FOCUSED

ON FUNDAMENTALS

CH Offshore Ltd.

Annual Report 2019

Vision

To be the preferred marine support service provider in the oil and gas industry delivering incident-free operations all the time, everywhere.

Mission

To provide our customers with safe, superior quality, reliable and cost effective marine services delivered by a team of people who are passionate about our operational excellence.

PEOPLE

SUSTAINABILITY

BUSINESS

INNOVATION

RETURNS

GROWTH

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Contents

COMPANY PROFILE

CH Offshore Ltd. ("CHO", the "Company" and together with its subsidiaries, the "Group") was incorporated on 31 March 1976 as Mico Line Pte Ltd. In April 1976, the Company became a wholly-owned subsidiary of Chuan Hup Marine Pte. Ltd. During that time, the Company saw a rise in demand for offshore support services which led to the expansion to its offshore fleet. On 28 February 2003, the Company became a public listed company on the Singapore Exchange Securities Trading Limited and changed its name to CH Offshore Ltd..

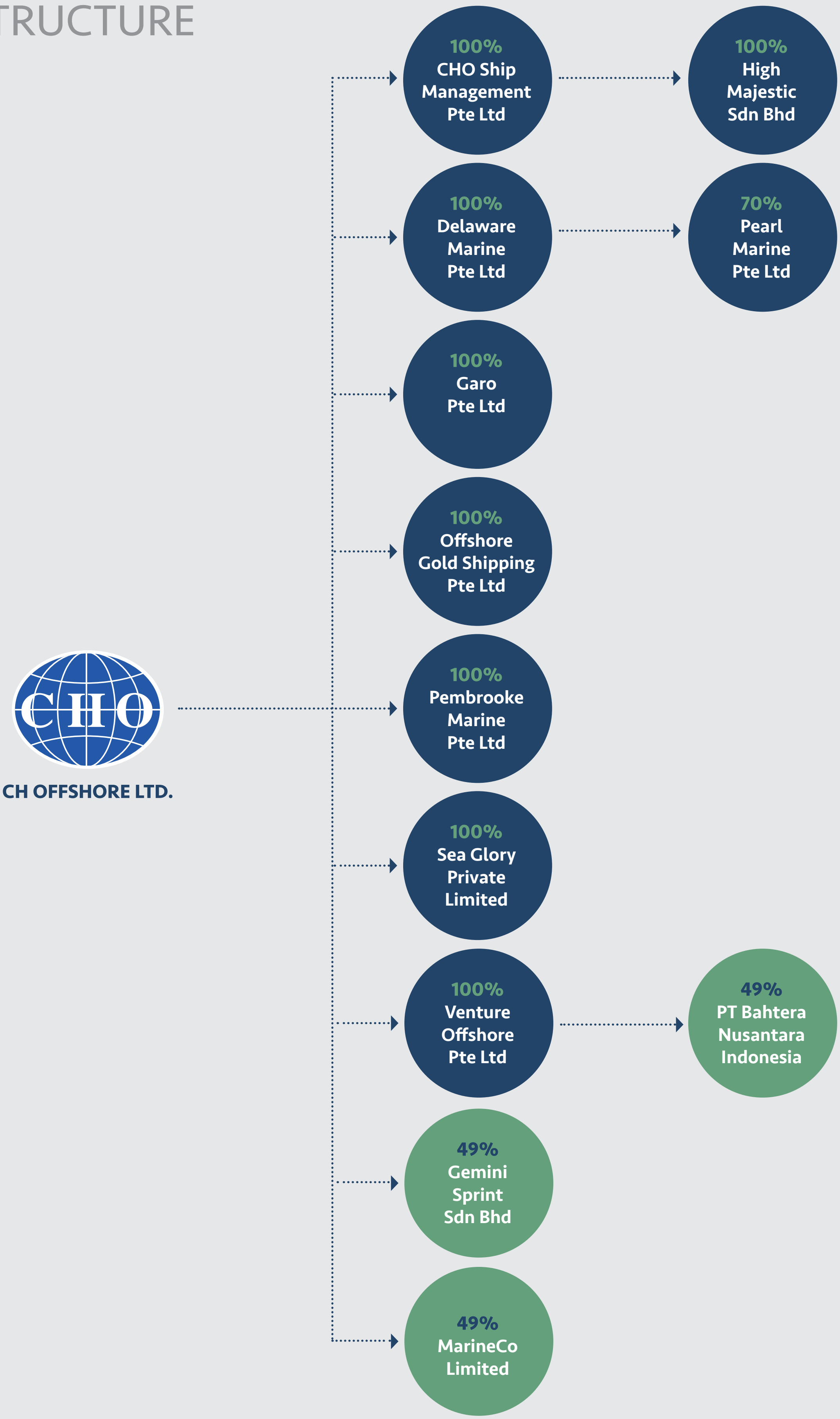
In October 2005, Scomi Marine Berhad (formerly Habib Corporation Berhad), a public-listed Company on the Bursa Malaysia, acquired a 29.07% stake in CHO from Chuan Hup Holdings Limited. Subsequently on 28 April 2010, Scomi Marine Berhad sold its entire 29.07% stake in CHO to Energian Pte Ltd ("Energian"), a wholly-owned subsidiary of Falcon Energy Group Limited ("FEG").

February 2015 marked yet another significant milestone in CHO's history with the successful conclusion of the voluntary unconditional cash offer which FEG made through Energian, enabling FEG to acquire a 86.71% stake in CHO thus making CHO a subsidiary of FEG. On 7 April 2017, Energian sold a 21.83% stake to SZ Offshore Investment Pte. Ltd.. On 26 July 2018, Baker Technology Limited ("Baker Tech"), through its direct wholly-owned subsidiary BT Investment Pte. Ltd. ("BTI"), acquired 52.72% stake in CHO. CHO therefore became a subsidiary of Baker Tech. The subsequent general offer resulted in BTI owning an increased stake of 54.98% in CHO.

Currently, CHO operates eleven AHTS vessels. Ten of the vessels are wholly-owned with an average age of twelve years as at 31 December 2019. Seven of the newer AHTS are 12,240 BHP vessels equipped with state-of-the-art facilities for heavier offshore work in deeper waters.

Building on CHO's long standing history of strength and expertise, the Group will continue to forge excellent relationships with its customers through firm commitment to quality, reliability and high service standards.

CORPORATE STRUCTURE



OUR
FLEET

PERIDOT
2010

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
Total 12,240 BHP

Bollard Pull
152.2 MT continuous
158.8 MT maximum

Dynamic Positioning
System Class 2

AQUAMARINE (EX-PTSC HA LONG)
2009

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
Total 12,240 BHP

Bollard Pull
152.0 MT continuous
157.7 MT maximum

Dynamic Positioning
System Class 2

CORAL*
2008

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
Total 12,240 BHP

Bollard Pull
157.2 MT continuous
162.0 MT maximum

Dynamic Positioning
System Class 2

LANGERY (EX-PEARL)
2008

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
Total 12,240 BHP

Bollard Pull
151.8 MT continuous
155.1 MT maximum

Dynamic Positioning
System Class 2

TURQUOISE
2008

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
Total 12,240 BHP

Bollard Pull
153.9 MT continuous
157.7 MT maximum

Dynamic Positioning
System Class 2

AMETHYST
2008

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
Total 12,240 BHP

Bollard Pull
153.6 MT continuous
159.2 MT maximum

Dynamic Positioning
System Class 2

TOURMALINE
2006

Dimensions (L x B x D)
61.45 m x 16.4 m x 7.2 m

Main Propulsion
2 x Wartsila,
Total 12,240 BHP

Bollard Pull
150.6 MT continuous
154.8 MT maximum

Dynamic Positioning
System Class 2

BERYL
2005

Dimensions (L x B x D)
51.79 m x 13.5 m x 6.0 m

Main Propulsion
2 x Bergen,
Total 4,826 BHP

Bollard Pull
60 MT continuous
62 MT maximum

GARNET
2005

Dimensions (L x B x D)
56.39 m x 16.0 m x 5.5 m

Main Propulsion
2 x Wartsila,
Total 5,400 BHP

Bollard Pull
71.5 MT continuous

ONYX (EX-TOPAZ)
2005

Dimensions (L x B x D)
56.39 m x 16.0 m x 5.5 m

Main Propulsion
2 x Wartsila,
Total 5,400 BHP

Bollard Pull
72 MT continuous

ZIRCON
2004

Dimensions (L x B x D)
56.39 m x 16.0 m x 5.5 m

Main Propulsion
2 x Mak,
Total 5,000 BHP

Bollard Pull
66.8 MT continuous

* *co-owned*

Note: The above specifications are for general information only, and are not to be used for any other purpose.

FINANCIAL REVIEW

Statement of Profit or Loss and Other Comprehensive Income

	FYDec19 US$'000	6MDec18 US$'000	Changes %	Explanatory Notes^
Revenue	**20,956**	**5,937**	NM	Increase due to better vessel utilization rate, higher charter rates and contribution from third parties' vessels chartered in to complement the Group's existing fleet
Cost of sales	(13,488)	(4,024)	NM	
Gross profit before direct depreciation	**7,468**	**1,913**	NM	
Direct depreciation	(7,151)	(3,749)	+91%	
Gross profit / (loss) after direct depreciation	**317**	**(1,836)**	NM	
Other income	343	314	+9%	
Other expenses	(1,843)	(260)	NM	Increase due to provision of doubtful debt
Administrative expenses	(8,593)	(1,874)	NM	Increase due to a provision for brokers' commission following the results of the arbitration proceedings in 3Q 2019
Loss from operations	**(9,776)**	**(3,656)**	NM	
Finance costs	(469)	(228)	+106%	
Loss before income tax and results of associated companies	**(10,245)**	**(3,884)**	+164%	
Share of results of associated companies	(3,651)	(2,345)	+56%	Share of associated company's losses capped at $3.7 million due to loss on disposal of 3 vessels
Loss before income tax	**(13,896)**	**(6,229)**	+123%	
Income tax	(166)	(117)	+42%	
Loss after income tax	**(14,062)**	**(6,346)**	+122%	
Attributable to:				
Shareholders of the company	(14,166)	(6,330)	+124%	
Non-controlling interests	104	(16)	NM	
Total comprehensive income for the period	**(14,062)**	**(6,346)**	+122%	

Statement of Cash Flows

	FYDec19 US$'000	6MDec18 US$'000	Changes %	Explanatory Notes
Cash generated from operating activities	430	813	-47%	
Cash generated from investing activities	2,746	616	NM	Proceeds from disposal of asset of $1.9 million and repayment from associated company of $1.3 million, partially offset by vessel dry docking cost of $0.4 million
Cash (used in) / generated from finance activities	(553)	30	NM	Repayment of bank loan which commenced during the year
Net increase in cash and cash equivalents	2,623	1,459	+80%	
Cash and cash equivalents at beginning of year	5,700	4,249	+34%	
Effect of exchange rate changes on cash and cash equivalents	–	(8)	NM	
Cash and cash equivalents at end of year	8,323	5,700	+46%	

^ *In addition to the information provided in the Explanatory Notes, the increase in the Statement of Profit or Loss and Other Comprehensive Income line items also reflect the longer 12 month period for FYDec19 versus the shorter 6 month period for 6MDec18*

NM denotes Not Meaningful

Statement of Financial Position

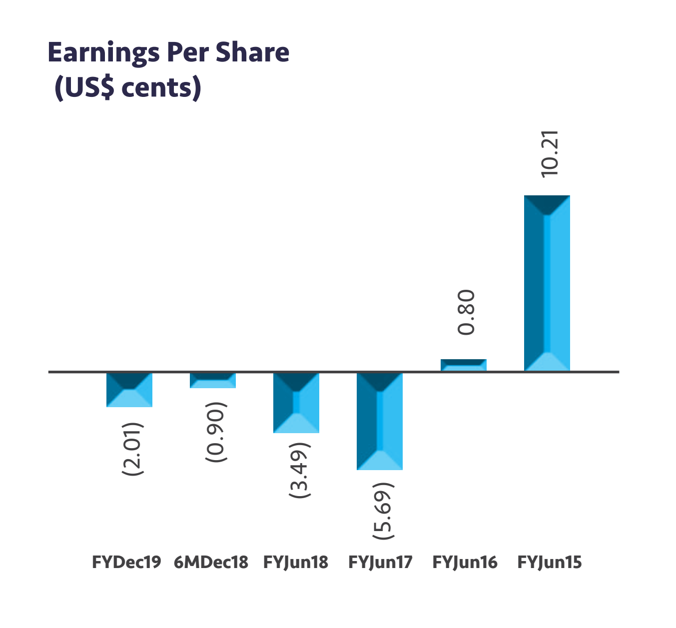
	2019 US$'000	2018 US$'000	Changes %	Explanatory Notes
Current assets				
Cash and cash equivalents	8,323	5,700	+46%	Mainly due to proceeds from disposal of asset of $1.9 million and repayment from associated company of $1.3 million
Trade and other receivables	8,756	5,667	+55%	Note 1: Increase was inline with the increase in chartering activities during 2019
Inventories	353	301	+17%	
Loan to associated company	5,537	4,298	+29%	Note 2: Reduction in loan to associated company due to repayment during the year
Prepayments	178	185	-4%	
Total current assets	23,147	16,151	+43%	
Non-current assets				
Associated companies	–	3,651	NM	Share of associated company's losses capped at $3.7 million due to loss on disposal of 3 vessels
Loan to associated company	–	2,497	NM	Refer to Note 2
Fixed assets	76,272	85,234	-11%	Reduction mainly due to depreciation charges and disposal of 2 vessels during the year
Total non-current assets	76,272	91,382	-17%	
Total assets	**99,419**	**107,533**	**-8%**	
Current liabilities				
Trade and other payables	10,216	3,979	+157%	Refer to Note 1 and includes a provision for brokers' commission following the results of the arbitration proceedings in 3Q2019
Borrowings	6,468	6,194	+4%	Net reduction due to repayment made during the year
Income tax payable	129	5	NM	
Total current liabilities	16,813	10,178	+65%	
Non-current Liabilities				
Borrowings	2,263	2,982	-24%	Net reduction due to repayment made during the year
Deferred taxation	4,097	4,065	+1%	
Total non-current liabilities	6,360	7,047	-10%	
Capital and reserves				
Issued capital	55,379	55,379	–	
Treasury shares	(46)	(46)	–	
Accumulated profits	20,795	34,961	-41%	Decrease due to net loss for the year
	76,128	90,294	-16%	
Non-controlling interests	118	14	NM	
Total Equity	76,246	90,308	-16%	
Total liabilities and equity	**99,419**	**107,533**	**-8%**	

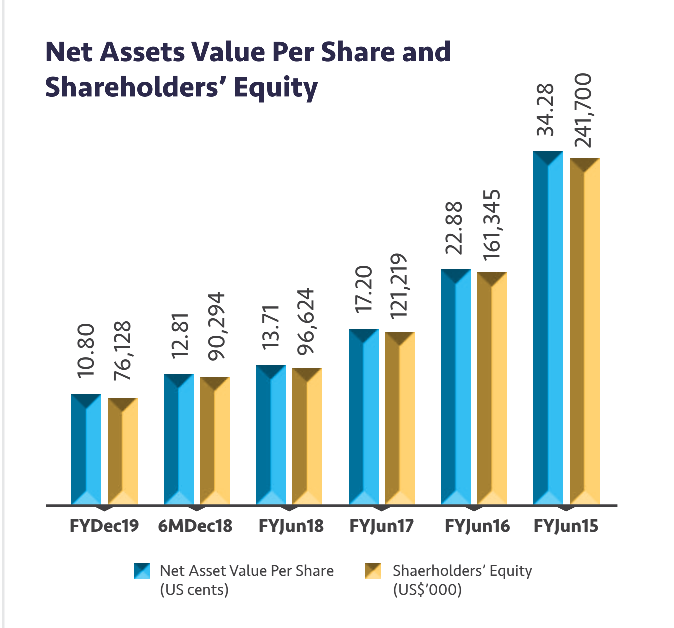
NM denotes Not Meaningful

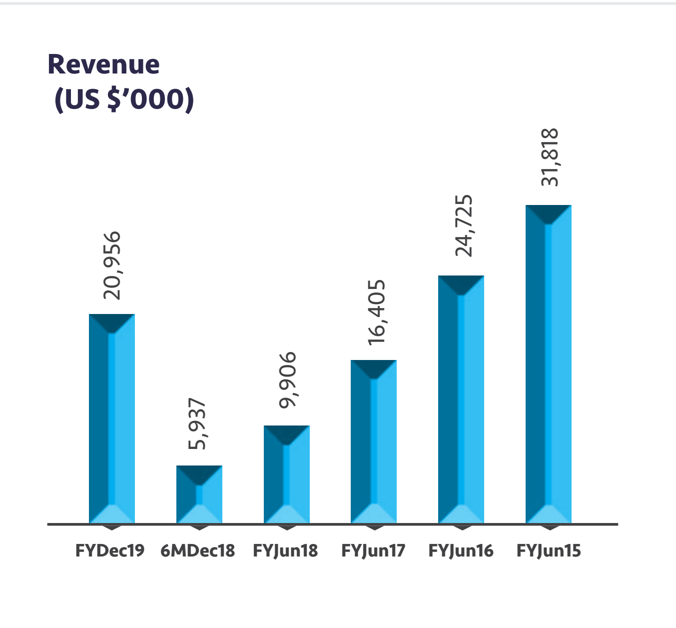
FIVE-YEAR
FINANCIAL STATISTICS

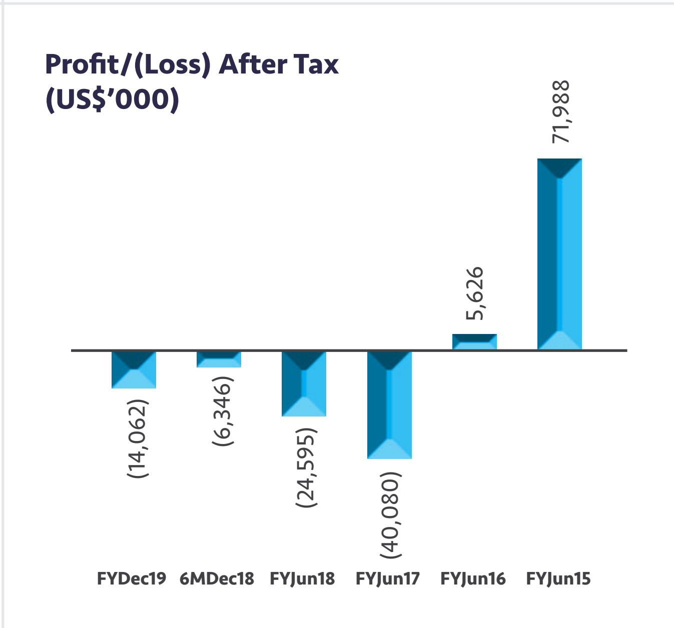
	FYDec19 US$'000	6MDec18 US$'000	FYJun18 US$'000	FYJun17 US$'000	FYJun16 US$'000	FYJun15 US$'000
Statements Of Profit Or Loss And Other Comprehensive Income						
Revenue	20,956	5,937	9,906	16,405	24,725	31,818
Gross (Loss)/profit after direct depreciation	317	(1,836)	(2,561)	4,040	10,998	19,112
Profit (Loss) before income tax	(13,896)	(6,229)	(24,473)	(40,836)	10,215	71,988
Profit (Loss) after income tax	(14,062)	(6,346)	(24,595)	(40,080)	5,626	71,988
Gross (Loss)/profit margin	1.5%	(30.9%)	(25.9%)	24.6%	44.5%	60.1%
Profit (Loss) before income tax margin	(66.3%)	(104.9%)	(247.1%)	(248.9%)	41.3%	226.2%
Profit (Loss) after income tax margin	(67.1%)	(106.9%)	(248.3%)	(244.3%)	22.8%	226.2%
Statements Of Financial Position						
Current assets	23,147	16,151	17,906	22,919	19,110	144,084
Non-current assets	76,272	91,382	98,802	118,802	168,838	171,153
Total Assets	99,419	107,533	116,708	141,119	187,948	315,237
Current liabilities	16,813	10,178	12,619	9,436	13,568	64,688
Non-current liabilities	6,360	7,047	7,465	10,464	13,035	8,849
Total liabilities	23,173	17,225	20,084	19,900	26,603	73,537
Net current assets	6,334	5,973	5,287	13,483	5,542	79,396
Shareholders' equity	76,128	90,294	96,624	121,219	161,345	241,700
Per Share Data						
Earnings Per Share (US$ cents):						
Basic	(2.01)	(0.90)	(3.49)	(5.69)	0.80	10.21
Fully Diluted	(2.01)	(0.90)	(3.49)	(5.69)	0.80	10.21
Net Asset Value Per Share (US$ cents)	10.80	12.81	13.71	17.20	22.88	34.28
Dividends Per Share (SG$ cents)	0.00	0.00	0.00	0.00	2.5	23.5

FIVE-YEAR
FINANCIAL CHARTS









CHAIRMAN'S MESSAGE

> **"Playing to our strengths, our core fleet of AHTS ("Anchor Handling Tug Supply") is uniquely placed to withstand the ups and downturns in the industry. Our vessels are well-built by renowned shipyards according to high quality specifications and have proven track records in reliability."**

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of CH Offshore Ltd. ("CHO", the "Company" and together with its subsidiaries, the "Group") for the financial year ended 31 December 2019 ("FY2019").

2019 marks yet another chapter in CHO's long history as it is CHO's first full year as a subsidiary of Baker Technology Limited ("Baker Tech"), a public company listed on SGX Main Board. During this year in review, both companies have capitalised on their respective strengths and complementary synergies to further explore new markets to create value and enhance growth for our shareholders.

On the global front, 2019 wrapped up another year of poor industry earnings and very challenging market fundamentals. Brent Crude Oil traded rangebound between US$54.91/bbl to US$74.57/bbl, ending the year at US$66/bbl. The supply side remained strong despite continued pressure from US sanctions on Iran, higher increased production cuts from OPEC (especially Saudi Arabia) and Russia and drone attacks on Saudi Aramco. Such shocks to the supply side barely registered due to high inventory levels thus muting oil price escalations. On the demand side, the trade wars between the US and several countries (most notably China) has resulted in flagging global economic growth. This has weighed on investor confidence and reduced global energy demand. Vessel supply-demand imbalance continued to plague the market albeit demand in certain vessel classes and in some countries showed signs of improvement together with increased average day rates. A significant number of laid up vessels still need to be scrapped to reduce vessel supply to a more realistic level. The theme of high debt levels and restructuring exercises is ongoing though companies that restructured early or are debt free have first mover advantage.

Given the current state of the sector and global market, we remain focused on our strategy of managing our operations efficiently. We look to increasing our vessel and resource utilisations by exploring new markets, expanding our activities to include chartering in / out of vessels to satisfy client requirements and extending our ship management services to third parties. These activities further our market reputation and add additional revenue lines. We have also streamlined our fleet and disposed vessels which were loss making as they were either laid up or would have required significant capital expenditure for dry docking.

