ASL MARINE HOLDINGS LTD. (CO. REG. NO. 200008542N)

MANAGEMENT REPLIES TO ONLINE Q&A

Dear Investors,

Thank you very much for the questions and the opportunities to clarify them.

We hope you have a better understanding of our business through this online exchange.

Your questions are reposted in *blue* followed by our replies in black.

Regards,

The Management Team
ASL Marine Holdings Ltd.

Dear Lawrence Ee, you wrote:

Given the current difficult operating environment, how confident are you on the expected utilisation of your two additional dry docks and the lengthening of the current dry dock?

The lengthening of existing 150,000 dwt graving dry dock and the addition of two smaller graving dry docks for medium-sized vessels are scheduled for completion by end 2009. The expansion will enhance the Group's competitive edge and enabling the repair and service of a wider range of vessels including larger vessels such as capsize bulk carriers, long-range product tankers and offshore construction vessels, as well as medium-sized vessels such as handymax vessels, medium range product tankers and offshore support vessels.

Amid the current market weaknesses and the anticipated pricing pressures, the Group is optimistic about the medium to longer term prospect of its shiprepair business given the significant increase in global fleet in the last few years and the recurring and mandatory requirement for repair and maintenance of vessels.

Dear TS Chong, you wrote:

ASL Marine mentioned that the Group will focus on the less cyclical shiprepair/ shipchartering businesses to ride out the pricing pressures. Could ASL Marine elaborate more on what are considered less cyclical projects and what percentage of ASL Marine's current shiprepair/ship chartering businesses fall under this category?

The Group is of the view that shiprepair and shipchartering businesses are comparatively less cyclical than those of shipbuilding. Barring unforeseen circumstances, during economic downturn the demand for new shipbuilding is expected to deteriorate sharply whilst the decline in demand for shiprepair and shipchartering segment is anticipated to be of lesser degree of severity.

For shiprepair segment, typically there is a recurring need for maintenance and mandatory repair of vessels. It is a mandatory requirement for all ocean going vessels to undergo periodical repair and drydocking. For shipchartering segment, the Group's fleet of vessels is being deployed in diversified sectors including dredging, land reclamation, offshore oil & gas, marine infrastructure, marine construction works and transportation of cargoes and aggregates. The shipchartering operations will continue to focus on the marine infrastructure, harbour and terminal services sectors in Singapore, Southeast Asia as well as Australia. At present demand for such services are still healthy but pricing pressures are evident.

Approximately 23% of shipchartering revenue in 1HFY09 came from long term contracts. This is about $11.7mil. As at 31 Dec 08, the Group had an outstanding order book of $17mil long term shipchartering contracts. Is this the case of long term shipchartering contracts taking up a larger proportion now or has the shipchartering business grown on the whole?

As at 31 December 2008, the Group had an outstanding order book of approximately $17 million with respect to long term shipchartering contracts with duration of more than one year. While there was a higher proportion of shipchartering revenue in 1H FY2009 attributed to long term chartering contracts as compared with prior period, the Group's shipchartering revenue was mainly attributed to short term and ad-hoc charter contracts.

With regard to shipbuilding contracts, what are the safeguards against cancellation of orders and failure to make payment on the customers' part?

For shipbuilding contracts, the Group collects down payment upon securing of contract with the remainder to be progressively collected in accordance with the project's milestones. Among other considerations, the mitigating factors against cancellation of shipbuilding orders include the diversification of order books to reduce over-dependency on any particular sector, strengthening of project execution capabilities and close monitoring of financial standing of customers.

Dear Chong Teng Sheng, you wrote:

ASL Marine is lengthening the Batam graving drydock to 360 m to cater for Capesize bulker, FSO/FSPO etc. Currently, is there demand from vessels of this size, i.e. these vessels approach ASL Marine but has to be turned away because of the lack of facility? To ASL Marine's knowledge, how many dry docks of equivalent size are there in the Batam region?

