incurred.

(ii) Short-term compensated absences

Provision is made when services are rendered by employees that increase their entitlement to future compensated absences.

(q) Taxation

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(r) Share Capital

Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(s) Revenue Recognition

(i) Shipbuilding and shiprepairs income

Revenue from shipbuilding and shiprepairs contracts is recognised based on the percentage of completion method, measured by reference to the percentage of direct costs incurred to date to estimated total direct costs for the contract with due consideration made to include only those costs that reflect work performed.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

3. Summary of Significant Accounting Policies (cont'd)

(s) Revenue Recognition (cont'd)

(ii) Charter and rental income

Charter and rental income are recognised on an accrual basis over the period of the charter and rental respectively.

(iii) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services or other sales tax and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(iv) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

(v) Dividend income

Dividend income from subsidiaries is recognised in the profit and loss account when the shareholders' right to receive payment is established. Dividend income from other investments is recognised in the profit and loss account on a receipt basis.

(t) Drydocking and Repair Costs

Dry-docking and repair costs are charged to the profit and loss account on an incurred basis.

(u) Operating Leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the terms of the leases. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

(v) Finance Costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

(w) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on terms agreed between segments.

3. Summary of Significant Accounting Policies (cont'd)

(w) Segment Reporting (cont'd)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and revenue, interest-bearing loans, finance expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

(i) Business Segments

The Group comprises three main business segments, namely shipbuilding, shiprepairs and other marine related services and charter and rental services.

(ii) Geographical Segments

The Group operates in Singapore, Indonesia, Rest of Asia and Europe and others.

4. Changes in Accounting Policies

In the financial year ended 30 June 2001, the Group changed its accounting policies as a result of adopting eleven new or revised accounting standards. The benchmark treatment given in SAS 8 (revised 2000) – Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies of applying the changes retrospectively by adjusting the opening balance of the accumulated profits of the prior and current periods has been adopted, unless such treatment is prohibited or modified by the specific transitional provisions set out in the respective standards being adopted. Eleven new/revised accounting standards were adopted in the manner elaborated below:

SAS 11 (revised) – Construction Contracts

On adoption of SAS 11, the Group changed the accounting policy on recognition of shipbuilding and shiprepairs revenue from completion contract method to percentage of completion. The Group has adjusted the opening balances of accumulated profits of the respective financial periods covered in this report; comparatives have been restated.

SAS 12 (2001) – Income Taxes

The adoption of SAS 12 has resulted in the Group reversing the taxation due to recognition of deferred tax assets to the extent that it is probable the future taxable profits will be available against which the asset can be utilised. The reversal has been accounted for by adjusting the opening balances of accumulated profits of the respective financial periods covered in this report; comparatives have been restated.

Other Standards

The adoption of SAS 8 (revised 2000) – *Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies*, SAS 10 (revised 2000) – *Events after the Balance Sheet Date*, SAS 17 – *Employee Benefits*, SAS 22 (revised) – *Business Combinations*, SAS 31 (2000) – *Provisions, Contingent Liabilities and Contingent Assets*, SAS 32 (2000) – *Financial Instruments: Disclosure and Presentation*, SAS 34 (2000) – *Intangible Assets*, SAS 35 (2000) – *Discontinuing Operations* and SAS 36 (2000) – *Impairment of Assets*, have not given rise to any adjustments to the opening balances of accumulated profits of the prior and current periods or to changes in comparatives.

4. Changes in Accounting Policies (cont'd)

Other Standards (cont'd)

The following adjustments have been made to the statutory financial statements of the subsidiaries for the respective financial years covered by this report:

(i) Revenue

	2000 $'000	2001 $'000
Revenue, before changes in accounting policy	41,580	53,796
Adjustment:		
Effect of change in revenue recognition from completed contract method to percentage completion method	(1,858)	5,104
Revenue, after changes in accounting policy	39,722	58,900

(ii) Profit from ordinary activities before taxation

	2000 $'000	2001 $'000
Profit from ordinary activities before taxation, before changes in accounting policy	5,777	3,832
Adjustment:		
Effect of change in revenue recognition from completed contract method to percentage completion method	20	646
Profit from ordinary activities before taxation, after changes in accounting policy	5,797	4,478

(iii) Taxation

	2000 $'000	2001 $'000
Taxation, before changes in accounting policy	663	401
Adjustments:		
Effect of change in taxation due to adoption of percentage of completion method	–	135
Effect of change in taxation due to adoption of SAS 12 (Income Taxes)	(4)	(16)
Taxation, after changes in accounting policy	659	520

5. Property, Plant and Equipment

	Land use rights	Leasehold land	Leasehold properties	Assets under construction	Plant and machinery	Office equipment, furniture and fittings	Barges	Tugboats	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At cost										
At 1 July 1999	1,755	1,362	3,736	459	13,983	489	7,966	11,168	1,634	42,552
Additions	–	–	31	1,321	1,543	156	1,129	5,773	8	9,961
Disposals/Write-offs	–	–	–	(5)	(11)	(1)	(1,427)	(993)	(47)	(2,484)
Transfers	–	–	–	(77)	–	–	–	77	–	–
At 30 June 2000	1,755	1,362	3,767	1,698	15,515	644	7,668	16,025	1,595	50,029
Additions	–	153	6	2,802	6,363	165	5,847	6,826	23	22,185
Disposals/Write-offs	–	–	(12)	(1)	(2,366)	(2)	(1,199)	–	(23)	(3,603)
Transfers	–	–	862	(862)	–	–	–	–	–	–
At 30 June 2001	1,755	1,515	4,623	3,637	19,512	807	12,316	22,851	1,595	68,611
Additions	–	–	54	595	2,672	83	6,470	2,471	101	12,446
Disposals/Write-offs	–	–	–	–	(999)	(5)	(2,160)	(401)	(596)	(4,161)
Transfers	–	–	1,376	(3,638)	–	–	908	1,354	–	–
At 30 June 2002	1,755	1,515	6,053	594	21,185	885	17,534	26,275	1,100	76,896

5. Property, Plant and Equipment (cont'd)

	Land use rights	Leasehold land	Leasehold properties	Assets under construction	Plant and machinery	Office equipment, furniture and fittings	Barges	Tugboats	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated Depreciation										
At 1 July 1999	117	167	801	–	5,559	216	2,216	2,652	1,115	12,843
Depreciation charge for the year	69	52	113	–	1,484	75	519	842	200	3,354
Disposals/Write-offs	–	–	–	–	(2)	–	(384)	(110)	(47)	(543)
At 30 June 2000	186	219	914	–	7,041	291	2,351	3,384	1,268	15,654
Depreciation charge for the year	61	57	157	–	1,336	102	587	1,281	120	3,701
Disposals/Write-offs	–	–	(2)	–	(1,317)	(2)	(532)	–	(10)	(1,863)
At 30 June 2001	247	276	1,069	–	7,060	391	2,406	4,665	1,378	17,492
Depreciation charge for the year	61	56	152	–	1,367	124	1,231	2,228	124	5,343
Disposal/Write-offs	–	–	–	–	(346)	(3)	(161)	(92)	(596)	(1,198)
At 30 June 2002	308	332	1,221	–	8,081	512	3,476	6,801	906	21,637
Carrying amount										
At 30 June 2002	1,447	1,183	4,832	594	13,104	373	14,058	19,474	194	55,259
At 30 June 2001	1,508	1,239	3,554	3,637	12,452	416	9,910	18,186	217	51,119
At 30 June 2000	1,569	1,143	2,853	1,698	8,474	353	5,317	12,641	327	34,375

5. Property, Plant and Equipment (cont'd)

The depreciation charges for the year as shown in the profit and loss accounts are arrived at as follows:-

	2000 $'000	2001 $'000	2002 $'000
Depreciation charge for the year	3,354	3,701	5,343
Depreciation included in work-in-progress	(224)	(293)	(246)
Depreciation previously included in work-in-progress now charged to the profit and loss accounts	243	224	293
Depreciation charge disclosed in note 20	3,373	3,632	5,390

Included in the property, plant and equipment of the Group are the following:

	2000 $'000	2001 $'000	2002 $'000
Plant and machinery and motor vehicles acquired under hire purchase (see note 17)	1,802	4,759	6,729
Leasehold properties and plant and machinery mortgaged to banks as securities for bank overdrafts, trust receipts and interest-bearing loans granted to subsidiaries (see notes 13 & 16)	3,183	2,985	4,210
Barges and tugboats mortgaged to banks and financial institutions as securities for bank overdrafts, trust receipts and interest-bearing loans granted to subsidiaries (see notes 13 & 16)	6,406	8,962	13,840

6. Other Financial Assets

	2000 $'000	2001 $'000	2002 $'000
Quoted equity shares, at cost	50	50	50
Market value	56	45	43

7. Deferred Tax Assets and Liabilities

(a) Recognised deferred tax assets and liabilities

	Deferred Tax Assets			Deferred Tax Liabilities		
	2000 $'000	2001 $'000	2002 $'000	2000 $'000	2001 $'000	2002 $'000
Property, plant and equipment	–	–	–	2,525	2,774	2,921
Construction work-in-progress	–	(177)	(131)	–	–	–
Trade receivables	(348)	(407)	(369)	–	–	6
Trade and other payables	–	–	–	–	–	21
Unrealised exchange differences	(33)	–	–	12	15	–
Unabsorbed wear and tear allowances and unutilised tax losses	–	(44)	(75)	–	–	–
Other items	–	–	(1)	45	63	–
Tax (assets)/liabilities	(381)	(628)	(576)	2,582	2,852	2,948
Set off of tax	267	496	573	(267)	(496)	(573)
Net tax (assets)/liabilities	(114)	(132)	(3)	2,315	2,356	2,375

(b) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:-

	2000 $'000	2001 $'000	2002 $'000
Property, plant and equipment	81	222	8
Trade receivables	31	33	–
Unabsorbed wear and tear allowances and unutilised tax losses	158	307	683
	270	562	691

The unabsorbed wear and tear allowances and unutilised tax losses are available for offset against future taxable income subject to agreement with the relevant tax authorities and tax conditions prevailing in the countries the subsidiaries operate in.

8. Inventories

	2000 $'000	2001 $'000	2002 $'000
Raw materials for construction of vessels	137	13	147
Trading stocks for sales	–	–	80
	137	13	227

9. Construction Work-In-Progress

	2000 $'000	2001 $'000	2002 $'000
Construction work-in-progress:-			
– costs	4,835	12,191	4,710
Attributable profit	22	668	19
Progress billings	(6,289)	(5,721)	(3,408)
	(1,432)	7,138	1,321
Less:			
Allowance for foreseeable losses:			
At 1 July	710	45	678
Allowance made during the year	45	633	639
Allowance reversed during the year	(45)	–	(334)
Allowance utilised during the year	(665)	–	(344)
At 30 June	45	678	639
	(1,477)	6,460	682
Represented by:-			
Construction work-in-progress	942	6,489	1,255
Progress billings in excess of construction work-in-progress	(2,419)	(29)	(573)
	(1,477)	6,460	682

10. Trade Receivables

	2000 $'000	2001 $'000	2002 $'000
Trade receivables	16,194	11,743	17,509
Less:			
Allowance for doubtful trade receivables:			
At 1 July	1,127	1,698	1,941
Allowance made during the year	571	243	358
Allowance reversed during the year	–	–	(298)
At 30 June	1,698	1,941	2,001
	14,496	9,802	15,508

11. Other Receivables, Deposits and Prepayments

	2000 $'000	2001 $'000	2002 $'000
Other receivables	1,011	102	1,153
Deposits	518	17	22
Prepayments	166	287	887
	1,695	406	2,062

12. Amounts due from/(to) Related Parties

		2000 $'000	2001 $'000	2002 $'000
Amounts due from:-				
– companies in which a shareholder and certain directors have substantial financial interests				
– Trade		117	–	21
– Non-trade		607	131	–
		724	131	21
Amounts due to:-				
– companies in which a shareholder and certain directors have substantial financial interests				
– Trade		219	–	–
– Non-trade		2,617	584	3,611
		2,836	584	3,611
– directors	– non-trade	2,054	2,023	–
– shareholders	– non-trade	1,442	1,789	152
	– dividend payable	–	–	2,000
		6,332	4,396	5,763

The non-trade amounts are unsecured, interest-free and have no fixed terms of repayment.

13. Cash and Cash Equivalents

	2000 $'000	2001 $'000	2002 $'000
Cash in hand	16	104	11
Cash at banks	392	690	1,846
Fixed deposits with banks	15	236	–
	423	1,030	1,857
Bank overdrafts			
– unsecured	(1)	(1)	–
– secured (see note 5)	(4,657)	(3,818)	(5,080)
	(4,658)	(3,819)	(5,080)
Cash and cash equivalents in the combined statements of cash flows	(4,235)	(2,789)	(3,223)

Fixed deposits of $Nil (30/6/2001: $15,256; 30/6/2000: $15,171) were pledged for banking facility granted to a subsidiary.

14. Trade Payables and Accruals

	2000 $'000	2001 $'000	2002 $'000
Trade payables	9,570	17,116	13,164
Accrued operating expenses	656	632	916
Deferred income	42	147	–
	10,268	17,895	14,080

15. Other Payables

	2000 $'000	2001 $'000	2002 $'000
Other payables	59	56	63
Advances from customers	–	–	20
Deposits received	208	–	–
	267	56	83

16. Interest-Bearing Loans (secured)

This note provides information about the contractual terms of the Group's interest-bearing loans. For more information on the Group's exposure to interest rate and currency risk, refer to note 25.

	2000 $'000	2001 $'000	2002 $'000
S$ variable interest-rate loans	2,738	5,495	5,988
S$ fixed interest-rate loans	–	–	3,962
Japanese Yen variable interest-rate loan	412	64	–
	3,150	5,559	9,950
Repayable:			
– within 1 year	2,697	2,346	4,534
From 1 to 2 years	453	267	3,541
From 2 to 5 years	–	2,946	1,875
– after 1 year	453	3,213	5,416
	3,150	5,559	9,950

The S$ variable interest-rate loans bear interests ranging from 5.25% to 6.00% (2001: 4.72% to 6.00%; 2000: 4.75% to 6.00%) per annum.

The S$ fixed interest-rate loans bear interests ranging from 3.00% to 5.25% (2001: Nil%; 2000: Nil%) per annum.

The Japanese Yen variable interest-rate loan bears interests ranging from Nil% (2001: 2.75% to 3.01%; 2000: 2.64% to 2.76%) per annum.

The loans are secured over certain property, plant and equipment of the Group (see note 5).

17. Obligations under Hire Purchase Creditors

	Gross Obligations $'000	Interest in suspense $'000	Net Obligations $'000
30 June 2000			
Within 1 year	37	(2)	35
After 1 year but within 5 years	–	–	–
	37	(2)	35
30 June 2001			
Within 1 year	554	(71)	483
After 1 year but within 5 years	1,570	(89)	1,481
	2,124	(160)	1,964
30 June 2002			
Within 1 year	1,228	(132)	1,096
After 1 year but within 5 years	2,205	(96)	2,109
	3,433	(228)	3,205

Under the terms of the hire purchase arrangements, no contingent rents are payable. Interest is charged at 4.00% to 6.73% (30/6/2001: 4.00% to 6.73%; 30/6/2000: 2.68% to 2.75%) per annum.