Financial Review

The Group's conservative and prudent approach to business has laid the foundation for a higher revenue earned in FY2019. The Group's revenue for FY2019 increased from US$5.9 million for the financial period from 1 July to 31 December 2018 ("6MDec18") to US$20.9 million. The increase was generally due to a 12-month period in FY2019 as compared to a 6-month period in FY2018. Revenue also increased due to better vessel utilisation, improvement in charter rates and revenue contribution following the transfer of operations for 2 vessels from the Group's associated company in 2018. In addition, the Group chartered in third party vessels to complement its existing fleet as well as secured ship management contracts for third party vessels. The Group's operating expenses increased in line with the increase in revenue.

The Group incurred a loss after income tax of US$14.1 million in FY2019 as compared to a loss after income tax of US$6.3 million in 6MDec18. The Group's FY2019 losses is mainly due to a share of losses from associates (contributed by a loss of disposal of vessels by CHO's Indonesian associate), and a provision for brokers' commission following results of the arbitration proceedings in 3Q 2019.

Despite market conditions, given the Group's focus on improving cash flow, our cash and cash equivalents increased by US$2.6 million from US$5.7 million as at 31 December 2018 to US$8.3 million as at 31 December 2019. This was partly due to proceeds from disposal of asset and repayment from an associated company.

Outlook

We anticipate reduced economic growth in FY2020 stemming from macro-economic issues. Pressure on oil prices will also continue as production is expected to increase from more stable countries like Canada and Norway as compared to current key oil producers like Venezuela, Iran and Iraq. With continued muted appetite for large greenfield projects, oil majors are more likely to focus on optimising active assets to ensure optimal production. A major unexpected disruption at the end of 2019 which impacted global economies and supply chains is the emergence and spread of the COVID-19 which in early 2020, has been declared a global public health emergency by the World Health Organisation.

Specifically within the OSV space, there is still a vast amount of idle and unwanted tonnage in circulation. Scrapping activity has to pick up to improve on average utilisations before global day rates can see sustainable increases. Debt restructuring will continue to be an ongoing theme alongside sector consolidation with some lenders recognising the need to accept a discount on their loans while willing buyers emerge. However oil prices are still expected to remain around current levels which makes increasing exploration and production investment difficult.

Playing to our strengths, our core fleet of AHTS ("Anchor Handling Tug Supply") is uniquely placed to withstand the ups and downturns in the industry. Our vessels are well-built by renowned shipyards according to high quality specifications and have proven track records in reliability. The core vessels are equipped with high quality equipment, large tank capacities and deck space and have optimal horse-power suitable for client requirements. In addition, our management team and employees are very experienced and have a proven track record for delivering. By tapping on the team's experience, we have been successful in securing third party ship management agreements and intend to develop the business model further in 2020.

While we are still unsure of what lies ahead, we will continue to focus on increasing operational and cost efficiencies and be ready for the rebound in the industry.

Sustainability Commitment

The Board, together with the Risk Management Committee, continues to provide guidance and support for best business practices and oversees CHO's strategic direction whilst ensuring all Environment, Social and Governance ("ESG") matters are being addressed.

To remain steadfast in our commitment towards sustainability, CHO's sustainability strategy has been guided by its core values of Passion, Respect, Integrity and Honesty, Monetary Discipline and Excellence ("Prime") and its "Do No Harm" corporate policies. As a group, we constantly remind ourselves to operate the CHO way. The CHO way ensures that we do no harm to ourselves, to those involved and affected by our operations, to the assets involved and affected by our operations; to the environment in which we work and to our relations with clients, subcontractors, customers, stakeholders and to those affected by our operations.

Balancing commercial viability with sustainability for future generations, we also incorporate the key principals of ESG in setting out our business strategies and operations. Making sustainability a priority has yielded positive results in our business operations as well as profitability. Our productivity and efficiencies have increased while our operating expenses have been controlled which is critical in this challenging offshore oil and gas market. We have in place an effective Enterprise Risk Management framework which enhances our business resilience, agility and makes for better informed decision making. We also continuously strive to ensure full compliance with the 1974 International Convention for the Safety of Life at Sea (SOLAS 1974).

Acknowledgements

Weathering through the storm, we are confident of our abilities to cope with the challenges ahead. I am grateful to our stakeholders, investors, business partners and bankers, for their trust and unwavering support amidst the challenging economy. My deepest gratitude also goes out to our management and staff for their dedication and diligence. My thanks to my fellow Directors as well, for their invaluable contributions, wisdom and guidance.

Mr Thia Peng Heok George
Non-Executive Independent Chairman

BOARD OF DIRECTORS

Mr Thia Peng Heok George
Non-Executive Independent Director (Chairman)

Dr Benety Chang
Executive Director and CEO

Mr Heath McIntyre
Executive Director

Mr Tan Kian Huay
Non-Executive Independent Director

Mr Wan Hin Weng
Non-Executive Independent Director

Ms Jeanette Chang
Non-Executive Director

Mr Tan Kiang Kherng
Non-Executive Director

Mr Tan Pong Tyea
Non-Executive Director

Mr Thia Peng Heok George

Non-Executive Independent Director (Chairman)

Mr Thia Peng Heok, George is a Non- Executive and Independent Chairman of CHO. He was appointed as Non-Executive, Independent Director on 30 March 2015 and subsequently appointed as Lead Independent Director on 3 July 2015. Mr Thia was last re-elected as Director at the Company's Annual General Meeting held on 21 September 2018. He was designated to Chairman of the Board on 8 August 2018. He is also the Chairman of the Audit Committee and a member of Nominating and Remuneration Committees. Mr Thia is due to retire by rotation at the 2020 Annual General Meeting and will be seeking re-election as Director at the 2020 Annual General Meeting.

Mr Thia is a Chartered Accountant (Singapore) and practised as an accountant with Cooper Brothers and Co. (now known as PricewaterhouseCoopers). He has more than 20 years' experience in merchant banking and financial services including being Managing/ Executive Director at Morgan Grenfell, Merrill Lynch, Sun Hung Kai Securities, Kay Hian Securities and Lum Chang Securities. He is involved as board members of non-profit organisations including the National Cancer Centre and Singapore Institute of Management.

Dr Benety Chang

Executive Director and CEO

Dr Benety Chang is an Executive Director and CEO of CHO. He was appointed as Non-Executive Director on 27 August 2018 and subsequently re-designated to Executive Director and CEO on 1 September 2018. He was also appointed as Nominating Committee member on 8 October 2018. Dr Chang was last re-elected as Director at the Company's Annual General Meeting held on 21 September 2018.

Dr Chang is an Executive Director of Baker Technology Limited ("Baker Tech"), which is the ultimate holding company of CHO.

Baker Tech is a SGX Mainboard-listed company providing specialised marine offshore equipment and services, focusing mainly on the offshore oil and gas industry.

Dr Chang has extensive experience in the offshore oil and gas industry and was the major founding shareholder and CEO of PPL Shipyard Pte Ltd until his resignation in July 2012.

Dr Chang holds a MBBS degree from the University of Singapore.

Mr Heath McIntyre

Executive Director

Mr Heath McIntyre is an Executive Director of CHO. He was appointed as Non-Executive Director on 27 August 2018 and subsequently re-designated as Executive Director on 1 September 2018. Mr McIntyre was last re-elected as Director at the Company's Annual General Meeting held on 21 September 2018. Mr McIntyre is due to retire by rotation at the 2020 Annual General Meeting and will be seeking re-election as Director at the 2020 Annual General Meeting.

Mr McIntyre is the Managing Director of BT Investment Pte. Ltd ("BT Investment") and is responsible for overall management and operations of BT Investment. BT Investment is wholly owned by Baker Tech, which is the ultimate holding company of CHO.

Mr McIntyre was Executive Director at Southern Capital Group, an independent private equity firm focused on middle-market Buyout investments in South East Asia. Prior to Southern Capital, he was at Affinity Equity Partners (formerly UBS Capital Asia Private Equity) then a large-cap private equity firm principally involved in Buyout investments in the broader Asia Pacific region.

Mr McIntyre holds a Bachelor of Commerce degree from University of Toronto and a MBA from University of Chicago, Graduate School of Business.

Mr Tan Kian Huay

Non-Executive Independent Director

Mr Tan Kian Huay is a Non-Executive Independent Director of CHO. He was appointed to this position on 30 March 2015. Mr Tan was last re-elected as Director of the Company's Annual General Meeting held on 28 March 2019. He is the Chairman of Nominating Committee and a member of Audit and Remuneration Committees.

He has extensive experience in project management and business development, particularly in the construction industry. With over 40 years of experience in the building and construction industry, including serving as the Managing Director of Obayashi Singapore Pte Ltd from 1989 to 2004, Mr Tan was a director of NTUC Fairprice Foundation Ltd, NTUC Fairprice Co-operative Ltd, Choice Homes Investments Pte Ltd and Jurong Health Services Pte Ltd.

Mr Tan now serves on the board of Mercatus Co-operative Limited, a social enterprise under the NTUC Enterprise.

Mr Tan holds a Professional Diploma in Building and a Bachelor of Arts from Beijing Normal University. He is currently a fellow and was a former 2nd Vice President of the Society of Project Managers and also a former President of the Singapore Institute of Building.

BOARD OF DIRECTORS

Mr Wan Hin Weng
Non-Executive Independent Director

Mr Wan Hin Weng is a Non-Executive Independent Director of CHO. He was appointed to this position on 3 October 2018. Mr Wan was last re-elected as Director at the Company's Annual General Meeting held on 28 March 2019. He is the Chairman of Remuneration Committee and a member of the Audit Committee.

He has 30 years of risk management, audit, investment banking and private banking experience with Citigroup and Deutsche Bank.

He is currently the Principal of RenZhi, a firm engaged with AI projects.

He is an Associate of Chartered Institute of Secretaries and Administration (UK). He also holds Specialization Certificates in Data Science and Applied Data Science with Python from John Hopkins University/Coursera and the University of Michigan/Coursera.

Ms Jeanette Chang
Non-Executive Director

Ms Jeanette Chang is a Non-Executive Director of CHO. She was appointed to this position on 27 August 2018. Ms Chang was last re-elected as Director at the Company's Annual General Meeting held on 21 September 2018. Ms Chang is also a member of Remuneration Committee.

Ms Chang is the CEO and Executive Director of Baker Tech, which is the ultimate holding company of CHO. Ms Chang has an engineering and finance background having previously worked with Mott MacDonald Group in London on UK and Singapore engineering projects. Ms Chang was a Director in the Equity Capital Markets team at Barclays Bank PLC where she worked for nine years. She has significant experience in corporate finance especially in relation to fund raising in the capital markets.

Ms Chang holds a Master in Engineering First Class (Civil Engineering) degree from Imperial College London and a Master of Business Administration with Distinction from London Business School.

Mr Tan Kiang Kherng
Non-Executive Director

Mr Tan Kiang Kherng is a Non-Executive Director of CHO. He was appointed to this position on 27 August 2018. Mr Tan was last re-elected as Director at the Company's Annual General Meeting held on 21 September 2018. Mr Tan is due to retire by rotation at the 2020 Annual General Meeting and will be seeking re-election as Director at the 2020 Annual General Meeting.

Mr Tan is the CFO of Baker Tech, which is the ultimate holding company of CHO. Mr Tan was a Senior Audit Manager with Ernst and Young, Singapore.

Mr Tan holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University, Singapore and is a member of the Institute of Singapore Chartered Accountants.

Mr Tan Pong Tyea
Non-Executive Director

Mr Tan Pong Tyea is a Non-Executive Director of CHO. He was initially appointed as Non-Executive Chairman on 1 June 2010 and subsequently re-designated to Executive Chairman on 22 October 2015. Mr Tan was last re-elected as Director at the Company's Annual General Meeting held on 28 March 2019. He relinquished his position as Executive Chairman on 8 August 2018 and remains as an Executive Director. On 1 September 2018, Mr Tan was re-designated to Non-Executive Director and subsequently ceased to be a Nominating Committee member on 8 October 2018.

Mr Tan is also the Executive Chairman and CEO of Falcon Energy Group Limited ("FEG"), a controlling shareholder of CHO.

FEG is a SGX Mainboard-listed leading player in the regional offshore marine and oil and gas sectors. It provides a full spectrum of support services for the offshore marine and oil and gas cycle, from initial exploration and drilling to production and post-production stage, with a specialist focus on the production phase of oilfield activities.

He has more than 29 years of experience servicing the oil companies and major contractors throughout the region.

Mr Tan obtained his Masters in Management Studies from Durham University, United Kingdom.

KEY MANAGEMENT

Left to Right:
1 / Mr Lim Tze Kern Kenny (VP, Business Development)
2 / Mr Victor Pinto (Managing Director, CHO Ship Management Pte. Ltd.)
3 / Mr Lee Mun Keat (Financial Controller)

CORPORATE INFORMATION

Board of Directors

Chairman
Mr Thia Peng Heok George – (Independent)

Executive
Dr Benety Chang – (Chief Executive Officer)
Mr Heath McIntyre

Non-Executive
Ms Jeanette Chang
Mr Tan Kiang Kherng
Mr Tan Pong Tyea
Mr Tan Kian Huay – (Independent)
Mr Wan Hin Weng – (Independent)

Audit Committee

Mr Thia Peng Heok George (Chairman)
Mr Tan Kian Huay
Mr Wan Hin Weng

Nominating Committee

Mr Tan Kian Huay (Chairman)
Dr Benety Chang
Mr Thia Peng Heok George

Remuneration Committee

Mr Wan Hin Weng (Chairman)
Mr Thia Peng Heok George
Mr Tan Kian Huay
Ms Jeanette Chang

Company Secretary

Ms Lim Mee Fun

Registered Office

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Singapore 629131
Tel: (65) 6410 9018
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Email: investors@choffshore.com.sg
Website: www.choffshore.com.sg

Share Registar

RHT Corporate Advistory Pte. Ltd.
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

Auditors

Ernst and Young LLP
One Raffles Quay North Tower, Level 18
Singapore 048583
Partner-in-Charge: Mr Yee Woon Yim
Appointed since FY 31 December 2018

Principal Bankers

United Overseas Bank Limited
80 Raffles Place UOB Plaza 1
Singapore 048624

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
OCBC Centre East
Singapore 049514

SUSTAINABILITY
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SUSTAINABILITY REPORT

About The Report

This report describes our sustainability performance for the year from 1 January 2019 to 31 December 2019 and has been prepared taking reference from the Singapore Exchange Ltd ("SGX") Sustainability Reporting Guidelines (set out in Listing Rule 711A and 711B) and the Global Reporting Initiative ("GRI") Standards for reporting on our material topics. The boundary of reporting for the material topics include the vessels that we operate and covers our global operations. CH Offshore Ltd. ("CHO") is adopting a phased approach for our Sustainability Report and we will seek to provide additional disclosures on our material topics as our sustainability reporting matures over time. Forming part of the Company's Annual Report for FY2019, the Sustainability Report can be found online on our Company's website (www.choffshore.com.sg). We welcome comments and feedback on our Sustainability Report at investors@choffshore.com.sg.

Sustainability – The CHO Way

Sustainability considerations have always been a part of our organisational DNA. The Group recognises that risk management is just as much about opportunities as it is about threats. We have been rooted in our core values of Passion, Respect, Integrity and Honesty, Monetary Discipline and Excellence ("PRIME") and driven by our "Do No Harm" corporate philosophy. These have guided us in how we do business, treat our people, respect the environment and deliver our solutions.

With this philosophy and mind-set, CHO welcomed the SGX requirements on sustainability reporting and commenced its sustainability reporting journey in 2016. With the publication of our fourth sustainability report, we are proud to have increased our efforts and streamlined our strategy through hard work and commitment to the goal of being a responsible business. We continue to strive for greater integration of sustainability in every aspect of work that we do. Our sustainability practices are not just confined to our operations, but also extended to our supply chain. We recognise that the Group's operations are highly dependent on having a reliable supply chain providing us with a range of products from equipment and general supplies to vessels. Therefore we have implemented robust policies governing supplier selection.

Key Performance Indicators for FY2019

Employment Types
as of 31 December 2019

100%
Full Time Employees in our Corporate Office and for our crew

Gender Diversity of Our Employees
as of 31 December 2019

Corporate Office

42% Male | **58%** Female

Crew

100% Male | **0%** Female

GHG Emissions Intensity of Our Operations

CO_2

0.48
tCO_2e/running hour in FY2019

Lost Time Injury ("LTI")

LTI Free Days – **1,645**
(1 Jul 2015 until 31 Dec 2019)
LTI Free Man-Hours –
3,155,961

Employees New Hire (Corporate Office)

8%
of new hires below 30 years old

59%
of new hires between 30 and 50 years

33%
of new hires more than 50 years old

Employees New Hire (Crew)^

29%
of new hires below 30 years old

61%
of new hires between 30 and 50 years

10%
of new hires more than 50 years old

^ *New employee hires for crew refers to the unique individuals who have first joined the Company in FY2019 as one employee may have several rotations (temporary contracts) with the Company.*

Sustainability Governance

The Board of Directors ("Board") is responsible for the governance of the Group's risk management and internal controls. The Risk Management Committee ("RMC") has been set up to assist the Board in this regard. The RMC, which comprises of the Chief Executive Officer ("CEO"), Executive Director ("ED"), Financial Controller ("FC"), Managing Director of CHO Ship Management Pte. Ltd. and all departmental heads, performs biannual reviews of the risk register, including sustainability related risks, to identify new risks and review the severity and the applicability of the existing risks.

The Board has implemented an Enterprise Risk Management Framework for the identification, assessment, monitoring and reporting of significant risks. As part of the assessment of each risk, risks are measured on the basis of the probability of a hazard leading to a consequence and the severity of the consequence. Preventive controls and mitigation controls are used to manage the respective components of risk as per the appropriate hierarchy of controls.

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Stakeholder Engagement

We prioritise stakeholder engagement by focusing on and addressing key concerns of our stakeholders and delivering on our commitments so as to create sustainable value for the Company as well as stakeholders.

Stakeholders	Method and Frequency of Engagement	Topics of Concern	Our Response
Employees	• Regular “We Care” email to vessel crew • Regular “Safety Alerts and Marine Circulars” email to vessel crew • Town halls • Weekly or monthly staff meetings • Trainings	• Vision, strategy and direction • Productivity • Collaboration • Staff welfare and benefit • Training and development • Health, Safety, Security, Environment (“HSSE”)	• We remain committed to attracting top talent and investing in the development of our people • We adopt merit-based recruitment practices and emphasise diversity and inclusiveness • We have given our Employers’ Pledge of Fair Employment Practices to TAFEP
Shareholders and Financiers	• Annual Report • Annual General Meeting ("AGM") • SGX announcements	• Business strategy and direction • Financial performance • Corporate Governance • Dividend pay-out	• Shareholders play an important role in the financing, governance and control aspects of our Company • We aim to provide timely and accurate disclosure of the Group’s business developments and financials via SGX announcements, our company website and annual report • We seek to address Shareholders’ queries during AGM
Clients and Business Partners	• Customers’ satisfaction surveys • Feedback channels such as email, phone calls and teleconferences • Face-to-face meetings	• Customer satisfaction • Contract management • Operational performance, quality and responsiveness • Health, Safety, Security, Environment Excellence	• Customer satisfaction is crucial to the success of our business • We strive to provide our customers with safe, superior quality, reliable and cost effective marine services • We strive for continuous improvements to better our service delivery

Stakeholders	Method and Frequency of Engagement	Topics of Concern	Our Response
Suppliers and Contractors	• Perform assessment and continuous monitoring of key suppliers and contractors • Regular meetings, teleconferences and emails • Health, Safety and Environment ("HSE") Questionnaire for key contractors	• Product and service quality, price reliability and suitability to minimise downtime • Timely supply of products and services • Suppliers' credit terms • Compliance with CHO's Procurement Policy and ethical business practices • HSE Excellence	• We strive to establish strong, long-term and reliable relationships with our suppliers and contractors • We establish robust policies governing supplier selection with a focus on capability, quality, financial stability and business ethics • We do not nor appear to favour any suppliers • All regular suppliers are reviewed for their fit and ability on a yearly basis by way of an Annual Contractor Audit. The audit ensures that our appointed contractors are in full compliance with our HSE requirements
Governments and Regulators	• Written and verbal communication • Industry networking functions	• Compliance with rules and regulations • Sharing of industry best practices	• Governments shape the operating environment • Political factors, policies and regulation can affect how businesses are run and also create opportunities for companies • We track topics of concern for governments and regulators to ensure that we are equipped to meet government requirements wherever we operate
Local Communities	• Meetings • Community outreach initiatives	• Volunteer programmes • Community investment • Clean environment	• We engage with community leaders and non-profit organisations to reach out and render support to those in need

Materiality Assessment

In 2016, we conducted our first materiality assessment and identified key issues that were important to CHO and our stakeholders. We have collected data for the material topics and will gradually be expanding the data collection to cover other material topics in the subsequent reports. The material topics will be reviewed on an annual basis to ensure that it reflects changes in our business and the external environment.

Sustainability Area	Material Topics	GRI Standards	Impact Boundary
Environment	Compliance	Environmental compliance (GRI 307)	Vessel operations
	Energy and emissions	Energy and emissions (GRI 302 and GRI 305)	Vessel operations and corporate office
	Waste management and disposal	Effluents and waste (GRI 306)	Vessel operations and corporate office
Social	Diversity and equal opportunity	Diversity and equal opportunity (GRI 405)	Vessel crew and corporate office employees
	Talent attraction and retention	Employment (GRI 401)	Vessel crew and corporate office employees
	Training and education	Training and education (GRI 404)	Vessel crew and corporate office employees
	Occupational health and safety	Occupational health and safety (GRI 403)	Vessel crew and corporate office
Governance	Anti-bribery and corruption	Anti-corruption (GRI 205)	Vessel operations and corporate office

Environment

Compliance (GRI 307-1)

Our fleet complies with all mandatory standards and abides by all relevant treaties for the prevention of marine pollution, including International Maritime Organization ("IMO") resolutions, the International Convention for the Prevention of Pollution from Ships ("MARPOL"), the International Convention for the Safety of Life at Sea ("SOLAS"), the International Maritime Dangerous Goods ("IMDG") code, flag administration, ballast water management, the Shipboard Oil Pollution Emergency Plan ("SOPEP") regarding oil spills, and other standards regarding sewage, garbage and air pollution, as well as all national, regional and local regulations.

Given the nature of our business of owning and chartering of vessels and the provision of marine support services for the offshore oil and gas industry, CHO takes extra care to ensure that we are in compliance with all environmental regulations. Marine transportation is one of the most highly regulated industries in the world. Ships and their crew undergo comprehensive inspections by classification societies, port state control ("PSC") and customer vetting. A PSC is the inspection of a vessel while in port or anchorage to verify that the condition of the vessel, as well as its machinery and equipment, follow international regulations, and that the vessel is manned and operated in compliance with these regulations. In FY2019, CHO achieved a non-detainable PSC deficiency ratio of 11^.

CHO undergoes yearly Document of Compliance ("DOC") audits covering aspects of the International Safety Management ("ISM") Code vis-à-vis the Company's Health, Safety, Security and Environment Management System applicable to several jurisdictions including Singapore, Malaysia and Brunei among others. In addition, CHO has its own manual on Bunkering Operations Environmental Compliance based on MARPOL Annex I compliance, which is applicable to all vessels while bunkering, transferring, loading or discharging fuel oil or other oil-based materials. Our crew is trained in these procedures to ensure operations are carried out without any incidents that may pollute the environment and impact the safety of the vessel and its personnel.

