

APPENDIX DATED 15 OCTOBER 2019

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of ASL Marine Holdings Ltd. (the “**Company**”), please forward this Appendix with the Notice of Annual General Meeting and the proxy form immediately to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Appendix is circulated to the shareholders of the Company (the “**Shareholders**”) together with the Company’s annual report for the financial year ended 30 June 2019 (the “**Annual Report**”). Its purpose is to provide the Shareholders with information relating to and explaining the rationale for the proposed renewal of the IPT Mandate (as defined herein) to be tabled at the Nineteenth Annual General Meeting of the Company to be held on 30 October 2019 at 2.00 p.m. at 19 Pandan Road Singapore 609271 (the “**2019 AGM**”). The Notice of the 2019 AGM and the Proxy Form (as defined herein) are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix.



**APPENDIX TO THE ANNUAL REPORT
IN RELATION TO
THE PROPOSED RENEWAL OF THE IPT MANDATE**

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated.

“2018 AGM”	:	Has the meaning ascribed to it in paragraph 1.2 of this Appendix
“2019 AGM”	:	The AGM to be held on 30 October 2019
“AGM”	:	An annual general meeting of the Company
“Ang Family”	:	Mr. Ang Kok Tian, Mr. Ang Ah Nui, Mr. Ang Kok Eng, Mr. Ang Kok Leong, Mr. Ang Sin Liu and Ms. Ang Swee Kuan
“Annual Report”	:	The annual report of the Company for FY2019
“Audit Committee”	:	The audit committee comprising Independent Directors of the Company, duly authorised and appointed by the Board, being (as at the Latest Practicable Date) Mr. Tan Huay Lim (Chairman), Mr. Andre Yeap Poh Leong (Member) and Mr. Tan Sek Khee (Member)
“Board”	:	The board of directors of the Company as at the date of this Appendix
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
“Company”	:	ASL Marine Holdings Ltd.
“Constitution”	:	The constitution of the Company, as may be amended, modified or supplemented from time to time
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial or operating policies of a company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over the Company
“Directors”	:	The directors of the Company as at the date of this Appendix and each a “Director”

“EGM”	:	An extraordinary general meeting of the Company
“FY”	:	Financial year ended or ending 30 June
“Group”	:	The Company and its subsidiaries and associated companies (including joint ventures) that the Company has control over
“immediate family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent
“Independent Directors”	:	The Directors who are considered independent for the purpose of the Listing Manual and the proposed renewal of the IPT Mandate, namely, Mr. Andre Yeap Poh Leong, Mr. Tan Huay Lim and Mr. Tan Sek Khee
“Interested Person(s)”	:	A director, chief executive officer, or controlling shareholder of the Company, or an associate (as defined in Chapter 9 of the Listing Manual) of any such director, chief executive officer, or controlling shareholder and for the purpose of this Appendix, refers to the interested persons of the Company who fall within the IPT Mandate, as set out in paragraph 2.4 of this Appendix
“Interested Person Transaction(s)”	:	Any transaction in the categories of transactions set out in paragraph 2.5 of this Appendix with the Interested Persons
“IPT Mandate”	:	The general mandate given by Shareholders at an EGM on 28 November 2016 pursuant to Chapter 9 of the Listing Manual to authorise entities of the Group which are considered to be “entities at risk” within the meaning of Rule 904(2) of the Listing Manual, to, in their ordinary course of business, enter into categories of transactions with specified classes of the Company’s interested persons, provided that such transactions are entered into on an arm’s length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders
“Koon Group”	:	Koon Holdings Limited, its subsidiaries and associated companies (including joint ventures)
“Latest Practicable Date”	:	1 October 2019, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	:	The listing manual of the SGX-ST, or the rules contained therein, as may be amended, modified or supplemented from time to time
“Notice”	:	Has the meaning ascribed to it in paragraph 1.1 of this Appendix
“NTA”	:	Net tangible assets