The lengthening of the existing 150,000 dwt graving dry dock to approximately 360 meter will accommodate the repair and maintenance of larger vessels such as capesize bulker, FSO/FSPO etc which could not be undertaken currently.

The Group's existing 150,000 dwt graving dry dock is currently one of the largest in Indonesia.

Dear KM Gan, you wrote:

1. ***Will there likely be any increase to the dividend payout ratio for FY09?***

   The Group constantly reviews its dividend policy. The amount of dividend will be depending on the Group's performance and foreseeable future funding requirements including the business outlook and availability of external financing for working capital and capital expenditure requirements.

2. ***Ship repair revenue in Q2 appears to decline considerably. Is the decline merely a seasonal issue or the beginning of a more structural concern?***

   The decline was mainly due to fewer ship conversion jobs undertaken in 2Q FY 2009 as compared to 2Q FY2008. The Group's business segments are subject to different degree of seasonality and the quarter on quarter results may not be a good indicator of the overall trend of the Group's business or of the results for the whole of the financial year.

3. ***It seems that the rate of increase in the administrative expense and finance cost in Q2 is almost 3x more than the growth of total revenue. What are the action plans that the management have or will put in place to address this mismatch?***

   Administrative expenses for 2Q FY 2009 were $0.4 million higher as compared to 2Q FY 2008 mainly attributed to higher manpower costs incurred. Finance costs for 2Q FY 2009 were $0.3 million higher as compared to 2Q FY 2008 mainly due to an increase in borrowings arising from bond issuances in June 2008. While the increase in the administrative expenses and finance costs was not out of line with higher business activities in 2Q FY 2009 where the Group recorded a higher net profit of $16.3 million (2Q FY 2008: $14.7 million), the Group will continue to closely monitor its cost structure amidst the current economic downturn where further challenges are expected.

4. ***In term of risk management, what is the percentage of revenue that could be at risk with a likelihood of a potential order cancellation for shipbuilding contracts that had already been secured?***

   The Group has not received any order cancellations for shipbuilding contracts as at to-date. As at 31 December 2008, the Group's shipbuilding operation had an outstanding order book of approximately $663 million for external customers. The order book comprised 42 vessels, including offshore support vessels such as heavy lift and pipelay vessels, subsea operation vessels, tugs, self-propelled cutter suction dredgers and other vessels. Order book deliveries are scheduled for execution up to financial year ending 30 June 2011.

   It is difficult to estimate the percentage of shipbuilding revenue that could be at risk with a likelihood of a potential order cancellation. The Group collects down payment upon securing of shipbuilding contract and the various mitigating factors against cancellation of shipbuilding orders are mentioned in our reply to question 3 raised by Mr TS Chong.

5. ***Is there any visibility of securing new shipbuilding contract in the next 2-3 quarters?***

   Amidst the rapid decline in global economic conditions, the Group expects new shipbuilding order flows to remain minimal in the next 2 to 3 quarters.

6. ***For all the available vessels in the shipchartering fleet, what is the duration on average, a vessel will be put on services for chartering purposes?***

   The Group's fleet of vessels has an average age of 6 years and the Group adopts a 15 years depreciation policy for its fleet of vessels. A vessel has a typical working life of 20 to 25 years.

7. ***Does ASL plans to venture into other business area beside the three core business segments in the event of a protracted recession lasting through early 2010? Has the management identified any strategic opportunities for potential investment?***

   Given the projected cashflow and cash position of the Group, the Group believes that it is in a good position to make selective investments and to exploit strategic opportunities in related businesses or new business areas. However, any new business opportunity will be subject to prudent evaluation of the risks and returns before a decision is made.

Dear Richard Tan, you wrote:

I am a shareholder of the company. May I be invited for the company's results' briefings so that I can catch up with the management. Thanks.

We noted your request.

Dear Investors,

Thank you for all your questions and the interest in ASL Marine Holdings Ltd. We have come to the end of this Q&A session.

We have enjoyed and learnt much from your questions and we hope that you have a better insight of our Group and its operations.

Regards,

The Management Team
ASL Marine Holdings Ltd.