CH OFFSHORE LTD

ANNUAL REPORT **2018**

(YEAR ENDED 31 DECEMBER 2018)

REINFORCING STRENGTH **TOWARDS PROGRESSION**

CONTENTS

COMPANY PROFILE

CH Offshore Ltd ("CHO" or "the Group") was incorporated on 31 March 1976 as Mico Line Pte Ltd and in April 1976 became a wholly owned subsidiary of Chuan Hup Marine Pte Ltd. The company became a public limited company, changed its name to CH Offshore Ltd and was listed on the Singapore Exchange Securities Trading Limited on 28 February 2003.

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. On 28 April 2010, Scomi Marine Berhad sold its entire 29.07% stake in CHO to Energian Pte Ltd, a wholly-owned subsidiary of Falcon Energy Group Limited ("FEG").

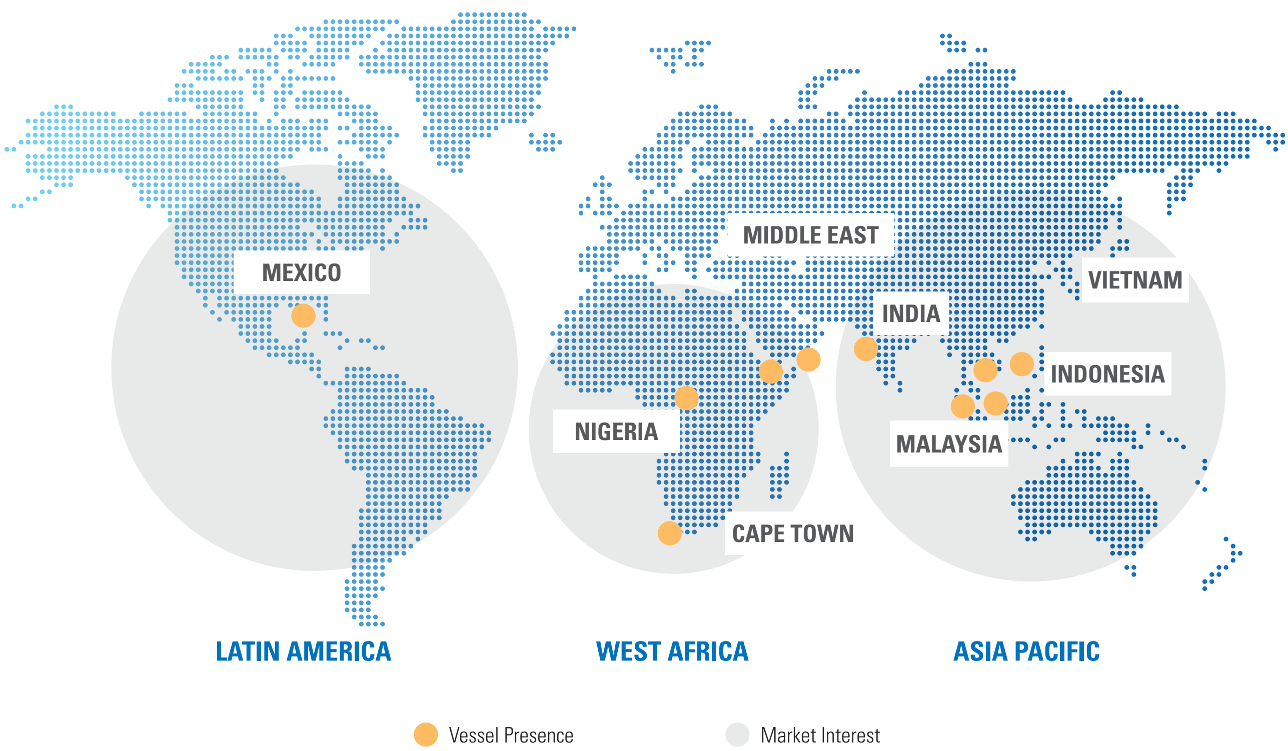
February 2015 marked another significant milestone in CHO's history when with the successful conclusion of Voluntary Unconditional Cash Offer, FEG through its wholly-owned subsidiary Energian Pte Ltd acquired 86.71% stake in CHO and it became a subsidiary of FEG.

On 7 April 2017, FEG and Energian Pte Ltd sold 21.83% stake in CHO to SZ Offshore Investment Pte Ltd. CHO remains a subsidiary of FEG.

More recently on 26 July 2018, Baker Technology Limited ("Baker Tech") through its direct wholly-owned subsidiary BT Investment Pte. Ltd. ("BTI") successfully acquired majority stake in CHO and it became a subsidiary of Baker Tech. As a result of the said acquisition, BTI currently has 54.98% stake in CHO.

Currently, CHO operates sixteen AHTS vessels and one OSV vessel. Twelve of the vessels are wholly owned AHTS vessels with an average age of eleven years old as at 31 December 2018. 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 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.



OUR VISION

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

OUR 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 operational excellence.

CHAIRMAN'S MESSAGE

THE GROUP REMAINS RESILIENT AND IS FORGING FORWARD. CHO'S PROVEN TRACK RECORD AND PRUDENT MANAGEMENT OF RESOURCES HAS GIVEN US AN ABILITY TO RIDE THE CHALLENGING MARKET.

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of the CH Offshore Group ("the Group", "CHO", or "the Company") for the financial year ended 31 December 2018 (FY Dec 18).

2018 was exciting for CHO as it added a new chapter in its long history with Baker Technology Limited ("Baker Tech"), a listed company on SGX Main Board through its direct wholly-owned subsidiary BT Investment Pte. Ltd. ("BTI") successfully acquiring a majority stake in CHO. As at the date of this report, BTI has 54.98% stake in CHO.

This acquisition by BTI, also saw CHO change its financial year end from 30 June to 31 December. The change is strategic to allow CHO to align its financial year end with that of its new holding company, BTI and ultimate parent company, Baker Tech. With this change, CHO had to audit its financial statements for period covering 6 months from 1 July 2018 to 31 December 2018. Henceforth the Group will follow a 1 January to 31 December financial year.

2018 ended with mixed sentiments for the oil and gas sector and the OSV sector was no different. Although the year started on a positive note with Brent oil price trending up and reaching an annual high of circa $86/bbl in October 2018, the fourth quarter saw the Brent oil price drop as low as circa $50/bbl.

The volatility in oil prices saw the final investment decisions and capex commitment for Exploration and Production ("E&P") declining year on year. In addition, as a result of an oversupply of vessels, we do not expect the vessels' Daily Charter Rates ("DCR") and vessel utilisation rate to see any meaningful improvement in the near term.

2018 has been especially challenging with several contracts coming to their end. However, due to adequate planning, our proven track record and with a few laid up vessels being activated, we were able to secure some charters. We also ventured into Nigeria for the first time with an International Oil Major. Currently, the Group owns and/or operates ten vessels in South East Asia, two in Middle East, two in Mexico, two in India and one in Nigeria. We have managed to maintain a vessel utilisation rate of 60% in FY Dec 2018 despite the challenging market conditions and a few vessels being laid up for considerable part of the year.

In the near term, it is crucial that we stay focused on our strategies of managing our resources effectively, increasing our asset utilisations, exploring new markets and identifying revenue enhancing asset acquisitions.

The Group will continue to strive for operational excellence with highest safety standards to differentiate ourselves from our competitors. Our pursuit for operational and safety excellence has enabled our group to achieve zero Lost Time Injuries ("LTI") in 2018 and remain LTI free since 2015. We stay resilient.

FINANCIAL REVIEW

The Group recorded a revenue of US$5.94 million and a net loss of US$6.35 million in (FY Dec 18). The loss included total impairment charges totalling US$2.41 million, of which US$2.21 million was in relation to our jointly-owned vessels and US$0.20 million was for general provision for doubtful debt. Excluding the one-off impairment charges and provisions, the Group would have recorded a net loss of US$3.94 million. The Group's net asset value decreased from US$96.62 million as at 30 June 2018 to US$90.31 million as at 31 December 2018. The Group's net asset value per ordinary share excluding treasury shares decreased from 13.71 US cents per share as at 30 June 2018 to 12.81 US cents per share as at 31 December 2018.

During the year, the Group faced significant operational challenges including increasing cabotage play in the region and termination of a few charter contracts. The Group also faced cash flow challenges with the reactivation of a few laid up vessels and the delays in trade debt collections.

Despite the challenges, the Group has managed to improve its cash position from US$4.25 million as at 30 June 2018 to US$5.70 million as at 31 December 2018. We will continue to manage our corporate expenditure and will focus on driving utilisation rate and DCR to generate positive cash flow and improving our operational efficiency in a safe and sustainable manner.

OUTLOOK AND PROSPECTS

We are starting to see the early signs of stabilisation in the offshore oil and gas industry. Some oil major and National Oil Companies (NOC), particularly in SEA have started to increase investment in E&P, mostly in brown fields. However, charter rates are not expected to improve significantly in the near term due to the oversupply of vessels. The emergence of newly restructured

CHAIRMAN'S **MESSAGE**

competitors as well as the entry of new competitors who have made cash purchases of vessels at distressed values would also intensify the competition, potentially suppressing any possible improvement in charter rates. On the positive side, we have seen year-on-year increase in the number of vessels being scrapped. In addition, we expect that the majority of older laid up vessels will not return to market due to the high reactivation cost. Significant improvement of the offshore oil and gas market is still required before offshore vessel rates and utilisation levels improve sufficiently to achieve vessel profitability. While we continue to focus and work hard on implementing our strategic priorities, we are mindful that any unexpected geopolitical developments or decline in oil prices could derail the sector recovery.

Our core fleet of AHTS (Anchor Handling Tug Supply) are uniquely situated to enjoy the eventual upturn in the market. The core of our fleet are the Japanese-built 12,240 horse-power AHTS vessels. Our vessels were built by renowned shipyards to high quality specifications and are known in the market to be highly reliable. They are equipped with high quality equipment, large tank capacities and deck space and have the required horse-power to serve the newer, larger jackup drilling rigs. The Group's major competitive strength is the quality of its experienced Management team and staff and its proven track record for delivering every time.

We serve an economically fast-growing region with several populous countries with growing demands for energy. The oil and gas wells in the Asia and Middle-East regions are largely in older brown marginal fields requiring near constant maintenance and well stimulation in order to maintain production, which in turn produces a steady stream of offshore projects for our high quality fleet. Additionally, as existing and older wells decline in production, new wells are required to maintain production. A stable oil price and the nearly non-existent exploration activity over the last several years will inevitably cause exploration and production companies to re-start their activities offshore in the medium term.

Baker Tech and its subsidiaries, (the "Baker Tech Group") is a leading manufacturer and provider of specialised marine offshore equipment and services, mainly focused on the offshore oil and gas industry. The Baker Tech Group's core business is in the design, construction, operation and chartering of mobile offshore units, offshore supply vessels and a wide range of critical equipment and components for the offshore marine industry. These include offshore pedestal cranes, anchor winches, skidding systems, jacking systems and raw water tower structures. It also provides services such as project management, engineering services, quality assurance, and construction supervision. As there are complementary synergies between the Group and Baker Tech Group, the Group intends to leverage on the Baker Tech Group's strengths, resources and network of contacts to further enhance the Group's businesses in the coming years.

The Group will continue to develop ways to increase operational and cost efficiency, preserve cash and be ready for the rebound in the industry.

SUSTAINABILITY COMMITMENT

The Board provides guidance and works with the Management Committee on CHO's overall strategic direction, policies and business objectives, ensuring all Environment, Social and Governance (ESG) matters significant to our business are addressed.

CHO's sustainability strategy is aligned with our core values of Passion, Respect, Integrity & Honesty, Monetary Discipline and Excellence (Prime) and our "Do No Harm" corporate policy. CHO is committed to improving the economic and social well-being of our stakeholders by operating the CHO way which ensures that we do no harm to ourselves as human, 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 those affected by our operations.

CHO upholds high standards of corporate governance and transparency to safeguard shareholders' interests. We have in place an adequate and effective Enterprise Risk Management framework to enhance our business resilience and agility. CHO continuously strive to ensure full compliance with the 1974 International Convention for the Safety of Life at Sea (SOLAS 1974).

We rigorously strive to balance commercial viability with sustainability for future generations and have incorporated the key principles of environment, social and governance in settling out our business strategies and operations. However, it is clear to us that focusing on sustainability is good for our business and profitability. By adhering with our sustainability strategy, we will increase productivity and efficiencies and reduce our costs, which is increasingly vital in the currently challenged offshore oil and gas sector. Additionally, performing our business in a sustainable fashion avoids the risks and liabilities associated with environmental damage and provides a competitive advantage in securing and maintaining contracts with major oil and gas companies and national oil companies, which are increasingly demanding that key contractors adopt sustainable business practices. In short, our sustainability initiatives makes good business sense for our shareholders, our employees and our stakeholders.

ACKNOWLEDGEMENTS AND APPRECIATION

Our ability to cope with the past financial year's challenges would not have been possible without the outstanding efforts of our entire workforce. In FY Dec 18, the executive team worked determinedly to steer the business through these difficult times and many tough decisions were taken along the way.