“Ordinary Resolution”	:	The ordinary resolution as set out in the Notice relating to the proposed renewal of the IPT Mandate
“Proxy Form”	:	The proxy form in respect of the 2019 AGM as enclosed with the Annual Report
“Rules”	:	The rules of the Listing Manual, and each a “Rule”
“Securities Account”	:	The securities account maintained by a Depositor with CDP
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as may be amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“Substantial Shareholders”	:	Persons who have an interest in one or more voting shares in the Company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
“Warrants”	:	The 567,130,713 warrants issued by the Company on 25 July 2019
“%”	:	Per centum or percentage
“S\$”	:	Singapore dollars, being the lawful currency of the Republic of Singapore

The terms **“Depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in section 81SF of the SFA.

The terms **“subsidiary”** and **“treasury shares”** shall have the meanings ascribed to them respectively in the Companies Act.

The term **“subsidiary holdings”** shall have the meaning ascribed to it in the Listing Manual.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing one gender shall, where applicable, include the other genders.

References to persons, where applicable, shall include corporations.

References to **“paragraph”** are to the paragraphs of this Appendix, unless otherwise stated.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the Companies Act, the Listing Manual or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the Companies Act, the Listing Manual or any statutory modification or re-enactment thereof, as the case may be, unless otherwise provided.

Any discrepancies in the tables included in this Appendix between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and date in this Appendix shall be a reference to Singapore time and date respectively, unless otherwise stated.



ASL MARINE HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
Company Registration No. 200008542N

Directors:

Ang Kok Tian (*Chairman, Managing Director and CEO*)
Ang Ah Nui (*Deputy Managing Director*)
Ang Kok Leong (*Executive Director*)
Andre Yeap Poh Leong (*Non-Executive and Independent Director*)
Tan Huay Lim (*Non-Executive and Independent Director*)
Tan Sek Khee (*Non-Executive and Independent Director*)

Registered Office:

19 Pandan Road
Singapore 609271

15 October 2019

To: The Shareholders of ASL Marine Holdings Ltd.

Dear Sir/Madam

1. INTRODUCTION

- 1.1. We refer to the Notice of the Nineteenth Annual General Meeting of the Company dated 15 October 2019 (the “**Notice**”) accompanying the Annual Report, convening the 2019 AGM to be held on 30 October 2019 and Ordinary Resolution No. 10 under the heading of “Special Business” set out in the Notice.
- 1.2. At the EGM held on 28 November 2016, Shareholders had approved the adoption of the IPT Mandate to enable the Group to enter, in the ordinary course of business, into certain specified classes of transactions with a certain specified class of Interested Persons. Details of the IPT Mandate were set out in the circular to Shareholders dated 11 November 2016 (the “**IPT Mandate Circular**”). The IPT Mandate was last renewed at the AGM held on 31 October 2018 (the “**2018 AGM**”). The IPT Mandate will expire on the date of the forthcoming 2019 AGM, being 30 October 2019. Accordingly, the Directors propose that the IPT Mandate be renewed at the forthcoming 2019 AGM, to take effect until the conclusion of the next following AGM.
- 1.3. The purpose of this letter to shareholders (“**Letter**”) is to provide Shareholders with the relevant information pertaining to the proposed Ordinary Resolution to be tabled at the 2019 AGM, and to seek Shareholders’ approval for the resolution relating to the same. This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than the Shareholders) or for any other purpose.
- 1.4. The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Letter.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1. Chapter 9 of the Listing Manual

2.1.1. Chapter 9 of the Listing Manual applies to transactions between a party that is an entity at risk and a counterparty that is an interested person. The objective of Chapter 9 (as stated in Rule 901 of the Listing Manual) is to guard against the risk that interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

In particular, an immediate announcement is required for an interested person transaction of a value equal to, or exceeding:

- (a) 3% of the Group's latest audited consolidated NTA; or
- (b) 3% of the Group's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Listing Manual) during the same financial year.

Under Chapter 9 of the Listing Manual, Shareholders' approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5% of the Group's latest audited consolidated NTA; or
- (b) 5% of the Group's latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as construed under Chapter 9 of the Listing Manual) during the same financial year.