During 2019, we did not identify nor were made aware of any non-compliance with environmental laws or regulations nor had any other breach of voluntary codes. We aim to continue maintaining zero cases of environmental non-compliance in the future.

^ *This is calculated as the ratio between the number of reported deficiencies relative to the number of PSC Inspections.*

Regulation	Aim and Entry Into Force	What We Have Done
IMO Energy Efficiency Design Index (EEDI) (MARPOL Annex VI, regulation 4)	Specifies a minimum efficiency level per capacity mile according to ship type and size, for ships 400 GT or over. Entry into force: 1 January 2013	Took measures such as regular propeller cleaning, hull cleaning and crew training for efficient machinery use. We plan to use engine oil additives to reduce friction and to improve engine efficiencies. We also plan to implement new technologies on our vessels during the next dry-docking period and whilst designing or purchasing new vessels to raise energy efficiency performance.
IMO Ballast Water Management Convention	Sets standards for proper management of ballast water and sediments to prevent the spread of harmful marine species. Entry into force: 8 September 2017	Our vessels are already compliant with the basic level (D1) of the IMO Ballast Water Management Convention, we plan to have our vessels to be D2 compliant by 2023.
IMO 2020 enhanced global sulphur limit (MARPOL Annex VI, regulation 14)	Enhances existing limits for sulphur content in marine fuel to reduce emissions of sulphur oxides and other pollutants. Entry into force: 1 January 2020	Our vessels use marine gas oil ("MGO") with sulphur content of equal or less than 0.5%m/m, which is within the ISO 8217 2017 standard and complies with the interim spec ISO PAS 23263 from September 2019 and IMO 2020.

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Energy and Emissions (GRI 302-1, GRI 305-1, GRI 305-4, GRI 305-7)

As a charterer and vessel operator, we can influence our environmental performance in the following ways: choice of technology adopted by the vessels and how we operate the vessels. Fleet composition and vessel speed, which are dictated by market requirements, continue to be important factors affecting the environmental footprint of our business.

To maximise the efficiency of our fleet and further reduce our vessels' energy consumption, we use innovative technologies and implement a number of operational measures. These include our continuous efforts towards cargo and fleet optimisation, where there is continuous monitoring of both the emission and fuel performance of the whole fleet, while identifying potential operational improvements during navigations. Our Operations Department regularly liaises with our vessel Masters to plan the ocean routing of vessels to ensure the most fuel-efficient route considering the weather, vessels' load and stability conditions. Vessel speed is also monitored during adverse weather to minimise consumption, while keeping to the vessels' schedule.

In order to promote reduction of energy and fuel consumption, our operational procedures include:

- Regular maintenance of vessels, including propeller polishing, sludge removal and cleaning of the hull to improve vessel performance
- Use of environmentally friendly anti-fouling hull paint (compliant to IMO AFS / CONF 26) to prevent barnacle growth
- On a daily basis, monitor and ensure that all operating vessels are sailing with optimised trim and draft
- Use of fuel flow meters, where possible, to find the most efficient speed for our vessels
- Choice of vessels with flexible use of engine configurations to minimise fuel consumption when idling

In 2019, the total energy consumed was 882,874 GJ which is approximately 66% more than what we consumed in 2018. This increase in consumption occurred hand in hand with a 38% increase in the total running hours. The higher fuel (Marine Gas Oil ("MGO")) consumption per running hour is due to a change in vessel activity as our vessels spent less time idling while waiting for client instructions or for other activities to take place. In addition, the average horsepower of the fleet that we operated in 2019 increased due to fleet optimisation to address client requirements.

Consequently, due to the higher consumption of MGO, our Scope 1 Greenhouse Gas ("GHG") emissions has seen an approximate 66% increase. The GHG emissions intensity of our operations was 0.48 tCO_2e/hour in 2019 which is a slight increase compared to our performance in 2018 of 0.40 tCO_2e/hour.

The maritime industry has been gearing up for a major transition as the IMO prepares to implement its 2020 Global Sulphur Cap from 1 January 2020. The new fuel regulations require all marine carriers to use low-sulphur fuel (up to 0.5% sulphur content). These new regulations are part of several international initiatives aimed at reducing marine pollution and emissions. CHO is well-prepared to meet the new requirements and fully supports the new regulations, which will contribute to the health of our oceans and the quality of the environment.

CHO strives to play our part in being environmentally responsible and reducing our GHG emissions. We are investing heavily in a number of technical solutions to meet or exceed the new regulations, finding innovative solutions and continuously improving our environmental performance. We have implemented a number of operational measures to further reduce our CO_2 emissions to meet expected new regulations, including those to be adopted by the IMO.

We track and analyse energy consumption on vessels via best practice methods in order to improve energy efficiency and reduce both fuel consumption and CO_2 emissions. Our policy is reflected in the Ship Energy Efficiency Management Plan which ensures that all marine operations for CHO's owned and managed fleet are conducted as efficiently, safely and reliably as possible.

In addition to CO_2, the vessel fuel combustion process also produces Nitrogen Oxides (NO_X) emissions which are a function of the fuel type, engine age and class. CHO's NO_X emissions have remained consistent in 2018 and 2019, with a fleet average value of 48.96 kg NO_X/tonne of fuel.

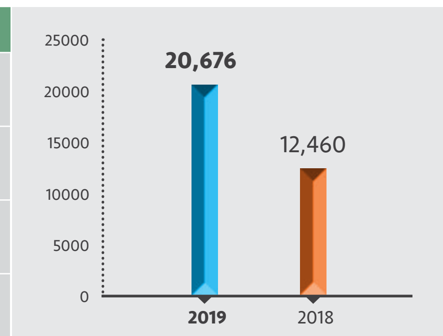
In line with the 2020 Global Sulphur Cap, CHO vessels only use MGO which is considered a clean fuel because it has sulphur content below 0.5% m/m. Our SO_x emissions has been consistently maintained at 2.64 kg SO_x/tonne of fuel.

The IMO has clear ambitions to reduce GHG emissions from ships and has thus introduced the IMO Data Collection System ("DCS") on fuel consumption. Although the IMO DCS is applicable to vessels exceeding 5000 gross tonnage, CHO is supportive of the IMO DCS and has plans to reduce GHG emissions of the fleet through fleet renewal, retirement of older less efficient vessels and the systematic roll out of our energy efficiency program, which audits vessels to identify operational and technical improvements to reduce onboard GHG in the coming years. We believe it is important to do our share in addressing climate change for the future viability of the industry. With our fleet performance monitoring and optimisation system, CHO is well positioned to adopt the IMO DCS (if required) and prepare for future GHG regulations.

Energy consumption by vessels (non-renewable sources)

	2019	2018
Marine Gas Oil (tonnes)	20,676	12,460
Total running hours	137,581	99,597#
MGO per running hour (MT/hr)	0.15	0.13#
Energy consumed (GJ)**	882,874	532,042

Marine Gas Oil (tonnes)



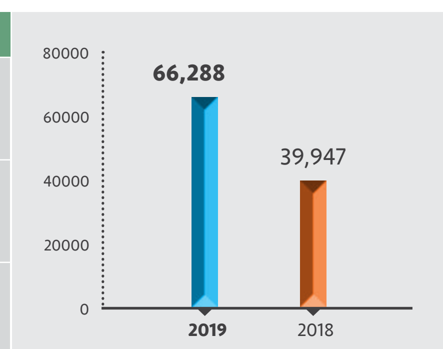
** *Energy consumed is calculated based on lower calorific value of Marine Gas Oil which is assumed to be 42.7 GJ/tonne of fuel. Source: Amendments to the 2014 Guidelines on the Method of Calculation of the Attained Energy Efficiency Design Index (EEDI) for New Ships (Resolution MEPC. 245(66)), as amended by (Resolution MEPC. 263 (68)).*

Figures for total running hours and MGO per running hour have been restated for 2018 to account only for vessels which are operated by CHO.

Scope 1 GHG Emissions

	2019	2018
Total CO_2e (tonnes) (See Note 1 for conversion details)	66,288	39,947
Total running hours	137,581	99,597##
GHG emissions intensity (tCO_2e/per running hour)	0.48	0.40##

Total CO_2e (tonnes)



Note 1: Emission factor of 3,206 t CO_2/t for marine gas oil is obtained from Guidance/Best practices document on monitoring and reporting of fuel consumption, CO_2 emissions and other relevant parameters pursuant to Regulation 2015/757 on monitoring, reporting and verification emissions from maritime transport.

Figures for total running hours and GHG emissions intensity have been restated for 2018 to account only for vessels which are operated by CHO.

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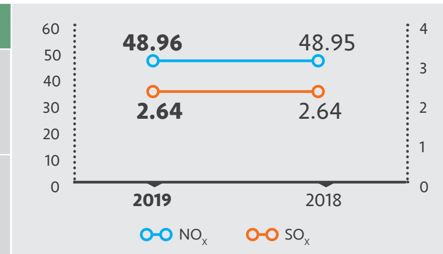
Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions

	2019	2018
Total NO_x (kg/tonne of fuel)	48.96	48.95
Total SO_x (kg/tonne of fuel)	2.64	2.64

(NO_x), (SO_x) (kg/tonnes)



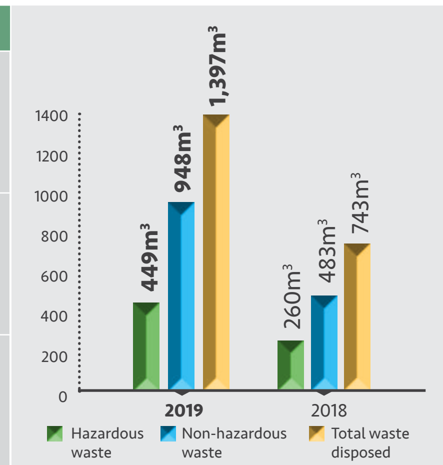
Waste Management and Disposal (GRI 306-2)

We are conscious that waste is generated from our operations and any mishandling in disposal may harm the environment. We also see waste reduction as a potential source of cost savings to our business. On board, we actively monitor our waste disposal metrics. Every vessel has a vessel specific Garbage Management Plan ("GMP") which enforces responsible waste disposal for all our vessels.

In line with MARPOL Annex V on prevention of pollution by garbage from vessels, we segregate our waste and dispose them according to the waste type and location of the vessel using different coloured receptables. In 2019, we disposed of approximately twice the amount of waste as compared to 2018 mainly due to one of our vessels being chartered for accommodation purposes.

Hazardous and Non-Hazardous Waste Generated

Types of Waste	2019	2018
Hazardous (E.g. Contaminated plastics and used oil)	449m³	260m³
Non-hazardous (E.g. Food waste, cloth, paper, wood, scrap metal)	948m³	483m³
Total waste disposed	1,397m³	743m³



E-waste

On March 2018, the amendments to MARPOL Annex V regarding the addition of E-waste as a new garbage category as well as a new Garbage Record Book format came into force. E-waste encapsulates electrical and electronic equipment including all components, sub-assemblies and consumables. These can be hazardous to the environment if discarded improperly. Following the integration of these amendments, all of our vessels updated their GMP to include the proper disposal of E-waste. New Garbage Record Books have been introduced to replace the older versions onboard to appropriately record E-waste disposals.

Sewage Treatment

The disposal of sewage waste on board is always a primary concern for our crew. For best hygiene practices and overall well-being of our crew, all our vessels are equipped with an on-board sewage treatment plant. These treatment plants operate on the principle of having an aeration chamber, where waste is mixed with aerobic bacteria. The bacteria is fed a constant supply of oxygen to stay alive so that a smooth and uninterrupted process of solid sewage treatment can be achieved. When the sewage tank becomes full, the treated sewage will be discharged ashore to an approved sewage tanker. Our crew receive regular training in the operation and maintenance of these plants to ensure they have the necessary knowledge and skills to operate and manage the equipment.

Spills

Spills can occur when transferring materials between vessels, while loading and unloading and as a result of overfilling containers. Leaks from storage tanks, hoses, piping or equipment failure can also cause spills. We work to proactively reduce the risk of spills through

i) **Effective risk management:** By identifying safety critical equipment where the potential for risk of impact from spills is highest, based on the type of equipment and chemicals used;
ii) **Tracking:** We track spills across our operations and report key trends to management and operations teams to help identify causes of spills and how they can be prevented. We continually work to better understand spill trends by improving spill reporting and analysis where possible.
iii) **Awareness:** Before a job begins, we identify potential spill hazards. We also work to raise spill prevention awareness among staff, crew and contractors to prevent or reduce the number, size and extent of spills that occur in our operations. When spills do occur, they are reported and cleaned up with the goal of achieving no lasting impact on the environment.

Managing our facilities and work practices to avoid spills, and having an effective response if they occur, is important to our local communities, employees and our business.

In 2019, there were no significant spills and we aim to continue achieving this target in the following year.

Social

Diversity and Equal Opportunity (GRI 405-1)

As a service provider, employees are one of our most vital assets. We embrace diversity and inclusion, aim to attract and retain the best people to work with us, develop their talents and abilities, and most importantly, ensure their safety and well-being. CHO embraces diversity and equal opportunities in various aspects of our business including our hiring policy and remuneration. We believe that diversity brings a combination of experiences, ideas and out-of-box thinking that helps us solve business problems with a broader perspective.

Fair Employment

We reward employees fairly based on their ability, performance, contribution and experience. All our employees are given employment contracts with clear terms and conditions and equal employment opportunities are clearly cited in the employee handbook. We abide by labour laws in the country of operation and adopt the Tripartite Guidelines on Fair Employment Practices. As a member of the Singapore National Employers Federation, we have also signed the Employers' Pledge of Fair Employment Practices to show our commitment to providing a safe and inclusive workplace for our staff. In our hiring policy, CHO looks primarily at a candidate's certifications, experience and ability to perform on the job. We do not discriminate against any particular group of people and we ensure that we have optimal manpower to match the needs of the business. In fact, as both policy and culture, we embrace and encourage diversity. All our staff in the corporate office are hired on a full or part-time basis, while crew members are offered short-term contracts to meet oil majors' and charterers' requirements.

Gender Diversity

As of 31 December 2019, among the 31 employees within the corporate office, 13 are male and 18 are female. However given the nature of the work and the lifestyle onboard the vessels, the sector in general tends to having a predominantly male crew and our Company is no different, therefore all of our 102 crew members as at 31 December 2019 are males. We are supportive of having female crew members and do not discriminate against them.

Cultural Diversity

In CHO, we also celebrate cultural diversity. We believe that part of our strength in being able to create solutions that address the needs of our customers, regardless of geography, lies in our pool of talent that comes from all over the world – our employees represent 10 different nationalities. To celebrate this, we had our Annual Chinese Lunar New Year group lunch in February 2019, Hari Raya Puasa celebration on board our vessels in June 2019 and Christmas get-together in December 2019. We are proud to say that all our staff participated in the festive celebrations, regardless of race or religion.

Age Diversity

In line with the Ministry of Manpower's initiative to promote age-friendly workplaces, CHO implemented an Age Management Programme in 2018. This programme allows us to keep our valued employees who turn 62 on the same employment contract, or to redesign their role and provide the necessary training for re-employment on a modified contract. This allows us to better address the needs and abilities of our senior staff, while keeping their valuable experience and expertise within the company. In line with the programme, we provide free health screening for all our employees together with other health talks.

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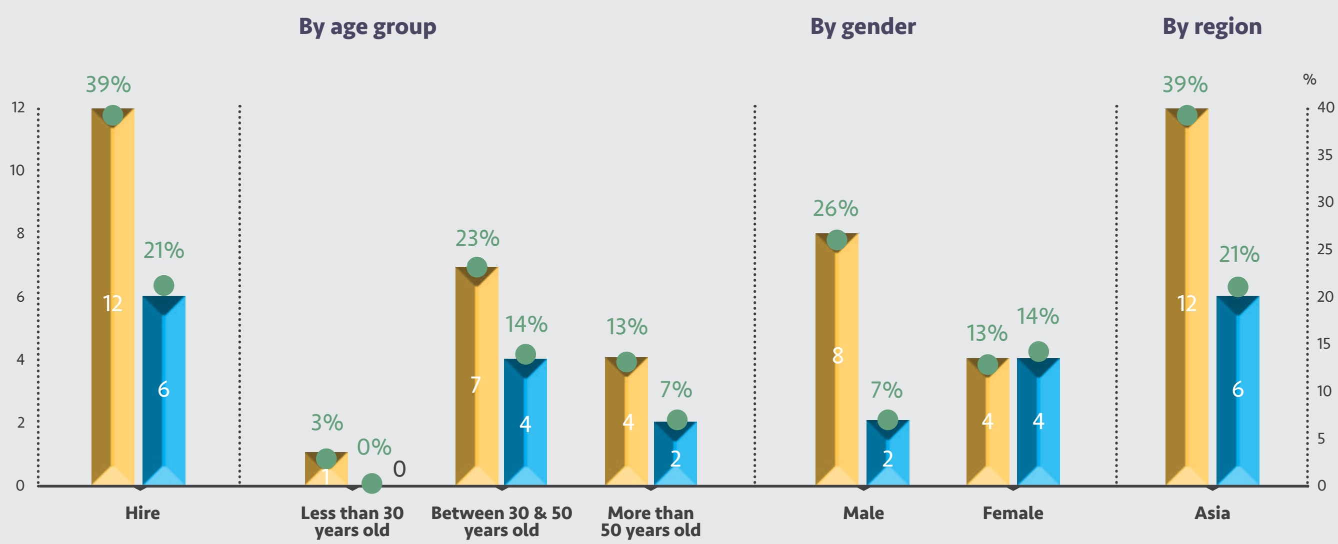
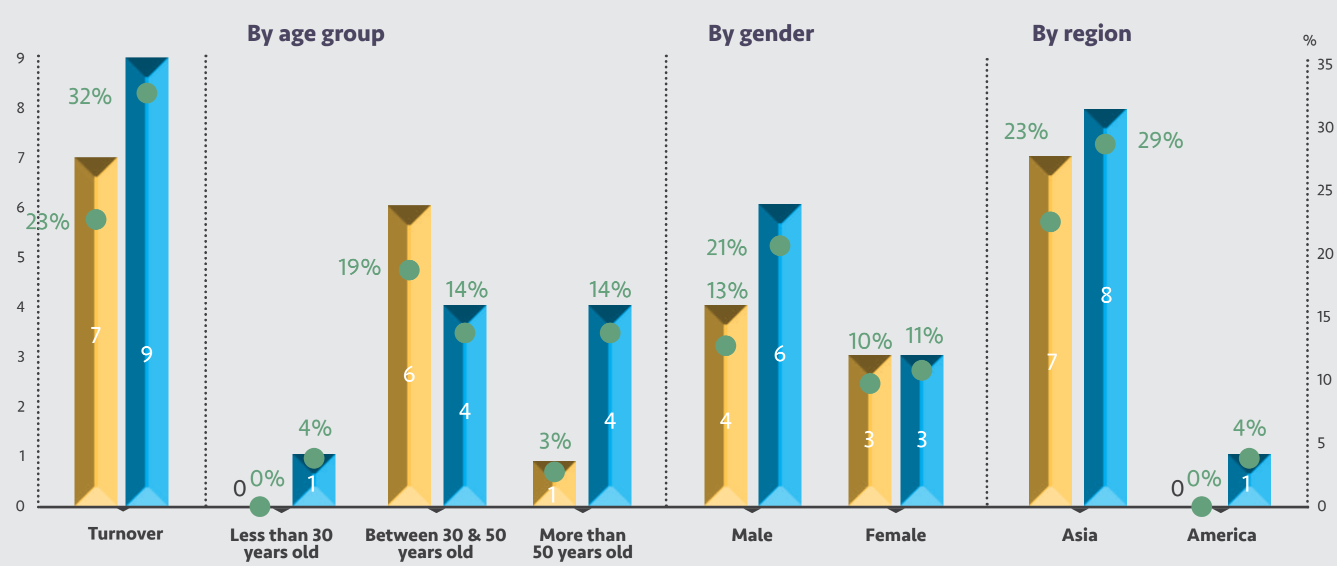
Total number and rate (%)^ of new employees hire (Corporate Office)

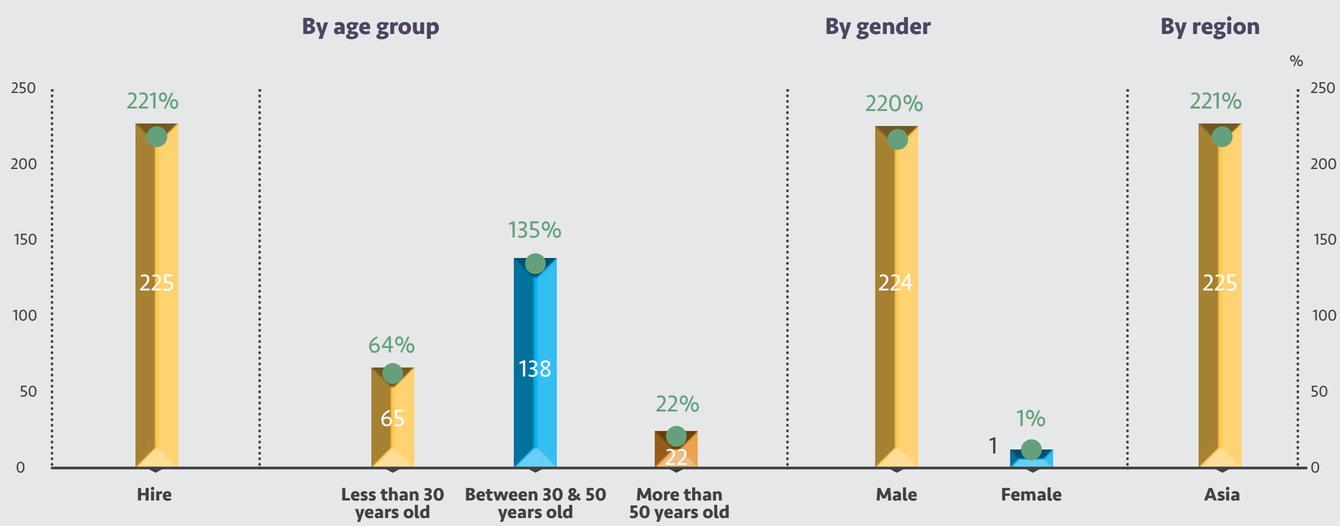


Total number and rate (%)^ of employee turnover (Corporate Office)



^ % calculated based on total employee number (corporate office) as at 31 December 2019

Total number* and rate (%)^ of new employees hire in 2019 (Crew)



* *The number of new employee hires for crew refers to the number of unique individuals who have first joined the Company in 2019 as one employee may have several rotations (temporary contracts) with the Company.*

^ *% calculated based on total employee number (crew) as at 31 December 2019.*

Talent Attraction and Retention (GRI 401-1)

Employment

As the industry faces challenging times, it is important that we recruit and retain the best talent. High turnover rates impact both our bottom line and the overall morale of the Company. We also believe that our experienced hires bring wisdom and knowledge to the Company that gives us a competitive edge.