On behalf of the Board, therefore, I would like to thank our people for their outstanding efforts and dedication to the Group. To our shareholders, bankers, suppliers, customers and business associates, our heartfelt gratitude for their understanding and unwavering support and confidence in our ability to weather the headwinds in the sector.

To the Board, I wish to record my appreciation for their guidance and valuable advice.

Mr Thia Peng Heok George
Independent, Non-Executive Chairman
12 March 2019

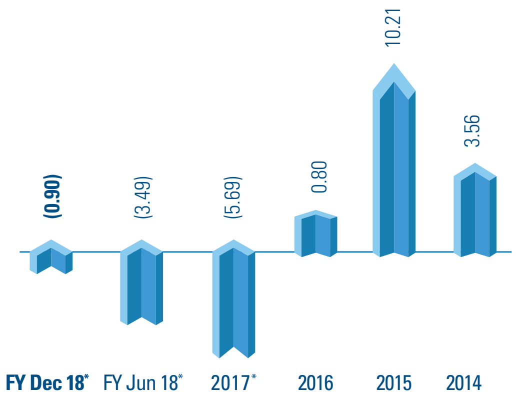
FIVE-YEAR GROUP FINANCIAL STATISTICS

	FY Dec 18* US$'000	FY Jun 18* US$'000	FY2017* US$'000	FY2016 US$'000	FY2015 US$'000	FY2014 US$'000
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME						
REVENUE	**5,937**	9,906	16,405	24,725	31,818	35,137
Gross (Loss)/profit after direct depreciation	**(1,836)**	(2,561)	4,040	10,998	19,112	23,315
Profit (Loss) before income tax	**(6,229)**	(24,473)	(40,836)	10,215	71,988	25,051
Profit (Loss) after income tax	**(6,346)**	(24,595)	(40,080)	5,626	71,988	25,081
Gross (Loss)/profit margin	**(30.9%)**	(25.9%)	24.6%	44.5%	60.1%	66.4%
Profit (Loss) before income tax margin	**(104.9%)**	(247.1%)	(248.9%)	41.3%	226.2%	71.3%
Profit (Loss) after income tax margin	**(106.9%)**	(248.3%)	(244.3%)	22.8%	226.2%	71.4%
STATEMENTS OF FINANCIAL POSITION						
Current assets	**16,151**	17,906	22,919	19,110	144,084	87,673
Non-current assets	**91,382**	98,802	118,802	168,838	171,153	170,944
Total assets	**107,533**	116,708	141,119	187,948	315,237	258,617
Current liabilities	**10,178**	12,619	9,436	13,568	64,688	9,384
Non-current liabilities	**7,047**	7,465	10,464	13,035	8,849	9,252
Total liabilities	**17,225**	20,084	19,900	26,603	73,537	18,636
Net current assets	**5,973**	5,287	13,483	5,542	79,396	78,289
Shareholders' equity	**90,308**	96,624	121,219	161,345	241,700	239,981
PER SHARE DATA						
Earnings Per Share (US cents):						
Basic	**(0.90)**	(3.49)	(5.69)	0.80	10.21	3.56
Fully Diluted	**(0.90)**	(3.49)	(5.69)	0.80	10.21	3.56
Dividends Per Share (SGD cents)	**0.00**	0.00	0.00	2.5	23.5	4.50
Net Assets Value Per Share (US cents)	**12.81**	13.71	17.20	22.88	34.28	34.04

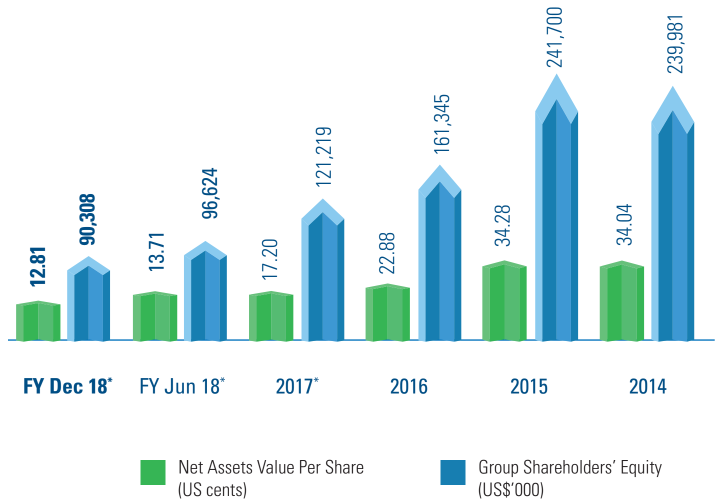
* Pursuant to the Company's announcement on 8 November 2018, the Company's fiscal year-end has changed from June 30 to December 31. Accordingly, the previous fiscal year which began on 1 July 2017 ended on 30 June 2018 is denoted as "FY Jun 18", the fiscal year which began on 1 July 2018 ended on 31 December 18 is denoted as "FY Dec 18" while the fiscal year which began on 1 July 2016 ended on 30 June 2017 is denoted as "FY2017".

FIVE-YEAR GROUP FINANCIAL CHARTS

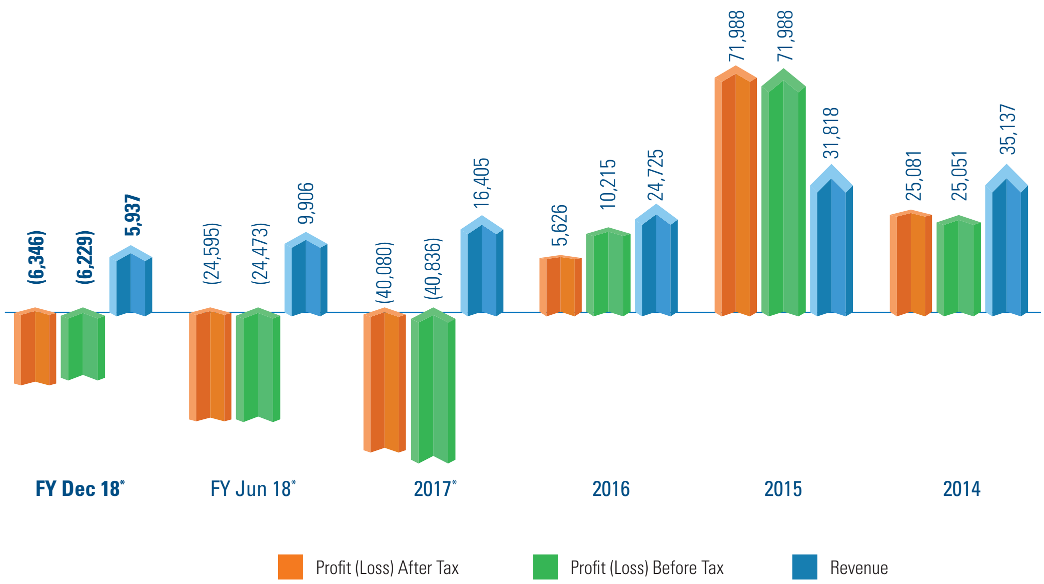
EARNINGS PER SHARE
(US CENTS)



GROUP SHAREHOLDERS' EQUITY AND NET ASSETS VALUE PER SHARE



GROUP REVENUE, PROFIT (LOSS) BEFORE TAX & PROFIT (LOSS) AFTER TAX
(US$'000)



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REVIEW OF RESULTS

REVENUE
FY DEC 18
US$5.94
MILLION

REVENUE
FY JUN 18
US$9.91
MILLION

GROSS LOSS
FY DEC 18
US$1.84
MILLION

GROSS LOSS
FY JUN 18
US$2.56
MILLION

Challenging operating conditions persisted in the offshore oil and gas (O&G) sector for the financial year ended 31 December 2018 (FY Dec 2018).

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

The Group registered revenue of approximately US$5.94 million in the 6 months ending 31 December 2018 (FY Dec 2018), which represented a decrease of 40% or US$3.97 million when compared to Group revenue of US$9.91 million in the 12 months ending 30 June 2018 (FY Jun 2018). The decrease was mainly due to the short reporting period and lower vessel charter rates amid the challenging market conditions. The decrease was partially offset by an overall improvement in the fleet utilization rate from of 53% in FY Jun 2018 to 60% in FY Dec 2018.

Gross Profit/Loss

The Group generated a gross profit before depreciation of US$1.91 million in FY Dec 2018 as compared to a gross profit before depreciation of US$4.60 million in FY Jun 2018. Gross profit before depreciation margin narrowed from 46% in FY Jun 2018 to 32% in FY Dec 2018 largely due to margin squeezed resulting from intense competitions, the continued incurrence of operating costs when a few vessels were off-hired in-between periods, the incurrence of repair and maintenance expenditure as well as start-up costs for some vessels for new charters during the period.

Other Income

The Group recorded other income of US$0.31 million in FY Dec 2018, 34% lower than the other income recorded in FY Jun 2018 largely due to lesser fixed deposit interest income earned in FY Dec 2018.

Other Expense

Included in the Group's other expenses of US$0.26 million was general provision for doubtful debt amounting US$0.20 million in FY Dec 2018. The Group's other expense was significantly lower than prior year as the prior year's other expenses included a total impairment charge of US$ US$12.23 million which comprised doubtful debt provision of US$8.66 million, vessel impairment charge of US$3.33 million and investment in associated company impairment charge of US$0.24 million.

Administrative Expense

Administrative expenses, which comprised largely of staff and office related expenses, decreased by US$2.09 million to US$1.87 million in FY Dec 2018 from US$3.97 million in FY Jun 2018. Administrative expenses was 32% of revenue in FY Dec 2018 and 40% of revenue in FY Jun 2018. The productivity improvement was mainly driven by the Group series of cost rationalisation and business streamlining initiatives.

Share of Associates' Result

The Group recorded share of associates' losses of US$2.35 million in FY Dec 2018, against a share of associates' loss of US$5.75 million in FY Jun 2018. The Group's share of associates' losses in FY Dec 2018 included a vessel impairment charge of US$2.21 million while the Group's share of associates' losses in FY Jun 2018 included a vessel impairment charge of US$2.10 million and the Group's share of loss on disposal of associates' vessels of US$2.41 million. Excluding the one-off impairment adjustments and share of associate's vessels disposal loss, the Group's share of losses from associates would have been US$0.14 million in FY Dec 2018 and US$1.24 million in FY Jun 2018. The losses narrowed as compared to prior year due to higher vessel utilization rate achieved by our associates in FY Dec 2018 as compared to FY Jun 2018.

Profit before Taxes

As a result of these exceptional impairment and doubtful expenses, the Group recorded a net loss of US$6.35 million in FY Dec 2018. Excluding exceptional expenses and income tax, the Group recorded an operating loss of US$3.94 million in FY Dec 2018.

Statement of Financial Position

The losses incurred by the Group during the financial year has resulted in the Group's Net Asset Value decreasing from US$96.62 million as at 30 June 2018 to US$90.29 million as at 31 December 2018. Net Asset value per ordinary share decreased from 13.71 US cents per ordinary share as at 30 June 2018 to 12.81 US cents per ordinary share as at 31 December 2018.

As at 31 December 2018, the Group non-current assets which comprised mainly of the Group's vessels and its investment in associates decreased US$7.42 million or 8% as compared to the end of last financial year. The decrease was mainly due to the depreciation charge incurred during the financial year as well as the recognition of impairment charge of the Group's co-owned vessels after an in-depth evaluation of the carrying value of the vessels.

Trade and other receivables decreased by US$4.13 million to US$5.67 million as at 31 December 2018 as compared to US$9.80 million as at 30 June 2018. The decrease was largely due to the repayment of outstanding dues from a third party and the offset of a US$3 million deposit which was received in the prior year for the option to purchase a vessel of the Group against outstanding charter fee upon the receipt of an arbitration award against the customer for non-payment of charter hire fee in 2018. The Group noted increasing pressure from clients to grant longer credit terms.

The Group's total current and non-current loan and borrowings include a term loan and a credit line.