However, a transaction which has been approved by the Shareholders, or is the subject of aggregation with another transaction that has been approved by Shareholders, need not be included in any subsequent aggregation.

The above requirements for immediate announcement and/or for Shareholders' approval do not apply to any transaction below S\$100,000.

2.1.2. For illustrative purposes, based on the latest audited consolidated financial statements of the Company and its subsidiaries for the financial year ended 30 June 2019, the consolidated NTA of the Group was approximately S\$147,900,000. Accordingly, for the purpose of the Chapter 9 thresholds detailed in paragraph 2.1.1 above, 3% of the latest audited consolidated NTA of the Group is approximately S\$4,400,000, and 5% of the latest audited consolidated NTA of the Group is approximately S\$7,400,000.

2.1.3. For the purpose of Chapter 9 of the Listing Manual:

- (a) An "**entity at risk**" means:
 - (i) The listed company;
 - (ii) A subsidiary of the listed company that is not listed on the SGX-ST or on an approved exchange; or

- (iii) An associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (b) An “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (c) An “**associate**” means:
 - (i) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
 - (a) his immediate family;
 - (b) the trustees of any trust of which he or his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object; and
 - (c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;
 - (ii) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;
- (d) An “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;
- (e) An “**approved exchange**” means a stock exchange that has rules which safeguard the interest of shareholders against interested person transactions according to similar principles to Chapter 9;
- (f) An “**interested person transaction**” means a transaction between an entity at risk and an interested person; and
- (g) A “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly.

2.2. Shareholders’ General Mandate

Chapter 9 allows a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company’s interested persons.

2.3. Scope of the IPT Mandate

The IPT Mandate will cover transactions arising in the normal course of business operations of the Company, its subsidiaries that are not listed on the SGX-ST or an approved exchange, and its associated companies that are not listed on the SGX-ST or an approved exchange, provided that the Group, or the Group and its interested person(s), has control over the associated company.

The IPT Mandate does not cover any transaction with an interested person (i) which has a value below S\$100,000, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such transactions; or (ii) that is equal to or exceeds S\$100,000 in value, but qualifies as an exempted transaction for the purposes of Chapter 9 of the Listing Manual and is thus exempted from the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual.

Transactions with Interested Persons (including the Koon Group) which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual and/or the Companies Act. Transactions conducted under the IPT Mandate are not separately subject to Rules 905 and 906 of Chapter 9 of the Listing Manual pertaining to threshold and aggregation requirements.

2.4. The Interested Persons

The IPT Mandate will apply to transactions falling within the categories described in paragraph 2.5 of this Letter and which are carried out with the Koon Group.

Koon Holdings Limited (“**KHL**”) has been listed on the Australian Stock Exchange and the SGX-ST since 2003. KHL is one of Singapore’s leading infrastructure and civil engineering service providers specialising in reclamation and shore protection works. Over the years, KHL has grown from a company with a single focus in civil engineering into a construction player with businesses in civil engineering, precast and energy infrastructure.

As at the Latest Practicable Date, the Ang Family holds approximately 53.8% of the issued and paid-up share capital of KHL. As their shareholding in KHL amounts to 30% or more, the Koon Group is deemed to be an interested person for the purposes of Chapter 9 of the Listing Manual. Thus, to ensure compliance with Chapter 9 of the Listing Manual, the Company has elected to deem, as far as a transaction involving the Koon Group and any member of the Group is concerned, an Interested Person Transaction in the IPT Mandate.

2.5. Categories of Interested Person Transactions

The types of transactions with the Interested Persons specified in paragraph 2.4 above to which the IPT Mandate applies are broadly categorised as follows:

2.5.1. Sale of goods and services to the Interested Persons:

- (a) Ship chartering of vessels and related services incidental to the charter;
- (b) Shipbuilding, ship repair and conversion, maintenance and dry-docking services;
- (c) Provision of engineering services;
- (d) Sale of bunkers, consumables, and such other vessel supplies;

- (e) Rental of cranes and equipment;
- (f) Leasing of premises;
- (g) Sale of vessels, cranes and equipment; and
- (h) Sale of precast components and provision of subcontractor, agency and other services in relation to precast operations.