18. Share Capital

	2000		2001		2002	
	No. of shares '000	$'000	No. of shares '000	$'000	No. of shares '000	$'000
Authorised:						
Ordinary shares of $1.00 each	14,500	14,500	14,800	14,800	14,800	14,800
Issued and fully paid:						
At 1 July	5,650	5,650	9,300	9,300	9,600	9,600
Issue of ordinary shares of $1.00 each	–	–	300	300	–	–
Bonus issue of ordinary shares of $1.00 each	3,650	3,650	–	–	5,200	5,200
At 30 June	9,300	9,300	9,600	9,600	14,800	14,800

The share capital represents the aggregate amount of authorised and issued and paid up capital of the Company and the subsidiaries as at 30 June 2000, 2001 and 2002, after elimination of investments in subsidiaries and inter-company balances.

19. Revenue

	2000 $'000	2001 $'000	2002 $'000
Shipbuilding	12,136	36,467	26,493
Shiprepairs and other marine related services	15,693	8,112	16,522
Charter and rental income	11,893	14,321	21,576
	39,722	58,900	64,591

20. Profit from Ordinary Activities before Taxation

Profit from ordinary activities before taxation includes the following:-

	2000 $'000	2001 $'000	2002 $'000
(a) Other operating income			
Dividend (net) from quoted equity investments	1	1	1
Gain on foreign exchange, net	–	–	7
Gain on disposal of property, plant and equipment	449	1,319	1,058
Interest income	6	4	4
Management fee income from companies in which certain directors have substantial financial interests	70	–	–
Miscellaneous income	192	123	346
	718	1,447	1,416
(b) Other operating expenses			
Allowances made for:-			
– doubtful receivables (trade)	571	243	358
– foreseeable losses	45	633	639
Allowances reversed for:-			
– doubtful receivables (trade)	–	–	(298)
– foreseeable losses	(45)	–	(334)
Auditors' remuneration			
– Auditors of the Company	87	101	125
– Underprovision in respect of prior years	12	3	24
Non-audit fees payable to auditors of the Company	13	15	15
Bad debts written off (non-trade)	46	–	7
Depreciation of property, plant and equipment	3,373	3,632	5,390
Loss on foreign exchange, net	157	256	–
Property, plant and equipment written off	–	33	–
Staff costs	4,666	4,910	7,012
Operating lease expenses	681	769	682

20. Profit from Ordinary Activities before Taxation (cont'd)

Profit from ordinary activities before taxation includes the following:-

(b) Other operating expenses (cont'd)

The staff costs and operating lease expenses are arrived at as follows:-

	2000 $'000	2001 $'000	2002 $'000
(i) Staff costs			
Staff costs for the year	4,547	5,063	6,928
Staff costs included in work-in-progress	(283)	(436)	(352)
Staff costs previously included in work-in-progress now charged to profit and loss accounts	402	283	436
	4,666	4,910	7,012
Number of employees as at 30 June	348	512	567
(ii) Operating lease expenses			
Operating lease expenses for the year	620	851	672
Operating lease expenses included in work-in-progress	(119)	(201)	(191)
Operating lease expenses previously included in work-in-progress now charged to profit and loss accounts	180	119	201
	681	769	682

(c) Directors' remuneration

Directors' remuneration is recognised in the profit and loss accounts of the Group as follows:

	2000 $'000	2001 $'000	2002 $'000
Staff costs	311	274	357
Other operating expenses:			
– Benefits-in-kind	162	86	87
	473	360	444

(d) Finance costs

	2000 $'000	2001 $'000	2002 $'000
Interest paid and payable to:			
– banks	310	339	897
– hire purchase creditors	54	15	95
	364	354	992

21. Taxation

	2000 $'000	2001 $'000	2002 $'000
Recognised in the profit and loss accounts			
Based on results for the year:			
– current taxation	588	497	1,725
– deferred taxation	71	31	194
	659	528	1,919
Overprovision of deferred taxation in respect of prior years	–	(8)	(46)
	659	520	1,873

	2000 $'000	2001 $'000	2002 $'000
Reconciliation of effective tax rate			
Profit from ordinary activities before taxation	5,797	4,478	8,984
Income tax using domestic corporation tax rate of 22% (2001: 24.5%; 2000: 25.5%)	1,478	1,097	1,976
Tax exempt income using domestic corporate tax rate under Section 13A	(809)	(825)	(661)
Tax exempt income using domestic corporate tax rate introduced by Minister of Finance	(39)	(59)	(46)
Deferred tax assets not recognised/ (recognised) in profit and loss account	(103)	108	314
Investment allowances	–	(328)	–
Non-deductible expenses	201	490	540
Tax impact of consolidation adjustments	26	138	72
Change in tax rate	(117)	(94)	(286)
All other items, net	22	1	10
	659	528	1,919

22. Dividends

No dividend has been paid or is proposed to be paid by the Company in respect of the relevant period.

Dividends declared or paid by its subsidiaries during the relevant period were as follows:

Financial year	Subsidiaries	Dividend rate	Net dividend $'000
30 June 2000	Capitol Marine Pte Ltd	Interim dividend of $0.342 per share, tax exempt	3,177
30 June 2002	Capitol Offshore Pte Ltd	Interim dividend of $0.208 per share, tax exempt	2,000

23. Commitments

Commitments of the Group not reflected in the financial statements at the balance sheet dates are as follows:

Operating Lease Commitments

The future minimum lease payments under non-cancellable operating lease of land with terms exceeding one year are as follows:-

	2000 $'000	2001 $'000	2002 $'000
Payable			
– within 1 year	657	657	657
– within 2 to 5 years	2,630	2,630	2,630
– after 5 years	12,600	11,943	11,286
	15,887	15,230	14,573

The lease runs for a period of 30 years from 1 June 1974. The Group has exercised the option to renew the lease for a further period of 21 years and 6 months with effect from 1 June 2004. The lease does not include contingent rentals.

The lease payments are subject to an annual increase not exceeding 7.6% per annum of the previous year's lease payments.

24. Related Party Transactions

Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In addition to the related party transactions disclosed elsewhere in the financial statements, there were the following significant transactions which were carried out with related parties on an arm's length basis:-

	2000 $'000	2001 $'000	2002 $'000
Companies in which a shareholder and certain directors have substantial financial interests			
Purchase of plant and equipment	–	–	50
Purchase of raw materials	15	–	–
Purchase of plant and equipment for sale	–	–	24
Sale of scrap metals	–	–	55
Sale of barge	–	180	–
Charter income	–	–	28

24. Related Party Transactions (cont'd)

Identity of Related Parties (cont'd)

	2000 $'000	2001 $'000	2002 $'000
Company in which the spouse of a director has substantial financial interests			
Purchase of tugboat and barge	–	–	750
Sale of fuel oil	–	–	12
Directors			
Sale of motor vehicles	–	–	117
Sale of subsidiaries*	574	–	–

* ASL Shipyard Pte Ltd disposed of two of its subsidiaries, PT ASL Fabricators and PT ASL Machinery to a director for a consideration of $574,000 based on the cost of the investments which is $8,119 more than the net tangible assets of these two subsidiaries at the date of disposal.

25. Financial Instruments

Financial Risk Management Objectives and Policies

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group's overall business strategies, tolerance of risks and general risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions.

Working Capital Management

The Group manages its working capital requirements with the view to optimise interest cost. The net current liabilities as shown in the financial statements reflect management's intention to continue to utilise overdrafts and short-term bank loans to meet the working capital requirements having regard to the operating environment and expected cash flow of the Group. Such working capital requirements are within the credit facilities established and which are adequate and available to the Group to meet its obligations. The credit facilities are regularly reviewed by the management to ensure that they meet the objectives of the Group.

As at 30 June 2002, the Group has unutilised credit facilities of approximately $24.6 million of which approximately $9.5 million was converted from short-term facilities to long term loans subsequent to 30 June 2002.

Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit facilities. The Group does not require collateral in respect of financial assets.

At 30 June 2002, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Foreign Currency Risk

The Group incurs foreign currency risk on sales, purchases and operating expenses that are denominated in a currency other than Singapore dollars. The currencies giving rise to this risk are primarily the US dollars, Euro, Indonesian Rupiah and Japanese Yen. The Group does not use derivative financial instruments to hedge its risk.

25. Financial Instruments (cont'd)

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash and cash equivalents and debts obligations. The Group does not use derivative financial instruments to hedge its debt obligations.

25. Financial Instruments (cont'd)

Effective Interest Rates and Repricing Analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following tables indicate their effective interest rates at balance sheet dates and the periods in which they reprice.

		2000				2001				2002		
	Effective Interest Rate %	Total $'000	Within 1 year $'000	1 to 5 years $'000	Effective Interest Rate %	Total $'000	Within 1 year $'000	1 to 5 years $'000	Effective Interest Rate %	Total $'000	Within 1 year $'000	1 to 5 years $'000
Financial Asset												
Fixed deposits with banks	1.13	15	15	–	2.92	236	236	–	–	–	–	–
Financial Liabilities												
Bank overdrafts	5.75	4,658	4,658	–	5.75	3,819	3,819	–	4.95	5,080	5,080	–
Trust receipts	4.50	280	280	–	5.76	5,118	5,118	–	5.50	314	314	–
Interest-bearing loans	4.97	3,150	3,150	–	5.66	5,559	5,559	–	4.71	9,950	5,988	3,962
Hire purchase creditors	2.70	35	–	35	4.06	1,964	42	1,922	4.90	3,205	1,116	2,089
		8,123	8,088	35		16,460	14,538	1,922		18,549	12,498	6,051

Fair Values

As at 30 June 2000, 2001 and 2002, the carrying amounts of financial assets and liabilities approximated their fair values.

26. Segment Information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

(i) Business Segments

The Group comprises the following main business segments: -

Shipbuilding	:	Construction of tugboats, barges and other vessels.
Shiprepairs and other marine related services	:	Provision of ship repairs and related services.
Charter and rental services	:	Provision of chartering of vessels, transportation services and rental of plant and machinery.

	Shipbuilding $'000	Ship repairs and other marine related services $'000	Charter and rental services $'000	Eliminations $'000	Combined $'000
Revenue and Expenses					
For year ended 30/6/2002					
Total revenue from external customers	26,493	16,522	21,576	–	64,591
Inter-segment revenue	5,605	698	16,135	(22,438)	–
Total revenue	32,098	17,220	37,711	(22,438)	64,591
Segmental results	3,436	3,062	4,062	(177)	10,383
Unallocated expenses					(407)
Profit from operations					9,976
Finance costs					(992)
Taxation					(1,873)
Minority interests					(35)
Net profit for the year					7,076
For year ended 30/6/2001					
Total revenue from external customers	36,467	8,112	14,321	–	58,900
Inter-segment revenue	5,250	1,337	8,640	(15,227)	–
Total revenue	41,717	9,449	22,961	(15,227)	58,900
Segmental results	(8)	2,024	3,627	(489)	5,154
Unallocated expenses					(322)
Profit from operations					4,832
Finance costs					(354)
Taxation					(520)
Net profit for the year					3,958

26. Segment Information (cont'd)

(i) Business segments (cont'd)

	Shipbuilding $'000	Ship repairs and other marine related services $'000	Charter and rental services $'000	Eliminations $'000	Combined $'000
Revenue and Expenses (cont'd)					
For year ended 30/6/2000					
Total revenue from external customers	12,136	15,693	11,893	–	39,722
Inter-segment revenue	7,686	107	6,361	(14,154)	–
Total revenue	19,822	15,800	18,254	(14,154)	39,722
Segmental results	(90)	2,199	4,464	(58)	6,515
Unallocated expenses					(354)
Profit from operations					6,161
Finance costs					(364)
Taxation					(659)
Net profit for the year					5,138
Assets and Liabilities					
For year ended 30/6/2002					
Segment assets	20,461	11,643	43,039	–	75,143
Unallocated assets					1,099
					76,242
Segment liabilities	8,586	4,675	7,221	–	20,482
Unallocated liabilities					23,716
					44,198
Capital expenditure	1,961	1,058	9,427	–	12,446
Depreciation	1,006	671	3,713	–	5,390

26. Segment Information (cont'd)

(i) Business segments (cont'd)

	Shipbuilding $'000	Ship repairs and other marine related services $'000	Charter and rental services $'000	Eliminations $'000	Combined $'000
Assets and Liabilities (cont'd)					
For year ended 30/6/2001					
Segment assets	25,646	7,414	35,134	–	68,194
Unallocated assets					978
					69,172
Segment liabilities	12,753	3,356	2,615	–	18,724
Unallocated liabilities					23,545
					42,269
Capital expenditure	5,744	1,509	14,932	–	22,185
Depreciation	1,207	272	2,153	–	3,632
For year ended 30/6/2000					
Segment assets	14,563	12,764	25,319	–	52,646
Unallocated assets					310
					52,956
Segment liabilities	6,335	5,553	3,945	–	15,833
Unallocated liabilities					14,478
					30,311
Capital expenditure	1,628	1,427	6,906	–	9,961
Depreciation	880	701	1,792	–	3,373

26. Segment Information (cont'd)

(ii) *Geographical segments*

The Group operates in Singapore, Indonesia, Rest of Asia and Europe and others.

Revenue is based on the countries in which customers are invoiced.

	2000 $'000	2001 $'000	2002 $'000
Revenue			
Singapore	29,808	46,924	52,409
Indonesia	2,032	4,245	5,487
Rest of Asia	6,022	6,696	1,528
Europe and others	1,860	1,035	5,167
	39,722	58,900	64,591

27. Contingent Liabilities (unsecured)

A wholly-owned subsidiary of the Company ("the subsidiary") chartered a tugboat in January 2000 to tow a barge loaded with cargoes to a charterer. Due to heavy weather, the barge sank and was lost together with all the cargoes on board it.

Details of claims brought against the subsidiary are set out below:-

(a) The claims brought by 2 cargo claimants directly against the subsidiary amount to an aggregate of US$282,375. One of these claims for an amount of US$91,500 has been dismissed for lack of title to sue and the second claim was discontinued in October 2002.

(b) Certain cargo claimants have claimed against the charterer which has brought in the subsidiary as a third party claiming an indemnity for any liability for the said claims amounting to an aggregate of US$1,242,744 (the "Third Party Claims"). The Third Party Claims are ongoing.

Separately, the charterer has directly brought indemnity claims against the subsidiary as set out in paragraph (c) (iii) below.