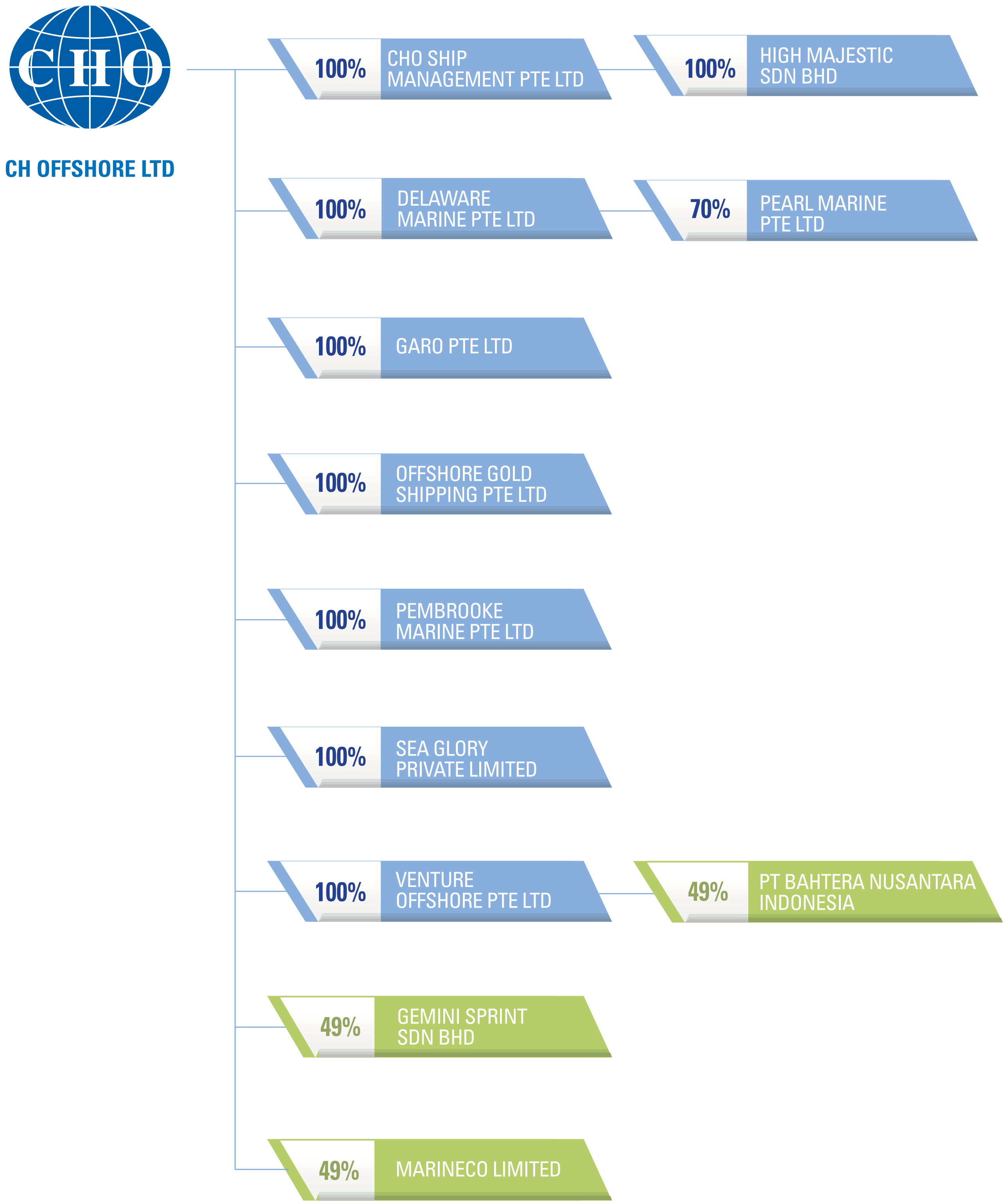
The Group's liquidity remained healthy with a current ratio of 1.59, and gearing remains low with long-term borrowings of US$2.98 million and short-term borrowing of US$6.19 million.

Consolidated Statement of Cash Flows

The Group generated a slight positive operating cash flow of US$0.81 million during the financial year largely due to good debtor collections outcome.

The net cash inflow of US$0.62 million from investing activities was mainly due to US$0.62 million repayment from associates.

CORPORATE STRUCTURE



SUSTAINABILITY REPORT

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SUSTAINABILITY REPORT

ABOUT THE REPORT

This report describes our sustainability performance for the period from 1 Jan 2018 – 31 Dec 2018 and has been prepared taking reference from the 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. It covers areas of our operations, namely South East Asia, Middle East, Mexico and Africa, with the boundary for the various material topics reported. CH Offshore 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.

Sustainability Report are to be produced annually, five months after the end of each financial year. Our previous sustainability reports covered data from 1 Jul to 30 Jun. Due to the recent change in the financial year end, we will be presenting our sustainability effort for the period commencing 1 Jan 2018 to 31 Dec 2018 in this report. Forming part of the Company's Annual Report 2018 (FY Dec 18), the sustainability report is available online at 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 & 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, CH Offshore welcomed the SGX requirements on sustainability reporting and commenced its sustainability reporting journey since 2016. With the publication of our third sustainability report, we are proud to have increased our efforts and streamlined our strategy through hard work and commitment to the goal of 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 down to our supply chain.

We recognise that the Group's operations are highly dependent on a reliable supply chain and we have implemented robust policies governing supplier selection. We have a vast supply chain ranging from vessels to equipment and general supplies.

SUSTAINABILITY **REPORT**

Employment Types*

97.4%
Full Time Employees

Gender Diversity of Our Employees

Corporate Office

38%
Male

62%
Female

Crew

100%
Male

0%
Female

GHG Emissions Intensity of our operations

0.33 T CO_2e/ running hour in FY2018

Lost Time Injury (LTI)

LTI Free Days – 1,280
(1st Jul 2015 until 31 Dec 2018)

LTI Free Man-Hours – 1,998,058

Employees* New Hire (By Age)

67% of new hires between 30 & 50 years old

33% of new hires above 50 years old

Rate of Employees* New Hire

20.7%

Employees* Turnover

27.6%#

KEY PERFORMANCE INDICATORS FOR FY2018

* Corporate Office

\# The high turnover rate was the result of the Company restructuring exercise and office relocation.

SUSTAINABILITY GOVERNANCE

The Board of Directors is responsible for the governance of risk across the Group. The Enterprise Risk Management Committee which comprises of all departmental heads, Group CEO & CFO and the Managing Director of CHO Ship Management Pte. Ltd. ("CHOSM MD"), performs biannual reviews of the register to identify new risks and re-rank the severity and the applicability of the existent risks. For risk management on operational sites, 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.

We have established a Sustainability Committee since 2016 to look into the Group sustainable practices and coordinating the sustainable efforts across the Group. The Committee keeps the Board abreast of key developments and issues with the support of operational managers in the respective areas of business. As part of the Committee, last year we identified key personnel to drive the sustainability agenda in the following areas:

Economic: Chief Executive Officer

Environmental: Chief Executive Officer, Chief Financial Officer and CHOSM MD

Social: Chief Financial Officer and CHOSM MD

SUSTAINABILITY REPORT

With our Board and Senior Management demonstrating such commitment to our sustainability efforts, we are confident that we will be able to improve the way we do business and address the concerns of our stakeholders.

STAKEHOLDER ENGAGEMENT

We prioritise our stakeholders for engagement based on the significance of their influence on our business and our dependency on them. We engage with our key stakeholders on a regular basis to ensure two-way communication and this is summarised in the table below:

Stakeholder	Method and Frequency of Engagement	Topics of Concern	Our Response
Employees	• Ongoing staff engagement portal • Regular "We Care" email to vessel crew • Town halls • Weekly or monthly staff meeting • Training • Intranet updates • Regular "Safety Moment" email to vessel crew	• Vision, strategy & directions • Productivity • Collaboration • Staff welfare & benefit • Training & development • Health, safety & environment	• We remain committed to attracting top talent and investing in the development of our people • We adopt merit-based recruitment practices & emphasise diversity & inclusiveness • We have given our Employers' Pledge of Fair Employment Practices to TAFEP
Shareholders & Financiers	• Annual Report • Annual General Meeting • SGX Announcement • Regular engagement with shareholders • SIAS	• 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 business • We set to provide shareholders, prospective investors & our financiers with information in our quarterly SGX Announcement & Annual Report • We seek to address other concerns during AGM
Clients & Business Partners	• Annual Customers' Satisfaction Surveys • Feedback channels such as email, phone calls & teleconferences • Face-to-face meetings	• Customers' satisfaction • Contract management • Operational performance, quality & responsiveness • QHSSE Excellence	• Customer satisfaction is crucial to the success of our businesses • We strive to provide our customers with safe, superior quality, reliable & cost effective marine services • We strive for continuous improvements to better our service delivery

SUSTAINABILITY REPORT

Stakeholder	Method and Frequency of Engagement	Topics of Concern	Our Response
Suppliers & Contractors	• Perform assessment & continuous monitoring of key contractors • Regular meetings, teleconference & email • HSE questionnaire for key contractors	• Product & service quality, price reliability & suitability to minimise downtime • Timely supply of products and services • Suppliers' credit terms • CHO's compliance with its Procurement Policy • QHSSE Excellence	• We strive to establish strong, effective & reliable relationships with our suppliers • We establish robust policy governing supplier selection, and suppliers are selected for their known capability and financial stability • We do not or 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 to our HSE requirements
Government & Regulators	• Written & verbal communication • Industry networking functions	• Compliance with rules & regulations • Sharing of industry best practices	• Governments shape the operating environments. Political factors, policies & regulation can affect how businesses are run and also create opportunities for companies • We track topics of concern to government & 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

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

We conducted our first materiality assessment in 2016 and key issues that are important to CH Offshore and our stakeholders were identified. 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 internally on an annual basis to ensure that it reflects changes in our business and the external environment.

Material Topics	GRI Standards Disclosure	Impact Boundary
Environmental		
Compliance	Environmental compliance	Vessel operations
Energy and emissions	Energy Emissions	Vessel operations & Corporate office
Waste management and disposal	Effluents and Waste	Vessel operations & Corporate office
Social		
Diversity and equal opportunity	Diversity and equal opportunity	Vessel crew & Corporate office employees
Talent attraction and retention	Employment	Vessel crew & Corporate office employees
Training and education	Training and education	Vessel crew & Corporate office employees
Occupational health and safety	Occupational health and safety	Vessel crew & Corporate office
Environmental		
Ethics and anti-corruption	Anti-corruption	Vessel operations & Corporate office

ENVIRONMENT

Compliance *(GRI 307-1)*

CH Offshore strives to play our part in environmentally responsible shipping and to reduce 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 (CO_2e) to meet expected new regulations, including those to be adopted by the International Maritime Organization (IMO).

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, CH Offshore takes extra care to ensure that we are in compliance with all environmental regulations. Marine transportation is also considered one of the most highly regulated industries in the world. Ships and their crew undergo comprehensive inspections through classification societies, port state control (PSC) and customer vetting. A PSC is the inspection of a vessel while in port to verify that the condition of the vessel, as well as its machinery and equipment, follows international regulations, and that the vessel is manned and operated in compliance with these regulations. In FY2018, CH Offshore underwent 1 PSC inspection for MV Tourmaline with 7 non-detainable deficiencies.

SUSTAINABILITY **REPORT**

CH Offshore also conducts yearly ISM Code DOC audits for the office. The audit covers aspects of the ISM Code vis-à-vis the Company Health, Safety, Security & Environment Management System (HSSEMS) applicable to our office for Singapore, Malaysia and Brunei DOC. CH Offshore has its own manual on Bunkering Operations Environmental Compliance based on MARPOL Annex I compliance, and is applicable to all vessels while bunkering, transferring, loading or discharging fuel oil or other oil-based materials. Our crew are trained in these procedures to ensure operations are carried out without any incidents that may pollute the environment and cause harm to the safety of the vessel and its personnel.

During FY2018, we have not identified or been made aware of any non-compliance with environmental laws and/or regulations or had any other breach of voluntary codes. We aim to continue to maintain zero case of environmental non-compliance in future.

Regulation	Aim & 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 Jan 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 Sep 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 Jan 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 specifications for traditional grade of marine fuel (DMA)[1].

Note 1: Three new grades of distillate fuel have been added in the ISO 8217:2017 standard, under Fatty Acid Methyl Esters (FAME), all starting with the letters 'DF' which stand for 'Distillate FAME': DFA, DFZ and DFB.

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

The International Maritime Organization (IMO) has established a roadmap to develop a comprehensive industry strategy to reduce GHG emissions from shipping. CH Offshore is supportive of the IMO's Monitoring, Reporting, Verification (MRV) strategy, which includes the adoption of a data collection system to help the industry define a GHG reduction commitment.

Our Scope 1 Greenhouse Gas (GHG) emissions is primarily attributed to the marine gas oil used by vessels under our management. In 2018, we managed nine vessels of which six are located in South East Asia and three are in Middle East. In 2017, we managed eleven vessels of which eight are located in South East Asia and three are in Middle East. Our Scope 1 GHG emissions has remained consistent at approximately 40,000 tonnes CO_2e for both FY2017 and FY2018. The GHG emissions intensity of our operations based on total running hours has also shown a 15% improvement from 0.39 T CO_2e/hour in FY2017 to 0.33 T CO_2e/hour in FY2018.

SUSTAINABILITY
REPORT

The average emissions from our vessel is Nitrogen Oxides (NO_X) emissions are also produced in the fuel combustion process and are a product of the fuel type, engine age and class. CH Offshore's NO_X emissions have remained consistent in FY2017 and FY2018, with a group average value of 48.95kg NO_X/tonne of fuel.

The shipping industry is also actively addressing sulphur oxide (SO_X) emissions, which are harmful to both human health and the environment, through international regulations that limit the quantity of sulphur in fuel. CH Offshore vessels only use marine gas oil which is considered a low sulphur fuel oil because it has sulphur content below 0.5% m/m.

CH Offshore 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 systematically audits vessels to identify operational and technical improvements to reduce onboard GHG in the coming years. We believe this is important for the future viability of the industry and to do our fair share in addressing climate change. With our fleet performance monitoring and optimization system, CH Offshore is well positioned to adopt the IMO MRV and prepare for future GHG regulations.