2.5.2. Purchase of goods and services from the Interested Persons:

- (a) Provision of management consultancy services to the Group; and
- (b) Rental of vessels, machinery and equipment (including related goods and services incidental to the rental).

2.5.3. Entry into cooperation and collaboration agreements or sub-contracts to jointly bid, pitch or tender for projects in conjunction with the Interested Persons.

2.6. Rationale for and Benefit of the IPT Mandate

The IPT Mandate (and its subsequent renewal thereafter on an annual basis) is intended to facilitate the Interested Person Transactions in the ordinary course of business of the Group as described in paragraph 2.5 above, which the Directors envisage are likely to be transacted with some frequency and from time to time with the Interested Persons, provided that they are carried out on the Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The IPT Mandate will enhance the ability of companies in the Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' approval for the entry by the relevant company in the Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

3. GUIDELINES AND REVIEW PROCEDURES FOR THE INTERESTED PERSON TRANSACTIONS

3.1. To ensure that the Interested Person Transactions described in paragraph 2.5 of this Letter are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices, and on terms which are either not more favourable than the usual commercial terms extended to unrelated third parties or not less favourable than the usual commercial terms offered by unrelated third parties, the Company has adopted and/or will adopt the following procedures for the review and approval of Interested Person Transactions under the IPT Mandate to ensure that the interests of the Company and its minority Shareholders are not disadvantaged:

3.1.1. Sale of goods and services to the Interested Persons

- (a) Shipbuilding

The transaction prices and terms will be determined based on the prevailing market rates which will, in turn, be determined by market forces, demand and supply, specifications and other factors. These factors will include, but will not

be limited, to the ability of the shipyard to construct vessels of required specifications, to accept orders and to deliver on time, the quality of the vessels constructed by the shipyard, and the financial capability of the shipyard.

The transaction price will also be determined with reference to publicly-available information including industry databases operated by independent third parties on vessels with comparable specifications and/or transaction prices for similar transactions rendered to unrelated third parties undertaken by the Group.

The transaction price and terms will be no more favourable to the Interested Persons than what is available in the market. In the event where the transaction price is not publicly available or there are no similar transactions undertaken by the Group, the Group will source for a comparative price from subscription-based industry databases or seek valuation guidance from independent third party brokers or valuers.

(b) Chartering of vessels and rental of cranes and equipment

The review of the charter and/or rental rates, the revision of rates, or the revised terms upon which the charter and/or rental agreements are to be entered/renewed (as the case may be) will be determined by the senior management staff of the relevant company of the Group (who has no interest, direct or indirect, in the transaction) who will ensure that they are on normal commercial terms. This will be done by comparing the charter rates of similar vessels and assets in terms of capacity and size granted to Interested Persons against those granted to at least two unrelated third parties (where possible or available) undertaken by the Group.

(c) Leasing of premises

Comparison of rates shall be made taking into account the independent valuation of the leased property rental rates and/or prevailing market rental rates of at least one other property within the vicinity of similar or comparable standing and facilities, taking into account the tenure of the lease, the area of the leased premises and any other factor which may affect the rental rates or terms of the lease.

(d) Provision of other goods and services

Comparison will be made with reference to at least two latest transactions between the Group and unrelated third parties, for the same or substantially similar type of contract or transaction.

(e) Where the prevailing market rates or prices are not available (for instance, due to the nature of services or products to be sold, or due to the prevailing business conditions) the senior management staff of the relevant company of the Group (who has no interest, direct or indirect, in the transaction) will determine the price in accordance with the Group's usual business practices, consistent with the usual profit margin to be obtained by the Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, track record, customer requirements, specifications, duration of contract, potential for future repeat business and strategic purposes of the transaction will be taken into account.