(c) 23 indemnity claims have been brought by the charterer as plaintiff against the subsidiary, as defendant in respect of 47 bills of lading. The status of these claims are as follows:-

(i) Settlement has been reached in respect of claims pertaining to 12 bills of lading. The sum payable by the subsidiary under the settlement is covered by its insurers and its arrangements with The Shipowners' Mutual Protection and Indemnity (the "Shipowners' Protection"), a Protection and Indemnity Club;

(ii) Claims pertaining to 3 bills of lading have been dismissed and/or discontinued; and

(iii) The sum claimed in respect of the 32 remaining bills of lading, including those covered under paragraph (b) above in the amount of US$1,242,744, amounts to an aggregate of US$2,788,137. These claims are pending settlement negotiations.

On 22 August 2002, another claim was served on the subsidiary by cargo owners in respect of 2 bills of lading, which are part of the bills of lading in the claims set out in paragraph (c) (i) above which have been settled. No active step has been taken to advance this claim and the subsidiary is currently seeking discontinuance of the same.

27. Contingent Liabilities (unsecured) (cont'd)

There is also a potential claim by the owner of the barge for the loss of and/or damage to the barge. According to the Group's estimate, the barge had a value of approximately US$159,091. Although the writ which was issued against the subsidiary has lapsed, the claim is not time-barred until 1 February 2006.

As the claims by the charterer and the cargo owners and the potential claim by the barge owner against the subsidiary come within the ambit of its insurance policy with its insurance company as well as its arrangements with the Shipowners' Protection, the subsidiary is expecting the insurance company and the Shipowners' Protection to cover them for any liability that may be found against it in favour of the charterer, barge owner and/or the cargo owners, as the case may be. Accordingly, no provision is made for the above claims.

28. Subsequent Events

Subsequent to 30 June 2002, the following events took place:-

(a) Pursuant to a restructuring exercise ("Restructuring Exercise") entered into by the Company and the shareholders of the following companies effective 1 July 2002, the Company acquired the entire issued and paid-up share capital of the following companies by the allotment and issue at par of 14,799,995 ordinary shares of $1.00 each in the capital of the Company by way of a one-for-one share swap at par value credited as fully paid upon issue:

Name of Companies	Issued and paid-up share capital S$
ASL Shipyard Pte Ltd and its subsidiary, PT ASL Shipyard Indonesia	9,999,995
ASL Project Services Pte Ltd	500,000
Capitol Marine Pte Ltd	2,000,000
Capitol Offshore Pte Ltd	2,000,000
Capitol Tug & Barge Pte Ltd	100,000
Capitol Shipping Pte Ltd	100,000
Lightmode Pte Ltd	100,000
	14,799,995

(b) At an extraordinary general meeting held on 21 September 2002, the Company's shareholders approved an increase in the authorised share capital from $100,000 to $20,000,000 comprising 20,000,000 ordinary shares of $1.00 each.

(c) At an extraordinary general meeting held on 25 November 2002, the Company's shareholders approved an increase in the authorised share capital from $20,000,000 to $50,000,000 comprising 50,000,000 ordinary shares of $1.00 each.

(d) At an extraordinary general meeting held on 23 January 2003, the Company's shareholders approved inter-alia , the following:-

   (i) the conversion into a public limited company and the consequential change of the Company's name to "ASL Marine Holdings Ltd";

   (ii) the sub-division of each ordinary share of $1.00 in the existing authorised and issued and paid-up share capital into 10 ordinary shares of $0.10 each;

28. Subsequent Events (cont'd)

(iii) the adoption of a new set of Articles of Association;

(iv) that authority be given pursuant to Section 161 of the Act to the directors to issue 50,000,000 new shares which are the subject of the invitation on the basis that the new shares, when allotted, issued and fully-paid, will rank pari passu in all respects with the existing shares;

(v) that authority be given pursuant to Section 161 of the Act to the directors to issue shares (other than the new shares) at any time (whether by way of rights, bonus or otherwise) and upon such terms and conditions whether for cash or otherwise and for such purposes and to such persons as the directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to such authority does not exceed 50 per cent of the issued share capital for the time being, of which the aggregate number of such shares to be issued other than on a pro-rata basis to the existing shareholders does not exceed 20 per cent of the issued share capital for the time being, and, for this purpose and pursuant to Rule 806(3) of the Listing Manual, the percentage of the issued share capital of our Company to be calculated is based on the maximum potential share capital of our Company at the time this resolution is passed (taking into account the conversion or exercise of any convertible securities and employee share options on issue as at the date of the passing of this resolution, which were issued pursuant to previous shareholder approval), and adjusted for any subsequent consolidation or sub-division of shares unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier; and

(vi) the ASL Employee Share Option Scheme.

Information on Directors and Executive Officers

1. The name, age, address, principal occupation and business and working experience of each of our Directors and Executive Officers are set out on pages 89 to 92 of this Prospectus.

2. The present and past directorships (held in the five years preceding the Latest Practicable Date) of each of our Directors in other companies are set out on pages 93 and 94 of the Prospectus.

3. The present and past directorships (held in the five years preceding the Latest Practicable Date) of each of our Executive Officers in other companies are set out on page 95 of the Prospectus.

4. Save as disclosed in the section "Shareholders" on pages 41 and 42 of this Prospectus, none of our Directors has any family relationship with other Directors or with any of our Executive Officers or substantial Shareholders of our Company.

5. None of our Executive Officers has any family relationship with other Executive Officers or with any of our Directors or substantial Shareholders of our Company.

6 (a) In 1996, Mr Ang Kok Tian, our Managing Director and controlling shareholder, was asked to assist in an investigation by the Corrupt Practices Investigations Bureau ("CPIB") into a complaint lodged against a manager of an Indonesian company in the shipping business. The complaint alleged that the manager was reported to be asking for bribes from shipyard companies interested in tendering for the building of a vessel. ASL Shipyard was one of the parties which was negotiating for the construction of such a vessel but was unsuccessful. The contract was awarded to an unrelated third party. No further assistance has been required of Mr Ang by the CPIB.

(b) Sometime in January 2002, a Singapore-incorporated ship owning company (the "Ship Owner") lodged a complaint with the CPIB and the Police Coast Guard against a bunker supplier in Singapore alleging that there was a shortfall in the quantity of marine gas oil supplied by the bunker supplier to one of the Ship Owner's vessels. Captain Tay Kes Siong, one of our Executive Officers, was at the time, a director of Marine Management Surveyors & Services Pte Ltd, which had been engaged by the Ship Owner to provide certain management consultancy services in relation to one of its vessels. Although the Ship Owner's complaint was made against the bunker supplier, Captain Tay was interviewed by the CPIB in April and May 2002 in connection with their investigation of the complaint. As at the Latest Practicable Date, no further action has been taken against Captain Tay by the CPIB. In August 2002, the Police Coast Guard informed Captain Tay that they have decided not to take further action against him and that all investigations and enquiries into the matter would cease.

(c) In March 1999, Captain Tay appeared as a witness in a Civil Court in Hamburg, Germany concerning a dispute between the charterer of a vessel and a bunker supplier, both of whom are based in Germany in respect of the supply of fuel oil to a vessel in Singapore in 1995. The fuel oil supplied was subsequently found to be contaminated and the bunker supplier was sued for damages by the charterer of the vessel. Captain Tay had been engaged by the charterer as a bunker surveyor to verify and certify that the quantity of bunkers paid for is delivered and to take and send to the charterer's appointed laboratory, samples of the bunker supplied for testing to ensure conformance with the quality of bunker contracted to be supplied. Although the court decided in favour of the bunker supplier in the first instance, the charterer had appealed against the decision. Captain Tay is not aware of the outcome of the appeal.

(d) In addition to the above, Captain Tay has in the last 10 years, appeared as a witness on four different occasions in the Court of Singapore and for arbitrations concerning disputes between various shipowners and charterers for damages caused to the chartered vessel during charter operations. In three of these cases, Captain Tay was the surveyor appointed to inspect the condition of the vessel before and after the chartering operations and to offer evidence to enable the court/tribunal to assess the extent of the damages caused to the vessel. In the fourth, Captain Tay was asked to testify on the condition of a consignment of heavy equipment that had been loaded on a barge in Indonesia.

(e) Lewis Roger Martin, who is one of our Executive Officers, was interviewed by the CPIB in the latter half of 1999. A member of the management staff of a shipping company in Singapore (the “Shipping Company”), with which Mr Lewis was working as a general/yard manager, had lodged a complaint against a local engineering business (the “Engineering Business”) and Mr Lewis, alleging that he was involved in the transfer of certain assets from the Shipping Company to the Engineering Business. These assets had been used as security for amounts owing by the Shipping Company to the Engineering Business and were purportedly sold when the Shipping Company was unable to pay the amounts owing by it. It was alleged that part of the proceeds from the sale were kept by Mr Lewis. No action has been taken by the CPIB against Mr Lewis following the interviews.

(f) Mr Lewis was also interviewed by the police in 1999 in relation to a complaint lodged by a member of the management staff of the Shipping Company against the Engineering Business or the sole proprietor of the Engineering Business and a director of another shipping company (the “Second Shipping Company”) or the Second Shipping Company for illegal moneylending to the Shipping Company. No further assistance has been required by the police from Mr Lewis following the interviews.

(g) In addition to the above, Mr Lewis was asked to assist the CPIB sometime in 1992 in connection with their investigations into a complaint lodged against a yard manager of a company in Singapore in the business of shipyard operations (the “Shipyard Operator”). It was alleged that the yard manager had arranged for the sale of some equipment from the Shipyard Operator to a local scrap dealer without the knowledge of the Shipyard Operator. As the general/yard manager of the Shipping Company (referred to in sub-paragraph 6(e) above) which had received the order to arrange for the transportation of the equipment, Mr Lewis was asked to provide information on the manner in which the equipment had been transported from the Shipyard Operator to the scrap dealer. No further assistance was required by the CPIB from Mr Lewis following the interviews.

Save as disclosed above, none of our Directors or Executive Officers or controlling shareholders is or was involved in any of the following events:-

(a) a petition under any bankruptcy laws filed in the last 10 years in any jurisdiction against him or any partnership in which he was a partner;

(b) a petition under any law of any jurisdiction filed against a corporation of which he was a director or key executive for the winding up of that corporation on the ground of insolvency;

(c) unsatisfied judgements against him;

(d) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment for 3 months or more, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such purpose;

(e) a conviction of any offence in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any criminal proceedings which he is aware of) for such breach;

(f) judgement has been entered against him, during the last 10 years, in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or the subject of any civil proceedings (including any pending civil proceedings which is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any corporation;

(h) disqualification from acting as a director of any company, or from taking part in any way directly or indirectly in the management of any company;

(i) the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity; and

(j) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any corporation or partnership which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the corporation or partnership.

7. The aggregate remuneration paid to our Directors for services rendered in all capacities to our Company and our subsidiaries FY2002 was $407,000. The aggregate remuneration paid to our present Directors in FY2002 under the arrangements in force at the Latest Practicable Date, including the Service Agreements referred to on pages 96 and 97 of this Prospectus would be approximately $942,000.

8. Save as disclosed in the section "Service Agreements" on pages 96 and 97 of this Prospectus, there are no existing or proposed service contracts between our Executive Directors or Executive Officers and our Company or any of our subsidiaries.

9. There is no shareholding qualification for Directors.

10. Save as disclosed in the section "The ASL Employee Share Option Scheme" on pages 98 to 105 of this Prospectus, no option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries has been granted to, or was exercised by, any of our Directors or Executive Officers within the last financial year.

11. Save as disclosed in the section "Interested Person Transactions" on pages 106 to 109 of this Prospectus, none of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Prospectus, been acquired or disposed of by or leased to, our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

12. Save as disclosed in the section "Potential Interested Person Transactions and Conflict of Interests" on pages 109 and 111 of this Prospectus, none of our Directors or Executive Officers or substantial Shareholders or controlling shareholders of our Company has any substantial interest, direct or indirect, in any company carrying on a similar trade as our Company or our subsidiaries.

13. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.

14. Save as disclosed in the section "Interested Person Transactions" on pages 106 to 109 of this Prospectus, none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

Share capital

15. As at the date of this Prospectus, there is only one class of Shares in the capital of our Company. There are no founder, management or deferred Shares. The rights and privileges attached to our Shares are stated in the Articles of Association of our Company.

16. Save as disclosed below and in the section "Restructuring Exercise" on pages 44 and 45 of this Prospectus, the changes in the issued and paid-up share capital of our Company and our subsidiaries within the three years preceding the date of lodgement of this Prospectus are set out below:-

Date of issue	Number of shares issued	Issue Price	Purpose of Issue share capital	Resultant issued share capital
Our Company				
4 October 2000	2	$1.00 at par	New shares issued on incorporation	$2.00
30 October 2000	1	$1.00 at par	Allotment to new shareholder	$3.00
21 September 2002	2	$1.00 at par	Allotment to new shareholders	$5.00

Date of issue	Number of shares issued	Issue Price	Purpose of Issue share capital	Resultant issued share capital
ASL Shipyard				
25 June 2000	3,999,990	$1.00 at par	Capitalisation of sum of $3,999,990 standing to the credit of the retained profits account by way of a bonus issue	$5,000,000.00
28 June 2002	4,999,995	$1.00 at par	Capitalisation of sum of $4,999,995 standing to the credit of the retained profits account by way of a bonus issue	$9,999,995.00
ASL Project				
28 June 2002	200,000	$1.00 at par	Capitalisation of sum of $200,000 standing to the credit of the retained profits account by way of a bonus issue	$500,000.00
Capitol Offshore				
1 March 2000	1,900,000	$1.00 at par	Capitalisation of sum of $1,900,000 being part of the retained profits account by way of a bonus issue	$2,000,000.00
Capitol Shipping				
26 May 2000	2	$1.00 at par	New shares issued on incorporation	$2.00
30 June 2000	99,998	$1.00 at par	Working capital	$100,000.00
Capitol Tug & Barge				
26 May 2000	2	$1.00 at par	New shares issued on incorporation	$2.00
27 November 2000	99,998	$1.00 at par	Working capital	$100,000.00
Lightmode				
4 April 2001	2	$1.00 at par	New shares issued on incorporation	$2.00
28 May 2001	99,998	$1.00 at par	Working capital	$100,000.00
Kenwell				
9 June 2001	2	$1.00 at par	New shares issued on incorporation	$2.00
11 December 2001	99,998	$1.00 at par	Working capital	$100,000.00

17. Save as disclosed in the section "Restructuring Exercise" on pages 44 and 45 of this Prospectus and in paragraph 16 above, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, within the two years preceding the date of this Prospectus.

18. Save as disclosed in the section "The ASL Employee Share Option Scheme" on pages 98 to 105 of this Prospectus, no person has been, or is entitled to be, granted an option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries.

19. The provisions of our Company's articles of association relating to remuneration, voting rights on proposals, arrangements or contracts in which our Directors are interested, borrowing powers of our Directors, retirement of our Directors under an age-limit requirement, share qualification, rights, preferences and restrictions attaching to our shares and changes to these rights, change in capital and the lapsing of dividends are set out under Appendix III of this Prospectus.

Bank borrowings and working capital

20. Save as disclosed in the section on "Capitalisation and Indebtedness" on pages 36 and 37 of this Prospectus and in the audited combined financial statements, our Group had no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire-purchase commitments, guarantees or other contingent liabilities as at 30 November 2002.