We understand that the demands of the modern fast-paced work environment take their toll on the physical, mental and emotional wellbeing of our workforce, and in turn, on their workplace performance. Focusing on our employees' job satisfaction and wellbeing helps ensure that we deliver the best services to our customers as well as retain and support our valued staff.

We have focused on two aspects to enhance employees' morale and wellbeing: increasing workplace flexibility to improve inclusion and cater for individual needs, and focusing on training and education to increase resilience and personal development.

Flexible Work

In line with the Company's commitment to create a flexible and caring work environment that supports our staff's work and life responsibilities, CHO adopted Flexible Work Arrangements ("FWA") for our corporate office in October 2017. The FWA helps retain talent, including back-to-work individuals, and enhance productivity to achieve our business goal of providing top quality service to our customers. We currently have 2 members of staff taking up these FWA.

Workshops and activities conducted for our staff

Emergency Readiness Seminar

The Fire Prevention Centre held an Emergency Readiness Seminar in CHO on 18 January 2019 which was attended by 20 of our staff. Participants were briefed on common causes of fire, such as charging of mobile phones and tablets overnight, and unattended charging of motorised Personal Mobility Device. Participants were also taught how to protect their properties, assets and lives from fires and emergency situations, and gained valuable knowledge on terrorism response, transport emergency response and fire crisis response.

CPF and Retirement Talk

On 22 August 2019, 18 of our staff attended a workshop conducted by associates from the financial institution, IPPFA, titled - CPF and Retirement with 3 Key Building Blocks to a Happy Retirement. The workshop provided insights on how Singaporeans and Permanent Residents ("PRs") can tap on existing government schemes and maximize the use of their CPF savings. Common concerns surrounding citizens and PRs, especially the silver generation, were also addressed.

Team Building in Batam

CHO's inaugural Team Building Program was held on 8 and 9 November 2019 in Batam and was attended by 27 staff. Through a series of team bonding events that were fun and motivational, CHO staff were able to enhance their skills related to communication, planning, problem-solving and conflict resolution. After completing these activities together, staff are able to better understand each other's strengths, weaknesses and interests.

Corporate Health Screening

A health screening is the first step to safeguarding the health of our staff. Early detection and timely intervention pave the way for early treatment and can reduce future complications and treatment cost. With the support of healthcare professionals from Reste Medical Clinic Pte Ltd, CHO organised a complimentary health screening at the office on 10 September 2019 which was attended by 22 staff. Each staff was later provided with an individual health report with recommendation(s) for follow-up (if any). Group health coaching with individual attention for staff was also available for those who required it after the results were published.

Training and Education (GRI 404-1)

To remain competitive, CHO recognises the need to develop our most important asset – our people – to maximise their potential and bring wider business benefits. With ongoing training development, employees will have up-to-date and relevant skills, broader and more in-depth industry knowledge and will be kept abreast of the latest technological developments.

Our crew is required to attend various monthly, quarterly and bi-monthly training on emergency response to ensure that they have the necessary skills to respond in the event of an actual emergency. We hold regular in-house and external training programs for our corporate office employees covering both soft skills and more specific training for various job roles.

Examples of training and seminars attended by our employees in 2019 include:

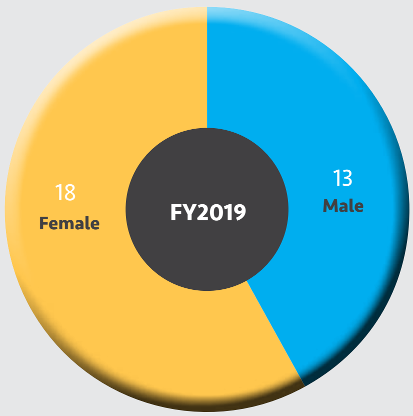
- Adult First Aid with AED course
- Fundamentals of the Personal Data Protection Act
- Internal Audit ISM-ISPS-MLC for Shipping Company
- Company/Ship Security Officer (CSO/SSO) Training Course
- The Employment (Amendment) Act Workshop
- Establishing an Effective Enterprise Risk Management Process
- Crisis Management on Planning for emergencies and contingencies and Accident investigation and root cause analysis
- Sailors Society 'Wellness at Sea'
- Certified Information Privacy Manager (CIPM) Programme.

In 2019, our corporate office employees attended an average of 30.5 hours of training per person while the crew attended an average of 18 hours of training per person.

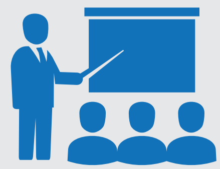
SUSTAINABILITY REPORT

Summary of our Social Performance Indicators

Total number of employees (Corporate Office) as at 31 December 2019

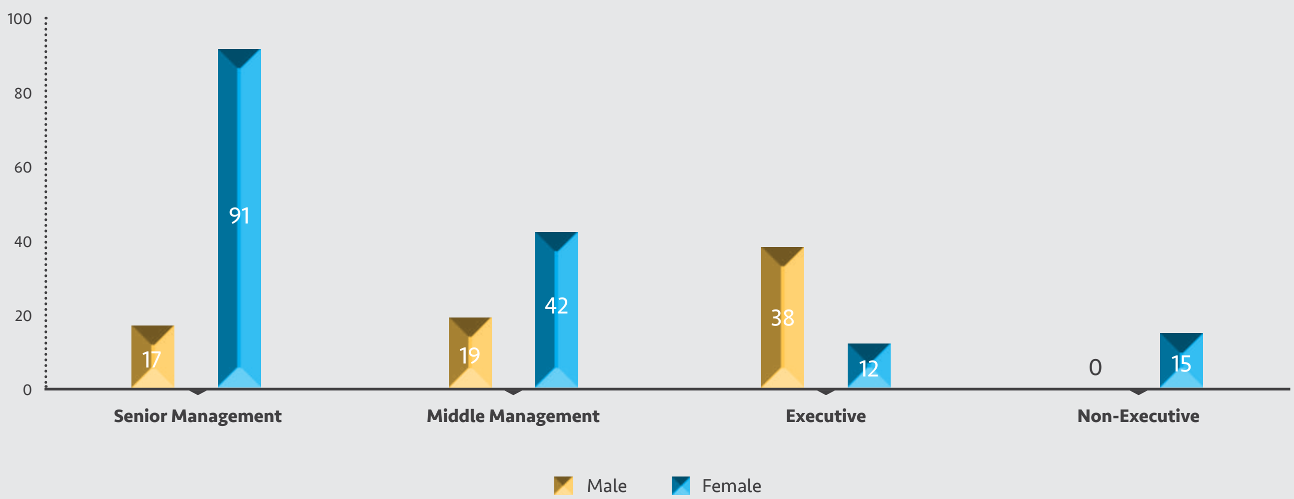


All of our crew as at 31 December 2019 are male and on full time temporary contracts



The crew have received an average of 18 hours of training per year

Recordable and Lost Time Injury Frequency Rate



All our corporate office employees are on full time permanent contracts.

Occupational Health & Safety (GRI 403-2)

Given the nature of our operations especially onboard vessels, health and safety is of utmost importance to us. CHO is committed to providing a safe operational environment for our offshore and onshore employees, customers and partners and aims to ensure that appropriate control measures are in place to mitigate any safety risks posed to stakeholders and assets.

We are committed to ensuring full compliance with the 1974 International Convention for the Safety of Life at Sea, which is an international maritime treaty which requires Signatory Flag States to ensure that their vessels comply with minimum safety standards in construction, equipment and operation.

STOP Work Authority ("SWA")

We provide regular training on health and safety which covers both our onshore and offshore personnel. Recently, we introduced the STOP Work Authority intervention campaign, which encourages our crew members to stop an activity if they observe a fellow crew member not abiding by safety protocols.

Safety Alerts and Marine Circulars

We have implemented 'Safety Alerts and Marine Circulars' communication to disseminate information regarding our safety policies and share best safety practices. Such communication is shared via emails to our vessel masters who are then required to share the communication with the rest of the crew and declare compliance. Onshore employees are also encouraged to share real examples of unsafe situations or practices they observe on our premises to our Health and Safety team and this is shared company-wide which allows for learning across different vessels and regions.

C.A.R.E. Card Initiative

One of the most successful initiatives we have implemented to improve the health and safety of our staff is the C.A.R.E. Card. The ultimate goal of CHO's C.A.R.E. Card system is to create and maintain a safety culture where employees care for each other and actively intervene when they observe unsafe acts and conditions. It also provides an avenue for reinforcement of safe behaviours.

Apart from being designed as a tool for observation and feedback and enhancing the culture of actively caring for each other, the acronym C.A.R.E. stands for:

C – Comprehend the activity (Observe the behaviours and conditions closely)
A – Act (Intervene for positive feedback or corrective discussion)
R – Reinforce (Affirm safe behaviours)
E – Eliminate unsafe behaviours and conditions by appropriate corrective feedback

As an observation tool, the C.A.R.E. card covers key areas of observation that are major contributors to accidents. Such areas include but are not limited to the following:

- HSSE awareness
- Adherence to policies and procedures
- Body positions
- Tools and equipment
- Personal Protective Equipment
- Environmental / working conditions and housekeeping.

The C.A.R.E. card also provides a section to document the use of SWA. Each crew member is required to submit at least one observation via a C.A.R.E. card each month, and the best three-monthly submissions receive a monetary reward. These practices are then shared with the rest of the employees to share and collaborate on safety practices and knowledge. In 2019, we received a total of 2,998 C.A.R.E. cards from our fleet of vessels.

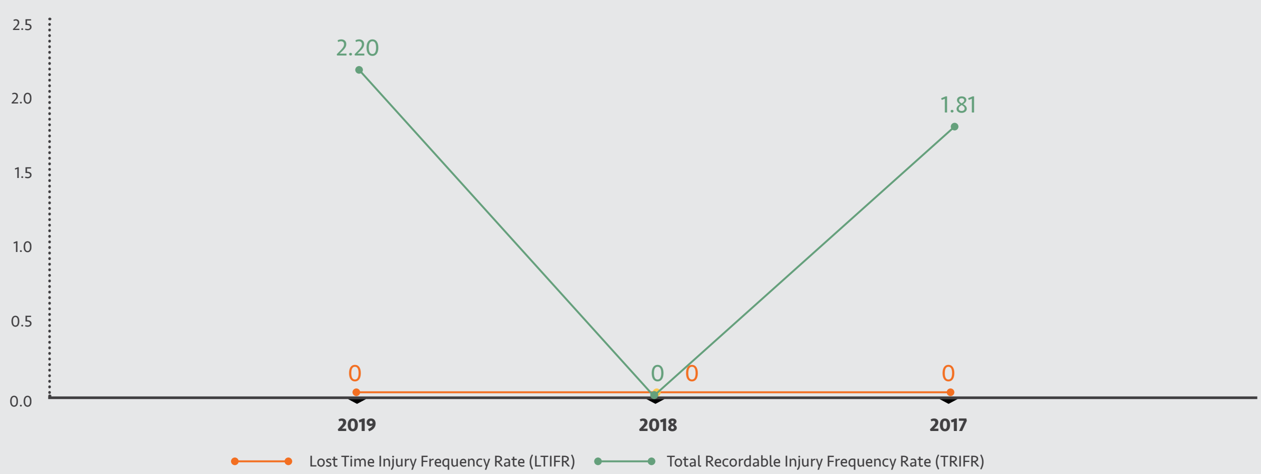
As at 31 December 2019, CHO has achieved 1,645 Loss Time Injury Free Days (period covering 1st Jul 2015 until 31 Dec 2019) with two (2) cases of recordable injury and zero first aid cases. The first case of recordable injury, although deemed a recordable injury, was in effect a health issue resulting in a crew member being taken off the vessel to seek medical treatment in hospital. The second case was a work injury and post investigation, we implemented additional safety processes to minimise the probability of reoccurrence.

We continually emphasise the personal responsibility that all our workers have for their own safety and that of their co-workers. After any accidents, a thorough investigation is carried out to help us understand the root cause and to take relevant corrective actions to prevent recurrence. We continue to strive for zero harm and will engage our staff, crew and other stakeholders we work with to create a safe and productive working environment.

SUSTAINABILITY REPORT

	2019	2018	2017
No. of Days (in year)	365	365	365
Man-Hours	903,365	677,185	552,330
First-Aid Case	0	0	1
Recordable Injury	2	0	1
Lost Time Injury	0	0	0
Fatalities	0	0	0
Total Recordable Injury Frequency Rate (TRIFR)	2.20	0	1.81
Lost Time Injury Frequency Rate (LTIFR)	0.00	0.00	0.00

Recordable Injuries and TRIFR



Governance

Anti-Bribery and Corruption (GRI 205-3)

We have adopted and communicated our Code of Conduct to all of our employees (crew and corporate office), Directors, Officers and all of our subsidiaries. The Code of Conduct governs our business activities and cover the following key topics:

- Conflicts of Interest
- Accurate Books and Records
- Equal Employment Opportunities, Non-Discrimination and Prohibition on Harassment
- Economic Sanctions
- Electronic Communications
- Fair Competition
- Gifts, Meals, Travel and Entertainment
- Insider Trading
- Safeguarding Confidential Information
- Social Media

All of our employees are required to abide by our Code of Conduct. Any non-compliance with the Code's principles is treated as a serious violation and may lead to termination of employment or even legal sanctions.

We have in place documented policies and work procedures which incorporate internal controls to ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls. Our core values are the cornerstone upon which CHO's culture is built, and which guide how we do business. Integrity and honesty are our most fundamental values, which we expect each and every one of our employees to demonstrate through fair and ethical conduct.

We ensure that the Group's zero tolerance policy towards fraud, corruption and unethical actions is strictly adhered to. We have a formally implemented Whistleblowing Policy that serves to encourage and provide a channel for stakeholders, including employees to report in good faith and in confidence, without fear of reprisals, concerns about possible wrongdoing or breach of applicable laws, regulations, policies or other matters. The Whistleblowing Policy and procedures allows independent investigation of such matters and for appropriate follow-up action to be taken. Our Anti-Bribery and Corruption Policy, Whistleblowing Policy and Code of Conduct are also available on the CHO website.

In 2019, we are not aware of any incidents of corruption, confirmed or suspected.

Giving Back To Our Community

Good corporate citizenship matters more than before in today's environment of globalisation. We are committed to improving the well-being and development of the community and environment in which we operate.

Relay for Life 2019

The Relay for Life 2019 is an initiative carried out jointly by Singapore Cancer Society and TalkMed to raise funds and awareness about cancer, and empower and celebrate survivors. 11 members of CHO's staff undertook the packing of goodie bags at the National Stadium in preparation for the Relay. This is the third year that we have participated in this event and we were delighted to be involved in this meaningful event in Singapore that saw over 7,000 participants accomplishing the 15-hour overnight relay and 208 teams taking part in the event's 100km Challenge.

REPORT ON CORPORATE GOVERNANCE

CH Offshore Ltd. ("**CHO**" or the "**Company**") and its subsidiaries (collectively, the "**Group**") recognise the importance of, and is committed to, maintaining high standards of corporate governance to ensure greater transparency and maximize long-term shareholder value.

As the Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Company seeks to comply with the listing rules of the SGX-ST as prescribed in the Listing Manual of the SGX-ST ("**Listing Rules**") and is guided in its corporate governance practices by the revised Code of Corporate Governance issued in 2018 ("**Code**").

The Board of Directors ("**Board**") is pleased to outline the main corporate governance framework and practices of the Company in this report, with specific reference made to each of the principles and provisions as set out in the Code. This report describes the Company's corporate governance practices that were in place throughout the financial year ended 31 December 2019. Where there were variations in the Company's corporate governance practices from the provisions as set out in the Code ("**Provisions**"), explanation as to how the Company's practices were consistent with the intent of the Principle in question is provided in the relevant paragraph of this report.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:
The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Board oversees the business affairs of the Group. It provides leadership and guidance to Management, sets strategic objectives, ensures that the necessary financial and human resources are in place and reviews management performance with a view to achieving long-term success for the Company. The Board also ensures the adequacy of the Group's control and risk framework and standards and ensures that obligations to its shareholders and other key stakeholders are understood and met.

The long-term vision and strategy for the Company is formulated and discussed at Board level and its implementation, including articulation to shareholders and employees, is tasked to the Management led by the Executive Directors. Management works with, and is accountable to, the Board.

Provision 1.1 of the Code

All Directors objectively discharge their duties and responsibilities as fiduciaries and take decisions in the best interests of the Group at all times. A Director who is interested in a transaction or proposed transaction will declare his/her interest and abstain from deliberation unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Directors, facing conflicts of interest, are required to abstain from voting in relation to conflict-related matters.

The Board has put in place a Code of Conduct Policy and Procedures to assist and guide the Directors and employees in acting honestly, ethically and respectfully and in identifying, disclosing and managing conflict of interest situations. The Code of Conduct Policy and Procedures further serve to emphasise the Group's commitment to ethics and compliance with the law, for the protection of the Company's interest and the promotion of transparency for the benefit of shareholders.

The Board has also adopted an Anti-Bribery & Corruption Policy detailing the Group's policy and procedures with respect to the conduct of the Group's business and operations in an ethical, honest, fair and professional manner. The Anti-Bribery & Corruption Policy applies to all Directors, officers, employees and contract workers (including crew) and, where necessary and appropriate, outside parties acting on behalf of the Group, including but not limited to consultants, representatives, agents and intermediaries engaged by the Group. A Gift & Hospitality Policy has been put in place to set out the Group's specific thresholds in relation to appropriate and acceptable gifts and hospitality to offer to or receive from clients, vendors and other relevant third parties.

Provision 1.2 of the Code

The Company recognises the importance of appropriate training for its Directors. Newly-appointed Directors will be given briefings and an orientation on the business activities of the Group and its strategic directions, their duties and responsibilities as Directors, as well as a board meeting calendar for the year. They are furnished with information outlining their duties and obligations. From time to time, the Directors are provided with updates on any changes in relevant laws and regulations, code of corporate governance, financial reporting standards and industry related matters. In addition, the Directors are also encouraged to attend relevant training programmes, seminars and workshops to enhance their skills and knowledge, at the expense of the Company. At the Audit Committee ("**AC**") meetings, the external auditors would update the AC and the Board on new or revised accounting standards which are applicable to the Company or the Group.

Directors with no prior experience as a Director of a listed company have attended external training conducted by the Singapore Institute of Directors. No new Director was appointed in 2019.

The Nominating Committee ("**NC**") reviews and makes recommendations on the training and professional development program to the Board. The Board was apprised of the training programmes attended by each Director in 2019.

Provision 1.3 of the Code

The Board's primary role is to protect and enhance long-term shareholders' value. It is responsible for the Group's overall performance objectives, key operational initiatives, financial plans and annual budget, major investments, divestments and funding proposals, quarterly and full year financial performance reviews, risk management and corporate governance practices. Each Director exercises his/her objective judgement to act in good faith and in the best interest of the Company to enhance the long-term value of the Group to its shareholders. The Board also considers sustainability issues, e.g. environmental, governance and social factors in the formulation of Group strategies.

The Company has established financial authorisation and approval limits for borrowings, investments, acquisitions, disposals, capital and operating expenditures. Apart from its fiduciary duties and statutory responsibilities, the Board evaluates and approves important matters such as material acquisitions and disposal of assets, financial plans, capital expenditures, and major funding and investment proposals. It also reviews and approves the financial statements and annual reports and authorises announcements of financial results to be issued.

There is a formalised delegation of authority matrix that sets out financial approval limits for the Board and Management regarding operational expenditure, capital expenditure, investments, financial costs and cheque signatory arrangements.

Provision 1.4 of the Code

The Board is supported by the Board Committees which were established to assist the Board in discharging its responsibilities of overseeing the Group's affairs and enhancing corporate governance. These Board Committees are the AC, the Remuneration Committee ("**RC**") and the NC. The Board delegates specific responsibilities to these Board Committees which operate within specified terms of reference setting out the scope of their duties and responsibilities and procedures governing the manner in which each Board Committee is to operate and how decisions are to be taken. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations for the Board's endorsements, the ultimate responsibility on all matters lies with the Board.

Provision 1.5 of the Code

The Board meets at least four times a year and holds special meetings at such other times as may be necessary to address any ad hoc significant matters. To facilitate Directors' attendance at meetings, the dates of Board and Board Committee meetings as well as annual general meetings are scheduled in advance. Matters before the Board are diligently deliberated by the Board to ensure that the interests of the Company are protected.

Meetings via telephone or videoconference are permitted under the Company's Constitution. In between Board meetings, important matters are discussed in person or via telephone and are tabled for Board decision via circulating resolutions in writing. Supporting memorandum or papers are circulated to the Directors where relevant. Directors with multiple Board representations would ensure that sufficient time and attention are given to the affairs of the Company.

Attendance at Board/ Board Committee Meetings during the financial year ended 31 December 2019[(1)]:-

	Board		AC		RC		NC	
Directors	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Mr Thia Peng Heok George[(2)]	4	4	4	4	1	1	1	1
Dr Benety Chang	4	4	4	4*	1	1*	1	1
Ms Jeanette Chang[(3)]	4	4	4	4*	1	1*	1	1*
Mr Heath McIntyre	4	4	4	4*	1	1*	1	1*
Mr Tan Kiang Kherng	4	4	4	4*	1	1*	1	1*
Mr Tan Pong Tyea	4	3	4	3*	1	1*	1	1*
Mr Tan Kian Huay[(2)(4)]	4	3	4	3	1	0	1	0
Mr Wan Hin Weng[(4)]	4	4	4	4	1	1	1	1*

Notes:

(1) Refers to meetings held/attended while each Director was in office.

(2) Mr Tan Kian Huay was appointed as NC Chairman in place of Mr Thia Peng Heok George on 15 Feb 2019.

(3) Ms Jeanette Chang was appointed as additional RC member on 15 Feb 2019.

(4) Mr Wan Hin Weng was appointed as RC Chairman in place of Mr Tan Kian Huay on 15 Feb 2019.

* Attended as invitees.

Provision 1.6 of the Code

Directors are from time to time furnished with detailed information concerning the Group to enable them to be fully cognizant of the decisions and actions of the Group's executive management. All Directors have unrestricted access to the Company's records and information to enable them to keep abreast of the Group's financial position. Detailed Board and Board Committee papers are prepared for each Board and Board Committee meeting and are circulated before each meeting. The Board and Board Committee papers include sufficient information from Management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board and Board Committee meetings. Directors are at liberty to request from Management additional information as needed to make informed decisions.

If a Director was unable to attend a Board or Board Committee meeting, he/she would still receive all the papers and materials for discussion at that meeting. The relevant Director would review them and advise the Chairman or Board Committee Chairman of his/her views and comments (if any) on the matters to be discussed so that they may be conveyed to other members at the meeting.

Provision 1.7 of the Code

All Directors have separate and independent access to all levels of senior executives in the Group and the Company Secretary and are encouraged to speak to other employees to seek additional information if they so require.