3.1.2. Purchase of goods and services from the Interested Persons

- (a) In the case of purchasing or obtaining the services from the Interested Persons, comparison will be made with reference to two other quotations from unrelated third parties for the same or substantially similar type of services or products. The Group will only enter into transactions with such Interested Persons provided the purchase price and terms obtained from the Interested Persons are not less favourable to the Group than what is available in the market. In determining the most competitive price or fee, all pertinent factors such as, but not limited to, quality, delivery schedule, standard of services, specification compliance, track record, experience and expertise, will be taken into consideration.
- (b) Where it is impractical or unfeasible to obtain competitive quotations from unrelated third parties of similar services or products (for instance, if the service or product is proprietary, if there are confidentiality issues or timing constraints over the provision of services or products by unrelated third party vendors or if the prevailing market rates or prices are not available due to the nature of the services or products to be provided or due to the prevailing business conditions), the senior management staff of the relevant company of the Group (who has no interest, direct or indirect, in the transaction) will determine whether the price and terms offered by the Interested Persons are fair and reasonable and in accordance with industry norms, factors such as, but not limited to, quantity, requirements and specifications will be taken into account.

3.1.3. Entry into cooperation and collaboration agreements or sub-contracts to jointly bid, pitch or tender for projects in conjunction with the Interested Persons

The transaction price and terms will be subject to (i) the prior approval of the Audit Committee or (ii) ratified as soon as practically possible after such tender has been submitted (for transactions which are time-sensitive in nature), to ensure that there is no conflict of interest in entering into such transactions, the relevant transactions are carried out on normal commercial terms, and the transactions will not be prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee shall ratify such transaction price and terms within 14 days of entering into such tenders. In addition, the Audit Committee is allowed to ratify the Company's entry into all cooperation and collaboration agreements or sub-contracts to jointly bid, pitch or tender for projects in conjunction with the Interested Persons.

In the course of its review and approval or ratification of such transactions, the Audit Committee will take into account all relevant factors, including but not limited to, the following:

- (a) The nature of the Interested Persons' interest in the transactions;
- (b) The material terms of the transactions;
- (c) The significance of the transactions to the Interested Persons and the Group; and
- (d) Any other matters as the Audit Committee may deem appropriate.

3.2. Threshold Limits

In addition to the review procedures set out above, the Group will monitor the Interested Person Transactions covered by the IPT Mandate by categorising the transactions as follows:

- (a) A Category 1 Interested Person Transaction is one where the value is in excess of 3% of the latest audited consolidated NTA of the Company as at 30 June 2019; and
- (b) A Category 2 Interested Person Transaction is one where the value is less than or equal to 3% of the latest audited consolidated NTA of the Company as at 30 June 2019.

Category 1 Interested Person Transactions must be approved by the Audit Committee prior to entry.

Category 2 Interested Person Transactions do not require the prior approval of the Audit Committee but shall be reviewed on a quarterly basis by the Audit Committee to ensure that they are carried out on normal commercial terms, in accordance with the procedures outlined above. All relevant non-quantitative factors such as the nature of services provided and prevailing market conditions will also be taken into account and recorded accordingly.

In addition, where the aggregate value of all Category 2 Interested Person Transactions with the same Interested Person (as defined in Rule 908 of the Listing Manual) in the current financial year is equal to or exceeds 3% of the Group's latest audited NTA, the latest and all future Category 2 Interested Person Transactions with the same Interested Person (so defined) equal to or above S\$100,000 must be approved by the Audit Committee prior to entry.

If any member of the Audit Committee has an interest in any Interested Person Transactions, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

3.3. General administration procedures for all Interested Person Transactions

The Group has the following procedures in place for the identification of Interested Persons and the record of all Interested Person Transactions (including non-mandated Interested Person Transactions):

- (a) The Company Secretary will maintain a register of Interested Persons, which comprise the Group's Directors and Controlling Shareholders and their respective associates (which is to be updated immediately if there is any changes), and disclose the list to relevant personnel (such as the Board, the human resource manager, the procurement manager, the marketing manager and the finance manager) to enable the identification of interested persons (as defined in Chapter 9 of the Listing Manual). This register of Interested Persons will be reviewed by the Audit Committee on an annual basis.
- (b) Designated persons of the respective subsidiaries and associated companies of the Group are required to inform the Company Secretary of any significant upcoming transactions with Interested Persons so as to obtain the prior approval of the Audit Committee or Shareholders, where necessary.