Improving Efficiency

To maximise the efficiency of our fleet and further reduce our ships' 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 Masters to plan the ocean routing of ships in order to ensure the most fuel-efficient route considering the weather, vessels' load and stability conditions. It also monitors the vessels' speed in adverse weather to avoid higher consumption, while maintaining the vessels' scheduled arrival time at port.

SUSTAINABILITY REPORT

All environmental data sets reported include only vessels managed by CHO Ship Management Pte. Ltd..

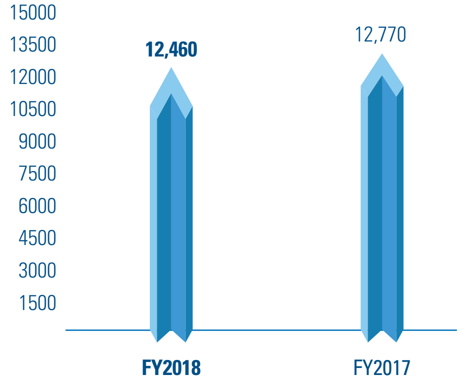
Fuel consumption by vessels (non-renewable sources)

	1 Jan – 31 Dec 2018 (FY2018)	1 Jan – 31 Dec 2017 (FY2017)
Marine Gas Oil (MGO)	12,460 tonnes	12,770 tonnes
Total running hours	120,827	104,838
MGO per running hour	0.10 MT	0.12 MT
Energy consumed	532,042 GJ**	545,279 GJ**

*** 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)

Marine Gas Oil (MGO) (tonnes)

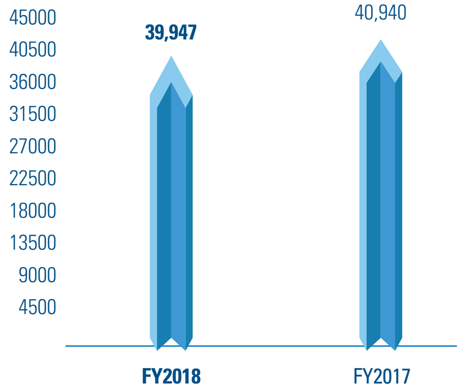


Scope 1 GHG Emissions

	1 Jan – 31 Dec 2018 (FY2018)	1 Jan – 31 Dec 2017 (FY2017)
Total CO_2e (See Note 1 for conversion details)	39,947 tonnes	40,940 tonnes
Total running hours	120,827	104,838
GHG emissions intensity (per running hour)	0.33 T	0.39 T

Note 1: Emission factor of 3.206 t CO_2/t fuel 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.

Total CO_2e (tonnes)

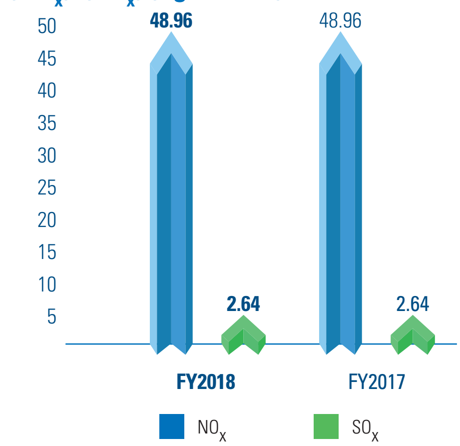


Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions

	1 Jan – 31 Dec 2018 (FY2018)	1 Jan – 31 Dec 2017 (FY2017)
Total NO_X	610,040kg/12,460 = 48.96kg/tonne of fuel	625,200kg/12,770 = 48.96kg/tonne of fuel
Total SO_X	32,890kg/12,460 =2.64kg/tonne of fuel	33,710kg/12,770 = 2.64kg/tonne of fuel

(See Note 1 for conversion details for the above values)

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



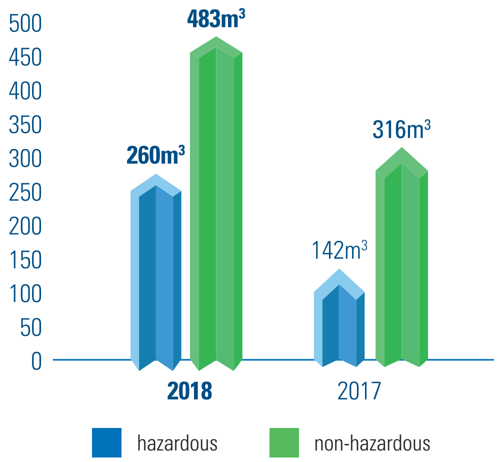
SUSTAINABILITY **REPORT**

Waste Management and Disposal *(GRI 306-2)*

We are conscious that waste is generated from our operations and any mishandling in disposal may result in environmental damage. 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 ships. This means that no waste that is generated on board our ships will be disposed of in the sea, but will be collected and kept for proper disposal on land. From FY2017 to FY2018, we have seen an increase in the total amount of waste disposed, this was due to significantly more vessels being activated for operations in FY2018.

Hazardous and Non-Hazardous Waste Generated

	1 Jan – 31 Dec 2018 (FY2018)	1 Jan – 31 Dec 2017 (FY2017)
Hazardous (E.g. Contaminated plastics and used oil)	260m^3	142m^3
Non-hazardous (E.g. Food waste, cloth, paper, wood, scrap metal)	483m^3	316m^3
Total waste disposed	743m^3	458m^3



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 when discarded. Following the integration of these amendments, all of our ships updated their Garbage Management Plans to include the proper disposal of E-waste. New Garbage Record Books have been introduced to replace the older versions onboard our vessels so that E-waste disposals are appropriately recorded.

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 are 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.

SUSTAINABILITY REPORT

Spills

On 5 December 2018, one of our vessels – MV Tourmaline had a near miss of a minor oil spill while the vessel underwent an Anchor Handling winches hydraulic pipe repair. Hydraulic oil leaked from the defective scupper at port side and resulted in less than 10 litres of oil spill onto the deck, with a small amount leaking into the sea. To contain the leakage and to minimise environmental pollution, immediate action was taken on board to stop the pipe repair. Emergency procedures were followed and the spillage was cleaned up according to the Shipboard Marine Pollution Emergency Plan (SMPEP) with Port Authority assistance. The residue of hydraulic oil spilled on the vessel deck was successfully contained with only patches of light sheen observed on the sea water at port side due to the leakage from the port centre scupper. No injury was reported. To further address the incident, a safety stand down was conducted by Master on the same day of the incident. An additional safety meeting with the crew on board was convened by Operations Manager the following day where the lessons learnt from the near miss were shared extensively with all the vessel crew.

SOCIAL

Diversity and Equal Opportunity *(GRI 401-1, 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, watch out for their safety and well-being. CH Offshore 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 help us solve business problems with a broader perspective.

Fair Employment

We reward employees fairly based on their ability, performance, contribution and experience. The ratio of the average remuneration paid to women and men in the same employee category is within the 40/60 bracket. 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 adapt the Tripartite Guidelines on Fair Employment Practices to manage this risk. 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.

We also have clear and stringent policies regarding workplace harassment. These are detailed and published on our engagement portal and accessible by all members of staff. To ensure the understanding and reinforcement of our policies, selected staff received the following external training this past year:

- Fair Performance Management
- Fair Grievance Handling Workshop
- Fair Recruitment and Selection Workshop

In our hiring policy, CH Offshore looks primarily at a candidate's ability to perform on the job and his/her character fit to our company culture. We do not discriminate against any particular group of people, and we ensure that the right number of staff are hired according to 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.

SUSTAINABILITY **REPORT**

Gender Diversity

Of the 132 employees that CH Offshore has, 103 of them are male crew members who work on the ships, while the remaining 11 men and 18 women work in the corporate office. Although we are very supportive of female crew members, given the nature of the work, we tend to have a much greater number of male crew members. On the other hand, our office staff have a good mix of men and women.

Cultural Diversity

In CH Offshore, 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 staff/crew represent 12 different nationalities. To celebrate this, we had our Chinese Lunar New Year group lunch in January 2018 as well as Hari Raya Puasa celebration on board our vessels in June 2018. We are proud to say that all our staff participated in the festive celebrations, regardless of race or religion.

Age Diversity

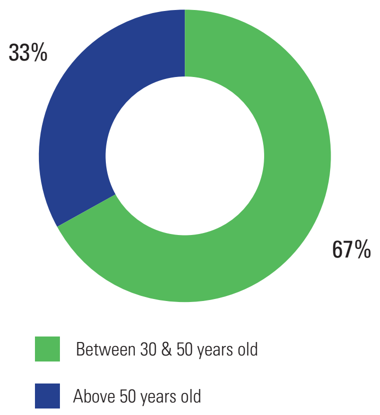
In line with the Ministry of Manpower's initiative to promote age-friendly workplaces, CH Offshore implemented an Age Management Programme in FY2018. This programme allows us to keep our valued employees who turn 62 on the same employment contract, or to redesign their role and provide the necessary 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 employees above 50 years old. We also conducted health talks for all employees.

We have implemented a health screening specifically for our senior workers along with three separate health coaching sessions that encourage better, healthier lifestyle practices and behaviours.

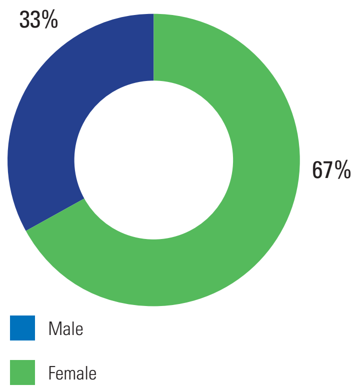
SUSTAINABILITY REPORT

CORPORATE OFFICE

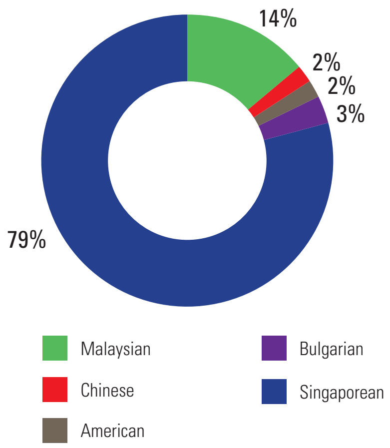
Employees New Hire (By Age)



Employees New Hire (By Gender)

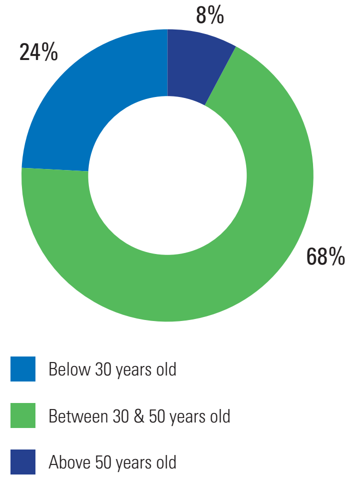


Employees Demographic (By Nationality)

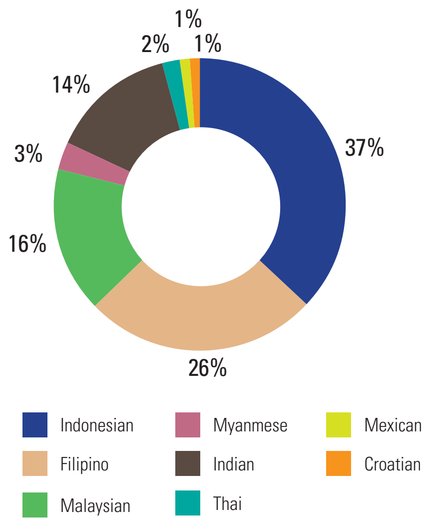


CREW

Crew Demographic (By Age)



Crew Demographic (By Nationality)



SUSTAINABILITY REPORT

Talent Attraction and Retention

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. Building our employees' job satisfaction and wellbeing is therefore also a critical factor in ensuring we deliver the best services to our customers as well as to retain and support our valued staff. We approach ensuring the wellbeing of our employees through two sides: increasing workplace flexibility to improve inclusion, and through training and education to increase resilience.

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, CH Offshore has adopted Flexible Work Arrangement (FWA) in October 2017. The company believes that this is key to retain talents, including back-to-work individuals and enhance productivity to achieve our business goal of providing top quality service to our customers.

The several Flexible Work Arrangements offered to staff include:

(a) Flexi-load (part-time or job-sharing)
(b) Flexi-time (compressed work week)
(c) Flexi-place (telecommuting)

We currently have 14 members of staff taking up these flexible working arrangements.

Workshops and Activities

A one-day wellness talk conducted by an external training provider was organised for our staff to cover topics on "Coping with Change" and "Conflict Management". Staff were engaged through games – Link It Up, and Black and White, which conveyed the key points of these two topics respectively.

Coping with Change teaches techniques on how to be flexible in our thinking process while Conflict Management teaches the importance of trust in working our conflicts and values of honesty and reliability in communication and conflict.

A total of 22 staff attended this one-day wellness talk which was held at the CH Offshore office.

SUSTAINABILITY REPORT

Training and Education *(GRI 404-1)*

To remain competitive in the market, CH Offshore recognises the need to continually improve our greatest asset – our people – to maximise their potential and bring wider business benefits. Continually training staff means more of them will have up-to-date and relevant skills, which are valued and respected by the industry. This also means the staff can increase their industry knowledge and easily keep abreast with the latest in technological developments.