The Company Secretary attends all Board meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations which are applicable to the Company are complied with. The appointment and the removal of the Company Secretary rest with the Board as a whole.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

Board Composition and Guidance

Principle 2:
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As at the date of this report, the Board comprises of eight (8) Directors: three (3) Non-Executive Independent Directors, three (3) Non-Executive Directors and two (2) Executive Directors. The Directors of the Company as at the date of this report are as follows:

Mr Thia Peng Heok George	Non-Executive Independent Director (Chairman)
Dr Benety Chang	Chief Executive Officer and Executive Director
Mr Heath McIntyre	Executive Director
Ms Jeanette Chang	Non-Executive Director
Mr Tan Kiang Kherng	Non-Executive Director
Mr Tan Pong Tyea	Non-Executive Director
Mr Tan Kian Huay	Non-Executive Independent Director
Mr Wan Hin Weng	Non-Executive Independent Director

Provisions 2.1, 2.2 & 2.3 of the Code

A Director who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement in the best interests of the Group, is considered to be independent.

The NC reviews the independence of each Director on an annual basis, and as and when circumstances require, by taking into account, inter alia, the criteria provided in the Listing Manual and the Code, the existence of any relationships between such Director and the Group, its related corporations, its substantial shareholders and officers and if applicable, whether such relationships can interfere, or be reasonably perceived to interfere, with the exercise of such Director's independent judgment. The NC has determined that all the Independent Directors are independent and have no relationship (whether familial, business, financial, employment, or otherwise) with the Company, its related corporations, substantial shareholders or officers, which could interfere or be perceived to interfere with the Director's independent judgment.

With more than one-third of the Board comprising of Independent Directors, the Group is in compliance with Rule 210(5)(c) of the SGX Listing Rules as the Board Chairman is an Independent Director.

None of the Independent Directors have served on the Board beyond 9 years from the date of first appointment.

Provision 2.4 of the Code

The NC and Board are of the view that the size and level of independence of the Board is appropriate and that the Board comprises of Directors who as a group have an appropriate balance and mix (as well as breadth and depth) of skills, knowledge, experience, and diversity of thought, so as to foster constructive and robust debate and avoid groupthink.

The current Board comprises of one (1) female Director and seven (7) male Directors with an age group ranging from 43 to 71 years old. Each Director has been appointed based on the strength of his/her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. The Board provides diversity of expertise and knowledge in areas such as marine and offshore industry, accounting or finance, business or management experience, human resource, risk management, mergers and acquisitions, strategic planning experience and various other industry knowledge, required for the Board and the Board Committees to be effective.

Although the Company does not have a formal board diversity policy, due consideration would be given to the benefits of diversity and new Directors will continue to be selected on merits based on objective criteria. The Board does not intend to appoint persons as Directors by reason of their gender or age on the Board or simply to meet quotas. The Board has reservations on setting a quota as a target, as it may detract from the more fundamental principle that the candidate must be of the right fit and meet the relevant needs and vision of the Board and Company at the material time.

Provision 2.5 of the Code

Non-Executive Directors and Independent Directors meet without the presence of Management from time to time and on a need basis, and any relevant feedback would be provided to the Board and/or Chairman, as appropriate. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board Committee meetings.

Chairman and Chief Executive Officer

Principle 3:
There is a clear division of responsibilities between the leadership of the Board and Management and no one individual has unfettered powers of decision-making.

Provision 3.1 of the Code

Different individuals assume the Chairman and the Chief Executive Officer ("**CEO**") functions in CHO. There is a clear separation of the roles and responsibilities between the Chairman and the CEO. Mr Thia Peng Heok George is the Chairman of the Board and is an Independent Director. Dr Benety Chang is the CEO of the Group. The Board Chairman and the CEO are not related to each other.

Provision 3.2 of the Code

The Chairman is responsible for leading and ensuring the effectiveness of the Board. This includes promoting a culture of openness and debate at the Board, ensuring that the members of the Board work together with integrity and competency, facilitating the effective contribution of all Directors and promoting high standards of corporate governance. The Chairman also ensures appropriate relations within the Board and between the Board and Management, engaging Management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chairman also ensures effective communication with shareholders and other stakeholders.

The CEO is responsible for the leadership and overall management of the affairs of the Group. The CEO also sets strategic objectives and implement strategies to achieve the long-term sustainable growth of the Group and value creation.

Provision 3.3 of the Code

Given that Mr Thia Peng Heok George is an Independent Director, the position of Lead Independent Director is not required in line with the Code.

Board Membership

Principle 4:
The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 of the Code

The NC has put in place a formal and transparent process for all appointments to the Board. It has adopted written terms of reference defining its membership, administration and duties.

The NC's primary functions are to evaluate and to review nominations for appointment and re-appointment to the Board and the various committees, to assess the effectiveness of the Board, to nominate any Directors for re-election at the Annual General Meeting ("**AGM**"), having regards to the Director's contribution and performance (such as attendance, preparedness, participation and candor), to determine whether or not the Director is independent, to review Board succession plan for Directors and to review the training and professional development programs for the Board.

Provision 4.2 of the Code

As at the date of this report, the NC is chaired by Mr Tan Kian Huay with Dr Benety Chang and Mr Thia Peng Heok George as members. The majority of the NC members, including the Chairman, are Independent Directors.

Provisions 4.3, 4.4 & 4.5 of the Code

In the event that the appointment of a new Director is required, the NC taps on the resources of the Directors' contacts and/or engage external consultants to source for potential candidates. The NC will seek to identify the competence required for the Board to fulfil its responsibilities and may engage recruitment consultants or other independent experts to undertake research on or assess potential candidates for new positions on the Board. The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for appointment as Director.

The NC also conducts an annual review of the independence of a Director having regard to the circumstances set forth in Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rule of SGX-ST. The NC has reviewed the independence of the Directors and affirmed that Mr Thia Peng Heok George, Mr Wan Hin Weng and Mr Tan Kian Huay are independent and free from any relationship outlined in the Code. Each of the Independent Directors has also confirmed his independence.

The NC also determines annually whether a Director with multiple board representations and other principle commitments is able to and has adequately discharged his/her duties as a Director of the Company. The NC is of the view that, setting a maximum number of listed company board representations a Director should have is not meaningful, as the contribution of each Director would depend on their individual circumstances, including whether they have a full-time vocation or other responsibilities. The Board shares this view.

Notwithstanding the number of listed company board representations and other principal commitments which the Directors held, the NC was of the view that the Directors have been able to devote sufficient time and attention to the affairs of the Company and they are able to fulfill their duties as Directors of the Company. There is no Alternate Director on the Board.

REPORT ON CORPORATE GOVERNANCE

At each AGM of the Company, not less than one third of the Directors for the time being (being those who have been longest in office since their last re-election) are required to retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. Also, all newly appointed Directors during the year will hold office only until the next AGM and will be eligible for re-election.

The NC, with each NC member abstaining in respect of his own re-election, has recommended to the Board the nomination of Directors retiring under Article 89 of the Company's Constitution, namely Mr Thia Peng Heok George, Mr Heath McIntyre and Mr Tan Kiang Kherng, for re-election at the forthcoming AGM of the Company. The Board has accepted the recommendations of the NC, and accordingly, Mr Thia Peng Heok George, Mr Heath McIntyre and Mr Tan Kiang Kherng will be offering themselves for re-election.

The details of Mr Thia Peng Heok George, Mr Heath McIntyre and Mr Tan Kiang Kherng who will be retiring by rotation at the forthcoming AGM are set out on pages 122 to 124 of this Annual Report

Key information regarding all the Directors required under Provision 4.5 of the Code is set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Present Directorships in Other Listed Companies and Other Principal Commitments	Past Directorships in Other Listed Companies held over the preceding 3 years
Mr Thia Peng Heok George	30/03/2015	21/09/2018	Present Directorship in Other Listed Companies: Independent Director of Yoma Strategic Holdings Limited Other Present Principal Commitments: Member of Board Of Trustees, National Cancer Centre Of Singapore Member of Board Of Governors, Singapore Institute Of Management	DiSa Limited
Dr Benety Chang	27/08/2018	21/09/2018	Present Directorship in Other Listed Companies: Executive Director of Baker Technology Limited Other Present Principal Commitments: Nil	Nil
Mr Heath McIntyre	27/08/2018	21/09/2018	Present Directorship in Other Listed Companies: Nil Other Present Principal Commitments: Managing Director of BT Investment Pte Ltd, a subsidiary of Baker Technology Limited	Nil
Ms Jeanette Chang	27/08/2018	21/09/2018	Present Directorship in Other Listed Companies: Executive Director of Baker Technology Limited Other Present Principal Commitments: Chief Executive Officer of Baker Technology Limited	Nil

Name of Director	Date of First Appointment	Date of Last Re-election	Present Directorships in Other Listed Companies and Other Principal Commitments	Past Directorships in Other Listed Companies held over the preceding 3 years
Mr Tan Kiang Kherng	27/08/2018	21/09/2018	Present Directorship in Other Listed Companies: Nil Other Present Principal Commitments: Chief Financial Officer of Baker Technology Limited	Nil
Mr Tan Pong Tyea	01/06/2010	28/03/2019	Present Directorship in Other Listed Companies: Executive Director of Falcon Energy Group Limited Other Present Principal Commitments: Chief Executive Officer & Chairman of Falcon Energy Group Limited	
Mr Tan Kian Huay	30/03/2015	28/03/2019	Present Directorship in Other Listed Companies: Nil Other Present Principal Commitments: Director of Mercatus Co-operative Limited	
Mr Wan Hin Weng	03/10/2018	28/03/2019	Present Directorship in Other Listed Companies: Nil Other Present Principal Commitments: Business owner of RenZhi (fka Kuai Lian)	

Board Performance

Principle 5:
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.

Provisions 5.1 & 5.2 of the Code

The Board noted the Code's recommendation that the NC be responsible for assessing the Board as a whole, and that of each of the Board Committees and individual Directors.

The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist. The Board Assessment Checklist takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control and the Board's relationship with Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance which allow for comparison with industry peers.

The NC assesses each Board Committee's effectiveness as a whole by completing Board Committee Assessments for each Board Committee.

The NC also evaluates the performance of each Director. The criteria include each Director's time commitment for Board and Board Committee meetings, level of participation, contribution and deliberation of issues at meetings, knowledge and understanding of the Group's major risk factors as well as performance of tasks delegated to the Director.

The NC is of the view that the primary objective of the assessment exercise is to create a platform to identify the Board's strengths and make recommendations for improvements to be tabled to the Board for discussion and comment with a view to strengthening the effectiveness of the Board. The Company does not engage an external facilitator in respect of the assessment of performance of the Board and Board Committees. The NC has full authority to engage external facilitators to assist in carrying out the evaluation process, if the need arises.

The NC has reviewed and is satisfied with the performance and effectiveness of the Board and the Board Committees and the contribution by individual Directors to the effectiveness of the Board for the financial year ended 31 December 2019.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6:
The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel. No Director is involved in deciding his or her own remuneration.

Provision 6.1 of the Code

The RC has adopted written terms of reference defining its membership, administration and duties.

The primary functions of the RC are to review and recommend to the Board a framework of remuneration for the Directors, CEO and Key Management Personnel, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind, to perform annual review of the remuneration of employees related to the Directors and substantial shareholders (if any) and to implement and administer the CH Offshore Employee Option Scheme.

No member of the RC is involved in deliberating in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

The recommendations of the RC have been submitted for endorsement by the entire Board of Directors.

Provision 6.2 of the Code

As at the date of this report, the RC is chaired by Mr Wan Hin Weng with Mr Thia Peng Heok George, Mr Tan Kian Huay and Ms Jeanette Chang as members, all of whom are Non-Executive Directors and the majority of whom, including the Chairman, are Independent Directors.

Provision 6.3 of the Code

The RC reviews the Company's obligations under the service agreements of the Executive Directors and Key Management Personnel that would arise in the event of termination of these service agreements to ensure that such service agreements contain fair and reasonable termination clauses.

Provision 6.4 of the Code

In discharging its functions, the RC may, at the Company's expense, obtain such independent legal and other professional advice as it deems necessary. The Company has not engaged any remuneration consultants during the year under review.

Level and Mix of Remuneration

Principle 7:
The level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.

Provisions 7.1 & 7.3 of the Code

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Executive Directors and Key Management Personnel. Consideration is also given to whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent, without being excessively generous, and be able to motivate the Executive Directors to provide good stewardship of the Company and, together with Key Management Personnel, to successfully manage the Company for the long term.

The Executive Directors do not receive Directors' fees. The remuneration for the Executive Directors and Key Management Personnel comprises a base/fixed salary, allowance and a variable performance related bonus, which is designed to align the interests of the Executive Directors and Key Management Personnel with those of shareholders and promote the long-term success of the Group.

The RC reviews the remuneration of Directors and Key Management Personnel on an annual basis to ensure that it commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Company.

CHO Employee Share Option Scheme (the "Scheme") was implemented on 27 May 2016 as an incentive plan for employees of the Group based on individual performance. The primary objectives of the Scheme include retention of key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group, instilling loyalty and a stronger identification by participants with the long-term goals of the Company and attraction of potential employees with relevant skills to contribute to our Group creating value for the shareholders so as to align the interests of participants to the interests of the shareholders. Details of the Scheme are disclosed under the Directors' Statement set out in pages 56 to 59 of this Annual Report.

To promote the long-term success of the Company, none of the Executive Directors' and Key Management Personnel's remuneration is tied solely and specifically to the profitability of the Company or the Group.

Provision 7.2 of the Code

The RC adopted a Director's fee framework in which the Independent Directors will receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, roles and responsibilities and the need to pay competitive fees to attract, retain and motivate the Independent Directors. The Independent Directors' fees comprise a basic fee and additional fees for appointment as Chairman of the respective Board Committees as per the table below.

Basic Fee for Independent Director $40,000 per annum

Audit Committee Chairman	50% of Basic Fee
Remuneration/Nominating Committee Chairman	25% of Basic Fee

The Independent Directors are not compensated to the extent that their independence may be compromised.

In addition to the above Independent Director's fee, the RC and the Board proposed a fixed monthly Director's Fee for each Shareholders' Nominated Directors to be paid quarterly in arrears for shareholders' approval at the forthcoming AGM.

The Company noted that the Code has recommended the incorporation of appropriate "claw-back mechanisms" to allow the Company to reclaim the variable incentive-based component of remuneration from Directors and Key Management Personnel. There are, at present, no provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself of remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 8:
The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 8.1(a) and 8.3 of the Code

The Directors' remuneration disclosed below is shown in bands of S$250,000.

Remuneration paid or accrued to Directors for financial year ended 31 December 2019

Name of Directors	Fixed Component (%)[1]	Bonus Component (%)[2]	Directors' Fees (%)	Total Compensation (%)
S$250,000 and up to S$500,000				
Dr Benety Chang[3]	93	7	–	100
Below S$250,000				
Mr Thia Peng Heok George	–	–	100	100
Mr Tan Kian Huay	–	–	100	100
Ms Jeanette Chang[3]	–	–	100	100
Mr Heath McIntyre	93	7	–	100
Mr Tan Kiang Kherng	–	–	100	100
Mr Tan Pong Tyea	–	–	100	100
Mr Wan Hin Weng	–	–	100	100

Notes:

(1) Fixed component refers to fixed/base salary earned, employer CPF and transport allowance.

(2) Bonus component refers to Annual Wage Supplement and variable performance related bonus.

(3) Ms Jeanette Chang, a Non-Executive Director, is the daughter of Dr Benety Chang, who is the CEO and Executive Director of the Company.

Provisions 8.1(b) and 8.3 of the Code

Remuneration paid or accrued to the Key Management Personnel for financial year ended 31 December 2019

The Key Management Personnel' remuneration disclosed below is shown in bands of S$250,000.

Name of Key Management Personnel	Fixed Component (%)[1]	Bonus Component (%)[2]	Benefits (%)[3]	Total Compensation (%)
S$250,000 and up to S$500,000				
Mr Victor Gordon Pinto	93	7	–	100
Below S$250,000				
Mr Lim Tze Kern Kenny	93	7	–	100
Mr Lee Mun Keat[4]	100	–	–	100
Ms Wong Soo Pin Evelyn[5]	98	–	2	100

Notes:

(1) Fixed component refers to fixed/base salary earned, employer CPF and transport allowance.

(2) Bonus component refers to Annual Wage Supplement and variable performance related bonus.

(3) Benefits refer to paid annual leave.

(4) Joined on 2 Dec 2019.

(5) Resigned on 1 Nov 2019.

The aggregate remuneration paid to the Key Management Personnel for FY2019 was S$733,000.

The remuneration of each individual Director and Key Management Personnel (who are not also Directors of the Company) is not disclosed in dollar terms as remuneration is a commercially sensitive matter, given that the Company operates in a highly competitive environment where potential poaching of employees by competitors is fairly common. The Board is of the view that the deviation from Provision 8.1 of the Code will not be prejudicial to the interest of shareholders.

As at the date of this Corporate Governance Report, there were 3 Key Management Personnel in the Company.

There were no termination, retirement and post-employment benefits granted to any Director, the CEO, Executive Director and Key Management Personnel for the financial year ended 31 December 2019.

Provision 8.2 of the Code

Save as disclosed in the above remuneration table for Directors, there is no employee in the Group who is an immediate family member of any of the Directors or the CEO and whose remuneration exceeded S$100,000 during FY2019. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9:
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

Provision 9.1 of the Code

The Board has overall responsibility for the governance of the Group's risk management and internal controls. The Risk Management Committee ("**RMC**") has been set up to assist the Board in performing reviews and updates of the risk register to identify new risks and re-rank the severity and the applicability of the existent risks. The RMC comprises the CEO, Executive Director, Financial Controller ("**FC**"), Executive Officer(s) and all departmental heads.

The Board determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems. The Board considers the nature and extent of the significant risks which the Company may take in achieving its strategic objectives and value creation; and reviews and guides Management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard shareholders' interests and the Group's assets.

The Board has implemented an Enterprise Risk Management Framework for the identification, assessment, monitoring and reporting of significant risks. The Company maintains a risk register which identifies the material risks facing the Group and the internal controls in place to manage or mitigate those risks. The RMC presents the risk register (with revisions, if any) to the Board for review and discussion at least twice a year.

The work of the internal auditors and the report of the external auditors have enabled the identification of key risks which are reported to the AC to facilitate the Board's oversight of the effectiveness of risk management and the adequacy of mitigating measures taken by Management to address the underlying risks. The internal audits are conducted to assess the adequacy and effectiveness of the Group's system of internal controls in addressing financial, operational, information technology and compliance risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditors in the course of the statutory audit.

All audit findings and recommendations made by the internal and external auditors are reported to the AC and significant findings are discussed at the AC meetings. Management follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the AC.

Provisions 9.2(a) & 9.2(b) of the Code

The Board has received written assurance from the CEO and the FC as well as the relevant Key Management Personnel that:

(a) The financial records of the Group have been properly maintained and the financial statements for the year ended 31 December 2019 give a true and fair view of the Group's operations and finances; and

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology controls, and risk management systems.

Based on the risk management and internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and the Board Committees as well as the written assurance received from the CEO and the FC as well as the relevant Key Management Personnel, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate and effective as at 31 December 2019 to address financial, operational, compliance and information technology controls and risk management systems, which the Group considers relevant and material to its operations.

The Board noted that the system of risk management and internal controls established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee

Principle 10:
The Board has an Audit Committee which discharges its duties objectively.

Provision 10.1 of the Code

The primary functions of the AC are:

- Review with the external auditors the audit plan including the nature and scope of the audit before its commencement, their audit reports and Management letters and Management's response;
- Review significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. This includes review of quarterly, half-year and annual financial statements before submission to the Board for its approval;
- Review the independence and objectivity of the external auditors taking into consideration the requirements under the Accountants Act (Chapter 2) of Singapore;
- Review the nature and extent of non-audit services performed by the external auditors;
- Examine the scope of internal audit procedures and the results of the internal audit;
- Review the effectiveness of the Company's internal audit function and ensure that it is adequately resourced and has appropriate standing within the Company;
- Review the adequacy of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management systems, and report on any pertinent aspects of risks thereto, and ensure that a review of the effectiveness of the Company's internal controls is conducted at least annually and such a review can be carried out by the internal and/or external auditors;
- Review the assistance given by Management to the external and internal auditors;
- Meet with the external and internal auditors without the presence of Management at least annually;
- Review interested persons' transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- Make recommendations to the Board on the appointment/re-appointment/removal of the external auditor, and approve the audit fees and terms of engagement of the external auditors;

- Review arrangement by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, so as to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;

- Review the assurance from the CEO and FC on the financial records and financial statements;

- Investigate any matter which falls within the AC's terms of reference, having full access to and co-operation by Management and the full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

- Undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

- Undertake such other functions and duties as may be prescribed by statute and the Listing Rules or recommended by the Code and by such amendments made thereto from time to time. Apart from the duties listed above, the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore or other applicable law, rule or regulation, which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC has been given full access to and has obtained the co-operation of Management. The AC has reasonable resources to enable it to discharge its functions properly.

The AC met four times during the period under review.

During the year, the AC reviewed the quarterly and full year results of FY2019, including the adequacy of disclosures as well as the key changes in accounting policies applied. In the review of the financial statements, the AC has discussed the Key Audit Matters with Management and the external auditor. The AC concurs with the basis and conclusions in the auditors' report with respect to Key Audit Matters.

Provision 10.2 of the Code

As at the date of this report, the AC is chaired by Mr Thia Peng Heok George with Mr Tan Kian Huay and Mr Wan Hin Weng as members, all of whom are Independent Directors.

Mr Thia Peng Heok George is a Certified Public Accountant and practised as an accountant with more than 20 years' experience in merchant banking and financial services. All members of the AC are appropriately qualified, with at least two members having the requisite financial management expertise and experience.

Provision 10.3 of the Code

None of the members nor the Chairman of the AC are former partners or directors of the Group's auditing firm.

Provision 10.4 of the Code

The internal audit function is outsourced to MS Risk Management Pte Ltd, an associate of international public accounting firm, Messrs Moore Stephens LLP. The internal auditors report to the Chairman of the AC on any material weaknesses and risks identified during the course of the internal audit, which will also be communicated to Management. Management will accordingly update the AC on the status of the remedial action plans.

The internal auditors meet the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The AC has reviewed the adequacy of the internal audit function and is satisfied that the Company's internal audit function is staffed by qualified and experienced personnel.

The AC ensures that Management provides good support to the internal auditors and provides adequate access to documents, records, properties and personnel when requested in order for the internal auditors to carry out its function accordingly. The internal auditors also has unrestricted access to the AC on internal audit matters.

Provision 10.5 of the Code

The AC meets annually with the external auditors, and with the internal auditors, without the presence of Management. These meetings enable the external auditors and internal auditors to raise issues encountered in the course of their work directly to the AC.

The AC reviewed and approved the external auditors' audit plan for the year and assessed the quality of the work carried out by the external auditors in accordance with the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority, and is satisfied with the performance. Taking into account the requirements under the Accountants Act (Chapter 2) of Singapore, the AC has undertaken a review of all the non-audit services provided by the external auditors during the period under review and is satisfied that such services would not, in the AC's opinion, affect the independence and objectivity of the external auditors. During the period under review, the aggregate amount of fees paid to the external auditors, Ernst & Young LLP ("**EY**"), amounted to S$77,000, with the fees paid for its provision of audit services. No non-audit services fee was paid to EY during the period under review.

EY is an audit firm registered with the Singapore Accounting and Corporate Regulatory Authority. The Company has complied with Listing Rule 712 and 716 in relation to the appointment of EY as external auditors.

