



Expansion of ASL Marine Shipyards' Capacity and Capability

The Board of Directors of ASL Marine Holdings Ltd. (the "Company" or "ASL Marine") wishes to announce that the Company's subsidiaries, ASL Shipyard Pte Ltd and PT ASL Shipyard Indonesia, have entered into contracts with the following parties to expand the capacity and capability of the Group's two shipyards in Singapore and Batam, Indonesia (collectively known as the "Expansion"):-

- various subcontractors for the civil construction of a 150,000 dead weight tons ("dwt") graving drydock in the Batam yard costing approximately S\$11.0 million;
- BD Cranetech Pte Ltd for the design, supply and commissioning of 12 gantry cranes in both shipyards costing approximately S\$6.2 million; and
- various subcontractors for infrastructure and development works to the Batam yard costing approximately S\$5.5 million.

The costs, which were arrived at after negotiations, will be progressively paid based on work completed and satisfied through a combination of borrowings and internal funds. There are no other material conditions attached to the Expansion.

Financial Impact

Assuming that the Expansion had been effected at the end of the financial year ended 30 June 2005, the Company's net tangible assets per share would not have been affected.

Assuming that the Expansion had been effected at the beginning of the financial year ended 30 June 2005, the Company's earnings per share would not have been affected.

Rationale for the Expansion

The Expansion is in line with the Group's overall strategy to strengthen and expand its shipbuilding and shiprepair capacity and capability. The Group has identified and will develop its Singapore shipyard into an international builder of sophisticated, high value and customized vessels of up to 70m in length and its Batam shipyard will be capable of repairing vessels of up to Cape size class and building new vessels of up to 20,000 dwt.

In addition, the Group intends to take advantage of the continual buoyant marine industry and capitalise on any opportunities that may arise as a result of the International Maritime Organisation's (IMO)¹ requirement for all single-hull tankers to be phased out by 2010 unless they are equipped with double hull. Double hull tanker is believed to be able to lower the risk of oil spills attributed to collisions and groundings and offer more protection to the marine environment.

With the Expansion, ASL Marine will be positioned as one of the few shipyards in the region to have Cape size shiprepair capacity and capability, upon the completion of the graving drydock in the second quarter of the financial year ending 30 June 2006. Coupled with the skill sets, relatively lower labour costs and experienced management team, ASL Marine will have a strong competitive edge in servicing key customers.

In relation to building of new vessels, our Batam shipyard which possesses both the land space and facilities necessary to build vessels of up to 20,000 dwt will enable ASL Marine to become a niche player in building tankers, cargo vessels and offshore supply vessels.

In addition, the Expansion will further improve efficiency and minimize downtime. The use of gantry cranes creates an enhanced operating environment which requires comparatively less maintenance and lower manning and in turn increases our productivity significantly. The infrastructure and shipyard development works also further improve logistical efficiency, as well as minimize down time, especially in the event of inclement weather conditions.

Interests of the Directors and Controlling Shareholders

As far as the Directors of the Company are aware, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Expansion other than through their shareholdings in the Company.

BY ORDER OF THE BOARD

Ang Kok Tian
Chairman and Managing Director
20 August 2005

¹ The International Maritime Organisation, a specialised agency of the United Nations, is an supranational organization comprising the Governments of 164 Member States. The IMO is responsible for measures to improve the safety and security of international shipping and to prevent marine pollution from ships. The decisions of the IMO are binding upon its Member States.