We hold regular in-house and external training programs for our staff covering both soft skills and more specific training for various job roles. Examples of training and seminars attended by our staff in FY2018 include:

• Apply Emotional Competence to Manage Self and others in a Business Context	• Port State Control Seminar
• Fair Recruitment and Selection Workshop	• Accounting for Mergers and Acquisition
• Fair Grievance Handling Workshop	• Implement Strategies to Employ, Retain and Re-employ Older Employees
• Managing Multi-Generational Workforce Workshop	• Performance Appraisal and Re-Career
• Purchasing Systems & Administration (PSA)	• Seminar on Common GST Errors & Zero Rating
• Singapore Budget 2018 Seminar	• Malaysia Sales and Service Tax Update
• Fundamentals of Personal Data Protection Act	• Asia Pacific OHS Training Convention 2018
• Creating a Fair and Progressive Organisational Culture Workshop	• MPA-GCNS Sustainability Reporting Course

As part of our plan to continue re-employment of older staff who have reached 62 years old, we have also sent selected personnel to attend training sessions to support our Age Management Programme. This training on Age Management Programme covers topics such as:

- Basics of Age Management
- Fundamental of Job Redesign
- Fair Employment Practice
- Training and Retraining
- Re-employment for Mature Workers

SUSTAINABILITY **REPORT**

Summary of our Social Performance Indicators

	FY2018		FY2017	
Total Employees by Gender				
Male	114		122	
Female	18		18	
Total Employees	132		130	
Ratio of Salary of Female to Salary of Male Employees[1]				
Senior Management and Managers	0.84		0.70	
Executive	0.69		0.77	
Non-Executive	1.00		1.08	
Total Employees by Employment Contract and Gender	**Male**	**Female**	**Male**	**Female**
Full Time Employees	11	17	13	18
Part Time Employees	0	1	0	0
Contract (Crew)	103	0	109	0
Average Hours of Training per Employee per Year	**Male**	**Female**	**Male**	**Female**
Senior Management and Managers	15	33	17	19
Executive	22	16	19	23
Non-Executive	17	6	11	6
Crew	30	N.A.*	25	N.A.*

[1] Includes basic salary, transport allowance and bonus

* There were no females in this category of staff

Occupational Health & Safety *(GRI 403-2)*

Given the nature of our operations, health and safety is a major challenge and priority that we face. CH Offshore is committed towards providing a secure environment for operations to all its offshore and onshore employees, customers, and partners, and aims to ensure that appropriate control measures are in place to mitigate the security risks posed to people and assets. More than 70% of our employees are ship crew members, thus safety on board the vessels is of utmost importance to us.

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

SUSTAINABILITY REPORT

STOP Work Authority (SWA)

We provide regular training on health and safety which covers both our onshore and offshore personnel. We also have the STOP Work Authority (SWA) effective intervention campaign, which encourages our crew members to stop an activity if they observe a fellow crew member not working according to safety protocols.

Safety Moment

We have implemented 'Safety Moment' communications to disseminate information around our safety policies and share best safety practices through our Staff Engagement Portal, which is accessible by both shore and offshore personnel, 24/7. Employees are 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 group-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 Initiative. Almost all accidents (if not for acts of nature) are caused by unsafe acts and unsafe conditions, the former contributing to about 96% of all the accidents. It, therefore becomes imperative to identify unsafe behaviours/conditions and provide timely corrective feedback. The ultimate goal of CHO 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 unsafe 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 feedbacks

As an observation tool, the C.A.R.E. Card covers key areas of observations 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
- PPE
- Environmental/working conditions and housekeeping.

The C.A.R.E. Card also provides a section to document the use of STOP Work Authority (SWA).

Each employee must submit at least one observation via C.A.R.E. Card each month, and the best three-monthly submissions receive a $50 monetary reward. These observations are then shared with the rest of the staff to share and collaborate on safety practises and knowledge. In FY2018, we received a total of 2,283 C.A.R.E. Cards from our fleet of vessels.

SUSTAINABILITY REPORT

As of end FY2018, CH Offshore has achieved 1,280 Loss Time Injury Free Days (period covering 1st July 2015 until 31 December 2018) with zero case of recordable injury or first aid case in FY2018. This encouraging trend indicates we are on the right track, and we remain committed to continual improvement and to our philosophy of "Do No Harm".

	2018	2017	2016
No. of Days (in year)	365	365	366
Man-Hours	677,185	552,330	739,917
First-Aid Case	0	1	0
Recordable Injury	0	1	2
Lost Time Injury (LTI)	0	0	0
Fatalities	0	0	0
Total Recordable Injury Frequency Rate (TRIFR)	0.00	1.81	2.70
Lost Time Injury Frequency Rate (LTIFR)	0.00	0.00	0.00

GOVERNANCE/ECONOMIC

Ethics and anti-corruption *(GRI 205-3)*

Our reputation is dependent on daily decisions made across the organisation. In the face of challenging times, it is imperative for us to maintain our high standards of corporate governance in order to survive in the market today.

The Group adheres to a code of conduct which deals with:

- Confidentiality
- Work Conduct and Discipline
- Corporate Gifts
- Insider Trading
- Conflict of Interest
- Corruption

The Group code of conduct includes guidelines to directors and employees in the Group, which sets out prohibitions against dealings in the Company's securities (i) while in possession of material unpublished price-sensitive information, (ii) during the two weeks immediately preceding, and up to the time of the announcement of, the Company's results for each of the first three quarters of its financial year and, (iii) during the one month preceding, and up to the time of announcement of, the Company's results for the full financial year. Prior to the commencement of each relevant period, an email would be sent out to all directors and employees of the Group to inform them of the duration of the period.

The Group also has documented policies and work procedures which incorporate internal controls which 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 CH Offshore'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.

SUSTAINABILITY **REPORT**

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 which serves to encourage and provide a channel for 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 objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action to be taken.

In FY 2018, we are not aware of any incidents of corruption, confirmed or suspected.

GIVING BACK TO OUR COMMUNITIES

Our staff express a desire to participate collectively in community-minded activities, which we began last year with great success. Despite most of our employees being out at sea for most of the year, we are committed to giving back to the communities that have allowed us to grow and thrive.

SPD Singapore

Christmas is a season of sharing and giving. On 13 Dec 2018, 8 staff from CH Offshore volunteered at SPD Sheltered workshop, a place serving people with disabilities since 1964. The Sheltered Workshop is both a place for employment and vocational training for people with disabilities.

At the Sheltered Workshop, people are engaged in sub-contract work such as packaging, letter-shopping, tagging of products etc. CHO staff were there to help out with the packing of goodies bag together with the beneficiaries. SPD secures these simple packing assignments from the various organisations so that real work environments can be provided to people with disabilities, improving their future employment prospects.

SPD Singapore

SUSTAINABILITY REPORT

Willing Hearts

CH Offshore staff volunteered at Willing Hearts, a secular charity that operates a soup kitchen and distributes 5,000 daily meals to over 40 locations island-wide, 365 days of the year. Beneficiaries include the elderly, the disabled, low income families, children from single parent families or otherwise poverty stricken families, and migrant workers in Singapore. 11 of our staff participated in the preparation of ingredients and washing and cleaning of the premises.

Willing Hearts

Relay for Life 2018

The Relay for Life 2018 is an initiative carried out jointly by Singapore Cancer Society and TalkMed to raise funds and awareness about cancer, and empower and celebrate survivors. 9 CH Offshore staff undertook the packing of goodie bags at the National Stadium in preparation for the Relay. We were delighted to participate in this meaningful event in Singapore.

Relay for Life 2018

OUR FLEET

PERIDOT

Dimension (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

PTSC HA LONG
(EX-AQUAMARINE)

Dimension (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*

Dimension (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

FEG MERLIN

Dimension (L x B x D)
55 m x 13.8 m x 5.5 m

Main Propulsion
2 x Nigaata,
total 3600 HP
Multi-purpose
Offshore Supply
Vessel

LANGERY
(EX-PEARL)

Dimension (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

Dimension (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

Dimension (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

Dimension (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

OUR
FLEET

AMBER*

Dimension (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
60.4 MT continuous /
64.2 MT maximum

BERYL

Dimension (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

Dimension (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

TOPAZ

Dimension (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

JASPER

Dimension (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
63.1 MT continuous

ZIRCON

Dimension (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

TEMASEK ATTAKA*

Dimension (L x B x D)
52.15 m x 15.0 m x 5.5 m

Main Propulsion
2 x Wartsila,
total 5,400 BHP

Bollard Pull
60 MT continuous

TEMASEK SEPINGGAN*

Dimension (L x B x D)
52.15 m x 15.0 m x 5.5 m

Main Propulsion
2 x Wartsila,
total 5,400 BHP

Bollard Pull
64.6 MT continuous /
65.2 MT maximum

Dynamic Positioning System
Class 1

**co-owned*

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

BOARD OF DIRECTORS

BOARD OF DIRECTORS

MR THIA PENG HEOK GEORGE

Non-Executive Independent Director (Chairman)

Mr Thia Peng Heok George is a Non- Executive & 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 17 October 2016. 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 a Chartered Accountant (Singapore) and practised as an accountant with Cooper Brothers & 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.

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 the Managing Director of BT Investment Pte. Ltd ("BTI") and is responsible for overall management and operations of BTI. BTI is a wholly owned subsidiary of Baker Technology Limited ("Baker Tech") and is also the Controlling Shareholder 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.

DR BENETY CHANG

Executive Director & CEO

Dr Benety Chang is an Executive Director & CEO of CHO. He was appointed as Non-Executive Director on 27 August 2018 and subsequently re-designated to Executive Director & 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 Tech, which is the indirect Controlling Shareholder of CHO through its wholly owned subsidiary, BT Investment Pte. Ltd..

Baker Tech is a SGX Mainboard-listed company provides 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.

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 indirect controlling shareholder of CHO through its wholly owned subsidiary, BT Investment Pte. Ltd.. 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.

BOARD OF DIRECTORS

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 the CFO of Baker Tech, which is the indirect Controlling Shareholder of CHO through its wholly owned subsidiary, BT Investment Pte. Ltd.. 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 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 27 September 2017. 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. He 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 boards of Mercatus Cooperative, 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.

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 17 October 2016. He relinquished his position as Executive Chairman on 8 August 2018 and remained 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 Chief Executive Officer of Falcon Energy Group Limited ("FEG"), a Significant 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 28 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.

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. 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 KuaiLian, a software systems consultancy focusing on blockchain technology.

He is an Associate of Chartered Institute of Secretaries & 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.

KEY MANAGEMENT

From Left:
Mr Lim Tze Kern Kenny (VP, Business Development)
Ms Wong Soo Pin Evelyn (Chief Financial Officer)
Mr Victor Pinto (Managing Director, CHO Ship Management Pte. Ltd.)

OUR EMPLOYEES

Operations, Technical and HSE

Purchasing and Marketing

Crewing

Finance, HR & Admin and Corporate

FINANCIAL CALENDAR

17 August 2018	**5 September 2018**	**21 September 2018**
Announcement of Full-Year Financial Results ended 30 June 2018	Dispatch of Annual Report to Shareholders	Annual General Meeting
26 October 2018	**8 November 2018**	**31 December 2018**
Announcement of First Quarter Financial Results	Announcement of change of Financial Year End from 30 June 2018 to 31 December 2018	New Financial Year End
14 February 2019		
Announcement of Full-Year Financial Results ended 31 December 2018		

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 2012 ("**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 set out in the Code. This report describes the Company's corporate governance practices that were in place throughout the financial period ended 31 December 2018. Other than deviations which are explained in this report, the Company has generally adhered to the principles and guidelines set out in the Code.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this and the Management remains accountable to the Board.

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. 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 Board 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 independent judgement to act in good faith and 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's 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 investments proposals. It also reviews and approves the financial statements and annual reports and authorises announcements of financial results to be issued.

The Board is supported by the Board Committees established to assist the Board in discharging its responsibilities of overseeing the Group's affairs and enhancing corporate governance. These Committees are the Audit Committee ("**AC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**"). The Board delegates specific responsibilities to these Committees which operate within specified terms of reference setting out the scope of its duties and responsibilities and procedures governing the manner in which it 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, the ultimate responsibility on all matters lies with the Board.

REPORT ON
CORPORATE GOVERNANCE

The Board typically meets four times in a year and holds special meetings at such other times as may be necessary to address any ad hoc significant matters. 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.