Both the AC and Board have reviewed the appointment of different auditors for its significant associated company and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company has complied with Listing Rule 716.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the AC, and highlighted by the external auditors in their meetings with the AC.

Each member of the AC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested.

Whistleblowing Policy

The Company has implemented a Whistleblowing Policy, which serves to encourage and provide a channel for stakeholders to report in good faith and in confidence, without fear of reprisals, concerns about possible wrongdoing or breach of applicable laws, regulations, policies or other matters. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

The Policy establishes the processes by which whistleblowing complaints are handled and the confidentiality and identity of the whistleblower is maintained and protected.

The AC ensures that independent investigations and any appropriate follow up actions are carried out. Details of this Policy have been disseminated and made available to all employees of the Group. To date, there were no reports received through the whistle blowing mechanism.

(D) SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11:
The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 of the Code

The Company is committed to treat all shareholders fairly and equitably to facilitate the exercise of their ownership rights by providing them with adequate, timely and sufficient information pertaining to the changes of Group's business which could have a material impact on the Company's share price.

Provision 11.2 of the Code

Each distinct issue is proposed as a separate resolution at general meetings. All resolutions proposed at general meetings shall be put to vote by way of a poll pursuant to Rule 730A(2) of the Listing Manual. All votes cast, for or against, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings.

Provision 11.3 of the Code

The Chairman of each of the AC, RC and NC, or members of the respective Committees standing in for them, are present at each AGM, and other general meetings held by the Company, if any, to address shareholders' queries. Senior Management is also present at general meetings to respond, if necessary, to operational questions from shareholders that may be raised. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor's report.

Provision 11.4 of the Code

The Group believes in encouraging shareholders' participation at general meetings. A shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies (who can either be named individuals nominated by the shareholder to attend the meeting or the Chairman of the meeting as the shareholder may select). The Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Specified intermediaries, such as banks and capital markets services licence holders which provide custodial services, may appoint more than two proxies. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate in shareholders' meetings. Such indirect investors, where so appointed, will have the same rights as direct investors to vote at the shareholders' meetings. Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

Provision 11.5 of the Code

Minutes of general meetings recording the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with responses from the Board and Management, are prepared by the Company Secretary. These minutes will be made available to shareholders upon their request.

Provision 11.6 of the Code

The Group does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate.

Engagement with Shareholders

Principle 12:
The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Provisions 12.1, 12.2 & 12.3 of the Code

The Company communicates information to shareholders and the investing community through announcements that are released to the SGX-ST via SGXNET. Such announcements include the quarterly and full-year results, material transactions, and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST.

All shareholders of the Company are sent a copy of the Annual Report and notice of the AGM. The notice of AGM, which sets out all items of business to be transacted at the AGM, is also advertised in the newspapers.

In addition to the above, the shareholders can access the Company's corporate website (http://www.choffshore.com.sg/) at their convenience to receive updates. The Company's corporate website also provides information about the Company, its services and its Board of Directors and Management. In the investor relation section of the corporate website, the Company maintains announcements and financial results released on SGXNet as well as annual reports of the Company.

The Company does not practise selective disclosure. In line with continuing disclosure obligations of the Company pursuant to the Listing Rules and the Companies Act (Chapter 50) of Singapore ("Act"), the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group through SGXNet.

The Group has specifically entrusted its CEO, Executive Directors and FC with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns.

Although the Company does not have an investor relations policy, in addition to communicating with shareholders at the AGM, shareholders may raise questions to the Company through the Company's website to which the Company may respond.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13:
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

Provisions 13.1,13.2 & 13.3 of the Code

The Company regularly engages its stakeholders through various mediums and channels to ensure that its business interests are aligned with those of its stakeholders. The Company's stakeholders have been identified as those who are impacted by its business and operations and those who are similarly are able to impact the Company's business and operations. The Company's efforts on sustainability are focused on creating sustainable value for its key stakeholders, which include employees, shareholders and financiers, client and business partners, suppliers and contractors, government and regulators and local communities.

The Company has identified key areas of focus in relation to the management of stakeholder relationships. For details on the key areas of focus, please refer to the Sustainability Report on pages 18 to 35 of this Annual Report.

(F) DEALING IN SECURITIES

The Company has clear guidelines for dealings in securities by Directors and employees. CHO's Directors and employees are prohibited from dealing in CHO's shares for the period of two weeks prior to the announcement of quarterly results and a period of one month prior to the announcement of year-end results during FY2019. In addition, Directors and employees are also expected to observe insider trading laws at all times even when dealing in securities within permitted trading periods. Employees who attend management committee meetings have to observe the "closed window" periods.

(G) MATERIAL CONTRACTS

Save as disclosed in this Report, there were no material contracts of the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders during the financial year ended 31 December 2019.

(H) INTERESTED PERSON TRANSACTIONS

The Company has put in place an internal procedure to track interested person transactions ("IPTs") of the Company. The Finance Department is in charge of maintaining a IPTs Register in accordance with the reporting requirements stipulated in Chapter 9 of the SGX-ST Listing Manual. The IPT Register is reviewed by AC and Board on quarterly basis. The Company also maintains the list of interested persons and their associates (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons is subject to review, verification and/or affirmation on a quarterly basis.

The aggregate value of IPTs entered into under review is as follows:

Interested Person Transactions	Nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual) (US$'000)	Aggregate value of all IPTs conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000) (US$'000)
Baker Technology Group of Companies	See Note[1]	124	188
Falcon Energy Group of Companies	See Note[2]	437	–

Note:

(1) Baker Technology Limited ("BTL") holds 54.98% shareholding interest in the Company via its wholly owned subsidiary, BT Investment Pte. Ltd. Dr Benety Chang, Ms Jeanette Chang, Mr Heath McIntyre and Mr Tan Kiang Kherng are Directors of the Company. Each of them is associate of BTL Group.

(2) Falcon Energy Group Limited. ("FEG") holds 34.01% shareholding interest in the Company via its wholly owned subsidiary, Energian Pte. Ltd. Mr Tan Pong Tyea is a Non-Executive Director of the Company. He is an associate of FEG Group.

At the forthcoming AGM, the Company will seek to renew shareholders' approval for the Company, its subsidiaries and associated companies to enter into transactions falling within the categories of interested person transactions described in the Company's letter to shareholders dated 6 April 2020 with any party who is of the class or classes of interested persons described in the said letter, provided that such transactions are entered into in accordance with the review procedures set out in the said letter.

CONCLUSION

The Company recognises the importance of good corporate governance practices for maintaining and promoting investor confidence. The Company will continue to review and improve its corporate governance practices on an ongoing basis.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of CH Offshore Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date and;

(ii) as at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1. DIRECTORS

The directors of the Company in office at the date of this statement are:

Mr Thia Peng Heok George
Dr Benety Chang
Mr Heath McIntyre
Ms Jeanette Chang
Mr Tan Kiang Kherng
Mr Tan Pong Tyea
Mr Tan Kian Huay
Mr Wan Hin Weng

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	At 1.1.2019	At 31.12.2019	At 1.1.2019	At 31.12.2019
The Company				
Ordinary shares				
Dr Benety Chang	–	–	387,535,300	387,535,300
Mr Tan Pong Tyea	–	–	239,760,131	239,760,131
Ultimate holding company				
Ordinary shares				
Dr Benety Chang	87,003,837	87,003,837	19,151,771	19,151,771

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

By virtue of Section 7 of the Singapore Companies Act, Mr Tan Pong Tyea and Dr Benety Chang are deemed to have an interest in all the related corporations of the Company.

Except as disclosed in this statement, no director who held office at the end of the financial year had interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

4. SHARE OPTIONS

(a) Options to take up unissued shares

The Employee Share Option Scheme (the "Scheme") in respect of unissued ordinary shares in the Company was approved by the shareholders of the Company at an Extraordinary General Meeting held on 27 May 2016.

The scheme is administered by the Remuneration Committee ("Committee") whose members are:

Mr Wan Hin Weng	(Chairman and Independent Non-Executive Director)
Mr Thia Peng Heok George	(Independent, Non-Executive Director)
Mr Tan Kian Huay	(Independent, Non-Executive Director)
Ms Jeanette Chang	(Non-Executive Director)

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

4. SHARE OPTIONS (CONT'D)

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5. AUDIT COMMITTEE

The audit committee ("AC") comprises three Non-Executive Directors. The members of the committee are:

Mr Thia Peng Heok George	(Chairman and Independent Non-Executive Director)
Mr Tan Kian Huay	(Independent, Non-Executive Director)
Mr Wan Hin Weng	(Independent, Non-Executive Director)

The AC has met four times during the financial year and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Group:

(a) The audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting control;

(b) The Group's financial and operating results and accounting policies;

(c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;

(d) The quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) The co-operation and assistance given by the management to the Group's external auditors; and

(f) The appointment of the external auditor of the Group.

The AC has full access to and the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

The AC has recommended to the directors the nomination of Messrs Ernst & Young LLP as external auditor of the Group at the forthcoming AGM of the Company.

6. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of Directors

Mr Thia Peng Heok, George
Chairman

Dr Benety Chang
Chief Executive Officer

Singapore
20 March 2020

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CH Offshore Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2019, the statements of changes in equity of the Group and the Company and the statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) ("SFRS (I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matters (cont'd)

Carrying value of vessels

As at 31 December 2019, the Group owned 10 vessels with an aggregate carrying value of US$76,235,000. Due to the presence of impairment indicators, impairment testing was conducted by comparing the carrying amount of the vessels to their recoverable amounts, determined based on the value-in-use calculation. This area was significant to our audit as the carrying value of the vessels represented 77% of the Group's total assets as at 31 December 2019 and significant judgement and estimates were involved in determination of the recoverable amount of the vessels.

Our audit procedures included, amongst others, obtaining an understanding of management's impairment assessment process, including the identification of cash generating units and indicators of impairment. We involved our internal valuation specialist in reviewing the appropriateness of management's valuation against comparable market data, considering the specifications and the age of the vessels. For other key assumptions used in the valuation, such as residual values and dry-docking expenditure, we compared to available industry and historical data applicable to the Group. In addition, we also reviewed the adequacy of disclosures on the key sources of estimation used in determining the recoverable amounts and carrying value of vessels set out in Note 3 and Note 9 to the consolidated financial statements respectively.

Recoverability of trade receivables

As at 31 December 2019, the carrying amount of the Group's trade receivables, net of allowance for expected credit loss ("ECL") of US$6,873,000 amounted to US$7,993,000, which represented 35% of its current assets.

Due to the inherent risk surrounding the oil and gas industry which the Group operates in, the credit quality of the Group's customers may have deteriorated, giving rise to increased risks in collection of trade receivables. The Group determines the ECL of trade receivables by making debtor-specific assessment of expected impairment loss for overdue trade receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, debtors' ability to pay and forward-looking information specific to the debtors and economic environment. This assessment requires management to exercise significant judgement. Accordingly, we determined this as a key audit matter.

Our audit procedures included, amongst others, obtaining an understanding of the Group's processes and key controls relating to the monitoring of trade receivables and considering their aging to identify collection risks. We performed audit procedures including, amongst others, reviewing the reasonableness of significant judgement used by the management in assessing the recoverability of trade receivables and reviewing management's assessment of the recoverability of long outstanding and overdue trade receivables. We tested the reasonableness of management's assumptions and inputs used in the ECL model by comparing to historical credit loss rates, and reviewed data and information that management has used, including consideration of forward-looking information based on specific economic data. We checked the arithmetic accuracy of management's computation of ECL. We reviewed the debtor ageing analysis and checked to subsequent receipts from major debtors. We obtained documentary evidence, representation and explanations from management to assess the recoverability of long outstanding debts, where applicable. In addition, we reviewed the adequacy of the disclosures relating to impairment of trade receivables and credit risk in Note 5 and Note 21 to the consolidated financial statements respectively.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yee Woon Yim.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
20 March 2020

STATEMENTS OF FINANCIAL POSITION

31 December 2019

	Note	Group		Company	
		2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	4	8,323	5,700	3,481	4,490
Trade and other receivables	5	8,756	5,667	33,599	39,841
Inventories		353	301	30	36
Loan to associated company	6	5,537	4,298	–	–
Prepayments		178	185	39	62
Total current assets		23,147	16,151	37,149	44,429
Non-current assets					
Other receivables	5	–	–	6,902	7,736
Loan to associated company	6	–	2,497	–	–
Subsidiary companies	7	–	–	8,751	8,751
Associated companies	8	–	3,651	–	–
Fixed assets	9	76,272	85,234	37,425	41,743
Total non-current assets		76,272	91,382	53,078	58,230
Total assets		99,419	107,533	90,227	102,659
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	10	10,216	3,979	46,132	40,448
Borrowings	11	6,468	6,194	6,468	6,194
Income tax payable		129	5	111	–
Total current liabilities		16,813	10,178	52,711	46,642
Non-current liabilities					
Borrowings	11	2,263	2,982	2,263	2,982
Deferred tax liabilities	12	4,097	4,065	2,900	2,907
Total non-current liabilities		6,360	7,047	5,163	5,889
Capital and reserves					
Issued capital	13	55,379	55,379	55,379	55,379
Treasury shares	14	(46)	(46)	(46)	(46)
Accumulated profits/(losses)		20,795	34,961	(22,980)	(5,205)
		76,128	90,294	32,353	50,128
Non-controlling interests		118	14	–	–
Total equity		76,246	90,308	32,353	50,128
Total liabilities and equity		99,419	107,533	90,227	102,659

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	Group 1 Jan 2019 to 31 Dec 2019 US$'000	 1 Jul 2018 to 31 Dec 2018 US$'000
Revenue	15	20,956	5,937
Cost of sales		(13,488)	(4,024)
Gross profit before direct depreciation		7,468	1,913
Others – direct depreciation		(7,151)	(3,749)
Gross profit/(loss)		317	(1,836)
Other income	16	343	314
Other expenses	18	(1,843)	(260)
Administrative expenses		(8,593)	(1,874)
Finance cost		(469)	(228)
Loss before income tax and results of associated companies		(10,245)	(3,884)
Share of results of associated companies		(3,651)	(2,345)
Loss before income tax		(13,896)	(6,229)
Income tax	17	(166)	(117)
Loss for the year representing total comprehensive income for the year/period	18	(14,062)	(6,346)
Attributable to:			
Equity holders of the Company		(14,166)	(6,330)
Non-controlling interests		104	(16)
Total comprehensive income for the year/period		(14,062)	(6,346)
Loss per share:			
Basic and fully diluted (US cents)	19	(2.01)	(0.90)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Issued capital US$'000	Treasury shares US$'000	Accumulated profits/(losses) US$'000	Total US$'000	Non-controlling Interest US$'000	Total equity US$'000
Group						
Balance at 1 July 2018	55,379	(46)	41,291	96,624	–	96,624
Increase in investment by non-controlling interest	–	–	–	–	30	30
Loss for the year, representing total comprehensive income for the period	–	–	(6,330)	(6,330)	(16)	(6,346)
Balance at 31 December 2018	55,379	(46)	34,961	90,294	14	90,308
Loss for the year, representing total comprehensive income for the year	–	–	(14,166)	(14,166)	104	(14,062)
Balance at 31 December 2019	55,379	(46)	20,795	76,128	118	76,246

	Issued capital US$'000	Treasury shares US$'000	Accumulated profits/(losses) US$'000	Total equity US$'000
Company				
Balance at 1 July 2018	55,379	(46)	(3,304)	52,029
Loss for the year, representing total comprehensive income for the period	–	–	(1,901)	(1,901)
Balance at 31 December 2018	55,379	(46)	(5,205)	50,128
Loss for the year, representing total comprehensive income for the year	–	–	(17,775)	(17,775)
Balance at 31 December 2019	55,379	(46)	(22,980)	32,353

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	1 Jan 2019 to 31 Dec 2019 US$'000	1 July 2018 to 31 Dec2018 US$'000
Operating activities			
Loss before tax		(13,896)	(6,229)
Adjustments for:			
Depreciation and impairment of fixed assets	9	7,164	3,756
Loss on disposal of vessels	18(b)	310	–
Interest income		(338)	(166)
Interest expense		469	228
Share of results of associates		3,651	2,345
Net foreign exchange loss – unrealised		166	41
Allowance for doubtful debts	18(b)	1,510	195
Write-back of allowance for doubtful debt		(155)	(100)
Operating cash flows before movements in working capital		(1,119)	70
(Increase)/decrease in trade and other receivables	A	(4,490)	852
Decrease/(increase) in prepayments		6	(63)
Increase in inventories		(52)	(161)
Increase/(decrease) in trade and other payables	B	6,235	(31)
Cash generated from operations		580	667
Interest paid	B	(459)	(213)
Interest received	A	318	361
Income tax paid		(9)	(2)
Net cash generated from operating activities		430	813
Investing activities			
Purchases of fixed assets		(402)	(36)
Repayment by an associated company		1,258	618
Proceeds from disposal of vessels		1,890	34
Net cash generated from investing activities		2,746	616
Financing activities			
Proceeds from share issuance by subsidiary		–	30
Repayment of bank loans		(553)	–
Net cash (used in)/generated from financing activities		(553)	30
Net increase in cash and cash equivalents		2,623	1,459
Cash and cash equivalents at beginning of financial year/period		5,700	4,249
Effects of exchange rate changes on cash and cash equivalents		–	(8)
Cash and cash equivalents at 31 December		8,323	5,700

Notes to the consolidated statement of cash flows:

Note A:

During the year, total interest income earned from third parties and associated company amounted to US$338,000 (2018: US$166,000). An amount of US$274,000 (2018: US$186,000) remains unpaid at the end of the reporting period and is presented in "Trade and other receivables".

Note B:

During the year, total interest charged by the bank amounted to US$469,000 (2018: US$228,000). An amount of US$128,000 (2018: US$119,000) of interest due to the bank remains unpaid at the end of the reporting period and is presented in "Trade and other payables".

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company (Registration No. 197600666D) is listed on the Singapore Exchange Securities Trading Limited and is incorporated and domiciled in the Republic of Singapore with its principal place of business and registered office at 12A, Jalan Samulun, Singapore 629131. The financial statements are expressed in United States Dollars.

The principal activities of the Company are that of investment holding and the owning and chartering of vessels. The principal activities of the subsidiaries and associated companies are set out in Notes 7 and 8 to the financial statements respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollar (USD or US$) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

  Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 *Basis of preparation (cont'd)*

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

  Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2019. The adoption of these standards did not have any effect on the financial performance or position of the Group.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 3 Definition of Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS (I) 1-8 Definition of Material	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform	1 January 2020

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill*

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SFRS(I) 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SFRS(I) 9. Other contingent consideration that is not within the scope of SFRS(I) 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Associates*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decision of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associates is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognised changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any changes in OCI of those investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate venture are eliminated to the extend of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Vessels	–	12 years to 25 years
Drydocking expenditure	–	5 years
Furniture, fittings and equipment	–	3 years to 5 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

Subsequent additions to the vessel are stated at cost and depreciated on a straight-line basis over the vessel's remaining useful lives at the date on which such costs are incurred.

Drydocking expenditure refers to major inspections and overhauls which are required at regular intervals of 5 years over the useful life of the vessels to allow the continued use of the vessels. When a major inspection and overhaul is performed, any remaining carrying amount of the cost of the previous inspection is derecognised. Drydocking expenditure is recognised in the carrying amount of the vessels as a replacement if the following recognition criteria are met:

- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the cost of the asset to the entity can be measured reliably.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis as described in Note 3.

The gain or loss arising on disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as set out in Note 2.10.

(ii) ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Leases (cont'd)*

Group as a lessee (cont'd)

(iii) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.10 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, (i.e., the date that the Group commits to purchase or sell the asset.).

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under SFRS(I) 1-32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

  Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss

- Financial liabilities at amortised cost (loans and borrowings)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 ***Financial instruments (cont'd)***

(b) ***Financial liabilities (cont'd)***

Subsequent measurement (cont'd)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SFRS (I) 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SFRS (I) 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 *Inventories*

Inventories, comprising bunker stocks on board of vessels for consumption purposes, are stated at lower of cost and net realisable value. Cost is determined on a first-in, first-out basis.

2.15 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit or loss.

2.18 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlements*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.19 *Other income*

(a) *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(b) *Dividend income*

Dividend income is recognised when the shareholders' rights to receive payment have been established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) ***Charter hire***

The Group's charter contracts consist of time charters and bare boat charters. In the case of time charter, revenue is separated into a lease component and a service component.

The lease component represents the lease of the vessel and is accounted for using the lease standard. Revenue from the chartering of vessels is recognised on a straight-line basis over the charter period.

The service component includes the provision of crew and other services under the time charter contracts. The Group separates the components by allocating the transaction price based on their relative stand-alone selling prices. Revenue from the provision of other ancillary services including crew and other marine ancillary services are recognised over time on a straight-line basis over the charter period.

(b) ***Management fee and agency fee***

Management fee and agency fee earned from rendering of services are recognised over the service period.

2.21 *Taxes*

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 ***Taxes (cont'd)***

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 *Taxes (cont'd)*

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.22 *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.23 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

Management is of the opinion that there were no significant judgements made in applying the accounting policies in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumption when they occur.

(a) ***Impairment of vessels***

The carrying amounts of the Group's vessels are reviewed at the end of the reporting period to determine whether there is any indication that those vessels have suffered an impairment loss. In determining the impairment loss to be recorded for the Group's vessels, management has computed the value-in-use and considered the respective cash generating units ("CGU") of the Group in deriving the recoverable amount of the Group's vessels.

CGU is defined by management through the division of the Group's fleet of vessels by engine specification (i.e. Brake Horse Power ("Bhp")).

In current year, management computed the value-in-use by estimating the future cash flows expected to be generated by the vessels based on the pre-tax discount rate of 9.50% per annum (2018: 9.50% per annum) which reflects the current market assessment of the time value of money and the risks specific to the Group.

Based on the above internal and external sources of information, management has carried out a review of the recoverable amount of the Group's vessels and determined that the carrying amounts of the Group's vessels did not exceed their recoverable amounts.

The carrying amounts of the Group's and Company's vessels at the end of the reporting period are disclosed in Note 9 of the financial statements.

(b) ***Useful lives and residual value of vessels***

The cost of vessels is depreciated on a straight-line basis over their estimated economic useful lives. The Group reviews the estimated useful lives and residual value of its vessels at the start of each reporting period. In determining the residual values and useful lives of vessels, management considers factors such as market prices of used vessels, expected usage levels, maintenance and repair cost, technical or commercial obsolescence. Changes in these factors could potentially impact the economic useful lives and residual value of these assets, and thereby resulting in changes in future depreciation charges. Such changes are accounted for prospectively.

The carrying amount of the Group's vessels are disclosed in Note 9.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 *Key sources of estimation uncertainty (cont'd)*

(c) *Provision for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate expected credit loss (ECL) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 5.

The carrying amount of trade receivables as at 31 December 2019 is US$7,993,000 (2018: US$5,172,000).

4. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Cash on hand	13	7	–	–
Cash at bank	6,285	2,668	1,456	1,465
Fixed deposits	2,025	3,025	2,025	3,025
	8,323	5,700	3,481	4,490

The fixed deposits bear interest at rates ranging from 1.1% to 2.9% (2018: 2.7% to 2.9%) per annum.

5. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Trade and other receivables (current):				
Trade receivables	7,688	4,783	1,308	1,672
Amounts due from related parties (trade)	78	261	–	–
Amounts due from associated companies (trade)	227	128	–	–
Amounts due from associated companies (non-trade)	314	172	1	–
Amounts due from subsidiary companies (trade)	–	–	910	134
Amounts due from subsidiary companies (non-trade)	–	–	31,357	37,964
Other receivables	449	323	23	71
	8,756	5,667	33,599	39,841
Other receivables (non-current):				
Amounts due from subsidiary companies (non-trade)	–	–	6,902	7,736
Total trade and other receivables (current and non-current)	8,756	5,667	40,501	47,577
Add: Cash and cash equivalents (Note 4)	8,323	5,700	3,481	4,490
Add: Loan to associated company (Note 6)	5,537	6,795	–	–
Total financial assets carried at amortised cost	22,616	18,162	43,982	52,067

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from associated companies are unsecured, interest-free and repayable on demand except for those disclosed in Note 6 of the financial statements.

At the Company level, amounts due from subsidiary companies are unsecured, interest–free and repayable on demand except for an amount of US$7,812,000 (2018: US$8,852,000) which bears interest at 8.04% (2018: 8.04%) per annum and is repayable over a period of 9 years.

During the year, the Company waived off amounts of US$10,211,000 (2018: nil) due from subsidiary companies.

5. TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts due from related parties

Related parties refer to the Company's substantial shareholder, Falcon Energy Group Limited and its related companies.

Amounts due from related parties are unsecured, interest-free and repayable on demand except for an amount of US$4,100,000 (2018: US$4,100,000) which bears interest at 4.30% (2018: 4.30%) per annum due from Falcon Energy Group Limited. In view of uncertainties in collectability, the Group did not recognise this interest income in the financial years ended 31 December 2019 and 2018.

As at 31 December 2019, the Group has made cumulative allowances for doubtful debts for the other receivables due from Falcon Energy Group Limited and its related companies amounting to US$8,557,000 (2018: US$8,557,000) out of gross amounts amounting to US$8,557,000 (2018: US$8,557,000).

Expected credit loss of trade receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The basis of determination of loss allowance are disclosed in Note 21 (a).

		Group	
	Gross amount US$'000	Loss allowance US$'000	Carrying amount US$'000
2019			
Current	1,953	–	1,953
< 3 months past due	4,664	–	4,664
3 to 6 months past due	617	–	617
6 to 12 months past due	454	–	454
>12 months past due	5,201	(5,201)	–
	12,889	(5,201)	7,688
2018			
Current	704	–	704
< 3 months past due	2,745	–	2,745
3 to 6 months past due	882	–	882
6 to 12 months past due	637	(185)	452
>12 months past due	3,661	(3,661)	–
	8,629	(3,846)	4,783

5. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2019	2018
	US$'000	US$'000
Trade receivables - nominal amounts	12,889	8,629
Amount due from related parties (trade) - nominal amounts	1,750	1,933
Amount due from related parties (non-trade) - nominal amounts	6,885	6,885
Amount due from associated companies (trade) - nominal amounts	227	128
Amount due from associated companies (non-trade) - nominal amounts	314	172
Other receivables	449	323
	22,514	18,070
Less: allowances for impairment on:		
Trade receivables	(5,201)	(3,846)
Amount due from related parties (trade)	(1,672)	(1,672)
Amount due from related parties (non-trade)	(6,885)	(6,885)
	(13,758)	(12,403)
Carrying amount of trade and other receivables	8,756	5,667
Movement in allowance accounts:		
At beginning of the year	12,403	12,308
Charge for the year	1,510	195
Write-back	(155)	(100)
At end of the year	13,758	12,403

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

6. LOAN TO ASSOCIATED COMPANY

	Group	
	2019	2018
	US$'000	US$'000
Due within 12 months	5,537	4,298
Due after 12 months	–	2,497
	5,537	6,795

The loan to associated company is unsecured, bears interest of 4.26% (2018: 4.26%) per annum, and is repayable over 3 years.

7. SUBSIDIARY COMPANIES

	Company	
	2019	2018
	US$'000	US$'000
Unquoted equity shares, at cost	8,751	8,751

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are disclosed in Note 23 of the financial statements.

Details of the Company's subsidiaries at the end of the financial year are as follows:

	Countries of incorporation and operations	Proportion of ownership interest and voting power held		Principal activities
		2019	2018	
		%	%	
Held by the Company				
CHO Ship Management Pte Ltd[a]	Singapore	100	100	Ship management and investment holding
Delaware Marine Pte Ltd[a]	Singapore	100	100	Investment holding
Sea Glory Private Limited[a]	Singapore	100	100	Ship owning and chartering
Garo Pte Ltd[a]	Singapore	100	100	Ship owning and chartering
Offshore Gold Singapore Pte Ltd[a]	Singapore	100	100	Ship owning and chartering
Pembrooke Marine Pte Ltd[a]	Singapore	100	100	Ship owning and chartering
Venture Offshore Pte Ltd[a]	Singapore	100	100	Ship owning and chartering
Held by CHO Ship Management Pte Ltd				
High Majestic Sdn Bhd[b]	Malaysia	100	100	Ship owning and chartering
Held by Delaware Marine Pte Ltd				
Pearl Marine Pte Ltd[b]	Malaysia	70	70	Ship owning and chartering

Notes

[a] Audited by Ernst & Young LLP, Singapore.

[b] Audited by member firms of Ernst & Young Global in the respective countries.

8. ASSOCIATED COMPANIES

Details of the Group's associates at the end of the financial year are as follows:

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2019 %	2018 %
Held by the Company				
MarineCo Limited[(a)]	Malaysia	Ship owning and chartering	49	49
Gemini Sprint Sdn Bhd[(a)]	Malaysia	Ship chartering	49	49
Held by Venture Offshore Pte Ltd				
PT Bahtera Nusantara Indonesia[(b)]	Indonesia	Ship owning and chartering	49	49

(a) Audited by other CPA firms in Malaysia.

(b) Audited by other CPA firm in Indonesia and audited by Ernst & Young LLP, Singapore for consolidation purpose.

In accordance with the requirements of Rules 715 and 716 of the SGX-ST Listing Manual, the directors of the company and the Audit Committee, having reviewed the appointment of different auditors for the Group's associates, are satisfied that these appointments would not compromise the standard and effectiveness of the audit of the group.

The accumulated losses of an associated company in excess of the Group's interest in that associated company which is not included in these financial statements using equity method of accounting amounted to US$619,000 (2018: US$13,000).

Aggregate information about the Group's investments in associated companies that are not individually material are as follows:

	2019 US$'000	2018 US$'000
Profit after tax, representing total comprehensive income	27	7,921

8. ASSOCIATED COMPANIES (CONT'D)

The summarised financial information in respect of PT Bahtera Nusantara Indonesia, based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	PT Bahtera Nusantara Indonesia	
	2019	2018
	US$'000	US$'000
Current assets	1,290	2,264
Non-current assets	10,044	20,458
Total assets	11,334	22,722
Current liabilities	1,297	1,404
Non-current liabilities	11,300	13,867
Total liabilities	12,597	15,271
Net (liabilities)/assets	(1,263)	7,451
Proportion of the Group's ownership	49%	49%
Carrying amount of the investment	–	3,651

Summarised statement of comprehensive income

	PT Bahtera Nusantara Indonesia	
	2019	2018
	US$'000	US$'000
Revenue	2,109	2,895
Operating expenses	(1,865)	(3,378)
Interest expense	(341)	(254)
Other expenses	(8,617)	(4,516)
Loss before tax	(8,714)	(5,253)

9. FIXED ASSETS

	Vessels US$'000	Drydocking expenditure US$'000	Furniture, fittings and equipment US$'000	Construction-in-progress US$'000	Total US$'000
Group					
Cost:					
Balance at 1 July 2018	179,489	17,313	290	986	198,078
Additions	–	–	36	–	36
Transfer from construction-in-progress	–	964	–	(964)	–
Disposals	–	–	(50)	(22)	(72)
Balance at 31 December 2018 and 1 January 2019	179,489	18,277	276	–	198,042
Additions	–	390	12	–	402
Disposals	(16,181)	(3,067)	–	–	(19,248)
Balance at 31 December 2019	163,308	15,600	288	–	179,196
Accumulated depreciation:					
Balance at 1 July 2018	59,942	13,469	269	–	73,680
Depreciation	2,629	1,120	7	–	3,756
Disposals	–	–	(38)	–	(38)
Balance at 31 December 2018 and 1 January 2019	62,571	14,589	238	–	77,398
Depreciation	5,136	2,015	13	–	7,164
Disposals	(5,291)	(2,947)	–	–	(8,238)
Balance at 31 December 2019	62,416	13,657	251	–	76,324
Impairment:					
Balance at 1 July 2018, 31 December 2018 and 1 January 2019	35,410	–	–	–	35,410
Disposals	(8,810)	–	–	–	(8,810)
Balance at 31 December 2019	26,600	–	–	–	26,600
Carrying amount:					
Balance at 31 December 2019	74,292	1,943	37	–	76,272
Balance at 31 December 2018	81,508	3,688	38	–	85,234

9. FIXED ASSETS (CONT'D)

	Vessels US$'000	Drydocking expenditure US$'000	Furniture, fittings and equipment US$'000	Construction-in-progress US$'000	Total US$'000
Company					
Cost:					
Balance at 1 July 2018	76,290	6,317	48	986	83,641
Additions	–	–	21	–	21
Transfer from construction-in-progress	–	964	–	(964)	–
Disposals	–	–	(18)	(22)	(40)
Balance at 31 December 2018 and 1 January 2019	76,290	7,281	51	–	83,622
Additions	–	–	9	–	9
Disposals	(9,681)	(3,067)	–	–	(12,748)
Balance at 31 December 2019	66,609	4,214	60	–	70,883
Accumulated depreciation:					
Balance at 1 July 2018	27,746	5,579	35	–	33,360
Depreciation	1,335	351	4	–	1,690
Disposals	–	–	(23)	–	(23)
Balance at 31 December 2018 and 1 January 2019	29,081	5,930	16	–	35,027
Depreciation	2,614	484	10	–	3,108
Disposals	(4,165)	(2,947)	–	–	(7,112)
Balance at 31 December 2019	27,530	3,467	26	–	31,023
Impairment:					
Balance at 1 July 2018, 31 December 2018 and 1 January 2019	6,852	–	–	–	6,852
Disposals	(4,417)	–	–	–	(4,417)
Balance at 31 December 2019	2,435	–	–	–	2,435
Carrying amount:					
Balance at 31 December 2019	36,644	747	34	–	37,425
Balance at 31 December 2018	40,357	1,351	35	–	41,743

10. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Trade payables	2,023	1,667	351	796
Trade accruals	6,822	1,695	5,706	532
Amounts due to related companies (trade)	441	2	406	2
Amounts due to related companies (non-trade)	137	–	–	–
Amounts due to associated companies (non-trade)	776	156	–	6
Amounts due to subsidiary companies (trade)	–	–	–	1,924
Amounts due to subsidiary companies (non-trade)	–	–	39,669	36,813
Other payables	17	459	–	375
Total trade and other payables	10,216	3,979	46,132	40,448
Add: Borrowings (Note 11)	8,731	9,176	8,731	9,176
Total financial liabilities carried at amortised cost	18,947	13,155	54,863	49,624

The credit terms granted by suppliers ranged from 30 to 90 days (2018: 30 to 90 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Included in trade accruals is a provision made in relation to the arbitration made against the Group by three ship brokers (claimants). On 12 February 2016, the claimants had submitted claims on brokers' commissions amounting to US$3,736,000 against the Group. On 14 August 2019, the tribunal held that the claimants' succeeded in their claim and the Group was to pay the claimants the original commissions of US$3,736,000 plus interests accrued at a commercial rate from the date of the settlement agreement dated 29 June 2015. Subsequently, the Group has submitted an appeal to the Commercial Court in London and received the appeal approval on 15 November 2019, with the next hearing scheduled to take place on 16 June 2020.

11. BORROWINGS

	Maturity	Group and Company	
		2019 US$'000	2018 US$'000
Current:			
Bank loan A	2020	5,577	5,505
Bank loan B	2021-2023	891	689
		6,468	6,194
Non-current:			
Bank loan B	2021-2023	2,263	2,982
Total borrowings		8,731	9,176

Bank loan A:

The bank loan is a secured revolving credit facility which bears effective interest rate of 5.03% (2018: 4.66%) per annum and is denominated in Singapore dollars.

11. BORROWINGS (CONT'D)

Bank loan B:

The bank loan is secured with a tenure of 72 months, bears interest of 5.50% (2018: 5.50%) per annum and is denominated in Singapore dollars. This loan is provided by a bank for an initiative under SPRING Singapore, an agency under the Ministry of Trade and Industry of Singapore, for working capital assistance for companies in the offshore industry.

Based on the terms of the loan arrangements, the repayment of the principal amount of the loan will commence 24 months from the inception of the loan.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes as follows:

	1 January 2019 US$'000	Financing cash flows US$'000	Foreign exchange movement US$'000	31 December 2019 US$'000
Group				
Borrowings	9,176	(553)	108	8,731

	1 July 2018 US$'000	Financing cash flows US$'000	Foreign exchange movement US$'000	31 December 2018 US$'000
Group				
Borrowings	9,164	–	12	9,176

12. DEFERRED TAX LIABILITIES

The following are the major deferred tax assets/(liabilities) recognised by the Group and Company, and the movements thereon, during the current and prior reporting periods:

	Accelerated tax depreciation US$'000	Unutilised capital allowance US$'000	Total US$'000
Group			
At 1 July 2018	(4,817)	865	(3,952)
Credit/(charge) to profit or loss for the year (Note 17)	82	(195)	(113)
At 31 December 2018	(4,735)	670	(4,065)
Credit/(charge) to profit or loss for the year (Note 17)	443	(475)	(32)
At 31 December 2019	(4,292)	195	(4,097)
Company			
At 1 July 2018	(3,227)	458	(2,769)
Credit/(charge) to profit or loss for the year	16	(154)	(138)
At 31 December 2018	(3,211)	304	(2,907)
Credit/(charge) to profit or loss for the year	311	(304)	7
At 31 December 2019	(2,900)	–	(2,900)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and Company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Deferred tax assets	195	670	–	304
Deferred tax liabilities	(4,292)	(4,735)	(2,900)	(3,211)
	(4,097)	(4,065)	(2,900)	(2,907)

In deriving at the Group and Company's deferred tax exposure, management has considered the flag type of each vessel and the future periods of which these vessels will continue to derive income not exempted under Section 13A in the computation of the Group and Company's taxable temporary difference.

13. ISSUED CAPITAL

	Group and Company			
	2019 '000	2018 '000	2019 US$'000	2018 US$'000
	Number of ordinary shares			
Issued and paid-up capital:				
At the beginning and end of the year	705,091	705,091	55,379	55,379

Fully paid ordinary shares are denominated in Singapore Dollar which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

14. TREASURY SHARES

	Group and Company			
	2019 '000	2018 '000	2019 US$'000	2018 US$'000
	Number of ordinary shares			
At the beginning and end of the year	198	198	46	46

The Group and Company acquired 198,000 of its own shares through purchases on Singapore Exchange. The total amount paid to acquire the shares was US$46,000 and has been deducted from shareholders' equity. These shares are held as "treasury shares". The Group and Company intend to reissue these shares to executives who are granted share options under the employee share option plan in the foreseeable future.

15. REVENUE

	Group	
	2019	2018
	US$'000	US$'000
Charter hire income earned	10,690	2,659
Other ancillary charter hire revenue	9,570	3,111
Management and agency fee	696	167
	20,956	5,937

The Group accounts for the lease of vessels for bareboat charter and time charter under SFRS(I) 16 Leases as leases revenue. Time charter comprises lease of vessels and provision of other ancillary services. Other ancillary services include provision of crew and other services under time charter contracts. The Group separates the lease and non-lease components of time charter by allocating the transaction price based on their relative stand-alone selling prices. Other ancillary time charter revenue is recognised over time.

16. OTHER INCOME

	Group	
	2019	2018
	US$'000	US$'000
Interest income from outside parties	64	41
Interest income from an associated company (Note 24)	274	125
Others	5	148
	343	314

17. INCOME TAX

(a) Income tax expense comprises:

	Group	
	2019	2018
	US$'000	US$'000
Income tax		
– Current	(134)	(4)
Deferred tax (Note 12)		
– Origination and reversal of temporary differences	(32)	(113)
	(166)	(117)

17. INCOME TAX (CONT'D)

(b) The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to loss before income tax as a result of the following differences:

	Group	
	2019 US$'000	2018 US$'000
Loss before income tax	(13,896)	(6,229)
Income tax benefit at statutory tax rate at 17%	(2,362)	(1,059)
Effects of different tax rates of companies operating in different jurisdictions	83	–
Net income not subject to tax[1]	633	750
Effects of expenses not deductible in determining taxable profits	1,294	103
Tax effect of share of results of associates	621	399
Utilisation of tax benefits previously not recognised	(99)	(88)
Others	(4)	12
Income tax	166	117

[1] This represents mainly losses on income exempted under Section 13A and tax exemption under Section 43(6) of Singapore Income Tax Act.

(c) Subject to agreement with the relevant tax authorities, the Group has unutilised tax losses carried forward estimated as follows:

	Group	
	2019 US$'000	2018 US$'000
Amount at beginning of the year	3,788	3,203
Amount utilised during the year	(582)	(517)
Changes for the year	69	1,102
Amount at end of the year	3,275	3,788

These future income tax benefits are available for an unlimited future period only if the group derives future assessable income of a nature and of sufficient amounts to enable the benefits to be realised and the conditions for deductibility imposed by the law, including the retention of majority shareholders, as defined, are complied with.

Deferred tax benefits of the above future income tax benefits are not recorded due to the uncertainty of future taxable profit stream.

18. LOSS FOR THE YEAR

(a) In addition to charges and credits disclosed elsewhere in the notes to the statements of profit or loss and other comprehensive income, this item includes the following charges:

	Group	
	2019	2018
	US$'000	US$'000
Directors' fees	181	52
Staff cost:		
Permanent staff (including directors' remuneration)	2,303	1,201
Contract based crew	3,566	1,307
	6,050	2,560
Cost of defined contribution plans included in staff costs	190	91
Inventories recognised as an expense in cost of sales	949	315
Expenses relating to short-term leases	105	97
Audit fees:		
To auditors of the Company	57	45
Non-audit fees:		
To auditors of the Company	–	22

(b) Other expenses include:

	Group	
	2019	2018
	US$'000	US$'000
Net foreign exchange loss	171	52
Allowance for doubtful trade receivables on external parties (Note 5)	1,510	195
Loss on disposal of vessel	310	–

19. LOSS PER SHARE

Loss per share is calculated by dividing the Group's loss attributable to shareholders of the Company for the year by the weighted average number of ordinary shares in issue during the financial years as follows:

	Group	
	2019	2018
Loss attributable to shareholders (US$'000)	(14,166)	(6,330)
Number of ordinary shares used to compute loss per share ('000)	704,893	704,893
Basic and fully diluted:		
Loss per share (US cents)	(2.01)	(0.90)

The Group's basic loss per share is the same as the fully diluted loss per share as the Group did not have any potential dilutive ordinary shares outstanding as at end of the reporting period.

20. SEGMENTAL INFORMATION

The operations of the Group are associated specifically with the support of offshore oil and gas industry which is the major operating segment of the group. The Managing Director ("MD") is the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

As the main focus is on the generation of revenue for the Group, the MD makes decision to charter the vessels based on the charter rates, timing and availability of the vessels. Hence, vessels are deployed worldwide and wherever clients required them subject to safety factors, for example, war zones or areas prone to piracy. As a result, it is not meaningful to present the revenue by countries or geographical locations.

Information about major customers

Included in revenue of US$20,956,000 (2018: US$5,937,000) are revenues of approximately US$7,465,000 (2018: US$1,119,000) which arose from the chartering of vessels to the Group's largest customer.

The Group has two (2018: five) major customers that contribute greater than 10% of the total revenue for charter income.

	Revenue	
	2019 US$'000	2018 US$'000
Customer A	–	1,119
Customer B*	1,724	920
Customer C	3,476	714
Customer D	–	684
Customer E*	963	647
Customer F	7,465	–

(*) Revenue contribution in 2019 below 10% but presented for comparative purposes.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management programme seeks to minimize potential adverse effects of financial performance of the Group. Management has in place processes and procedures to monitor the Group's risk exposures whilst balancing the costs associated with such monitoring and management against the costs of risk occurrence. Such processes and procedures are reviewed periodically for changes in market conditions and the Group's operations.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures these risks. Market risk exposures are measured using sensitivity analysis indicated below:

(a) ***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a pro-active approach in the extension of credit terms to trade customers, monitors its exposure to credit risk on an ongoing basis and only transacts with creditworthy institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral obtained.

<u>Trade receivables</u>

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. Information regarding loss allowance movement of trade receivables are disclosed in Note 5.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

Concentration of credit risk

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group's credit exposure is concentrated mainly in the Africa, Mexico, South East Asia, Russia and Middle East and is centralised on oil majors. It adopts a pro-active approach in its credit evaluation process, credit policies and credit control as well as collection procedures to manage the risk arising from the concentration of its credit exposure.

There is significant concentration of credit risk arising from three customers (2018: two customers) which represents 74% (2018: 66%) of total gross trade receivables of the Group as at the end of the reporting period.

Management regularly reviews collectability and aging of the outstanding receivables and allowances for doubtful debts will be made if there are doubts over collectability.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 5.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and Company's financial assets used for managing liquidity risk and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2019 US$'000		
	One year or less	One to five years	Total
Group			
Financial assets:			
Trade and other receivables	8,756	–	8,756
Cash and cash equivalents	8,323	–	8,323
Loan to associated company	5,753	–	5,753
Total undiscounted financial assets	22,832	–	22,832
Financial liabilities:			
Trade and other payables	10,216	–	10,216
Borrowings	6,896	2,411	9,307
Total undiscounted financial liabilities	17,112	2,411	19,523
Total net undiscounted financial assets/(liabilities)	5,720	(2,411)	3,309

	2018 US$'000		
	One year or less	One to five years	Total
Group			
Financial assets:			
Trade and other receivables	5,667	–	5,667
Cash and cash equivalents	5,700	–	5,700
Loan to associated company	4,590	2,550	7,140
Total undiscounted financial assets	15,957	2,550	18,507
Financial liabilities:			
Trade and other payables	3,979	–	3,979
Borrowings	6,444	3,354	9,798
Total undiscounted financial liabilities	10,423	3,354	13,777
Total net undiscounted financial assets/(liabilities)	5,534	(804)	4,730

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) ***Liquidity risk (cont'd)***

	2019 US$'000			
	One year or less	One to five years	More than five years	Total
Company				
Financial assets:				
Trade and other receivables	34,200	6,044	2,644	42,888
Cash and cash equivalents	3,481	–	–	3,481
Total undiscounted financial assets	37,681	6,044	2,644	46,369
Financial liabilities:				
Trade and other payables	46,132	–	–	46,132
Borrowings	6,896	2,411	–	9,307
Total undiscounted financial liabilities	53,028	2,411	–	55,439
Total net undiscounted financial (liabilities)/assets	(15,347)	3,633	2,644	(9,070)

	2018 US$'000			
	One year or less	One to five years	More than five years	Total
Company				
Financial assets:				
Trade and other receivables	39,868	6,044	4,155	50,067
Cash and cash equivalents	4,490	–	–	4,490
Total undiscounted financial assets	44,358	6,044	4,155	54,557
Financial liabilities:				
Trade and other payables	40,448	–	–	40,448
Borrowings	6,444	3,354	–	9,798
Total undiscounted financial liabilities	46,892	3,354	–	50,246
Total net undiscounted financial (liabilities)/assets	(2,534)	2,690	4,155	4,311

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Foreign currency risk*

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than United States Dollars. The currencies giving rise to this risk are primarily Singapore Dollar and Malaysia Ringgit.