21. In the opinion of our Directors, no minimum amount must be raised by the issue of the New Shares in order to provide the sums required to be provided in respect of each of the following:-

(a) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue of the New Shares;

(b) estimated expenses (including underwriting commission and brokerage) for the Invitation payable by our Company;

(c) the repayment of any money borrowed by our Company in respect of any of the foregoing matters; and

(d) working capital.

No amounts in respect of the foregoing matters are to be provided otherwise than out of the proceeds from the issue of the New Shares. The amounts proposed to be provided out of the proceeds from the issue of the New Shares in respect of items (b) and (d) above are approximately $1.55 million and $1.45 million respectively.

Our Directors are of the opinion that, after taking into account our present banking facilities, our Group has adequate working capital for our requirements.

Material contracts

23. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the date of this Prospectus and are or may be material:-

(a) Agreement dated 15 September 2001 between PPL Shipyard Pte Ltd ("PPL") and ASL Shipyard pursuant to which ASL Shipyard agreed to lease approximately 5,000 sq ft of land in No. 21 Pandan Road, Singapore 609273 from PPL as a storage area to support ASL Shipyard's operations in consideration for the monthly payment of $1,900 to PPL.

(b) Agreement dated 28 October 1999 made amongst Soon Douglas (Pte) Ltd and Marine Travelift Inc, a US company, as joint sellers and ASL Shipyard pursuant to which ASL Shipyard acquired from Marine Travelift Inc. a mobile boat hoist Marine Travelift™ 800CMO ("Travelift") which has a lifting capacity of approximately 800 tonnes.

(c) Reconstruction agreement dated 17 January 2003, pursuant to which our Company acquired from Ang Sin Liu ("ASL"), Ang Kok Tian ("AKT") and Ang Ah Nui ("AAN") an aggregate of 9,999,995 ordinary shares of $1.00 each in the capital of ASL Shipyard, representing the entire issued and paid-up capital of ASL Shipyard, the consideration for which was satisfied by the allotment and issue of an aggregate of 5,675,997 ordinary shares of $1.00 each in the capital of our Company to ASL, AKT and AAN by way of a share swap and the allotment and issue, at the direction of ASL, an aggregate of 4,323,998 ordinary shares of $1.00 each in the capital of our Company to AKT, AAN, Ang Kok Eng ("AKE"), Ang Kok Leong ("AKL") and Ang Swee Kuan ("ASK").

(d) Reconstruction agreement dated 17 January 2003 pursuant to which our Company acquired from ASL, AKT, AAN, AKE and AKL an aggregate of 500,000 ordinary shares of $1.00 each in the capital of ASL Project Services, representing the entire issued and paid-up capital of ASL Project Services, the consideration for which was satisfied by the allotment and issue of an aggregate of 500,000 ordinary shares of $1.00 each in the capital of our Company to ASL, AKT, AAN, AKE and AKL by way of a share swap.

(e) Reconstruction agreement dated 17 January 2003 pursuant to which our Company acquired from AKT, AAN, AKE, AKL and ASK an aggregate of 2,000,000 ordinary shares of $1.00 each in the capital of Capitol Marine, representing the entire issued and paid-up capital of Capitol Marine, the consideration for which was satisfied by the allotment and issue of an aggregate of 2,000,000 ordinary shares of $1.00 each in the capital of our Company to AKT, AAN, AKE, AKL and ASK by way of a share swap.

(f) Reconstruction agreement dated 17 January 2003 pursuant to which our Company acquired from AKT and AAN an aggregate of 2,000,000 ordinary shares of $1.00 each in the capital of Capitol Offshore, representing the entire issued and paid-up capital of Capitol Offshore, the consideration for which was satisfied by the allotment and issue of an aggregate of 2,000,000 ordinary shares of $1.00 each in the capital of our Company to AKT and AAN by way of a share swap.

(g) Reconstruction agreement dated 17 January 2003 pursuant to which our Company acquired from AKT and AAN an aggregate of 100,000 ordinary shares of $1.00 each in the capital of Capitol Shipping, representing the entire issued and paid-up capital of Capitol Shipping, the consideration for which was satisfied by the allotment and issue of an aggregate of 100,000 ordinary shares of $1.00 each in the capital of our Company to AKT and AAN by way of a share swap.

(h) Reconstruction agreement dated 17 January 2003 pursuant to which our Company acquired from AKT and AAN an aggregate of 100,000 ordinary shares of $1.00 each in the capital of Capitol Tug & Barge, representing the entire issued and paid-up capital of Capitol Tug & Barge, the consideration for which was satisfied by the allotment and issue of an aggregate of 100,000 ordinary shares of $1.00 each in the capital of our Company to AKT and AAN by way of a share swap.

(i) Reconstruction agreement dated 17 January 2003 pursuant to which our Company acquired from AKT and AAN an aggregate of 100,000 ordinary shares of $1.00 each in the capital of Lightmode, representing the entire issued and paid-up capital of Lightmode, the consideration for which was satisfied by the allotment and issue of an aggregate of 100,000 ordinary shares of $1.00 each in the capital of our Company to AKT and AAN by way of a share swap.

(j) Deed of Undertaking dated 23 January 2003 pursuant to which Ang Kok Tian has undertaken during the period in which either of Tan Geok Moey ("TGM") and Tan Gee Beng ("TGB") (i) remains as a director of Tan Gee Beng Pte Ltd or TGB Shipping (collectively the "TGB Companies"); or (ii) has a shareholding interest (directly or indirectly) in Tan Gee Beng Pte Ltd and/or TGB Shipping, not to refer any business opportunities to the TGB Companies in connection with (i) the chartering of tugboats and/or barges; (ii) shipbuilding and shiprepair; and/or (iii) other marine-related services undertaken by our Group.

(k) Deed of Undertaking dated 23 January 2003 pursuant to which TGM, TGB, TGB Shipping and Tan Gee Beng Pte Ltd have jointly and severally undertaken to our Company that, following the listing of our Company on the SGX-ST, they will not, during the period in which either of TGM or TGB (a) remains as a director of Tan Gee Beng Pte Ltd; and/or (b) has a shareholding interest (directly or indirectly) in any of the TGB Companies:-

  (i) directly or indirectly carry on (whether alone or in partnership or joint venture with anyone else) any activity which competes with our Company in the business of chartering tugboats and barges to customers in the offshore and marine infrastructure, construction, port operation and shipping industries. For the avoidance of doubt, the existing charters by the TGB Companies of 1 tugboat and 2 barges in respect of the transportation of quarry products and logs/timber will not be subject to the undertaking;

  (ii) acquire or incorporate any entity which engages in the business of shipchartering; and shipbuilding and shiprepair; and/or

  (iii) acquire any additional tugboats and/or barges.

(l) Deed of Undertaking dated 23 January 2003 pursuant to which Lewis Roger Martin undertook to our Company not to hold any executive roles in Alcyone Shipping Pte Ltd as long as he remains as an executive officer of our Company.

(m) Management and Underwriting Agreement dated 5 March 2003 between the Company, and the Manager and the Underwriter for the management of the Invitation and the underwriter for the management of the Invitation and the underwriting of the Offer Shares.

(n) Placement Agreement dated 5 March 2003 amongst the Company and the Placement Agent for the placement of the Placement Shares.

(o) Receiving Banker's Agreement dated 5 March 2003 between the Company and UOB pursuant to which UOB agreed to act as receiving bank in relation to the Invitation.

(p) Depository Agreement dated 28 February 2003 between the Company and the CDP pursuant to which CDP agreed to act as depository for our Company's securities for trade in the securities of our Company through the SGX-ST.

Litigation

24. Capitol Marine is a wholly-owned subsidiary of our Company. Pursuant to a chartering arrangement dated 23 January 2000 between Capitol Marine and Sindo Damai Marine Pte Ltd ("Sindo Damai"), a Singapore-incorporated company, Capitol Marine chartered the tugboat "ASL Progress" to Sindo Damai on a time charter to provide towing services for a minimum period of 3 months and thereafter on a month to month basis. On 1 February 2000, the "ASL Progress" was towing the barge "Intan 6" from Pangkal Balam, an Indonesian island to Singapore, for transhipment to various ports of discharge, when it encountered heavy weather. On board the "Intan 6" were 2 empty containers and 49 containers carrying muntok white pepper and wooden slates. The total value of the cargoes on board the "Intan 6" was reportedly worth US$3,305,646.42. "Intan 6", which was owned by P T EKA Samudra Trijaya, an Indonesian company, sank and was lost together with all her cargo.

Between February 2000 and May 2001, the owners of the cargo brought various admiralty actions in the High Court of the Republic of Singapore against Sea-Hawk Freight Pte Ltd and Sindo Damai (which had issued the bills of lading for the cargoes) and Capitol Marine in respect of the loss of their cargoes. In several of the actions, Capitol Marine was named as a defendant while in others, it was named by Sindo Damai as a third party so that an indemnity could be claimed by Sindo Damai against Capitol Marine. Further details of the claims brought against Capitol Marine are set out below:-

(a) The claims brought by 2 cargo claimants directly against Capitol Marine amount to an aggregate of US$282,375. One of these claims for an amount of US$91,500 has been dismissed for lack of title to sue and the second claim was discontinued in October 2002.

(b) Certain cargo claimants have claimed against Sindo Damai which has brought in Capitol Marine as a third party claiming an indemnity for any liability for the said claims amounting to an aggregate of US$1,242,744.34 (the "Third Party Claims"). The Third Party Claims are ongoing as at the Latest Practicable Date.

Separately, Sindo Damai has directly brought indemnity claims against Capitol Marine as set out in paragraph (c)(iii) below.

(c) 23 indemnity claims have been brought by Sindo Damai as plaintiff against Capitol Marine, as defendant in respect of 47 bills of lading. The status of these claims are as follows:-

(i) Settlement has been reached in respect of claims pertaining to 12 bills of lading. The sum payable by Capitol Marine under the settlement is covered by its insurers and a Protection and Indemnity Club;

(ii) Claims pertaining to 3 bills of lading have been dismissed and/or discontinued; and

(iii) The sum claimed in respect of the 32 remaining bills of lading, including those covered under paragraph 24(b) above in the amount of US$1,242,744, amounts to an aggregate of US$2,788,137. These claims are pending settlement negotiations.

On 22 August 2002, another claim was served on Capitol Marine by cargo owners in respect of 2 bills of lading, which are part of the bills of lading in the claims set out in paragraph 24(c)(i) above which have been settled. No active step has been taken to advance this claim and Capitol Marine is currently seeking discontinuance of the same.

There is also a potential claim by P T EKA Samudra Trijaya ("PTEKA"), the owner of the barge "Intan 6", for the loss of and/or damage to the barge. According to the Company's estimate, the barge had a value of US$159,090.91. Although the writ which was issued against Capitol Marine has lapsed, the claim is not time-barred until 1 February 2006.

As the claims by Sindo Damai and the cargo owners and the potential claim by PTEKA against Capitol Marine come within the ambit of its insurance policy with Asia Insurance Pte Ltd ("Asia Insurance") as well as its arrangements with The Shipowners' Mutual Protection and Indemnity (the "Shipowners' Protection"), a Protection and Indemnity Club, Capitol Marine is expecting Asia Insurance and the Shipowners' Protection to cover them for any liability that may be found against it in favour of Sindo Damai, PTEKA and/or the cargo owners, as the case may be.

Save as disclosed above, neither our Company nor any of our subsidiaries is engaged in any litigation as plaintiff or defendant in respect of any claims or amounts which are material in the context of the Invitation and our Directors have no knowledge of any proceedings pending or threatened against our Company or any of our subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially affect the financial position or the business of our Company or any of our subsidiaries.

Management, Underwriting and Placement arrangement

25. Pursuant to the Management and Underwriting Agreement dated 5 March 2003 (the "Management and Underwriting Agreement") made between our Company and the Underwriter, our Company appointed UOB Asia to manage the Invitation and the Underwriter to underwrite the 10,000,000 Offer Shares. UOB Asia will receive a management fee, payable by our Company. The Underwriter will also receive an underwriting commission of 2.25 per cent. of the Issue Price for the Offer Shares, payable by our Company for subscribing for or procuring subscribers for any Offer Shares not subscribed for by the public pursuant to the Invitation.

26. Pursuant to the Placement Agreement dated 5 March 2003 (the "Placement Agreement") made between our Company and the Placement Agent, the Placement Agent agreed to subscribe for or procure subscribers for the 40,000,000 Placement Shares for a placement commission of 1.5 per cent. of the Issue Price for the Placement Shares, to be paid by our Company.

27. Brokerage will be paid by our Company on the New Shares at the rate of 0.25 per cent. of the Issue Price for each Offer Share and 1.0 per cent. of the Issue Price for each Placement Share. For the Offer Shares, the brokerage will be paid to members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in respect of successful applications made on Application Forms bearing their respective stamps, or to the Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or IB websites. For the Placement Shares, the brokerage will be paid to the Placement Agent in accordance with the Placement Agreement.

28. UOB Asia has informed our Company that it has appointed United Overseas Bank Limited and UOB Kay Hian Private Limited as Primary Sub-Underwriters and Primary Sub-Placement Agents to subscribe for or procure subscriptions for the Invitation Shares.

29. The Management and Underwriting Agreement may be terminated by UOB Asia at any time before the close of the Application List on the occurence of certain events including, *inter alia*,

(A) there shall develop, occur or come into force:-

(a) any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise), performance or general affairs of our Company or of our Group as a whole;

(b) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive in Singapore or elsewhere (whether or not having the force of law and including, without limitation, any directive or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority;

(c) any change, or any development involving a prospective change, in local, national, regional or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls;

(d) any occurrence or any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict (whether or not involving financial markets); or

(e) any other occurrence of any nature whatsoever, which event or events shall in the reasonable opinion of UOB Asia:-

(1) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or overseas; or

(2) be likely to materially prejudice the success of the subscription or offer of the Invitation Shares (whether in the primary market or in respect of dealings in the secondary market); or

(3) results in the issue of a stop order by the Authority in accordance with Section 242 of the Securities and Futures Act; or

(4) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement; or

(5) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole; or

(B) there comes to the notice of UOB Asia:-

(a) any statement contained in the Preliminary Prospectus, the Prospectus, or the Application Forms relating hereto which in the reasonable opinion of UOB Asia has become untrue, incorrect or misleading in any material aspect; or

(b) matters have arisen or have been discovered, which would, if the Preliminary Prospectus or, as the case may be, the Prospectus, was to be issued at that time, constitute in the reasonable opinion of UOB Asia, a material omission of such information, and our Company fails to lodge any amendment to the Preliminary Prospectus or the Prospectus, a supplementary or replacement prospectus or document (as the case may be) within a reasonable time after being notified of such material misrepresentation or omission or fails to promptly take such steps as UOB Asia may reasonably require to inform investors of the lodgement of such amendment to the Preliminary Prospectus or the Prospectus, supplementary or replacement prospectus or document.