Attendance at Board/Board Committee Meetings during the financial period ended 31 December 2018[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	2	2	2	1	1	1	1
Dr Benety Chang[2]	1	1	1*	1*	–	–	–	–
Ms Jeanette Chang	1	1	1*	1*	–	–	–	–
Mr Heath McIntyre	1	1	1*	1*	–	–	–	–
Mr Tan Kiang Kherng	1	1	1*	1*	–	–	–	–
Mr Tan Pong Tyea[3]	2	1	–	–	–	–	1	1
Mr Tan Kian Huay	2	2	1	1	1	1	1	1
Mr Wan Hin Weng[4]	1	1	1	1	–	–	–	–
Ms Tan Sooh Whye[5]	1	1	1	1	1	1	–	–
Mr James William Noe[6]	1	1	–	–	–	–	–	–
Mr Zhang Haibo[7]	1	–	–	–	–	–	–	–

Notes:
(1) Refers to meetings held/attended while each Director was in office.
(2) Dr Benety Chang was appointed as member of NC on 8 October 2018.
(3) Mr Tan Pong Tyea resigned as NC Member on 8 October 2018.
(4) Mr Wan Hin Weng was appointed as member of AC & RC on 3 October 2018.
(5) Ms Tan Sooh Whye retired as director after the conclusion of last Annual General Meeting held on 21 September 2018.
(6) Mr James William Noe resigned as director on 31 August 2018.
(7) All the board meetings were attended by SZ Offshore Investment Pte. Ltd's representative(s) as a result of Mr Zhang Haibo's conflicting schedule. Mr Zhang Haibo was a nominee director appointed by SZ Offshore Investment Pte. Ltd.. Mr Zhang Haibo resigned as director on 24 August 2018.
* Attended as invitees.

The Company recognises the importance of appropriate training for its Directors. Newly-appointed Directors will be given briefings and 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. In this regard, the Company does not provide a formal letter to Directors outlining their duties and obligations. As part of training for the Board, Directors are briefed either during Board and Board Committee meetings or at specially convened sessions on changes to regulations and accounting standards, as well as industry related matters. Where appropriate, Directors are sent for conferences and seminars in relevant fields. Articles and reports relevant to the Group's business are also circulated to the Directors for information. Directors with no prior experience as a director of a listed company will be encouraged to attend the listed company Director Programme conducted by the Singapore Institute of Directors.

REPORT ON
CORPORATE GOVERNANCE

Board Composition and Guidance

Principle 2:

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this report, the Board has 8 Directors comprising 3 Independent Directors, 3 Non-Executive Directors and 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***	CEO & 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

*** Appointed as Non-Executive Director on 27 August 2018 and subsequently redesignated to CEO/Executive Director on 1 September 2018
** Appointed as Non-Executive Director on 27 August 2018 and subsequently redesignated to Executive Director on 1 September 2018
* Appointed on 27 August 2018
# Appointed on 3 October 2018

With more than one-third of the Board comprising of Independent Directors, the Group is in compliance with the Guideline 2.1 of the Code where at least one-third of the Board has to be independent.

A Director who has no relationship with the Group, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interests of the Company, is considered to be independent.

The NC reviews the independence of each Director on an annual basis, and as and when circumstances require, based on the Code's definition of what constitutes an Independent Director. The NC has determined that all the 3 Independent Directors are independent, including independent from the 10% shareholders of the Company.

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

Chairman and Chief Executive Officer

Principle 3:

There should be a clear division of responsibilities between the leadership of the Board and the Executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

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. The Chairman's responsibilities include chairing the Board meetings and guiding the Board on its discussion on significant issues. The CEO is responsible for the day-to-day management of the business and the overall performance of the Group. The Chairman and the CEO are not related.

REPORT ON CORPORATE GOVERNANCE

Board Membership

Principle 4:

There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

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.

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 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.

The NC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision making. Thereafter, in consultation with the Board, the NC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.

In the event that the appointment of a new Director is required, 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 is satisfied that the Board and the Board committees comprised Directors who as a group provide an appropriate balance and diversity of skills, experience, gender, knowledge of the Group, core competencies such as accounting or finance, business or management experience, human resource, risk management, mergers and acquisitions, industry knowledge and strategic planning experience, required for the Board and the Board Committees to be effective. The NC and the Board are of the opinion that given the scope and nature of the Group's operations, the current size of the Board is appropriate in facilitating effective decision making.

The NC also determines annually whether a Director with multiple Board representations and other principle commitments is able to and has adequately discharge his 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 they 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.

The NC has reviewed the independence of the Directors as mentioned under Guideline 2.3 of the Code. The NC has 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.

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 88 & 89 of the Company's Constitution, namely Mr Tan Kian Huay, Mr Wan Hin Weng and Mr Tan Pong Tyea for re-election at the forthcoming AGM of the Company. The Board has accepted the recommendations of the NC, and accordingly, Mr Tan Kian Huay, Mr Wan Hin Weng and Mr Tan Pong Tyea will be offering themselves for re-election.

Board Performance

Principle 5:

There should be a formal assessment of the effectiveness of the Board as a whole and its Board committees and the contribution of each Director to the effectiveness of the Board.

The Board believes that Board performance is ultimately reflected in the long-term performance of the Group. The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole, effectiveness of its Board Committees and the contribution by each individual Director to the effectiveness of the Board on an annual basis. The performance evaluation process covers a range of issues including size and composition of the Board and Board Committees, information management, decision-making, processes, risk and crisis management, communication with Senior Management and stakeholder management. The evaluation and feedback are then consolidated and presented to the Board for discussion on strengths and weaknesses to improve the effectiveness of the Board and its Committees.

A formal assessment of the effectiveness of the Board as a whole has been undertaken by the NC for FY Dec 2018. The NC is of the view that the performance of the Board as a whole has been satisfactory.

Access to Information

Principle 6:
Board members should be provided with complete, adequate and timely information.

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 constantly keep track of the Group's financial position. Detailed Board papers are prepared for each meeting of the Board and are normally circulated before each meeting. The Board papers include sufficient information from the management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings.

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

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.

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.

REPORT ON CORPORATE GOVERNANCE

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7:
There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

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.

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.

In discharging its functions, the RC may, at the Company's expense, obtain such independent legal and other professional advice as it deems necessary.

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.

Level and Mix of Remuneration

Principle 8:
The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) Key Management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

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 Directors.

The RC has adopted a Director's fee framework in which the Independent Directors will receive Directors' fees in accordance with their contributions, taking into account factor such as effort and time spent, responsibilities of the Independent Directors 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 is $40,000 per annum

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

REPORT ON CORPORATE GOVERNANCE

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

The RC and the Board has proposed for FY2019 Director's Fee to be paid quarterly in arrear for shareholders' approval at the forthcoming AGM.

Directors' fee are recommended by the Board for the approval of the shareholders at the Company's AGM.

The Executive Directors do not receive Directors' fees. The remuneration for the Executive Directors and Key Management Personnel comprises a basic salary, a benefit component 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. Their performance is reviewed periodically by the RC and the Board.

The Company has 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 to remedies against the Executive Directors in the event of such breach of fiduciary duties.

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. Details of the Scheme are disclosed under the Directors' Statement set out in pages 58 to 60 of this Annual Report.

REPORT ON
CORPORATE GOVERNANCE

Disclosure on Remuneration

Principle 9:

Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

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

REMUNERATION PAID OR ACCRUED TO DIRECTORS FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2018

Directors of Company	Fixed Component (%)[1]	Variable Component (%)[2]	Benefits (%)[3]	Directors' Fees (%)	Total Compensation (%)
Below S$250,000					
Mr Thia Peng Heok George	–	–	–	100%	100%
Dr. Benety Chang[4]	–	–	–	–	–
Mr Tan Kian Huay	–	–	–	100%	100%
Ms Tan Sooh Whye[5]	–	–	–	–	–
Ms. Jeanette Chang[4]	–	–	–	–	–
Mr. Heath McIntyre[4]	–	–	–	–	–
Mr Tan Kiang Kherng[4]	–	–	–	–	–
Mr Tan Pong Tyea	100%	–	–	–	100%
Mr Wan Hin Weng[6]	–	–	–	100%	100%
Mr Zhang Haibo[8]	–	–	–	–	–
Mr James William Noe[7]	82%	–	18%	–	100%

Notes:
(1) Fixed component refers to base salary earned, including AWS and employer CPF.
(2) Variable component refers to variable bonus.
(3) Benefits refer to car expense reimbursements, expatriate benefits and accrued leave.
(4) Appointed on 27 August 2018.
(5) Resigned on 21 September 2018.
(6) Appointed on 3 October 2018.
(7) Resigned on 31 August 2018.
(8) Resigned on 24 August 2018.

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.

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CORPORATE GOVERNANCE

REMUNERATION PAID OR ACCRUED TO THE TOP FOUR KEY MANAGEMENT PERSONNEL FOR FINANCIAL PERIOD ENDED 31 DECEMBER 2018

Key Management Personnel of Company	Fixed Component (%)[1]	Variable Component (AWS) (%)[2]	Benefits (%)[3]	Total Compensation (%)
Below S$250,000				
Mr Victor Gordon Pinto[5]	100%	–	–	100%
Mr Lim Tze Kern Kenny	100%	–	–	100%
Ms Wong Soo Pin Evelyn	100%	–	–	100%
Mr Tan Jit Sin Derek[4]	99%	–	1%	100%

Notes:
(1) Fixed component refers to base salary earned, including allowance, AWS and employer CPF.
(2) Variable component refers to variable bonus.
(3) Benefits refer to paid annual leave.
(4) Resigned on 30 November 2018.
(5) Joined on 8 October 2018.

As at the date of this Corporate Governance Report, there are 3 key management personnel in the Company.

There were no termination, retirement and post-employment benefits granted to any Director, the CEO and key management personnel for the financial period ended 31 December 2018.

The Group does not have any employee who is an immediate family member of a Director or the CEO and whose remuneration exceeds S$50,000 for the period ended 31 December 2018.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10:
The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

As stated above, the Board's primary role is to protect and enhance long-term value and returns for the shareholders. In the discharge of its duties to the shareholders, the Board, when presenting annual financial statements and quarterly results announcements, seeks to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

In preparing the financial statements, the Directors have:

(i) Selected suitable accounting policies and applied them consistently;

(ii) Made judgments and estimates that are reasonable and prudent;

(iii) Ensured that all applicable accounting standards have been followed; and

(iv) Prepared financial statements on the basis that the Directors have reasonable expectations, having made enquires, that the Group and Company have adequate resources to continue operations for the foreseeable future.

REPORT ON CORPORATE GOVERNANCE

The Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis.

Risk Management and Internal Controls

Principle 11:

The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the group's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board has overall responsibility for the governance of the Group's risk management and internal controls. The Board and Management of the Company are fully committed to maintaining sound risk management and internal control systems to safeguard shareholders' interests and the Group's assets.

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 has set up a Risk Management Committee to assist the Board in overseeing risk management for the Group.

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 Risk Management Committee reviews and updates the risk register regularly and updates the Board.

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.

The Board has received written assurance from the CEO and the CFO that:

(a) The financial records of the Group have been properly maintained and the financial statements for the period ended 31 December 2018 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 risks.

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 CFO, 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 2018 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

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The Board notes 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 12:
The Board should establish an audit committee with written terms of reference which clearly set out its authority and duties.

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, including the Chairman.

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. The Board is of the view that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions.

The primary functions of the AC are:

(a) Review with the external auditors the audit plan including the nature and scope of the audit before its commencement, their annual reports and their Management letters and Management's response;

(b) 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;

(c) Review the assistance given by Management to the external auditors;

(d) Review the independence and objectivity of the external auditors;

(e) Review the nature and extent of non-audit services performed by the external auditors;

(f) Examine the scope of internal audit procedures and the results of the internal audit;

(g) Review the adequacy of the Company's internal controls, including financial, operational, compliance and information technology controls, and reporting 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;

(h) Meet with the external and internal auditors without the presence of Management at least annually;

(i) Review the effectiveness of the Company's internal audit function and ensure that it is adequately resourced and has appropriate standing within the Company;

(j) 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;

(k) Review interested persons' transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;

REPORT ON CORPORATE GOVERNANCE

(l) 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; and

(m) 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.

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 the Management. The AC has reasonable resources to enable it to discharge its functions properly.

The AC met twice during the period under review. The AC meets annually with the external and internal auditors separately, without the presence of the 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 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$75,000, with the fees paid for its provision of audit and non-audit services amounting to S$45,000 and S$30,000 respectively.

EY is an audit firm registered with the Singapore Accounting and Corporate Regulatory Authority. Both the AC and Board have reviewed the appointment of different auditors for its subsidiaries and significant associated companies 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.

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

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 to 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 objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

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Internal Audit

Principle 13:

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

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 will report to the Chairman of the AC on any material weaknesses and risks identified in 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 the 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.

(D) SHAREHOLDERS RIGHTS AND COMMUNICATION WITH SHAREHOLDERS

Principle 14:

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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.

Shareholders are informed of shareholders' meetings through notices published in the newspapers and reports or circulars sent to all shareholders. Each item of special business included in the notice of meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

Principle 15:

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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 Directors. 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.

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The Company does not practice 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. Shareholders can submit their feedback and raise any question to the Company's investor relations, contact as provided in the Company's corporate website.

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 allow a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporation holdings licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of CPF investors. Allowing multiple proxies for such members will facilitate indirect investors attending and voting at shareholder meetings and encourages more active shareholder participation. 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.

The Board ensures that there are separate resolutions at general meetings of the Company. The external auditors are also present to address shareholders' queries on the conduct of audit and the preparation and content of the auditors' report.