Carrying amounts of significant foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Group US$'000			
	Liabilities		Assets	
	2019	2018	2019	2018
Singapore Dollar	9,091	9,689	643	793
Malaysia Ringgit	79	192	6,361	1,321

	Company US$'000			
	Liabilities		Assets	
	2019	2018	2019	2018
Singapore Dollar	8,740	9,376	217	589

Sensitivity analysis for foreign currency risk

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies exchange rate against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency exchange rates.

If the foreign currencies strengthen by 10% against the functional currency of each group entity, loss before income tax will (increase)/ decrease by:

	Group US$'000	
	2019	2018
Singapore Dollar	(845)	(890)
Malaysia Ringgit	628	113

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) ***Foreign currency risk (cont'd)***

Sensitivity analysis for foreign currency risk (cont'd)

	Company US$'000	
	2019	**2018**
Singapore Dollar	(852)	(879)

If the foreign currencies weaken by 10% against the functional currency of each group entity, loss before income tax will be impacted by an equal but opposite amount as per table above.

(d) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to the interest rate risk arises primarily from their borrowings. The Group's and Company's floating rate borrowings are contractually re-priced at intervals of 6 months (2018: 6 months) from the end of the reporting period.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 50 (2018: 50) basis points lower/higher with all other variables held constant, the Group's loss before tax would have been US$28,000 (2018: US$14,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate borrowings.

22. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital and accumulated profits.

The Group's overall strategy remains unchanged from prior year.

23. TRANSACTIONS WITH SUBSIDIARIES

Some of the Group's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand.

Some transactions with subsidiaries, other than those disclosed elsewhere in the notes to the statements of profit or loss and other comprehensive income are as follows:

	Company	
	2019 US$'000	2018 US$'000
Interest income from a subsidiary company	664	357
Agency fees paid to a subsidiary company	328	282

24. OTHER RELATED PARTIES TRANSACTIONS

Prior to 26 July 2018, the immediate and ultimate holding companies were Energian Pte Ltd and Falcon Energy Group Ltd respectively. Both companies are incorporated in Singapore. On 26 July 2018, CH Offshore Ltd. was acquired by BT Investment Pte. Ltd. After the acquisition, BT Investment Pte. Ltd. became the Company's immediate holding company, and Baker Technology Ltd. became the Company's ultimate holding company, both companies are incorporated in Singapore. After the acquisition, Energian Pte Ltd remained a 34% shareholder of the Company.

Related parties in these financial statements refer to members of Falcon Energy Group Limited's (FEG) group of companies.

Related companies in these financial statements refer to members of the ultimate holding company and its other subsidiaries.

Some of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Some related parties transactions, other than those disclosed elsewhere in the notes to the statements of profit or loss and other comprehensive income are as follows:

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Management and agency fee earned from associated companies	131	96	–	–
Interest income from an associated company	274	125	–	–
Transactions with FEG group of companies:				
– Rental paid	–	97	–	20
– Charter of vessels	423	261	–	–
Transactions with related companies				
– Rental paid	124	–	21	–
– Fees paid for services rendered to its vessels	335	–	88	–
– Charter of vessels	115	–	75	–
– Management and agency fee earned	9	–	–	–

24. OTHER RELATED PARTIES TRANSACTIONS (CONT'D)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	1 Jan 2019 to 31 Dec 2019 US$'000	1 Jul 2018 to 31 Dec 2018 US$'000
Short-term benefits	1,103	498
Comprise amounts paid/payable to:		
– Directors of the Company	558	167
– Other Key Management Personnel	545	331
	1,103	498

25. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade and other receivables, cash and cash equivalents, loan to associated company, trade and other payables, borrowings

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

26. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2019 were authorised for issue by the Board of Directors on 20 March 2020.

STATISTICS OF SHAREHOLDINGS

as at 12 March 2020

SHARE CAPITAL

Issued and Fully paid-up capital (including Treasury Shares)	:	S$95,251,165.43
Issued and Fully paid-up capital (excluding Treasury Shares)	:	S$95,188,106.23
Total Number of Issued & Paid Up Shares (including Treasury Shares)	:	705,090,514
Total Number of Issued & Paid Up Shares (excluding Treasury Shares)	:	704,892,514
Total Number/ Percentage of Treasury Shares	:	198,000 (0.0281%)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	16	0.54	318	0.00
100 - 1,000	699	23.60	536,448	0.08
1,001 - 10,000	1,497	50.54	7,440,713	1.05
10,001 - 1,000,000	742	25.05	37,984,469	5.39
1,000,001 AND ABOVE	8	0.27	658,930,566	93.48
TOTAL	**2,962**	**100.00**	**704,892,514**	**100.00**

TWENTY LARGEST SHAREHOLDERS

As shown in the Register of Members and Depository Register

No.	Name	No. of shares	%
1	BT INVESTMENT PTE LTD	387,535,300	54.98
2	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	194,676,175	27.62
3	ENERGIAN PTE LTD	45,379,956	6.44
4	LIM YOK LAN	23,171,866	3.29
5	DBS NOMINEES (PRIVATE) LIMITED	3,877,400	0.55
6	RAFFLES NOMINEES (PTE.) LIMITED	1,558,500	0.22
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,508,799	0.21
8	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,222,570	0.17
9	KOH CHIN HIN	957,600	0.14
10	OCBC SECURITIES PRIVATE LIMITED	892,500	0.13
11	MAYBANK KIM ENG SECURITIES PTE LTD	770,850	0.11
12	CITIBANK NOMINEES SINGAPORE PTE LTD	762,100	0.11
13	CHIA CHEE HUA	681,800	0.10
14	PHILLIP SECURITIES PTE LTD	663,300	0.09
15	DB NOMINEES (SINGAPORE) PTE LTD	510,000	0.07
16	NG HWEE KOON	507,900	0.07
17	TAN KIAN CHUAN (CHEN JIANZHUAN)	500,000	0.07
18	GAN GUAT CHING	480,000	0.07
19	LEE SAM KONG	400,000	0.06
20	LIEN SHEONG CHYE	400,000	0.06
	TOTAL	**666,456,616**	**94.56**

STATISTICS OF SHAREHOLDINGS

as at 12 March 2020

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 12 March 2020:-

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
BT Investment Pte Ltd	387,535,300[a]	54.98	–	–
Baker Technology Limited	–	–	387,535,300[a]	54.98
Dr Benety Chang	–	–	387,535,300[a]	54.98
Dr Doris Heng Chin Ngor	–	–	387,535,300[a]	54.98
Energian Pte Ltd	45,379,956[b]	6.44	194,380,175[b]	27.57
Falcon Energy Group Limited	–	–	239,760,131[b]	34.01
Tan Pong Tyea	–	–	239,760,131[b]	34.01

Notes:

[a] Baker Technology Limited, Dr Benety Chang and Dr Doris Heng Chin Ngor are each deemed pursuant to Section 4 of the Securities and Futures Act to have an interest in the 387,535,300 shares of the Company held by BT Investment Pte. Ltd.

[b] Falcon Energy Group Limited and Mr Tan Pong Tyea are each deemed pursuant to Section 4 of the Securities and Futures Act to have an interest in the 239,760,131 shares of the Company held by Energian Pte. Ltd., (of which 194,380,175 shares are pledged to CIMB Bank Berhad, Singapore Branch and held through CGS-CIMB Securities (Singapore) Pte. Ltd.).

FREE FLOAT

Based on the information available to the Company as at 12 March 2020 and to the best knowledge of the Directors and the substantial shareholders of the Company, approximately 11.01% of the issued ordinary shares (excluding Treasury Shares) of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fourth Annual General Meeting of the Company will be held at Evergreen Room 1 & 2, Safra Jurong, 333 Boon Lay Way, Singapore 649848 on Wednesday, 22 April 2020 at 10.00 am for the following purposes:

Ordinary Business:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2019 and the Auditors' Report thereon. (Resolution 1)

2. To approve Directors' fees of up to S$304,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears. (FY2019 : S$304,000) (Resolution 2)

3. To re-elect Mr Thia Peng Heok George, being a Director who retires by rotation pursuant to Article 89 of the Constitution of the Company. (Resolution 3)

4. To re-elect Mr Heath McIntyre, being a Director who retires by rotation pursuant to Article 89 of the Constitution of the Company. (Resolution 4)

5. To re-elect Mr Tan Kiang Kherng, being a Director who retires by rotation pursuant to Article 89 of the Constitution of the Company. (Resolution 5)

6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise Directors to fix their remuneration. (Resolution 6)

7. To transact any other business that may be transacted at an Annual General Meeting.

As Special Business:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. "**Share Issue Mandate** (Resolution 7)

   That pursuant to the Company's Constitution and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be given to the Directors of the Company to issue shares ("Shares") whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

   (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the share capital of the Company;

   (b) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution, after adjusting for:

(i) new shares arising from the conversion or exercise of convertible securities;

(ii) new shares arising from exercising share options or vesting of Share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8. ; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustment in accordance with (b)(i) and (b)(ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of this Resolution.

(c) And that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities."

9. "**CH Offshore Employee Share Option Scheme** (Resolution 8)

That the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the provisions of the CH Offshore Employee Share Option Scheme ("Scheme") and pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total number of shares of the Company from time to time."

10. "**Proposed Renewal of the IPT General Mandate** (Resolution 9)

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST ("**Chapter 9**"), for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" under Chapter 9, or any of them, to enter into the Mandated Transactions with the Mandated Interested Persons, provided that such transactions are:

(i) made on commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders; and

(ii) in accordance with the review procedures for such Mandated Transactions (the "**IPT General Mandate**");

(b) the IPT General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the review procedures and/or modify or implement such review procedures as may be necessary to take into consideration any amendment to Chapter 9, which may be prescribed by the SGX-ST from time to time; and the Directors of the Company who are not interested in the Mandated Transactions and each of them be and are hereby authorised to do all acts and things as they or each of them may deem desirable, necessary or expedient to give effect to the IPT General Mandate as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Company."

11. "**Proposed Renewal of the Share Buyback Mandate** (Resolution 10)

That

(a) for the purposes of the Companies Act, Chapter 50, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases, transacted on the ready market of the SGX-ST, or as the case may be, other stock exchange for the time being on which the Shares may be listed or quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchases**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Listing Manual ("**Off-Market Purchases**"),

and otherwise in accordance with all other applicable laws and regulations (including the provisions of the Act, as amended, supplemented or modified from time to time) and the provisions in the Listing Manual as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the absolute discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Act;

(c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on:

(i) the conclusion of the next AGM of the Company;

(ii) the date by which the next AGM of the Company is required to be held;

(iii) the date on which the purchases of Shares by the Company are carried out to the full extent mandated; or

(iv) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by ordinary resolution of the Company in a general meeting, whichever is the earliest;

(d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient, incidental, necessary or in the interest of the Company to give effect to the transactions contemplated and/or authorised by this Resolution; and

(e) in this Resolution:

(i) "**Maximum Limit**" means 10% of the total number of issued Shares (excluding any Shares which are held by the Company as treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, unless the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered by the special resolution of the Company or the order of the Court, as the case may be;

(ii) "**Relevant Period**" means the period commencing from the date on which this Resolution is passed and expiring on the date the next AGM of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

(iii) "**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding applicable brokerage, stamp duties, commission, goods and services tax and other related expenses) not exceeding:

(A) in the case of a Market Purchase, 105% of the Average Closing Price; and

(B) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Days and the day on which the Market Purchase is made;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase."

By Order of the Board

Lim Mee Fun
Company Secretary

Singapore
6 April 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 2 — The Ordinary Resolution 2, if passed, will authorise the Directors of the Company to pay Directors' fees to Independent Directors and Non-Executive Directors nominated by Shareholders for the year ending 31 December 2020 quarterly in arrears.

Resolution 3 — Mr Thia Peng Heok George is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). He will, upon re-election as a Director of the Company, remain as the Chairman of Audit Committee and a member of the Nominating & Remuneration Committees. Please refer to pages 122 to 124 of the Annual Report for the relevant information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Resolution 4 — Mr Heath McIntyre will, upon re-election, remain as an Executive Director of the Company. Please refer to pages 122 to 124 of the Annual Report for the relevant information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Resolution 5 — Mr Tan Kiang Kherng will, upon re-election, remain as Non-Executive Director of the Company. Please refer to pages 122 to 124 of the Annual Report for the relevant information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

Resolution 7 — The Ordinary Resolution 7, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a pro-rata basis.

Resolution 8 — The Ordinary Resolution 8, is to authorise the Directors to offer and grant options in accordance with the provisions of the CH Offshore Employee Share Option Scheme ("Scheme") and pursuant to Section 161 of the Companies Act, Chapter 50 to allot and issue shares under the Scheme up to an amount not exceeding fifteen per cent (15%) of the total number of shares of the Company from time to time.

Resolution 9 — The Ordinary Resolution 9, if passed, will renew the IPT General Mandate and will authorise the Company, its subsidiaries and associated companies to enter into the Mandated Transactions with the Mandated Interested Persons on the terms and subject to the conditions of the resolution. Details of the IPT General Mandate are set out in greater detail in the Letter to Shareholders enclosed together with the Annual Report.

Resolution 10 — The Ordinary Resolution 10, if passed, will renew the Share Buyback Mandate and will authorise the Directors of the Company to purchase or otherwise acquire Shares on the terms and subject to the conditions of the resolution. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019, are set out in greater detail in the Letter to Shareholders enclosed together with the Annual Report.

Additional Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

2. Where a member (other than a Relevant Intermediary*) appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the Proxy Form, failing which, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

4. The Proxy Form is attached and must be deposited at the registered office of the Company at 12A Jalan Samulun Singapore 629131 not less than 48 hours before the time fixed for holding the Annual General Meeting in order for the proxy to be entitled to attend and vote at the Annual General Meeting.

5. A Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE ON COVID-19

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of spread of COVID-19.

The Company reserves the right to take appropriate measures to minimise any risk to shareholders and proxies attending the AGM, which may include conducting temperature checks, requiring the signing of health declaration forms, and declining entry to any person with fever or flu-like symptoms.

Shareholders and proxies who are feeling unwell on the date of the AGM are advised not to attend the AGM. Shareholders and proxies attending the AGM are advised to arrive at the AGM venue early as precautionary measures may cause delay in the registration process.

The Company seeks the understanding and cooperation of shareholders and proxies to minimise the risk of community spread of COVID-19.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Kindly note that by attending the Annual General Meeting, the members of the Company, their proxy(ies) and/or representative(s) consent to the video-recording of the proceedings of the Annual General Meeting, for the Company's records.

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

The following information relating to Mr Thia Peng Heok George, Mr Heath McIntyre and Mr Tan Kiang Kherng, each of whom is standing for re-election as a Director at the Annual General Meeting of the Company on 22 April 2020, is provided pursuant to Rule 720(6) of the Listing Manual of the SGX-ST:

Name of Director	Thia Peng Heok George	Heath McIntyre	Tan Kiang Kherng
Date of Appointment	30/03/2015	27/08/2018	27/08/2018
Date of Last Re-Election	21/09/2018	21/09/2018	21/09/2018
Age	71	50	50
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has accepted the NC's recommendation on Mr Thia Peng Heok George's re-election after taking into consideration of Mr Thia Peng Heok George's contribution and performance as Independent Director of the Company.	The Board of Directors of the Company has accepted the NC's recommendation on Mr Heath McIntyre's re-election after taking into consideration of Mr Heath McIntyre's contribution and performance as Executive Director of the Company.	The Board of Directors of the Company has accepted the NC's recommendation on Mr Tan Kiang Kherng's re-election after taking into consideration of Mr Tan Kiang Kherng's contribution and performance as Non-Executive Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Non-Executive	Executive	Non-Executive
Job Title	Independent Director Audit Committee Chairman Nominating Committee Member Remuneration Committee Member	Executive Director	Non-Executive Director
Professional qualifications	Life Member of the Institute of Singapore Chartered Accountants Retired Member of the Association of Chartered Certified Accountants (UK), Master of Gerontology from Singapore University of Social Science (formerly known as UniSIM)	Bachelor of Commerce degree from University of Toronto, Canada MBA from University of Chicago, Graduate School of Business, USA	Bachelor of Accountancy (Honours) degree from Nanyang Technological University, Singapore. Member of the Institute of Singapore Chartered Accountants

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Thia Peng Heok George	Heath McIntyre	Tan Kiang Kherng
Working experience and occupation(s) during the past 10 years	2019-Current: Business Consultant, GAAB Private Limited 2005-2019: Consultant, Asianic Private Limited	2013-Current: Managing Director, BT Investment Pte. Ltd. 2006-2013: Executive Director, Southern Capital Group, Singapore	2013-Current: Chief Financial Officer, Baker Technology Limited 2002-2013: Financial Controller, Baker Technology Limited
Shareholding interest in the Company and its subsidiaries	None	None	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	None	None	None
Undertaking submitted to the Company in the form of Appendix 7.7 (Listing Rule 720(1))	Yes	Yes	Yes
Other Principal Commitments including Directorships – Past (for the last 5 years)	Past Directorship: DiSa Limited Phoenix Capital Private Limited Past Principal Commitments: Nil	Past Directorship: Nil Past Principal Commitments: Nil	Past Directorship: OFC Furniture Pte Ltd Past Principal Commitments: Nil

DIRECTORS STANDING FOR RE-ELECTION AT THE ANNUAL GENERAL MEETING

Name of Director	Thia Peng Heok George	Heath McIntyre	Tan Kiang Kherng
Other Principal Commitments including Directorships – Present	Present Directorship: Yoma Strategic Holdings Limited Asiainc Private Limited Thia Holdings Private Limited Singapore Institute of Management Group Limited GAAB Private Limited Present Principal Commitments: National Cancer Centre of Singapore (Board of Trustees) Singapore Institute of Management (Board of Governors)	Present Directorship: BT Investment Pte Ltd BT OSV 1 Pte Ltd Heronbay Investments Limited MarineCo Limited PT Bahtera Nusantara Indonesia (President Commissioner) CHO Ship Management Pte Ltd Delaware Marine Pte Ltd Garo Pte Ltd Offshore Gold Shipping Pte Ltd Pembrooke Marine Pte Ltd Sea Glory Private Limited Venture Offshore Pte Ltd High Majestic Sdn Bhd Gemini Sprint Sdn Bhd Pearl Marine Pte Ltd Present Principal Commitments: Managing Director of BT Investment Pte Ltd, a subsidiary of Baker Technology Limited	Present Directorship: CHO Ship Management Pte Ltd Delaware Marine Pte Ltd Garo Pte Ltd Offshore Gold Shipping Pte Ltd Pembrooke Marine Pte Ltd Sea Glory Private Limited Venture Offshore Pte Ltd Present Principal Commitments: Chief Financial Officer of Baker Technology Limited

The retiring Directors had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the Listing Manual of the SGX-ST respectively and the retiring Directors have confirmed that there is no change to their declarations as at the date of this report.

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CH OFFSHORE LTD.

(Co. Reg. No. 197600666D)
(Incorporated in the Republic of Singapore)

FORTY-FOURTH ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT:
1. For investors who have used their CPF monies ("CPF Investors") and/or their SRS monies ("SRS Investors") to buy the Company's shares, this Annual Report FY 31 December 2019 is sent to them at the request of their CPF and/or SRS Approved Nominees (as the case may be) solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors may attend and cast their votes at the AGM in person. CPF Investors and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees (as the case may be) to appoint the Chairman of the AGM to act as their proxy, in which case, the respective CPF Investors and/or SRS Investors shall be precluded from attending the AGM.

Personal data privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2020.

*I/We ______________________________ (Name)
______________________________ (NRIC/Passport/Registration No.)
of ______________________________ (Address)
being a *member/members of CH Offshore Ltd. (the "Company") hereby appoint

Name	**NRIC/ Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/ Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to the above, the Chairman of the Forty-Fourth Annual General Meeting of the Company ("AGM"), as *my/our proxy/proxies to attend and to vote for *me/us and on *my/our behalf at the AGM to be held at **Evergreen Room 1 & 2, Safra Jurong, 333 Boon Lay Way, Singapore 649848** on Wednesday, 22 April 2020 at 10.00 am and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

(If you wish to exercise all your votes "For" or "Against", please indicate with an "x" within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	**Resolutions**	**Number of Votes For**	**Number of Votes Against**
	ORDINARY BUSINESS		
1.	Adoption of Audited Financial Statements and Directors' Statement.		
2.	Approval of Directors' Fees for the year ending 31 December 2020.		
3.	Re-election of Mr Thia Peng Heok George as Director.		
4.	Re-election of Mr Heath McIntyre as Director.		
5.	Re-election of Mr Tan Kiang Kherng as Director		
6.	Re-appointment of Ernst & Young LLP as the Auditors.		
	SPECIAL BUSINESS		
7.	Authority to allot and issue new shares and/or convertible securities		
8.	Approval of authority to offer and grant options and to issue shares pursuant to the CH Offshore Employee Share Option Scheme		
9.	Renewal of IPT General Mandate		
10.	Renewal of Share Buyback Mandate		

Dated this ____________ day of ______________ 2020.

Total Number of Ordinary Shares Held	
CDP Registers	
Register of Members	

____
Signature(s) of *member(s) or Common Seal of Corporate Shareholder(s)

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES ON THE REVERSE SIDE

Fold Flap 1st fold here

Please affix
Postage
Stamp

The Company Secretary
CH OFFSHORE LTD.
12A Jalan Samulun
Singapore 629131

2nd fold here

NOTES TO PROXY FORM:

1. Please insert in the box at the bottom right hand corner of this form, the number of Shares registered in your name in the Register of Members in respect of share certificates held by you and the number of Shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"). If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member.
3. Where a member (other than a Relevant Intermediary*) appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than 2 proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 12A Jalan Samulun Singapore 629131 not later than 48 hours before the time fixed for holding the Annual General Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. The dispensation of the use of common seal pursuant to Sections 41A, 41B and 41C of the Companies Act, Chapter 50 of Singapore is applicable at this Annual General Meeting.
8. A corporation which is a member may also authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Annual General Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.
10. The Company shall be entitled to reject this instrument appointing a proxy or proxies if it is incomplete, not properly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the Annual General Meeting as certified by the CDP to the Company.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2020.

CH OFFSHORE LTD.
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