



MANAGEMENT REPLIES TO ONLINE Q&A

26 February 2010

Dear Investors,

Thank you very much for the questions and the opportunities to clarify them. Your questions are reposted in *blue* followed by our replies in black.

Through this online exchange, we hope you have a better understanding of our businesses and strategies.

Regards,

The Management Team
ASL Marine Holdings Ltd.

Dear Jayster, you wrote:

Noted shipbuilding business is picking up in the current reported quarter. With another S\$38.5 million added to your order book recently, what's the outlook for 2010 for the shipbuilding business?

The Group expects demand for new shipbuilding orders to remain subdued in view of the slow pace of global economic recovery and over-supply in the shipping sector. The Group however expects an improvement in market demand in tandem with the recovery of the global economy.

As at 31 December 2009, the Group's shipbuilding outstanding order book stood at approximately S\$362 million comprising 27 vessels including offshore support vessels, tugs, self-propelled cutter suction dredgers and other vessels. Barring any unforeseen circumstances, approximately 39% of the order book of \$362 million as at 31 December 2009 is expected to be recognised within the six months ending 30 June 2010. As for the new shipbuilding contract of \$38.5 million secured subsequent to 31 December 2009, recognition of income is expected after FY2010.

Dear Christine Low, you wrote:

Is the company eyeing any distressed assets or companies with S\$69 million in cash?

While 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, any new business opportunity will be subject to prudent evaluation of the risks and returns before a decision is made.

The Group currently has no immediate plans to explore potential M&A opportunities.

In terms of new investments in assets, the Group's shipchartering operations have an outstanding delivery order of 11 vessels worth approximately \$75 million as at 31 December 2009. These include towing tugs, barges, Anchor Handling Towing/ Supply vessel and a tanker. Of the 11 vessels, 10 vessels worth S\$69 million are being built internally by the Group. The Group is also expanding its facilities at Batam yard comprising the lengthening of existing 150,000 dwt dry dock and addition of two new medium-sized dry docks. The total investment for the facilities expansion at Batam yard is approximately S\$35 million and they are expected to be completed in the third quarter of FY2010.

Dear Kelvin Yeo, you wrote:

Shiprepair continues to be the bright spark in your business. Why is the shiprepair business so strong even in times of recession?

Amid continued pricing pressures and rising competition, demand for shiprepair is generally supported by the significant increase in world fleet in the last few years as well as the recurring and mandatory regulatory requirements to maintain sea worthiness of vessels by ship owners.

The Group's shiprepair revenue increased by \$9.7 million to \$46.0 million in 1HFY2010 mainly attributed to increased number of larger shiprepair and ship conversion jobs undertaken. These included a fabrication and outfitting work to a Heavy Transport Vessel, conversion of a tanker into floating storage and offloading unit as well as conversion of a container feeder ship to Offshore Support & Maintenance Vessel.

Dear Jeffery Ho, you wrote:

Your gross margin has dropped for all three businesses. Why is that so?

The Group's shipbuilding operations recorded a lower gross profit margin of 8.0% in 1HFY2010 (1HFY2009: 9.8%) mainly due to increased costs and unexpected technical complexities encountered on certain projects.

The Group's shiprepair operations recorded a lower gross profit margin of 22.4% (1HFY2009: 32.0%) mainly due to pricing pressure and larger ship conversion jobs undertaken which generally has lower profit margin.

The Group's shipchartering operations recorded a lower gross profit margin of 22.7% (1HFY2009: 32.2%) mainly due to lower vessel utilisation rate and lower charter pricing due to weak market demand.

The Group remains reasonably positive over the longer term outlook of the shiprepair and shipchartering segments. While these segments are expected to continue experiencing pricing pressure amidst rising competition, the Group expects improvement in market demand in tandem with the recovery of the global economy.

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.**