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.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16:

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company's main forum for dialogue and interaction with shareholders takes place at its AGM, where the members of the Board, Senior Management and the external auditors are in attendance. At the AGM, shareholders are given the opportunity to air their views and ask questions regarding the Company.

To have greater transparency in the voting process, the Company has adopted the voting of all its resolutions by poll at its general meetings. The detailed voting results of each of the resolutions tabled will be announced immediately at the meeting. The total numbers of votes cast for or against the resolutions will be also announced after the meeting via SGXNet.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to shareholders upon their request.

(E) 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. In addition, Directors and executives 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.

REPORT ON CORPORATE GOVERNANCE

(F) MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiaries involving the interests of the CEO, Directors or controlling shareholders during the financial period ended 31 December 2018.

(G) 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 register of the Company's IPTs in accordance with the reporting requirements stipulated in Chapter 9 of the SGX-ST Listing Manual. All IPTs are disclosed in the Company's Annual Report.

The aggregate value of interested person transactions entered into under review is as follows:

Interested Person Transactions	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000)
	US$'000
Falcon Energy Group of Companies[1]	390

Note:
(1) Mr Tan Pong Tyea is a Non-Executive Director and significant shareholder of the Company as of the date of this report. He has a direct interest of 47.68% and deemed interest of 10.08% in the issued shares in Falcon Energy Group Limited.

The Company did not have a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual during the financial period ended 31 December 2018. At the forthcoming AGM, the Company will seek 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 circular to shareholders dated 12 March 2019 with any party who is of the class or classes of interested persons described in the said circular, provided that such transactions are entered into in accordance with the review procedures set out in the said circular.

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.

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DISCLOSURE ON COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

<table>
<tr><th>Guideline</th><th>Questions</th><th>How has the Company complied?</th></tr>
<tr><td rowspan="2">General</td><td>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</td><td>(a) The Company has complied with all the principles and guidelines of the Code, save for the following:
(i) <u>Number of Board Representation</u>
The NC and the Board have not made a determination of the maximum number of Board representation a Director may hold.
(ii) <u>Disclosure of the remuneration of Directors and key management personnel</u>
The remuneration of the top 4 key executives in the Group who are not Directors of the Company is shown in bands of S$250,000. Due to the sensitivity and confidentiality of remuneration matters, the Board is of the view that it is in the best interests of the Company not to disclose the remuneration of each individual Director and key management personnel in dollar terms.</td></tr>
<tr><td>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</td><td>(b) The alternative practices adopted by the Company are as follows:
(i) <u>Number of Board Representation</u>
The NC and the Board are 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. Notwithstanding the number of listed company Board representations and other principal commitments which the Directors held, the NC was of the view that they were able to devote sufficient time and attention to the affairs of the Company.
(ii) <u>Disclosure of the remuneration of Directors and key management personnel</u>
The RC reviews and recommends the remuneration packages for the Directors and key management personnel. It is to ensure that the remuneration structure is competitive and sufficient to attract, retain and motivate Directors and key management personnel to run the Company successfully in order to maximize shareholders' value. The members of the RC do not participate in any decisions concerning their own remuneration.</td></tr>
</table>

REPORT ON CORPORATE GOVERNANCE

Guideline	Questions	How has the Company complied?
Board Responsibility		
GUIDELINE 1.5	What are the types of material transactions which require approval from the Board?	Please refer to Principle 1 of the Corporate Governance Report.
Members of the Board		
GUIDELINE 2.6	(a) What is the Board's policy with regard to diversity in identifying Director nominees?	(a) The Board believes in having an appropriate balance and diversity of skills, experience, gender and knowledge.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	(b) The Board consists of 8 members (7 male and 1 female), 3 of whom are Independent Directors. Members of the Board are professionals from diverse backgrounds with varied experience from accounting or finance, business or management experience, human resource, risk management, mergers and acquisitions, industry knowledge and strategic planning experience.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	(c) The NC examines the Board size with a view towards determining the impact of its effectiveness. The composition of the Board is also reviewed on an annual basis to ensure the Board has appropriate mix of expertise and experience.
GUIDELINE 4.6	Please describe the Board nomination process for the Company in the last financial year for (i) selecting and appointing new Directors and (ii) re-electing incumbent Directors.	Please refer to the Principle 4 of the Corporate Governance Report for details on the nomination process.
GUIDELINE 1.6	(a) Are new Directors given formal training? If not, please explain why.	(a) Appropriate external training in areas such as financial, legal and industry-specific knowledge is arranged for new Directors, where necessary.
	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	(b) The Directors have been made aware of and are familiar with their duties and obligations. They will also be briefed from time to time on regulatory changes.

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Guideline	Questions	How has the Company complied?
GUIDELINE 4.4	(a) What is the maximum number of listed company Board representations that the Company has prescribed for its Directors? What are the reasons for this number?	(a) The NC and the Board share the view that it would not be appropriate to set a maximum number of Directorships that a Director may hold.
	(b) If a maximum number has not been determined, what are the reasons?	(b) The reason that a maximum number has not been determined is because the contribution of each Director would depend on his/her individual circumstances, including whether he/she has other principal commitments, full time positions and other additional responsibilities.
	(c) What are the specific considerations in deciding on the capacity of Directors?	(c) The factors taken into consideration in deciding on the capacity of Directors include Directors' attendance, participation, contribution at meetings, preparedness for meeting, etc.
Board Evaluation		
GUIDELINE 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial period?	(a) Please refer to Principle 5 of the Corporate Governance Report.
	(b) Has the Board met its performance objectives?	(b) Yes. The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole was satisfactory.
Independence of Directors		
GUIDELINE 2.1	Does the Company comply with the guideline on the proportion of independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. The Board has 3 Independent Directors out of a total of 8 Board members.
GUIDELINE 2.3	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.	(a) No
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	(b) Not applicable

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Guideline	Questions	How has the Company complied?
GUIDELINE 2.4	Has any independent Director served on the Board for more than nine periods from the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	No
Disclosure on Remuneration		
GUIDELINE 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The Company has disclosed a breakdown of each Director's and the CEO's remuneration (in percentage terms) into Directors' fee, fixed and variable components as well as benefits, but did not disclose the exact dollar terms of their remuneration as such details are sensitive in nature.
GUIDELINE 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? (b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	(a) The Company has disclosed a breakdown key management personnel's remuneration (in percentage terms) into fixed and variable components as well as other benefits, but did not disclose in dollar terms as the remuneration of the key management personnel 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. (b) The Company is not in favor of disclosing the aggregate remuneration paid to the top 4 key management personnel (who are not Directors or the CEO) due to the sensitive nature of such information. It is not in the best interest of the Company as the industry which the Company operates in is highly competitive environment in respect of the recruitment of experienced executives.
GUIDELINE 9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the period? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	The Company does not have any employee who is an immediate family member of a Director.

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Guideline	Questions	How has the Company complied?
GUIDELINE 9.6	(a) Please describe how the remuneration received by executive Directors and key management personnel has been determined by the performance criteria.	(a) Please refer to Principle 9 of the Corporate Governance Report.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	(b) Please refer to Principle 9 of the Corporate Governance Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	(c) Yes.
Risk Management and Internal Controls		
GUIDELINE 6.1	What types of information does the Company provide to independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to Principle 6 of the Corporate Governance Report.
GUIDELINE 13.1	Does the Company have an internal audit function? If not, please explain why.	Please refer to Principle 13 of the Corporate Governance Report.
GUIDELINE 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	(a) Please refer to Principle 11 of the Corporate Governance Report.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	(b) Please refer to Principle 11 of the Corporate Governance Report.
GUIDELINE 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial period.	(a) During the period under review, the aggregate of fees paid to the external auditors was S$75,000, comprising S$45,000 for audit services and S$30,000 for non-audit services.
	(b) If the external auditors have supplied substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	(b) The AC has undertaken a review of all the non-audit services provided by external auditors during the period is satisfied that such services would not, in the AC's opinion, affect the independence and objectivity of the external auditors.

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Guideline	Questions	How has the Company complied?
Communication with Shareholders		
GUIDELINE 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	(a) Please refer to Principles 15 and 16 of the Corporate Governance Report.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	(b) The Group has specifically entrusted an investor relations team comprising the Executive Directors, CEO and the CFO with the responsibility of facilitating communications with shareholders and analysts and attending to their queries or concerns.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	(c) Please refer to Principles 15 and 16 of the Corporate Governance Report.
GUIDELINE 15.5	If the Company is not paying any dividends for the financial period, please explain why.	Neither interim tax exempt one-tier dividend nor final tax exempt one-tier dividend were declared for the financial period ended 31 December 2018. 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.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity of the company for the financial year ended 31 December 2018.

In the opinion of the directors, the consolidated financial statements of the group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity of the company as set out on pages 65 to 112 are drawn up so as to give a true and fair view of the financial position of the group and of the company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the group and the financial performance and changes in equity of the company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts 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	(Appointed on 27 August 2018)
Mr Heath McIntyre	(Appointed on 27 August 2018)
Ms Jeanette Chang	(Appointed on 27 August 2018)
Mr Tan Kiang Kherng	(Appointed on 27 August 2018)
Mr Tan Pong Tyea	
Mr Tan Kian Huay	
Mr Wan Hin Weng	(Appointed on 3 October 2018)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate, except as disclosed in paragraph 3 of the Directors' statement.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interest are held	**At the beginning of year**	**At end of year**
The company		
(Ordinary shares)		
Dr Benety Chang	–	387,535,300
Mr Tan Pong Tyea	457,560,131	239,760,131
Mr Zhang Haibo	153,846,150	–
Ultimate holding company		
(Ordinary shares)		
Dr Benety Chang	104,696,348	106,155,608

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.

The director's interests in the shares of the company at 21 January 2019 were the same as at 31 December 2018.

DIRECTORS' STATEMENT

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 Tan Kian Huay	(Chairman and Independent Non-Executive Director)
Mr Thia Peng Heok George	(Independent, Non-Executive Director)
Mr Wan Hin Weng	(Appointed on 3 October 2018)
Ms Tan Sooh Whye	(Retired on 21 September 2018)

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

(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 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	(Appointed on 3 October 2018)
Ms Tan Soon Whye	(Resigned on 21 September 2018)

The Audit Committee has met two times since the last Annual General Meeting ("AGM") 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;

DIRECTORS' STATEMENT

5. AUDIT COMMITTEE (CONT'D)

(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 Audit Committee 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 Audit Committee.

The Audit Committee 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

Dr Benety Chang

12 March 2019

INDEPENDENT AUDITOR'S **REPORT**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CH OFFSHORE LTD AND ITS SUBSIDIARIES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CH Offshore Limited (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 2018, the statements of changes in equity and the statements of profit or loss and other comprehensive income of the Group and the Company 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, the statement of profit or loss and other comprehensive income 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 2018 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.

Carrying value of vessels

As at 31 December 2018, the Group owned 12 vessels with an aggregate carrying value of US$81,508,000. 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 89% of the Group's total non-current assets as at 31 December 2018 and significant judgement and estimates were involved in determination of the recoverable amount of the vessels.

INDEPENDENT AUDITOR'S **REPORT**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CH OFFSHORE LTD AND ITS SUBSIDIARIES

Key Audit Matters (Cont'd)

Carrying value of vessels (Cont'd)

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 industy 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 2 and Note 9 to the consolidated financial statements respectively.

Recoverability of trade receivables

As at 31 December 2018, the carrying amount of the Group's trade receivables, net of allowance for expected credit loss ("ECL") of US$5,518,000 amounted to US$5,172,000, which represented 32% 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 23 to the consolidated financial statements respectively.