- (c) For monitoring purpose, the Company Secretary or an officer so assigned will maintain a register of all Interested Person Transactions (recording the basis and the factors that have been taken into account for entry into the transactions, including the quotations, valuation guidance and other evidence obtained to support such basis), which will be updated quarterly based on submissions by the designated persons.
- (d) Save for the Interested Person Transactions for which approval of the Audit Committee is required prior to the entry thereof, the Interested Person Transactions set out in the quarterly report of the Company's internal auditors or compliance officers will be reviewed by the Audit Committee at quarterly meetings. The Audit Committee will review all Interested Person Transactions (including those Interested Person Transactions which have a value below S\$100,000) quarterly to ensure that they are carried on normal commercial terms, that the guidelines and procedures established to monitor Interested Person Transactions have been complied with and the relevant approvals obtained.
- (e) The annual internal audit plan of the Group shall incorporate a half-yearly review of all transactions entered into in the relevant financial year pursuant to the IPT Mandate. The Audit Committee shall review the internal audit report (including the register) on the Interested Person Transactions to ascertain if the established guidelines and procedures to monitor the Interested Person Transactions have been complied with and the relevant approvals obtained. If during the course of their review, the Audit Committee is of the view that the internal control procedures for Interested Person Transactions have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will seek Shareholders' approval for a fresh general mandate based on new guidelines and review procedures to ensure that the Interested Person Transactions are conducted on normal commercial terms. During the period prior to obtaining a fresh general mandate from Shareholders, all Interested Person Transactions will be subject to prior review and approval by the Audit Committee.
- (f) Further, the Audit Committee will review the threshold limits (be it in absolute dollar amount or as a percentage of the latest prevailing audited consolidated NTA of the Group) annually to ensure that they are not prejudicial to the interests of the Group and minority Shareholders.
- (g) The Board will ensure that all disclosure, approval and other requirements on Interested Person Transactions, including those required by prevailing legislation, the SGX-ST Listing Manual and accounting standards are complied with.
- (h) The Audit Committee shall have overall responsibility for the determination of the review procedures and shall have the authority to delegate such responsibility to individuals or committees within the Company as they deem appropriate.
- (i) The Audit Committee shall, if it deems necessary, require the appointment of auditors or any independent professional to review all matters relating to the Interested Person Transactions entered into pursuant to the IPT Mandate recorded in the register.

The Audit Committee is of the view that the above guidelines and procedures are sufficient to ensure that these Interested Person Transactions will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

4. VALIDITY PERIOD OF THE IPT MANDATE

The IPT Mandate will take effect from the date of the passing of the Ordinary Resolution relating thereto at the 2019 AGM, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM.

Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM subject to satisfactory review by the Audit Committee of its continued application to the transactions with Interested Persons.

5. DISCLOSURE OF INTERESTED PERSON TRANSACTIONS PURSUANT TO THE IPT MANDATE

The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the quarterly financial periods which the Company is required to report on pursuant to Rule 705 of the Listing Manual and within the time required for the announcement of such report.

The Company is required, in accordance with the requirement of Chapter 9 of the Listing Manual, to disclose in its annual report the aggregate value of transactions conducted pursuant to the IPT Mandate during the financial year, as well as in the annual reports for the subsequent financial years during which the IPT Mandate is in force.

6. STATEMENT OF THE AUDIT COMMITTEE

Having reviewed the rationale for and the terms of the IPT Mandate, as well as the accruing benefits to the Group, amongst others, the Audit Committee confirms that:

- (a) The methods or procedures for determining the transaction prices have not changed since the last general meeting at which Shareholders' approval was obtained; and
- (b) The methods or procedures as set out above are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders,

and hence, an independent financial advisor's opinion is not required for the renewal of this IPT Mandate.