In such event, the Manager reserves the right, at its reasonable discretion, to cancel the Invitation and any application monies received will be refunded without interest or any share of revenue or other benefit arising therefrom to the applicants for the Invitation Shares by ordinary post or telegraphic transfer at the applicant's own risk within fourteen days of the termination of the Invitation.

30. The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement and may be terminated on the occurrence of certain events, including those specified in paragraph 29 above.

31. In the event that the Management and Underwriting Agreement is terminated, our Company reserves the right, at our absolute discretion, to cancel the Invitation.

32. UOB Asia Limited, the Manager, is a wholly-owned subsidiary of United Overseas Bank Limited ("UOB"). UOB, which is also acting as one of our Primary Sub-Underwriters and as one of our Primary Sub-Placement Agents, is one of our principal bankers and has granted us banking facilities. UOB Kay Hian Private Limited ("UOB Kay Hian"), an associated company of the UOB Group is also one of our Primary Sub-Underwriters and one of our Primary Sub-Placement Agents. Save as disclosed, we do not have any material relationship with any of the Manager, Underwriter or Placement Agent.

Miscellaneous

33. The nature of the business of our Company is stated on pages 65 to 69 of this Prospectus. As at the Latest Practicable Date, the corporations which by virtue of Section 6 of the Act are deemed to be related to our Company are set out below:-

ASL Shipyard Pte Ltd;
ASL Project Services Pte Ltd;
Capitol Marine Pte Ltd;
Capitol Offshore Pte Ltd;
Capitol Shipping Pte Ltd;
Capitol Tug & Barge Pte Ltd
Lightmode Pte Ltd;
Kenwell Offshore Pte Ltd; and
PT ASL Shipyard Indonesia.

34. The time of opening of the Application List is set out on page 13 of this Prospectus.

35. The amount payable on application is $0.21 for each New Share.

36. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two years preceding the Latest Practicable Date.

37. The estimated expenses in connection with the Invitation, including underwriting and placement commissions, brokerage, management fee, professional fees to the reporting accountants and solicitors to the Invitation and other expenses in relation to the Invitation, is approximately $1.55 million. All expenses are payable by our Company. A breakdown of these estimated expenses is as follows:-

	$'000
Listing fees	$10
Professional fees	$750
Underwriting commission, placement commission and brokerage	$263
Miscellaneous expenses	$527
Total estimated expenses of the Invitation (including GST)	$1,550

38. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.

39. Save as disclosed in this Prospectus, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.

40. No expert is employed on a contingent basis by our Company or any of our subsidiaries, has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Offer.

41. No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Prospectus, been acquired or disposed of by or leased to our Company or any of our subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

42. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with UOB (the "Receiving Bank"). In the ordinary course of business, the Receiving Bank will deploy these monies in the interbank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.

43. Save as disclosed in this Prospectus, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.

44. Save as disclosed in this Prospectus, the financial condition and operations of our Group are not likely to be affected by any of the following:-

    (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditure;

    (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and

    (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.

45. Save as disclosed in the section “Subsequent Events” on pages 152 and 153 of the audited combined financial statements, our Directors are not aware of any event which has occurred since 30 June 2002 which may have a material effect on the audited combined financial statements of our Group on pages 118 to 153 of this Prospectus.

46. No Shares shall be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

47. We currently have no intention of changing our auditors after the listing of our Company on the SGX-ST.

Consents

48. The Auditors and Reporting Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the Independent Auditors’ Report on the combined financial statements for the financial years ended 30 June 2000, 30 June 2001 and 30 June 2002, in the form and context in which it is included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

49. The Manager, Underwriter and Placement Agent, the Primary Sub-Underwriters and Primary Sub-Placement Agents, the Solicitors to the Invitation, Solicitors as to Indonesian law, the Share Registrar and Share Transfer Agent, the Principal Bankers and the Receiving Bank have each given and have not withdrawn their written consents to the issue of this Prospectus with the inclusion herein of their names and references thereto in the form and context in which they respectively appear in this Prospectus and to act in such respective capacities in relation to this Prospectus.

50. The Solicitors to the Invitation do not make, or purport to make, any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Prospectus.

Responsibility statement by our Directors

51. This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts the omission of which would make any statements in this Prospectus misleading and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group.

Documents available for inspection

52. The following documents or copies thereof may be inspected at our registered office at No.19 Pandan Road, Singapore 609271 during normal business hours for a period of six months from the date of this Prospectus:-

    (a) the Memorandum and Articles of Association of our Company;

    (b) the Independent Auditors’ Report and audited combined financial statements set out on pages 117 to 153 of this Prospectus;

    (c) the material contracts referred to in paragraph 23 on pages 158 to 160 of this Prospectus;

    (d) the letters of consent referred to in paragraphs 48 and 49 on page 165 of this Prospectus;

    (e) the audited financial statements of our Company and our subsidiaries for financial years ended 30 June 2000, 30 June 2001 and 30 June 2002 (where applicable); and

    (f) the Service Agreements referred to on pages 96 and 97 of this Prospectus.

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply for the New Shares at the Issue Price for each New Share subject to the following terms and conditions:-

1. **Your application must be made in lots of 1,000 New Shares or higher integral multiples thereof. Your application for any other number of New Shares will be rejected.**

2. Your application for Offer Shares may be made by way of Offer Shares Application Forms or by way of electronic applications through ATMs of the Participating Banks ("ATM Electronic Applications") or through Internet Banking ("IB") web-sites of the relevant Participating Banks ("Internet Electronic Applications", which together with ATM Electronic Applications, shall be referred to as "Electronic Applications"). Your application for Placement Shares (other than Reserved Shares) may only be made by way of Placement Shares Application Forms. Your application for Reserved Shares may only be made by way of Reserved Shares Application Forms. **YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE NEW SHARES.**

3. **You are allowed to submit one application in your own name for either the Offer Shares or the Placement Shares (other than Reserved Shares). If you submit an application for Offer Shares by way of a printed Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. If you submit an application for Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Offer Shares by way of an Internet Electronic Application and *vice versa.* Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company.**

   If you, being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you shall not submit any other applications for Offer Shares, whether by way of a printed Application Form or by way of an Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected at the discretion of our Company.

   If you have made an application for Placement Shares (other than Reserved Shares), you shall not make any application for Offer Shares either by way of an Electronic Application or by way of a printed Application Form and *vice versa*. Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company.

   Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of a printed Application Form, you shall not make or procure to make another separate application for Placement Shares (other than Reserved Shares). Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company.

   If you have made an application for Reserved Shares, you may submit ONE separate application for Offer Shares in your own name by way of a printed Application Form or by way of an Electronic Application or submit one separate application for Placement Shares (other than Reserved Shares) by way of a printed Application Form, provided you adhere to the terms and conditions of this Prospectus. SUCH SEPARATE APPLICATIONS SHALL NOT BE TREATED AS MULTIPLE APPLICATIONS.

Joint applications will be rejected. Multiple applications for New Shares will be liable to be rejected at the discretion of our Company. If you submit or procure submissions of multiple share applications (whether for Offer Shares, Placement Shares or both Offer Shares and Placement Shares), you may be deemed to have committed an offence under the Penal Code (Chapter 224) of Singapore and the Securities and Futures Act, and your applications may be referred to the relevant authorities for investigations. Multiple applications or those appearing to be or suspected of being multiple applications are liable to be rejected at the discretion of our Company.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP or applications whose addresses (furnished in your printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers.

5. We will not recognise the existence of a trust. An application by any person must therefore be made in your own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below of this Prospectus.

6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies shall be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION**. If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected in the case of an application by way of a printed Application Form, or you will not be able to complete your Electronic Application in the case of an Electronic Application. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall liable to be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or, in the case of an Electronic Application contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application will be rejected.

8. **IF YOUR ADDRESS AS STATED ON THE APPLICATION FORM OR, IN THE CASE OF AN ELECTRONIC APPLICATION, CONTAINED IN THE RECORDS OF THE RELEVANT PARTICIPATING BANK, AS THE CASE MAY BE, IS DIFFERENT FROM THE ADDRESS REGISTERED WITH CDP, YOU MUST INFORM CDP OF YOUR UPDATED ADDRESS PROMPTLY, FAILING WHICH THE NOTIFICATION LETTER ON SUCCESSFUL ALLOTMENT AND OTHER CORRESPONDENCE FROM CDP WILL BE SENT TO YOUR ADDRESS LAST REGISTERED WITH CDP.**

9. Our Company reserves the right to reject or accept, in whole or in part, or to scale down or ballot, any application without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company will be entertained. This right applies to applications made by way of printed Application Forms and by way of Electronic Applications. In deciding the basis of allotment which shall be at the discretion of our Company, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

10. **Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of a printed Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by improperly drawn up or improper form of remittance or remittances which are not honoured upon the first presentation. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the terms and conditions of this Prospectus, the instructions set out in the printed Application Forms and this Prospectus or the instructions for Electronic Applications and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

11. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you at your own risk, within 15 Market Days after the close of the Application List, a statement showing that your Securities Account has been credited with the number of New Shares allotted to you if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company.

12. In the event that our Company lodges a supplementary or replacement prospectus (the "relevant document") pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Invitation, and the Invitation Shares have not been issued, we will (as required by law) at our sole and absolute discretion either:-

    (i) within 7 days from the date of lodgement of the relevant document give you a copy of the relevant document and provide you with an option to withdraw your application; or

    (ii) treat your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the date of lodgement of the relevant document.

    In the event our Company lodges a supplementary or replacement prospectus prior to the close of the Invitation, and the Invitation Shares have already been issued but trading has not commenced, we will (as required by law) either:-

    (i) within 7 days of the date of lodgement of the relevant document give you a copy of the relevant document and provide you with an option to return the shares subscribed; or

    (ii) treat the issue of the shares as void and refund your payment for the shares (without interest or any share of revenue or other benefit arising therefrom) within 7 days from the date of lodgement of the relevant document.

    Additional terms and instructions applicable upon the lodgement of the supplementary or replacement prospectus, including instructions on how you can exercise the option to withdraw, may be found in such supplementary or replacement prospectus.

13. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of New Shares allotted to you. This authorisation applies to applications made by way of printed Application Forms and by way of Electronic Applications.

14. If there is an over-subscription for the Offer Shares as at the close of the Application List and/or the number of Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise determined by our Directors and approved by the SGX-ST, if required. In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of Application List. Any of the Reserved Shares not taken up will be made available first to satisfy applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares and then to satisfy applications for Offer Shares to the extent there is an over-subscription for Offer Shares.

In the event of under-subscription for the Placement Shares (other than Reserved Shares) as at the close of the Application List, that number of Placement Shares (other than Reserved Shares) under-subscribed shall be made available to satisfy applications for the Offer Shares to the extent there is an over-subscription for the Offer Shares as at the close of the Application List.

In all of the above instances, the basis of allotment of the New Shares as may be decided upon by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as is practicable, via an announcement through the SGX-ST and by advertisement in a generally circulating daily press.

15. By completing and delivering an Application Form and by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB web-site screen (as the case may be) in accordance with the provisions herein, you:-

    (a) irrevocably offer to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price and agree that you will accept such Shares as may be allotted to you, in each case in accordance with, and subject to, the terms and conditions set out in the Prospectus and the Memorandum and Articles of Association of our Company; and

    (b) warrant the truth and accuracy of the information in your application.

16. We will not allot Shares on the basis of this Prospectus later than six months after the date of registration of this Prospectus.

17. Our acceptance of applications will be conditional, *inter alia*, upon our Company being satisfied that:-

    (a) permission has been granted by the SGX-ST to deal in, and for quotation of, all our existing Shares, the New Shares and the Option Shares on the Official List of the SGX-ST;

    (b) the Management and Underwriting Agreement and Placement Agreement referred to on pages 161 to 163 of this Prospectus have become unconditional and have not been terminated; and

    (c) the Authority has not served a stop order which directs that no or no further shares to which this Prospectus relates be allotted.

18. In the event that a stop order in respect of the Invitation Shares is served by the Authority or other competent authority; and

    (a) the Invitation Shares have not been issued, we will deem all applications withdrawn and cancelled and we will refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the stop order; or

    (b) the Invitation Shares have already been issued but trading has not commenced, the issue will be deemed void and we will refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the stop order.

    This shall not apply where only an interim stop order has been served.

19. In the event that an interim stop order in respect of the Invitation Shares is served by the Authority or other competent authority, no Invitation Shares shall be issued to you until the Authority revokes the interim stop order.

20. The Authority may not serve a stop order in respect of the Invitation Shares if the Invitation Shares have been issued and listed on a securities exchange and trading in them has commenced.

21. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted to you pursuant to your application, to authorised operators.

22. Any reference to "you" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of Electronic Application or by way of printed Application Forms and a person applying for the Placement Shares through any of the Placement Agents and a person applying for the Reserved Shares by way of printed Application Forms.

23. Additional terms and conditions for applications by way of printed Application Forms are set out on pages 170 to 173 of this Prospectus.

24. Additional terms and conditions for applications by way of Electronic Applications are set out on pages 173 to 182 of this Prospectus.

25. We will not hold any applications in reserve.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING PRINTED APPLICATION FORMS

You shall make an application by way of printed Application Forms, and subject to, the terms and conditions of this Prospectus, including but not limited to the terms and conditions appearing below and including those set out under the section "Terms, Conditions and Procedures for Application and Acceptance" found on pages 166 to 170 of this Prospectus, as well as in the Memorandum and Articles of Association of our Company.

1. Your application must be made using the **WHITE** Application Forms and official envelopes "A" and "B" for Offer Shares, the **BLUE** Application Forms for Placement Shares (other than Reserved Shares) or the **PINK** Application Forms for Reserved Shares accompanying and forming part of this Prospectus. We draw your attention to the detailed instructions set out in the respective Application Forms and this Prospectus for the completion of the respective Application Forms which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete or incorrectly completed or which are accompanied by improperly drawn up or improper form of remittances or remittances which are not honoured upon the first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using BLOCK LETTERS. All spaces in the Application Forms, except those under the heading "FOR OFFICIAL USE ONLY", must be completed and the words "NOT APPLICABLE" or "N.A." should be written in any space that is not applicable.

3. Individuals, corporations and approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names appearing in your identity cards (if you have such identification documents) or in your passports and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Application Forms under the hand of an official who must state the name and capacity in which that official signs the Application Forms. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or the equivalent constitutive document(s) of the corporation. If you are a corporate applicant and your application is

successful, a copy of your Memorandum and Articles of Association or the equivalent constitutive document(s) must be lodged with our Company's Share Registrar and Share Transfer Agent. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.

4. (a) You must complete sections A and B and sign page 1 of the Application Form.

   (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

   (c) If you fail to make the required declaration in paragraph 7(a) or 7(b) (as the case may be) on page 1 of the Application Form, your application is liable to be rejected.

5. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of "**ASL SHARE ISSUE ACCOUNT**" and crossed "**A/C PAYEE ONLY**" and with your name and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by **ANY OTHER FORM OF PAYMENT WILL NOT BE ACCEPTED**. We will reject remittances bearing "Not Transferable" or "Non Transferable" crossings. No acknowledgement or receipts will be issued by our Company or the Manager for applications and application monies received.

