



MANAGEMENT REPLIES TO ONLINE Q&A

30 August 2012

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.

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

Regards,

The Management Team
ASL Marine Holdings Ltd.

Dear JW, you wrote:

- 1. Going forward, chartering looks to be taking a bigger role in driving the revenue. Wouldn't this threaten the position of some of your own customers? How do you work around this conflict of interest?*

ASL: We work closely with customers on the charter of vessels. Most of the customers are common to our shipbuilding and shiprepair business. In other words, we work with customers as business partner and we do not compete with them.

- 2. FPSO market is growing steadily and the company has previously mentioned in putting more efforts to secure related contracts. How does the company competes against the likes of Keppel who has big reputation in FPSO conversion. What kind of competing advantage you see yourself having against these competitors.*

ASL: The market for FPSO conversion is varied. We focus on the smaller FSO and FPSO operating in the Indonesian water.

Our yard offers competitive advantages over our rivals are in terms of our pricing, provision of dedicated services and maintaining close interaction with the customers. In addition, our facilities are extensive to include the whole logistics supply chain that is geared for servicing FPSO conversion.

- 3. I understand that the company has expressed interest in developing capabilities in offshore fabrication works. How does this complement your existing business? Is this a high margin business, if not, wouldn't outsourcing be more capital efficient?*

ASL: The offshore fabrication projects have slightly higher margins as compared with shipbuilding projects. We can utilise the existing shipyard facilities for the offshore fabrication works and there is no need to invest additional capital in extra

facilities. However as the offshore fabrication works require specialised knowledge and skill, the engineering and design of these projects will be outsourced to third party contractors.

4. Any plans to step into rig building business?

ASL: The Group does not build rigs and it is a different industry compared to ship building. Currently, the Group has no plans to venture into rig building business.

5. How strong is the company's sales team? How does the sales team usually source for business?

ASL: The Group has put in place a qualified marketing team who are able to advise customers with specific requirements and at the same time offer alternative proposal for their consideration. Our marketing team operates over a multiple countries and serves the regional South East Asia and Asia Pacific markets. All leads that are generated internally and externally are logged into a register for follow-up and close-up.

Dear KC, you wrote:

1. Do you build ships for external customers or most of the ships are built for your own chartering business?

ASL: We build ships for both external customers as well as for our own fleet of vessels. Most of the ships we built are for external customers. For your information, our order book includes only contracts for external customers.

2. For FY12, your interest bearing loans and borrowing that needs to be repaid within one year (current liability) is approximately 76.2 million and your net cash from operation is approximately 75.7 million. If we deduct the capital expenditure of 67.2 million for FY12, you are left with a FCF of 8.5 million. After deducting for the dividends paid to shareholders of approximately 7.3 million, you are left with 1.2 million. How do you plan to repay the interest bearing loans and borrowing?

ASL: The interest bearing loans and borrowing that due within a year of \$76.2 million comprised mainly \$21.5 million for partial bonds repayment due in March 2013, \$10.3 million under short term loans mainly for specific project financing, \$6.3 million under hire purchase obligations and \$31.9 million for vessels financing.

The Group expects to meet the repayment schedule including the proposed dividend payment substantially through our positive operating cash flow as well as internal cash reserves, external borrowings for new vessels which were acquired and possibly proceeds from sale of vessels.

3. Do you compete with your customers on ship chartering business? Wouldn't this affect the relationship with your customers?

ASL: Kindly refer to our reply to question 1 raised by JW.

4. *The debt-equity ratio of the company is pretty high. Has the company think about using internal cash flow to fund acquisition instead of borrowings?*

ASL: The Group usually funds its working capital including debts servicing and capital expenditure for its shipchartering operations through its operating cash flows, external borrowings and possibly proceeds from sale of vessels. Management constantly reviews and monitors the Group's cash position to ensure sufficient cash and credit facilities to meet operational and capital expenditure requirements.

5. *Why is the xD date so far away from the date of reporting of full-year results?*

ASL: The proposed dividend has to be approved by shareholders at the forthcoming Annual General Meeting ("AGM") which has been scheduled to be held on 25 October 2012. In accordance to the SGX listing manual, at least 5 market days of notice must be given for any books closure date.

6. *I realised that ASL Marine does not seem to put up announcements on most contracts that they won as compare to other companies such as Ezion, SembMarine etc. As such, investors may not realise the amount of contracts that you won until the reporting of the quarterly results. Why is that the case? By not putting up the announcements, the share price may be suppressed as investors do not know if the company is working hard for shareholders.*

ASL: Appropriate announcement on new shipbuilding contracts secured have been made by the Group via SGXNET as and when the contracts are confirmed and signed. For contracts secured and confirmed during the prohibited period the Management will incorporate such information in the results announcement.

Dear Melvin Lim Peng Hui, you wrote:

You have provided for S\$4.7 million of doubtful debt from subsidiaries of the PT Berlian Laju Tanker Tbk. Will there be further provisions? Does the company still have ships from PT Berlian Laju being repaired at its yards? If so does your company have the right to auction or sell off the ships to recover the repair cost? Thanks.

ASL: The Group is currently waiting for BLT's submission of a repayment plan on settlement of the outstanding balance before deciding the amount of additional provision for doubtful debts. Currently the Group does not have ships from subsidiaries of PT Berlian Laju Tanker Tbk ("BLT") that are being repaired at its yards.

Dear Frank Ho, you wrote:

Your long term chartering business almost doubled in FY2012 to S\$19.2 million, Why is this so? Is the rate for long term charter cheaper than spot rates? Do the company factor in annual charter rate increases for your long term charters to hedge against increasing spot charter rate should demand pick up again?

ASL: The increase in the long-term charter revenue was mainly due to the additional 10 vessels under long-term contracts and that includes contracts for the bigger vessels added such as AHTS acquired in 4Q FY2011 and the ROV Support Vessel acquired in 1Q FY2012. Generally, the rate for long term charter is usually more competitive than spot charter rate.

Dear Alvin Khoo, you wrote:

You have S\$91.8 million in cash. Shares of O&G related companies are quite low now considering the world's addiction to the commodity. Do you plan to use some of the cash to invest in the shares of some of your competitors, customers or suppliers listed on the stock exchange? A vested interest can lead to M&A and JVs that would accelerate the growth of the company.

ASL: Given cash position of the Group, the Group continuously exploits strategic opportunities to make selective investments in related businesses or new business areas. However, any new business opportunity will be subject to prudent evaluation of the risks and returns by the Board of Directors before any decision is made and by then appropriate announcements will be made accordingly.

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.**