If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established guidelines and procedures are inappropriate and not sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new guidelines and procedures for transactions with Interested Persons.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

7.1. The interests of Directors and Substantial Shareholders of the Company in the Shares as at the Latest Practicable Date, as recorded in the Company's Register of Directors' Shareholdings and Register of Substantial Shareholders respectively, were as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
<u>Directors</u>						
Ang Kok Tian ^{(2) (3) (4)}	88,212,800	14.02	334,830,150	53.21	423,042,950	67.23
Ang Ah Nui ^{(2) (3) (4)}	30,660,000	4.87	392,382,950 ⁽⁵⁾	62.36	423,042,950	67.23
Ang Kok Leong ^{(2) (3) (4)}	72,841,500	11.58	350,201,450	55.65	423,042,950	67.23
Andre Yeap Poh Leong	350,000	0.06	–	–	350,000	0.06
Tan Huay Lim ⁽⁶⁾	–	–	–	–	–	–
Tan Sek Khee	–	–	–	–	–	–
<u>Substantial Shareholders</u>						
Ang Kok Tian ^{(2) (3) (4)}	88,212,800	14.02	334,830,150	53.21	423,042,950	67.23
Ang Ah Nui ^{(2) (3) (4)}	30,660,000	4.87	392,382,950 ⁽⁵⁾	62.36	423,042,950	67.23
Ang Kok Eng ^{(2) (3) (4)}	73,799,100	11.73	349,243,850	55.50	423,042,950	67.23
Ang Kok Leong ^{(2) (3) (4)}	72,841,500	11.58	350,201,450	55.65	423,042,950	67.23
Ang Sin Liu ^{(3) (4)}	58,633,350	9.32	364,409,600 ⁽⁷⁾	57.91	423,042,950	67.23
Ang Swee Kuan ^{(3) (4)}	27,195,000	4.32	395,847,950	62.91	423,042,950	67.23
FMR LLC	–	–	54,372,313 ⁽⁸⁾	8.64	54,372,313	8.64
Fidelity Management & Research Company	–	–	54,372,313 ⁽⁹⁾	8.64	54,372,313	8.64
FMR Co., Inc.	–	–	54,372,313 ⁽¹⁰⁾	8.64	54,372,313	8.64
Fidelity Puritan Trust	48,010,413	7.63	–	–	48,010,413	7.63

Notes:

- (1) The percentage is computed based on 629,266,941 issued ordinary shares of the Company as at the Latest Practicable Date (being 631,778,541 total shares in issue less 2,511,600 treasury shares and subsidiary holdings).
- (2) Ang Kok Tian, Ang Ah Nui, Ang Kok Eng and Ang Kok Leong are brothers. Each of the brothers is deemed to have an interest in the shares held by the others.
- (3) 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 have an interest in the shares held by the others.
- (4) 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 have an interest in the shares held by the others.
- (5) 62,431,800 shares are registered in the name of nominee(s).
- (6) Tan Huay Lim holds (under the name of a nominee) S\$686,250 of the Series 007 Notes issued by the Company (comprising 0.5% of the current outstanding principal amount of the Series 006 and the Series 007 Notes of S\$137,250,000).
- (7) 9,269,400 shares are registered in the name of nominee(s).
- (8) FMR LLC is deemed to have interests in 54,372,313 shares because such shares are held by funds and/or accounts managed by one or more of FMR LLC's direct and indirect subsidiaries, which are fund managers.
- (9) Fidelity Management & Research Company is deemed to have interests in 54,372,313 shares because such shares are held by funds and/or accounts managed by one or more of Fidelity Management & Research Company's direct and indirect subsidiaries, which are fund managers.
- (10) FMR Co., Inc. is deemed to have interests in 54,372,313 shares because such shares are held by funds and/or accounts managed by FMR Co., Inc. which is the fund manager.