6. You, whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the New Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50 per cent. of the issued share capital of or interests in such corporation.

7. Unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List. In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 5 Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a stop order by the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your risk within 14 days from the date of the stop order.

8. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

9. In consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 13 March 2003 or remain open for such further period or periods as our Company may, in consultation with the Manager, decide and by completing and delivering the Application Form, you agree that:-

   (a) your application is irrevocable;

(b) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment and you will not be entitled to any interest or any share of revenue or other benefit arising therefrom;

(c) in respect of New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) all applications, acceptances and contracts resulting therefrom pursuant to the Invitation shall be governed by and construed in accordance with the laws of Singapore (including, without limitation, the Securities and Futures Act and all applicable regulations relating thereto) and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and

(f) in making your application, reliance is placed solely on the information contained in the Prospectus and that none of our Company, the Manager, the Underwriter, the Placement Agents nor any other person involved in the Invitation shall have any liability for any information not so contained.

10. Application for Offer Shares

(a) Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and the **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.

(b) You must: -

(i) enclose the **WHITE** Offer Shares Application Form, duly completed and executed, together with the correct remittance in accordance with the terms and conditions of this Prospectus in the **WHITE** official envelope “A” which is provided;

(ii) in the appropriate spaces on the **WHITE** official envelope “A”:-

(aa) write your name and address;

(bb) state the number of Offer Shares applied for; and

(cc) affix adequate Singapore postage.

(iii) **SEAL THE WHITE OFFICIAL ENVELOPE “A”;**

(iv) write, in the appropriate box provided on the larger official **WHITE** envelope “B” addressed to **ASL MARINE HOLDINGS LTD, C/O UOB ASIA LIMITED, 1 RAFFLES PLACE #13-01, OUB CENTRE, SINGAPORE 048616**, the number of Offer Shares for which the application is made; and

(v) insert **WHITE** official envelope “A” into **WHITE** official envelope “B”. You must seal the **WHITE** official envelope “B”, affix adequate Singapore postage on envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** at your own risk to **UOB ASIA LIMITED, 1 RAFFLES PLACE #13-01, OUB CENTRE, SINGAPORE 048616** so as to arrive by **12.00 NOON ON 13 MARCH 2003** or such further period or periods as our Company may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post **MUST NOT** be used. **ONLY ONE APPLICATION** should be enclosed in each envelope. No receipt or acknowledgement will be issued for any application or remittance received.

(c) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances are liable to be rejected.

11. **Application for Placement Shares (other than Reserved Shares)**

Your application for Placement Shares (other than Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Forms. The completed **BLUE** Placement Shares Application Form and your remittance in full in respect of the number of Placement Shares applied for, with your name and address written clearly on the reverse side in accordance with the terms and conditions of this Prospectus must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **UOB ASIA LIMITED, 1 RAFFLES PLACE #13-01, OUB CENTRE, SINGAPORE 048616** so as to arrive by **12.00 NOON ON 13 MARCH 2003** or such further period or periods as our Company may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post **MUST NOT** be used. **ONLY ONE APPLICATION** should be enclosed in each envelope. No receipt or acknowledgement will be issued for any application or remittance received.

12. **Application for Reserved Shares**

Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Forms. The completed **PINK** Reserved Shares Application Form and your remittance in full in respect of the number of Reserved Shares applied for, with your name and address written clearly on the reverse side in accordance with the terms and conditions of this Prospectus must be enclosed and sealed in an envelope to be provided by you. The sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to our Company's registered office so as to arrive by **12.00 NOON ON 13 MARCH 2003** or such further period or periods as our Company may, in consultation with the Manager, decide. Local Urgent Mail or Registered Post **MUST NOT** be used. **ONLY ONE APPLICATION** should be enclosed in each envelope. No receipt or acknowledgement will be issued for any application or remittance received.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB web-site screens (in the case of Internet Electronic Applications) of the relevant Participating Banks (the "Steps"). Currently, UOB Group and DBS are the only Participating Banks through which Internet Electronic Applications may be made. For illustration purposes, the procedures for Electronic Applications through ATMs of the UOB Group and the IB web-site of the UOB Group are set out in the "Steps for an ATM Electronic Application through the ATMs of the UOB Group" and the "Steps for an Internet Electronic Application through the IB web-site of the UOB Group" (the "UOB Steps") on pages 179 to 182 of this Prospectus, respectively. Please read carefully the terms of this Prospectus, the Steps, and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

Any reference to "you" in these additional terms and conditions for Electronic Applications and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB web-site of the relevant Participating Banks. For an ATM Electronic Application, you must have an existing bank account with, and be an ATM cardholder of, one of the Participating Banks before you can make an ATM Electronic Application at an ATM of that Participating Bank. An ATM card issued by one Participating Bank cannot be used to apply for the Offer Shares at an ATM belonging to another Participating Bank. For an Internet Electronic Application, you must have an existing bank account with and an IB User Identification ("User ID") and a Personal Identification Number/Password given by a relevant Participating Bank. The UOB Steps set out the actions that you must take at ATMs of the UOB Group or the IB web-site of the UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB web-sites of other Participating Banks are set out on the ATM screens or the IB web-site screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip ("Transaction Record") confirming the details of your ATM Electronic Application. Upon completion of your Internet Electronic Application through the IB web-site of the UOB Group, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that your mailing address for the account selected for the application is in Singapore and the application is being made in Singapore. Otherwise your application is liable to be rejected. In this connection, you will be asked to declare that you are in Singapore at the time when you make your application.

You shall make an Electronic Application in accordance with, and subject to, the terms and conditions of this Prospectus including but not limited to those appearing below and those set out under the section on "Terms, Conditions and Procedures for Application and Acceptance" found on pages 166 to 182 of this Prospectus, as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application i.e. that:-

   (a) you have received a copy of the Prospectus (in the case of an ATM Electronic Application only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;

   (b) you consent to the disclosure of your name, NRIC/passport number, nationality and permanent residence status, address, CPF Investment Account number (if applicable), CDP Securities Account number and share application amount (the "Relevant Particulars") maintained with the relevant Participating Bank to the CDP, SGX-ST, CPF, SCCS, Share Registrar, our Company and the Manager (the "Relevant Parties"); and

   (c) this is your only application for Offer Shares and it is made in your own name and at your own risk.

   Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB web-site unless you press the "Enter" or "Confirm" or "Yes" or "OK" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB web-site screen. By doing so, you signify your confirmation of each of the above statements. In respect of statement 1(b) above, such confirmation shall signify, and shall be treated as, your written permission given in accordance with the relevant laws of Singapore including Section 47(4) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars of your account(s) with the Participating Bank to the Relevant Parties.

2. You may make an ATM Electronic Application at an ATM of any Participating Bank or an Internet Electronic Application at the IB web-site of a relevant Participating Bank for Offer Shares in the form of cash only by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

3. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "Confirm" or "Yes" or "OK" or any other relevant key on the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB web-site screen) of the number of Offer Shares applied for shall signify, and shall be treated as, your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.

4. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.

5. You are deemed to have irrevocably requested and authorised our Company to:-

   (a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;

   (b) send the relevant Share certificate(s) to CDP;

   (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies in Singapore currency should your Electronic Application be rejected, by automatically crediting your bank account with your relevant Participating Bank with the relevant amount within 24 hours of balloting; and

   (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore currency should your Electronic Application be accepted in part only, by automatically crediting your bank account with your relevant Participating Bank with the relevant amount within 14 days after the close of the Application List.

6. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS NOMINEE FOR ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS BENEFICIAL OWNER.**

   YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR THE OFFER SHARES. YOU SHALL NOT MAKE ANY OTHER APPLICATION FOR NEW SHARES (OTHER THAN RESERVED SHARES), WHETHER AT THE ATMS OR THE IB WEB-SITES (IF ANY) OF ANY PARTICIPATING BANKS OR ON THE PRESCRIBED PRINTED APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR NEW SHARES (OTHER THAN RESERVED SHARES) IN AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND *VICE VERSA*.

7. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company and the Manager and if, in any such event, the Participating Banks and/or our Company and/or the Manager do not record or receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Manager, the Participating Banks, or our Company for Offer Shares applied for or for any compensation, loss or damage.

8. Electronic Applications shall close at 12.00 noon on 13 March 2003 or remain open for such further period or periods as our Company may, in consultation with the Manager, decide. An Internet Electronic Application is deemed to be received only upon its completion, that is, when there is an on-screen confirmation of the application.

9. All your particulars in the records of the relevant Participating Banks at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.

10. You must have sufficient funds in your bank account(s) with the relevant Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. Any Electronic Application which does not strictly conform to the instructions set out in this Prospectus or on the screens of the ATM or IB web-site through which that Electronic Application is being made will be rejected.

11. **We will not keep any applications in reserve**. Where your Electronic Application is rejected, it is expected that the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your bank account(s) with the relevant Participating Bank within 24 hours of balloting. **Trading on a "when issued" basis, if applicable, is expected to commence after such refund has been made**. Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your bank account(s) with the Participating Bank within 14 days after the close of the Application List.

    The responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Application lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of application monies to you from your unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares, if any, which have been allotted to you before trading the Offer Shares on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, our Company or the Manager assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

    If your Electronic Application is unsuccessful, no notification will be sent by the Participating Banks.

    If you make your Electronic Application through the ATMs or IB web-sites of the following Participating Banks, you may check the results of your Electronic Application as follows:-

Bank	**Telephone**	**Other Channels**	**Operating Hours**	**Service expected from**
UOB Group	1800 222 2121	ATM (Other Transactions - "IPO Enquiry")(1) http://www.uobgroup.com(1)(2)	ATM/Phone Banking - 24 hours a day Internet Banking - 24 hours a day	6 p.m. on the balloting day Evening of the balloting day
DBS	POSB Account holders 1800 339 6666 DBS Account holders 1800 111 1111	Internet Banking or Internet Kiosk http://www.dbs.com(2)	24 hours a day	Evening of the balloting day
OCBC Group	1800 363 3333	ATM	ATM/Phone Banking - 24 hours a day	Evening of the balloting day

(1) If you make your Electronic Application through the ATMs or IB web-site of the UOB Group, you may check the results of your application through the UOB Group Personal Unibanking, ATMs of UOB Group or UOB PhoneBanking Services.

(2) If you make your Internet Electronic Application through the IB web-site of the UOB Group or DBS, you may also check the result of your application through the same channels listed in the table above in relation to ATM Electronic Application made at ATMs of the UOB Group or DBS.

12. In consideration of our Company making available the Electronic Application facility through the ATMs and the IB web-sites (if any) of the Participating Banks and agreeing to close the Application List at 12.00 noon on 13 March 2003 or remain open for such further period or periods as our Company may, in consultation with the Manager, decide and by making and completing an Electronic Application, you agree that:-

    (a) your Electronic Application is irrevocable;

    (b) your Electronic Application, the acceptance of your Electronic Application by our Company and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

    (c) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

    (d) neither our Company, the Manager nor the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 on page 175 of this Prospectus or to any cause beyond their respective controls;

    (e) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding receipt of any payment by or on behalf of our Company; and

    (f) in making your application, reliance is placed solely on the information contained in this Prospectus and that none of our Company, the Manager, the Underwriter, the Placement Agents nor any other involved in the Invitation shall have any liability for any information not so contained.

13. We do not recognise the existence of a trust. Any Electronic Application by a person must be made in your own name(s) and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.

INSTRUCTIONS FOR ELECTRONIC APPLICATIONS THROUGH ATMS OF THE UOB GROUP AND THE IB WEB-SITE OF THE UOB GROUP

The instructions for using Electronic Application will appear on the ATM screens and the IB web-site screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through the UOB Group's ATMs or through the IB web-site of the UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB web-site screens (if any) of the relevant Participating Banks (other than the UOB Group) may differ from that represented below.

Due to space constraints on the UOB Group's ATM screens, the following terms will appear in abbreviated form:-

"&"	:	AND
"AC" and "A/CS"	:	ACCOUNT and ACCOUNTS, respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	CENTRAL PROVIDENT FUND
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT
"ESA"	:	ELECTRONIC SHARE APPLICATION
"IC/PSSPT"	:	NRIC or PASSPORT NUMBER
"NO" or "NO."	:	NUMBER
"PERSONAL NO."	:	PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	:	SHARE REGISTRARS
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
"UOB/ICB CPFIS"	:	UOB or ICB CPF INVESTMENT SCHEME
"YR"	:	YOUR

Steps for an ATM Electronic Application through the ATMs of the UOB Group

Step

1 : Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.

2 : Select “CASH CARD/OTHER TRANSACTIONS”

3 : Select “SECURITIES APPLICATION”

4 : Select “ESA-FIXED”

5 : Select the share counter which you wish to apply for.

6 : Read and understand the following statements which will appear on the screen:-

- **THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT**

(Customer to press “Enter” to continue)

- **PLEASE CALL 1800-22-22-121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/DOCUMENT**

- **WHERE APPLICABLE, A COPY OF THE PROSPECTUS HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/DOCUMENT**

Press the “ENTER” key to confirm that you have read and understood the above statements.

7 : Read and understand the following terms which will appear on the screen:-

- **YOU HAVE READ UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS/DOCUMENT & THIS ELECTRONIC APPLICATION**

- **YOU CONSENT TO DISCLOSE YR NAME IC/PSSPT NATIONALITY ADDR APPLN AMT CPFINVT A/C NO & CDP A/C NO FROM YR A/CS TO CDP CPF SCCS REGISTRARS & ISSUER/VENDOR(S)**

- **THIS IS YR ONLY FIXED PRICE APPLN & IS IN YR NAME AND AT YR RISK**

(Customer to press “Enter” to continue)

8 : Screen will display :-

- **NRIC/Passport No. XXXXXXXXXXX**

IF YOUR NRIC NO/PASSPORT NO IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.

(Customer to press “Cancel” or “Confirm”)

9 : Select mode of payment i.e. “CASH ONLY”. You will be prompted to select Cash A/c type to debit (ie, Current A/c or Saving A/c). Should you have a few a/cs linked to this ATM card, a list of linked A/cs Number will be displayed for you to select

10 : After you have selected ACCOUNT, CDP A/c No. will be displayed for you to confirm or change (This screen with CDP A/c No. will be shown for applicants whose CDP No. is already stored in our ATM system). For applicant who is first time using UOB’s ATM to apply for IPO, the CDP No. will not be stored in UOB’s ATM system, hence below screen will be displayed to you for your input of CDP No. , read and understand the following terms which will appear on the screen:-

PLEASE DO NOT APPLY FOR YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES

PLEASE USE YOUR OWN ATM CARD

DO NOT KEY IN THE CDP A/C NO OF YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES

KEY IN YOUR CDP A/C NO. (12 DIGITS) 1681-XXXX-XXXX

PRESS ENTER KEY

11 : Key in your CDP Securities Account number (12 digits) and press the “ENTER” key.

12 : Select your nationality status.