7.2. The interests of the Directors in the Warrants of the Company as at the Latest Practicable Date as recorded in the Register of Warrantholders maintained under the provisions of the Deed Poll dated 24 June 2019 constituting the warrants are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Warrants	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾	No. of Warrants	% ⁽¹⁾
Directors						
Ang Kok Tian ⁽²⁾	44,106,400	7.78	167,415,075	29.52	211,521,475	37.30
Ang Ah Nui ⁽²⁾	15,330,000	2.70	196,191,475 ⁽³⁾	34.60	211,521,475	37.30
Ang Kok Leong ⁽²⁾	36,420,750	6.42	175,100,725	30.88	211,521,475	37.30
Andre Yeap Poh Leong	175,000	0.03	–	–	175,000	0.03
Tan Huay Lim	–	–	1,734,375 ⁽⁴⁾	0.31	1,734,375	0.31
Tan Sek Khee	–	–	–	–	–	–

Notes:

- (1) The percentage is computed based on the total number of outstanding warrants of 567,130,713 warrants as at the Latest Practicable Date.
- (2) Ang Kok Tian, Ang Ah Nui and Ang Kok Leong are brothers. Each of the brothers is deemed to be interested in the warrants held by the others, their father (Ang Sin Liu), their brother (Ang Kok Eng), and their sister (Ang Swee Kuan).
- (3) 31,215,900 warrants are registered in the name of nominee(s).
- (4) 1,734,375 warrants are registered in the name of a nominee.

8. ABSTENTION FROM VOTING

In accordance with the requirements of the Listing Manual, the Interested Persons (as described in paragraph 2.4 of this Letter) and their associates, which for the avoidance of doubt, shall include the Ang Family, shall abstain from voting on resolutions approving Interested Person Transactions involving themselves with the Group. The Interested Persons and their associates will also refrain from accepting nominations as proxy or otherwise vote at the 2019 AGM in respect of the Ordinary Resolution unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

9. ANNUAL GENERAL MEETING

The 2019 AGM, notice of which is enclosed with the Annual Report, will be held on 30 October 2019 at 19 Pandan Road Singapore 609271 at 2.00 p.m. for the purpose of considering, and, if thought fit, passing the resolutions set out in the Notice.

10. APPROVALS AND RESOLUTIONS

Shareholders' approval for the proposed renewal of the IPT mandate is sought at the 2019 AGM. The resolution relating to the proposed renewal of the IPT mandate is contained in the Notice as Ordinary Resolution No. 10.

11. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the 2019 AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the Annual Report in accordance with the instructions printed thereon.

The completion and lodgement of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the 2019 AGM if he so wishes. Pursuant to section 81SJ(4) of the SFA, a Depositor will not be regarded as a Shareholder entitled to attend the 2019 AGM and to speak and vote thereat unless his name appears in the Depository Register at least seventy-two hours before the 2019 AGM.

12. DIRECTORS' RECOMMENDATION

As the Ang Family collectively holds approximately 53.8% of the issued and paid-up share capital of KHL, Ang Kok Tian, Ang Ah Nui and Ang Kok Leong shall abstain from making any recommendations on the approval of the proposed renewal of the IPT Mandate to be proposed at the 2019 AGM.

Save as disclosed above and for their respective interests in Shares, none of the other Directors have any interest, direct and indirect, in the IPT Mandate.

Having reviewed and considered the guidelines and review procedures in relation to the IPT Mandate, the rationale for and benefits of the IPT Mandate, the Directors, save for Ang Kok Tian, Ang Ah Nui and Ang Kok Leong, are of the view that the proposed renewal of the IPT Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of Ordinary Resolution No. 10 relating to the renewal of the IPT Mandate to be proposed at the 2019 AGM.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company during normal business hours on any weekday (public holidays excepted) from the date of this Letter up to and including the date of the 2019 AGM:

- (a) The Constitution;
- (b) The Annual Report; and
- (c) The IPT Mandate Circular.

Yours faithfully

For and on behalf of the Board of Directors of
ASL MARINE HOLDINGS LTD.

Ang Kok Tian

Chairman, Managing Director and CEO