13 : Key in the number of Shares you wish to apply for and press the “ENTER” key.

14 : Check the details of your Electronic Application on the screen and press “ENTER” key to confirm your Electronic Application.

15 : Select “NO” if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

Owing to space constraints on UOB Group's IB web-site screen, the following terms will appear in abbreviated form:-

"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"NRIC" or "I/C"	:	National Registration Identity Card
"PR"	:	Permanent Resident
"SGD" or "$"	:	Singapore dollars
"SCCS"	:	Singapore Clearing & Computer Services (Pte) Ltd
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

Steps for Internet Electronic Applications through the IB web-site of UOB Group

STEP 1 : Connect to UOB web-site at http: //www.uobgroup.com

2 : Locate the Login icon at the top title bar of the Home Page

3 : Click on Login > to UOB > Personal UniBanking

4 : Enter your Username and Password and click "Submit"

5 : Select Investment Services (IPO Application should be the default transaction that appears, if not click IPO Application)

6 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions

7 : Click "Continue"

8 : Select your country of residence (you must be residing in Singapore to apply) and click "Continue"

9 : Select the IPO counter from the drop list (if there are concurrent IPOs) and click "Continue"

10 : Check the share counter and select the mode of payment and account to debit, and click on "Continue"

11 : Read the IMPORTANT instructions and click on "Confirm" to confirm that:-

(a) **You have read, understood and agreed to all the terms and conditions of this application and the Prospectus**

(b) **You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities account number, CPF Investment account number, and application details to the share registrars, CDP, SGX-ST, SCCS, CPF Board and issuer/vendor(s)**

(c) **This application is made in your own name and at your own risk**

(d) **For FIXED/MAX price share application, this is your only application. For TENDER price share application, this is your only application for this share at the selected tender price**

12 : Check your personal details, details of the share counter you wish to apply for and account to debit.

Enter (a) your CDP securities account number; and
(b) the number of shares applied for.

13 : Check details of your application, your NRIC and Passport number, CDP securities account and the number of shares applied for, share counter, payment mode and account to debit.

14 : Click “Confirm”, “Edit” or “Cancel”.

15 : Print the Confirmation Screen (optional) for your own reference.

DETAILS OF VESSELS OPERATED BY OUR GROUP AS AT 30 JUNE 2002

(a) Tugboats

No	Name/Serial Number	Capacity (Kw)	Flag	Year Built
1	ASL Apex	2x335	Singapore	1995
2	ASL Beaver	2x265	Singapore	1994
3	ASL Bulan	2x373	Singapore	1989
4	ASL Denise	2x93	Singapore	1979
5	ASL Eagle	2x265	Singapore	1993
6	ASL Enterprise	2x800	Indonesia	1965
7	ASL Falcon	2x375	Singapore	1991
8	ASL Gallant	2x537	Singapore	2000
9	ASL Glory	2x895	Singapore	1997
10	ASL Grace	2x537	Singapore	2000
11	ASL Growth	2x265	Singapore	1996
12	ASL Harmony	2x403	Singapore	1997
13	ASL Hawk	2x265	Singapore	1996
14	ASL Kinetic	2x537	Singapore	2001
15	ASL Maju	2x403	Singapore	2001
16	ASL Marine 1	2x265	Singapore	1996
17	ASL Marine 3	2x351	Singapore	1994
18	ASL Marine 6	2x350	Singapore	1992
19	ASL Marine 8	2x403	Singapore	1994
20	ASL Mega	2x261	Singapore	1991
21	ASL Pelangi	2x272	Singapore	1981
22	ASL Power	2x351	Singapore	1993
23	ASL Premier	2x272	Singapore	1991
24	ASL Prevail	2x403	Singapore	1996
25	ASL Progress	2x331	Singapore	1993
26	ASL Pronto	2x403	Singapore	1996
27	ASL Prospect	2x403	Singapore	1996
28	ASL Prosper	2x403	Singapore	1995
29	ASL Ranger	2x470	Singapore	1998
30	ASL Seahorse	2x265	Singapore	1995
31	ASL Sealion	2x265	Singapore	1993
32	ASL Sigma	2x330	Singapore	1996
33	ASL Sincere	2x501	Singapore	1995
34	ASL Stellar	2x374	Singapore	1997
35	ASL Success	2x261	Singapore	1994
36	ASL Swift	2x375	Singapore	1991
37	ASL Taurus	2x501	Singapore	1991
38	ASL Unity	2x882	Singapore	1992
39	Island Tamara 11	2x447	Singapore	1997
40	Island Tamara 9	2x447	Singapore	1997
41	Polystar	2x100	–	1970
42	Vison	3x283	Singapore	1999

(b) Flat-top deck cargo barges

No	Name	Capacity (tonnes)	Flag	Year Built
1	ASL No. 1	1,500	Singapore	1989
2	ASL 15	2000	Singapore	1991
3	ASL 18	1400	Singapore	1992
4	ASL 21	2200	Singapore	1992
5	ASL 28	500	Singapore	1996
6	ASL 29	1400	Singapore	1996
7	ASL 30	2500	Singapore	1996
8	ASL 31	1500	Singapore	1996
9	ASL 32	500	Singapore	1996
10	ASL 33	1500	Singapore	1996
11	ASL 39	1900	Singapore	1997
12	ASL 40	2500	Singapore	1997
13	ASL 43	500	Singapore	1998
14	ASL 46	3400	Singapore	2000
15	ASL 47	3400	Singapore	2000
16	ASL 50	950	Singapore	1995
17	ASL 52	2000	Singapore	1993
18	ASL 53	2000	Singapore	1993
19	ASL 54	2000	Singapore	1993
20	ASL 55	3400	Singapore	2001
21	ASL 56	3400	Singapore	2002
22	ASL 57	3400	Singapore	2001
23	ASL 58	3400	Singapore	2001
24	ASL 59	3400	Singapore	2001
25	ASL 60	3200	Singapore	2001
26	ASL 62	3200	Singapore	2002
27	ASL 63	2000	Singapore	2001
28	ASL 66	3000	Singapore	2001
29	ASL 67	3000	Singapore	2001
30	ASL 68	3200	Singapore	1995
31	ASL 70	3200	Singapore	2002
32	ASL 71	1400	Singapore	1994
33	ASL 72	2000	Singapore	1996
34	ASL 73	3200	Singapore	2002
35	ASL 75	3200	Singapore	2002
36	ASL 76	3200	Singapore	2002
37	ASL 77	3200	Singapore	2002
38	ASL 78	3200	Singapore	2002
39	ASL 79	2000	Singapore	1993
40	ASL 80	250	Singapore	2002
41	ASL 81	2800	Singapore	1997
42	ASL 82	2000	Singapore	1993
43	ASL 83	2000	Singapore	1993
44	IT 308	2800	Singapore	1997
45	ASL 37	500	Singapore	1990
46	ASL 51	600	Singapore	1991
47	ASL 61	3,400	Singapore	1995
48	ASL 65	1000	Singapore	1995
49	SR1562	3	Singapore	1994
50	ASL 69	3,500	Singapore	2001

(c) Hopper barges

No	Name	Capacity	Flag	Year Built
1	ASL HOPPER 1	1000 cu m	Singapore	1993
2	ASL HOPPER 2	1000 cu m	Singapore	1993
3	Door 2	900 cu m	Singapore	1991
4	Door 3	900 cu m	Singapore	1991

(d) Clamp-shell dredgers

No	Name	Capacity	Flag	Year Built
1	Excel	4 cu m	Cambodia	1971
2	Tango 88	4 cu m	Hondurus	1981

(e) Jetty pontoon

No	Name	Flag	Year Built
1	ASL J1	-	1992
2	APS II	-	1979

SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

MEMORANDUM OF ASSOCIATION

Paragraph 3 of the Memorandum of Association sets out the objects for which the Company is formed, including acting as a holding and investment company. Its powers are set out in Clause 3 of the Memorandum of Association.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

The discussion below provides information about certain provisions of our Memorandum and Articles of Association and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Memorandum and Articles of Association.

The instruments that constitute and define the Company are the Memorandum and Articles of Association of the Company.

1. Memorandum of Association and Registration Number

The registration number with which the Company was incorporated is 200008542N. Our Memorandum of Association states that the liability of shareholders of our Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that our Company is an exempted company as defined in the Act. Our Memorandum of Association also sets out the objects for which our Company was formed, including acting as a holding and investment company, and the powers of our Company.

2. Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any contract proposed contract or arrangement or any other proposal in which he has any personal material interest and shall not be counted in the quorum present at the meeting.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Managing Director shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes, but shall not be by a commission on or a percentage of turnover.

The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(c) **Borrowing**

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital and to secure any debt, liability or obligation of our Company.

(d) **Retirement Age Limit**

There is no retirement age limit for Directors under our Articles of Association. Section 153(1) of the Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company.

(e) **Shareholding Qualification**

There is no shareholding qualification for Directors in the Memorandum and Articles of Association of the Company.

3. **Share rights and restrictions**

Our Company currently has one class of shares, namely, ordinary shares. Only persons who are registered on our register of shareholders and in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as our shareholders.

(a) **Dividends and distribution**

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits; however, we may capitalise our share premium account and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid pro-rata amongst our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six (6) years after having been declared may be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividend or other moneys payable on or in respect of a share on which our Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) **Voting rights**

A holder of our ordinary shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every shareholder present in person and by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, only one of the two proxies as determined by that shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10 per cent. of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

4. Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our shareholders' approval by way of a special resolution for any reduction of our share capital, redemption reserve, fund or any share premium account or other undistributable reserve, subject to the conditions prescribed by law.

5. Variation of rights of existing shares or classes of shares

Subject to the Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, all the provisions of these presents relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

The relevant Article does not impose more significant conditions than the Act in this regard.

6. Limitations on shareholders regarded as non-residents of Singapore

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our shareholders who are regarded as non-residents of Singapore to hold or vote their shares.

RULES OF THE ASL EMPLOYEE SHARE OPTION SCHEME

1. DEFINITIONS

In this Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:-

"Act"	The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time.
"Associate"	Shall have the meaning assigned to it in the Listing Rules.
"Associated Company"	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group and over which the Company has control.
"Associated Company Employee"	Any confirmed employee (including directors) of an Associated Company selected by the Committee to participate in the Scheme.
"Auditors"	The auditors of the Company for the time being.
"Board"	The board of Directors of the Company for the time being.
"CDP"	The Central Depository (Pte) Limited.
"Committee"	A committee of Directors who are duly authorised and appointed by the Board pursuant to Rule 16 to administer the Scheme for the time being and where the Company has established a Remuneration Committee pursuant to the Code of Corporate Governance (which was accepted by the Ministry of Finance on 4 April 2001), the Remuneration Committee shall administer the Scheme.
"Company" or "ASL"	ASL Marine Holdings Ltd.
"Controlling Shareholder"	A shareholder who:- (a) holds directly or indirectly fifteen (15) per cent. or more of the issued share capital of the Company; or (b) in fact exercises control over the Company.
"Date of Grant"	The date on which an Option is granted to a Participant pursuant to Rule 7.
"Director"	A person holding office as a director for the time being of the Company.
"EGM"	Extraordinary General Meeting.
"Executive Director"	A director who is an employee of the Group and who performs an executive function.

"Exercise Price"	The price at which a Participant shall subscribe for each Share upon the exercise of an Option, as determined in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10.
"Financial Year"	Each period of twelve (12) months or more or less than twelve (12) months, at the end of which the balance of accounts of the Company are prepared and audited, for the purpose of laying the same before an annual general meeting of the Company.
"Grantee"	The person to whom an offer of an Option is made.
"Group"	The Company, its Subsidiaries and Associated Companies (as they may exist from time to time).
"Group Employee"	Any confirmed employee of the Group (including an Executive Director) selected by the Committee to participate in the Scheme in accordance with Rule 4.
"Listing Rules"	The rules constituted in the Listing Manual of the SGX-ST.
"Market Day"	A day on which the SGX-ST is open for trading of securities.
"Market Price"	The average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Offer Date Provided always that in the case of a Market Day on which the Shares of the Company are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices.
"Non-Executive Director"	A director of the Company and/or its subsidiaries, other than one who performs an executive function.
"Offer Date"	The date on which an offer to grant an Option is made pursuant to the Scheme.
"Option"	The right to subscribe for Shares granted or to be granted to a Group Employee pursuant to the Scheme and for the time being subsisting.
"Option Period"	Subject as provided in Rules 11 and 15, the period for the exercise of an Option being:- (a) in the case of an Option granted to a Group Employee (other than Options granted to Non-Executive Directors and/or Associated Company Employees), a period commencing after the first anniversary of the Offer Date and expiring on (and including) the date immediately preceding the tenth anniversary of the Offer Date or such other shorter period determined by the Committee; and (b) in the case of an Option granted to Non-Executive Directors and/or Associated Company Employees, a period commencing after the first anniversary of the Offer Date and expiring on (and including) the date immediately preceding the fifth anniversary of the Offer Date or such other shorter period determined by the Committee, Provided that where the Exercise Price for the Shares comprised in an Option is set at a discount to the Market Price, such Option may not be exercised before the second anniversary of such Offer Date.

"Participant"	The holder of an Option.
"Record Date"	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.
"Scheme"	The ASL Employee Share Option Scheme as modified or amended from time to time.
"$" or "S$"	Singapore dollars.
"SGX-ST"	The Singapore Exchange Securities Trading Limited.
"Shares"	Ordinary shares of S$0.10 each in the capital of the Company.
"Shareholders"	The registered holders for the time being of the Shares (other than the CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register.
"Subsidiary"	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Act.

The terms "Depositor", "Depository Register" and "Depository Agent" shall have the meanings ascribed to them respectively by Section 130A of the Act.

The term "Associate" shall have the meaning ascribed to it by the Listing Rules.

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter gender. References to persons shall include corporations.

Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Scheme shall, where applicable, have the same meaning assigned to it under the Act. Any reference in this Scheme to a time of day shall be a reference to Singapore time unless otherwise stated.

2. NAME OF THE SCHEME

The Scheme shall be called the "ASL Employee Share Option Scheme".

3. OBJECTIVES OF THE SCHEME

The Scheme will provide an opportunity for Group Employees who have contributed significantly to the growth and performance of our Group (including Executive Directors) and who satisfy the eligibility criteria as set out in Rule 4 of the Scheme, to participate in the equity of our Company.

The Scheme is primarily a share incentive scheme. It recognises the fact that the services of such Group Employees and Non-Executive Directors are important to the success and continued well-being of the Group. Implementation of the Scheme will enable the Company to give recognition to the contributions made by such Group Employees. At the same time, it will give such Group Employees an opportunity to have a direct interest in the Company at no direct cost to its profitability and will also help to achieve the following positive objectives:-

(a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;

(b) to retain key employees and Executive Directors whose contributions are essential to the long-term growth and prosperity of our Group;

(c) to instill loyalty to, and a stronger identification by participants with the long-term prosperity of, our Group;

(d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and

(e) to align the interests of participants with the interests of our Shareholders.

4. ELIGIBILITY

The following persons shall be eligible to participate in the Scheme at the absolute discretion of the Committee:-

(a) Confirmed Group Employees (including Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the Date of Grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine; and

(b) Controlling Shareholders and their Associates whose participation in the Scheme and the grant of Options to whom, including the actual number and terms (including the exercise price, the basis used in computing the exercise price, the price fixing period as well as the justifications for any discounts to the prevailing market price of the Shares which may be given), have been approved by independent Shareholders in general meeting in separate resolutions for each Controlling Shareholder or their Associates (as the case may be) prior to each such grant Provided always that it shall not be necessary to obtain the approval of the independent Shareholders for the participation in the Scheme of a Controlling Shareholder who is, at the relevant time, already a Participant.

Non-Executive Directors shall also be eligible to participate in the Scheme.

Directors and employees of the Company's parent company and its subsidiaries (other than the Company and the Company's subsidiaries) are not entitled to participate in the Scheme.

There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other companies within the Group.

5. MAXIMUM ENTITLEMENT

Subject to Rule 4 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the discretion of the Committee who shall take into account criteria such as rank, past performance, years of service and potential development of the Participant.

Notwithstanding the above, the actual number of new Shares in respect of Options and the terms for any grant of Options under the Scheme to Controlling Shareholders and/or their Associates shall be approved by the independent Shareholders in a separate resolution for each such person subject to the following:-

(a) the aggregate number of Options available to Controlling Shareholders and their Associates under the Scheme shall not exceed twenty-five (25) per cent. of the total number of Shares which may be issued pursuant to the exercise of the Options under the Scheme; and

(b) the number of Options available to each Controlling Shareholder or his Associates shall not exceed ten (10) per cent. of the total number of Shares which may be issued pursuant to the exercise of the Options under the Scheme.

6. LIMITATION ON SIZE OF THE SCHEME

The aggregate nominal amount of Shares over which the Committee may grant Options on any date, when added to the nominal amount of Shares issued and issuable in respect of all Options granted under the Scheme shall not exceed fifteen (15) per cent. of the issued share capital of the Company on the day immediately preceding the Offer Date of the Option.

7. OFFER DATE

7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the Scheme is in force, except that no Options shall be granted during the period of thirty (30) days immediately preceding the date of announcement of the Company's interim and/or final results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day on which such announcement is released.

7.2 An offer to grant the Option to a Grantee shall be made by way of a letter (the "Letter of Offer") in the form or substantially in the form set out in Appendix 1, subject to such amendments as the Committee may determine from time to time.

8. ACCEPTANCE OF OFFER

8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the thirtieth (30th) day from such Offer Date (a) by completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Appendix 2, subject to such modification as the Committee may from time to time determine, accompanied by payment of S$1.00 as consideration or such other amount and such other documentation as the Committee may require and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Scheme in accordance with these Rules.

8.2 If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.

8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice given pursuant to Rule 12 which does not strictly comply with the terms of the Scheme.

8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 11.6 in the event of the death of such Grantee.

8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 1,000 Shares. The Committee shall, within fifteen (15) Market Days of receipt of the Acceptance Form and consideration, acknowledge receipt of the same.

8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Participant shall have no claim whatsoever against the Company.

8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:-

(a) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period; or

(b) the Participant dies prior to his acceptance of the Option; or

(c) the Participant is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or

(d) the Grantee being a Group Employee ceases to be in the employment of the Group or (being an Executive or Non-Executive Director, as the case may be) ceases to be a Director of the Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or

(e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

9. EXERCISE PRICE

9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at:-

(a) the Market Price; or

(b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any option shall not exceed 20 per cent. of the Market Price in respect of that Option.

9.2 In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:-

(a) the performance of the Company, its Subsidiaries and Associated Companies, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth;

(b) the years of service and individual performance of the eligible Group Employee;

(c) the contribution of the eligible Group Employee to the success and development of the Company and/or the Group; and

(d) the prevailing market conditions.

9.3 Where the Exercise Price as determined above is less than the nominal value of the Share, the Exercise Price shall be the nominal value.

10. ALTERATION OF CAPITAL

10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:-

(a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or

(b) the nominal value, class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or

(c) the maximum entitlement in any one Financial Year; and/or

(d) the nominal value, class and/or number of Shares in respect of which additional Options may be granted to Participants,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made (a) which would result in the Shares to be issued upon the exercise of an Option being issued at a discount to the nominal value and if such an adjustment would but for this sub-Clause have so resulted, the Exercise Price payable shall be the nominal value of a Share, (b) if as a result, the Participant receives a benefit that a Shareholder does not receive; and (c) unless the Committee after considering all relevant circumstances considers it equitable to do so.

10.3 The issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Listing Rules, undertaken by the Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10.

10.4 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 10.

10.5 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the nominal value, class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one Financial Year.

11. OPTION PERIOD

11.1 Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by a Participant after the first anniversary of the Offer Date of that Option, Provided always that the Options (other than Options granted to Non-Executive Directors and/or Associated Company Employees) shall be exercised before the tenth anniversary of the relevant Offer Date and Options granted to Non-Executive Directors and/or Associated Company Employees shall be exercised before the fifth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

11.2 Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by a Participant after the second anniversary from the Offer Date of that Option, Provided always that the Options (other than Options granted to Non-Executive Directors and/or Associated Company Employees) shall be exercised before the tenth anniversary of the relevant Offer Date and Options granted to Non-Executive Directors and/or Associated Company Employees shall be exercised before the fifth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:-

(a) subject to Rules 11.4, 11.5 and 11.6 upon the Participant ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever; or

(b) upon the bankruptcy of the Participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or

(c) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

For the purpose of Rule 11.3(a), a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

11.4 If a Participant ceases to be employed by the Group by reason of his:-

(a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;

(b) redundancy;

(c) retirement at or after a normal retirement age; or

(d) retirement before that age with the consent of the Committee,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Participant ceases to be employed by a Subsidiary:-

(a) by reason of the Subsidiary, by which he is principally employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within the Group; or

(b) for any other reason, provided the Committee gives its consent in writing,

he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 If a Participant, who is also an Executive Director or a Non-Executive Director (as the case may be), ceases to be a Director for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in Appendix 3 (the “Exercise Notice”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

12.2 Subject to:-

(a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and

(b) compliance with the Rules of the Scheme and the Memorandum and Articles of Association of the Company, the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within ten (10) Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares in respect of which such Option has been exercised by the Participant and within five (5) Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

12.3 The Company shall as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.

12.4 Shares which are all allotted on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in the name of CDP to the credit of the securities account of the Participant maintained with CDP or the Participant's securities sub-account with a CDP Depository Agent.

12.5 Shares allotted and issued upon the exercise of an Option shall be subject to all provisions of the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

12.6 Except as set out in Rule 12.2 and subject to Rule 10, an Option does not confer on a Participant any right to participate in any new issue of Shares.

12.7 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

13. ALTERATIONS AND AMENDMENTS TO THE SCHEME

13.1 Any or all of the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:-

(a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in nominal amount of all the Shares which would fall to be issued and allotted upon exercise in full of all outstanding Options;

(b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of Shareholders at a general meeting; and

(c) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

13.3 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants.

14. DURATION OF THE SCHEME

14.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which the Scheme is adopted by Shareholders in the EGM. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

14.2 The Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.

14.3 The termination, discontinuance or expiry of the Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

15. TAKE-OVER AND WINDING UP OF THE COMPANY

15.1 In the event of a take-over offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and 11.2) holding Options as yet unexercised shall, notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:-

(a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or

(b) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void Provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11.3, remain exercisable until the expiry of the Option Period.

15.2 If, under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and 11.2) shall notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, Provided always that the date of exercise of any Option (other than an Option granted to a Non-Executive Directors and/or an Associated Company Employee) shall be before the tenth anniversary of the Offer Date.

15.3 If an order or an effective resolution is passed for the winding up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

15.4 In the event of a members' solvent voluntary winding up (other than for amalgamation or reconstruction), Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and 11.2) shall, subject to Rule 15.5, be entitled within thirty (30) days of the passing of the resolution of such winding up (but not after the expiry of the Option Period relating thereto) to exercise in full any unexercised Option, after which such unexercised Option shall lapse and become null and void.

15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.

15.6 To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

16. ADMINISTRATION OF THE SCHEME

16.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.

16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it thinks fit.

16.3 Any decision of the Committee, made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation, or procedure thereunder or as to any rights under the Scheme).

16.4 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him.

17. NOTICES

17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.

17.2 Any notice or documents given by the Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

18. TERMS OF EMPLOYMENT UNAFFECTED

18.1 The Scheme or any Option shall not form part of any contract of employment between the Company, any Subsidiary or Associated Company (as the case may be) and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the Scheme or any right which he may have to participate in it or any Option which he may hold and the Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

18.2 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company, any Subsidiary and/or Associated Company directly or indirectly or give rise to any cause of action at law or in equity against the Company, any Subsidiary or Associated Company.

19. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by the Participant.

20. COSTS AND EXPENSES OF THE SCHEME

20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's security account with CDP or the Participant's securities sub-account with his Depository Agent and all taxes referred to in Rule 19 which shall be payable by the relevant Participant.

20.2 Save for such costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the Shares pursuant to the exercise of any Option shall be borne by the Company.

21. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Scheme including but not limited to the Company's delay or failure in allotting and issuing the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

22. DISPUTES

Any disputes or differences of any nature in connection with the Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

23. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

24. GOVERNING LAW

The Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Company and the Participants, by accepting the offer of the grant of Options in accordance with the Scheme, submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

25 DISCLOSURE IN ANNUAL REPORT

The Company shall make the following disclosure in its annual report:-

(a) The names of the members of the Committee;

(b) The information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Options in any particular Financial Year):-

(i) Participants who are Directors of the Company;

(ii) Participants who are Controlling Shareholders/or their Associates;

(iii) Participants, other than those in (i) and (ii) above who receive five (5) per cent. or more of the total number of Options available under the Scheme.

Name of Participant	**Options granted during financial year under review (including terms)**	**Aggregate Options granted since commencement of the Scheme to end of financial year under review.**	**Aggregate Options exercised since commencement of the Scheme to end of financial year under review.**	**Aggregate Options outstanding as at end of financial year under review.**

(c) The number and proportion of Options granted at the following discounts to average market value of the Shares in the financial year under review:-

(i) options granted at up to 10 per cent. discount; and

(ii) options granted at between 10 per cent. but not more than 20 per cent. discount.

APPENDIX 1

ASL EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: ________________

PRIVATE AND CONFIDENTIAL

Date:

To: [Name]
[Designation]
[Address]

Dear Sir/Madam

We are pleased to inform you that you have been nominated by the Committee of the Board of Directors of ASL Marine Holdings Ltd (the "Company") to participate in the ASL Employee Share Option Scheme (the "Scheme"). Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S$1.00, to subscribe for and be allotted ______________ ordinary shares of S$0.10 each in the capital of the Company at the price of S$______________ per ordinary share. The Option shall be subject to the terms of this Letter of Offer and the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme), a copy of which is enclosed herewith.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S$1.00 not later than __________ a.m. / p.m. on the __________ day of __________ failing which this offer will forthwith lapse.

Yours faithfully
For and on behalf of
ASL Marine Holdings Ltd

____
Name:
Designation:

APPENDIX 2

ASL EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No: ____________________

To: The Committee
ASL Employee Share Option Scheme
c/o The Company Secretary
ASL Marine Holdings Ltd
No. 19 Pandan Road
Singapore 609271

Closing Time and Date for Acceptance of Option	:	______________________
No. of Shares in respect of which Option is offered	:	______________________
Exercise Price per Share	:	S$ ______________________
Total Amount Payable on Acceptance of Option (exclusive of the relevant CDP charges)	:	S$ ______________________

I have read your Letter of Offer dated ____________________ (the "Offer Date") and agree to be bound by the terms thereof and of the ASL Employee Share Option Scheme stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I hereby accept the Option to subscribe for ________________ ordinary shares of S$0.10 each in the capital of ASL Marine Holdings Ltd (the "Shares") at S$________________ per Share and enclose *cash/banker's draft/cashier's order/postal order no.________________ for S$1.00 being payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP relating to or in connection with the allotment and issue of any Shares in CDP's name, the deposit of share certificates with CDP, my securities account with CDP or my securities sub-account with a CDP Depository Agent (as the case may be) (collectively, the "CDP charges").

I confirm that as at the date hereof:-

(a) I am not less than 21 years old nor an undischarged bankrupt nor have I entered into a composition with any of my creditors;

(b) I satisfy the eligibility requirements to participate in the Scheme as defined in Rule 4 of the Scheme; and

(c) I satisfy the other requirements to participate in the Scheme as set out in the Rules of the Scheme.

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of the Option to me confidential.

PLEASE PRINT IN BLOCK LETTERS

Name in full : ______________________________

Designation : ______________________________

Address : ______________________________

Nationality : ______________________________

*NRIC/Passport No. : ______________________________

Signature : ______________________________

Date : ______________________________

** Delete as appropriate*

Notes:-

1. Option must be accepted in full or in multiples of 1,000 Shares.

2. The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".

3. The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

ASL EMPLOYEE SHARE OPTION SCHEME

EXERCISE NOTICE

To: The Committee
ASL Employee Share Option Scheme
c/o The Company Secretary
ASL Marine Holdings Ltd
No. 19 Pandan Road
Singapore 609271

Total Number of ordinary shares of S$0.10 each (the "Share") at S$__________ per Share under an Option granted on________ (the "Offer Date") : ____________________

Number of Shares previously allotted and issued thereunder : ____________________

Outstanding balance of Shares which may be allotted and issued thereunder : ____________________

Number of Shares now to be subscribed (in multiples of 1,000) : ____________________

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1. Pursuant to your Letter of Offer dated ____________ (the "Offer Date") and my acceptance thereof, I hereby exercise the Option to subscribe for Shares in ASL Marine Holdings Ltd (the "Company") at S$__________ per Share.

2. I hereby request the Company to allot and issue to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited ("CDP") to the credit of my *Securities Account with the CDP/* Securities Sub-Account with a CDP Depository Agent specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP (the "CDP charges") and any stamp duties in respect thereof:-

   *(a) Direct Securities Account Number : ____________________

   *(b) Securities SubAccount Number : ____________________

   Name of CDP Depository Agent : ____________________

3. I enclose a *cheque/cashier's order/bank draft/postal order no. ____________ for $__________ in payment for the subscription of S$__________ for the total number of the said Shares and the CDP charges of S$__________.

4. I agree to subscribe for the Shares subject to the terms of the Letter of Offer, the ASL Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Memorandum and Articles of Association of the Company.

5. I declare that I am subscribing for the Shares for myself and not as a nominee for any other person.

PLEASE PRINT IN BLOCK LETTERS

Name in full	:	______________________
Designation	:	______________________
Address	:	______________________
Nationality	:	______________________
*NRIC/Passport No.	:	______________________
Signature	:	______________________
Date	:	______________________

** Delete as appropriate*

Notes:-

1. An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof.

2. The form entitled "Exercise Notice" must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".