Other Matter

The financial statements for the year ended 30 June 2018 were audited by another auditor, who expressed an unmodified opinion on those statements on 27 August 2018.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CH OFFSHORE LTD AND ITS SUBSIDIARIES

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 FRSs, 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**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CH OFFSHORE LTD AND ITS SUBSIDIARIES

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

12 March 2019

STATEMENTS OF **FINANCIAL POSITION**

31 DECEMBER 2018

	Note	Group 31 Dec 2018 US$'000	Group 30 Jun 2018 US$'000	Group 1 Jul 2017 US$'000	Company 31 Dec 2018 US$'000	Company 30 Jun 2018 US$'000	Company 1 Jul 2017 US$'000
ASSETS							
Current assets							
Cash and cash equivalents	4	5,700	4,249	4,668	4,490	2,667	2,841
Trade and other receivables	5	5,667	9,800	18,040	39,841	43,454	48,741
Inventories		301	140	108	36	44	7
Loan to associated company	6	4,298	3,595	–	–	–	–
Prepayments		185	122	103	62	42	56
Total current assets		16,151	17,906	22,919	44,429	46,207	51,645
Non-current assets							
Other receivables	5	–	–	–	7,736	8,549	–
Loan to associated company	6	2,497	3,818	–	–	–	–
Subsidiary companies	7	–	–	–	8,751	8,751	8,751
Associated companies	8	3,651	5,996	20,780	–	–	4,986
Fixed assets	9	85,234	88,988	97,420	41,743	43,429	59,915
Total non-current assets		91,382	98,802	118,802	58,230	60,729	73,652
Total assets		107,533	116,708	141,119	102,659	106,936	125,297
LIABILITIES AND EQUITY							
Current liabilities							
Trade and other payables	10	3,979	3,965	3,989	40,448	39,974	41,247
Customer deposit	10	–	3,000	–	–	3,000	–
Borrowings	11	6,194	5,651	5,447	6,194	5,651	5,447
Income tax payable		5	3	–	–	–	–
Total current liabilities		10,178	12,619	9,436	46,642	48,625	46,694
Non-current liabilities							
Borrowings	11	2,982	3,513	3,631	2,982	3,513	3,631
Customer deposit	10	–	–	3,000	–	–	3,000
Deferred tax liabilities	12	4,065	3,952	3,833	2,907	2,769	2,583
Total non-current liabilities		7,047	7,465	10,464	5,889	6,282	9,214
Capital and reserves							
Issued capital	13	55,379	55,379	55,379	55,379	55,379	55,379
Treasury shares	14	(46)	(46)	(46)	(46)	(46)	(46)
Accumulated profits/(losses)		34,961	41,291	65,886	(5,205)	(3,304)	14,056
		90,294	96,624	121,219	50,128	52,029	69,389
Non-controlling interests		14	–	–	–	–	–
Total equity		90,308	96,624	121,219	50,128	52,029	69,389
Total liabilities and equity		107,533	116,708	141,119	102,659	106,936	125,297

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

STATEMENTS OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	1 Jul 2018 to 31 Dec 2018 US$'000	1 Jul 2017 to 30 Jun 2018 US$'000	1 Jul 2018 to 31 Dec 2018 US$'000	1 Jul 2017 to 30 Jun 2018 US$'000
Revenue	15	5,937	9,906	1,876	3,743
Cost of sales	16	(4,024)	(5,302)	(1,213)	(2,208)
Gross profit before direct depreciation		1,913	4,604	663	1,535
Others – direct depreciation		(3,749)	(7,165)	(1,686)	(3,642)
Gross loss		(1,836)	(2,561)	(1,023)	(2,107)
Other income	17	314	476	546	825
Other expenses	19	(260)	(12,237)	(189)	(13,668)
Administrative expenses		(1,874)	(3,968)	(868)	(1,788)
Finance cost		(228)	(436)	(228)	(436)
Loss before income tax and results of associated companies		(3,884)	(18,726)	(1,762)	(17,174)
Share of results of associated companies		(2,345)	(5,747)	–	–
Loss before income tax		(6,229)	(24,473)	(1,762)	(17,174)
Income tax	18	(117)	(122)	(139)	(186)
Loss for the year representing total comprehensive income for the year	19	(6,346)	(24,595)	(1,901)	(17,360)
Attributable to:					
Equity holders of the parent		(6,330)	(24,595)		
Non-controlling interests		(16)	–		
Loss per share:		(6,346)	(24,595)		
Basic and fully diluted (US cents)	20	(0.90)	(3.49)		

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 2018

	Issued Capital US$'000	Treasury shares US$'000	Accumulated Profits US$'000	Total US$'000	Non-controlling Interest US$'000	Total equity US$'000
Group						
Balance at 1 July 2017	55,379	(46)	65,886	121,219	–	121,219
Loss for the year, representing total comprehensive income for the year	–	–	(24,595)	(24,595)	–	(24,595)
Balance at 30 June 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 year	–	–	(6,330)	(6,330)	(16)	(6,346)
Balance at 31 December 2018	55,379	(46)	34,961	90,294	14	90,308

STATEMENTS OF
CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Issued Capital US$'000	Treasury Shares US$'000	Accumulated Profit/(losses) US$'000	Total US$'000	Total equity US$'000
Company					
Balance at 1 July 2017	55,379	(46)	14,056	69,389	69,389
Loss for the year, representing total comprehensive income for the year	–	–	(17,360)	(17,360)	(17,360)
Balance at 30 June 2018	55,379	(46)	(3,304)	52,029	52,029
Loss for the year, representing total comprehensive income for the year	–	–	(1,901)	(1,901)	(1,901)
Balance at 31 December 2018	55,379	(46)	(5,205)	50,128	50,128

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 2018

	Note	1 July 2018 to 31 December 2018 US$'000	1 July 2017 to 30 June 2018 US$'000
Operating activities			
Loss before tax		(6,229)	(24,473)
Adjustments for:			
Depreciation and impairment of property, plant and equipment	9	3,756	10,527
Impairment loss on investment in associated companies		–	239
Interest income		(166)	(341)
Interest expense		228	436
Share of results of associates		2,345	5,747
Net foreign exchange loss – unrealised		41	40
Allowance for doubtful debts	19(b)	195	8,657
Write-back of allowance for doubtful debt		(100)	–
Operating cash flows before movements in working capital		70	832
Decrease/(increase) in trade and other receivables	A	852	(335)
Increase in prepayments		(63)	(19)
Increase in inventories		(161)	(32)
Decrease in trade and other payables	B	(31)	(2)
Cash generated from operations		667	444
Interest paid	B	(213)	(431)
Interest received	A	361	96
Income tax paid		(2)	–
Net cash generated from operating activities		813	109
Investing activities			
Purchases of property, plant and equipment		(36)	(1,095)
Repayment by an associated company		618	556
Proceeds from disposal of property, plant and equipment		34	–
Net cash generated from/(used in) investing activities		616	(539)
Financing activity			
Proceeds from share issuance by subsidiary		30	–
Net cash generated from financing activity		30	–
Net increase/(decrease) in cash and cash equivalents		1,459	(430)
Cash and cash equivalents at 1 July 2018 (1 July 2017)		4,249	4,668
Effects of exchange rate changes on cash and cash equivalents		(8)	11
Cash and cash equivalents at 31 December 2018 (30 June 2018)		5,700	4,249

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$166,000 (30 June 2018: US$341,000). An amount of US$186,000 (30 June 2018: US$381,000) 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$228,000 (30 June 2018: US$436,000). An amount of US$119,000 (30 Jun 2018: US$103,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

On 8 November 2018, the Company's financial year end changed from 30 June to 31 December. As a result, the current financial year's statement of profit or loss and other comprehensive income and its related notes cover a 6 months period between 1 July 2018 to 31 December 2018, whereas comparative information covers a 12 months period between 1 July 2017 to 30 June 2018.

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)).

For all periods up to and including the year ended 30 June 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted 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.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")

The financial statement for the year ended 31 December 2018 is the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 30 June 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 July 2017, the Group and the Company's date of transition to SFRS(I).

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions form the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemption:

- The comparative information do not compy with SFRS(I) 9 Financial Instruments or SFRS(I) 7 Financial Instruments: Disclosures to the extent the disclosures relate to items within the scope of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Cont'd)

New accounting standards effective on 1 July 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 July 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

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
SFRS(I) 16 Leases	1 January 2019
SFRS(I) INT 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to SFRS (I) 9 Prepayment Features with Negative Compensations	1 January 2019
Amendments to SFRS(I) 1-28 Long-term interests in Associate and Joint Venture	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS (1) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.3 Standards issued but not yet effective (Cont'd)

SFRS(I) 16 Leases (Cont'd)

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

2.4 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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.5 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 the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following 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 the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.6 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.

2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it 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.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.8 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.9.

2.9 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities represents goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.9 Joint ventures and associates (Cont'd)

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.10 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.10 Property, plant and equipment (Cont'd)

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 each major inspection and overhaul is performed, its cost 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.
- Any remaining carrying amount of the cost of the previous inspection is derecognised.
- 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.

2.11 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.12 Lease prepayment

Leases of land under which the lessor has not transferred all the risks and rewards incidental to ownership are classified as operating leases and the payments made on acquiring the land-use right represent prepaid lease payments.

Lease prepayments for land-use right are initially measured at cost. Following initial recognition, they are amortised on a straight-line basis over the term of the respective lease.

2.13 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 or cash-generating unit's fair value less costs 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.

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.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of 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 party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.14 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.14 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Subsequent measurement (Cont'd)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and 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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.16 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.

2.17 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.

2.18 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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.19 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.

2.20 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.

2.21 Leases

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.21 Leases (Cont'd)

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as charter hire. The accounting policy for charter hire is set out in Note 2.23(a). Contingent rents are recognised as revenue in the period in which they are earned.

2.22 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.

2.23 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

Revenue from charter hire is recognised over time as the group satisfies its performance obligation. Vessel charter income is recognised on a daily basis in accordance to the terms and conditions of the charter agreement.

(b) Rendering of services

Revenue from the rendering of services are commission fee recognised over the service period.

(c) Management fee and agency fee

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.24 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.

(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:

– 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; and

– 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.

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:

– Where 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.24 Taxes (Cont'd)

(b) Deferred tax (Cont'd)

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.

(c) Sales tax

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

– Where 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

– Receivables and payables that are stated with the amount of sales tax included.

2.25 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.

2.26 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.

2.27 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

2.27 Contingencies (Cont'd)

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.

3.2 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 (30 Jun 2018: 9.50% per annum) which reflects the current market assessment of the time value of money and the risks specific to the group.

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

3.2 Key sources of estimation uncertainty (Cont'd)

(a) Impairment of vessels (Cont'd)

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 recognised impairment loss of Nil (30 Jun 2018: US$3,333,000), representing the excess of carrying amounts of the group's vessels against their recoverable amount.

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) Impairment of investments in subsidiary companies and associated companies

Determining whether the investments in subsidiary companies and associated companies are impaired requires an estimation of the recoverable amount of these investments. During the year, management has evaluated the recoverability of the investments in the subsidiary companies and associated companies and has made an allowance for impairment loss of Nil (30 Jun 2018: US$239,000) on investments made in two associated companies.

The carrying amounts of the investments in subsidiary companies and associated companies are disclosed in Notes 7 and 8 to the financial statements respectively.

(c) Useful lives and residual value of fixed assets

As described in Note 2, the group reviews the estimated useful lives and residual value of fixed assets at the end of each annual reporting period so as to write off the cost of fixed assets over their estimated useful lives, using the straight-line method. In determining the residual values and useful lives of vessels, management considers used vessels market prices, expected usage, maintenance and repair cost, technical or commercial obsolescence and legal and similar limits to their use.

For the financial year ended 30 June 2018, management conducted a review of the residual value of the group's vessels which resulted in a change in the residual value of the group's vessels. The residual value, which management had previously determined based on actual historical sales data, had been estimated based on recent market transactions of vessel scrap value. The effects of these changes on residual value had been included in direct depreciation expense and the residual values of the group's vessels were as follows.

	30 June 2018 US$'000	1 July 2017 US$'000
12,240 Bhp	650	6,000
Between 4,826 and 5,400 Bhp	400	3,000
3,600 Bhp	280	1,300

The carrying amount of fixed assets are disclosed in Note 9.

NOTES TO THE
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

3.2 Key sources of estimation uncertainty (Con'td)

(d) Deferred taxation

No Singapore income tax is payable on the taxable profits if the group's income is derived from shipping operations from Singapore registered vessels under Section 13A of the Singapore Income Tax Act, Cap. 134. During the financial year ended 30 June 2012, a vessel held by one of the subsidiaries changed its flag from Singapore to a foreign flag. During the financial year ended 30 June 2014, 3 other vessels held by the company, also changed their flags from Singapore to foreign flags. Consequently, income derived from shipping operations from such vessels is no longer exempted from tax under Section 13A. Accordingly, the group will be subject to both current and deferred taxes.

In deriving at the deferred tax provision as at 31 December 2018, management has considered the future periods in which these vessels will remain foreign flagged and continue to derive charter income that is not exempted under Section 13A through the usage of these vessels. Accordingly, a provision for deferred tax liabilities of US$4,065,000 (30 June 2018: US$3,952,000) was recognised by the group at the end of the reporting period.

The carrying amount of the deferred tax liabilities and tax expense are disclosed in Notes 12 and 18 to the financial statements respectively.

(e) 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 2018 is $5,172,000 (30 June 2018: $7,865,000).

4. CASH AND CASH EQUIVALENTS

	Group			Company		
	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000
Cash on hand	7	9	15	–	–	–
Cash at bank	2,668	3,214	4,627	1,465	1,641	2,815
Fixed deposits	3,025	1,026	26	3,025	1,026	26
	5,700	4,249	4,668	4,490	2,667	2,841

The fixed deposits bear interest at rates ranging from 2.7% to 2.9% (30 June 2018: 1.73% to 2.08%) per annum.

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5. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000
Trade and other receivables (current):						
Trade receivables	4,783	7,769	5,844	1,672	4,687	3,482
Amounts due from related companies (trade)	261	–	1,831	–	–	56
Amounts due from related companies (non-trade)	–	–	6,958	–	–	4,471
Amounts due from associated companies (trade)	128	96	377	–	–	–
Amounts due from associated companies (non-trade)	172	132	1,718	–	–	–
Amounts due from subsidiary companies (trade)	–	–	–	134	134	410
Amounts due from subsidiary companies (non-trade)	–	–	–	37,964	36,918	39,011
Other receivables	323	1,803	1,312	71	1,715	1,311
	5,667	9,800	18,040	39,841	43,454	48,741
Other receivables (non-current):						
Amounts due from subsidiary companies (non-trade)	–	–	–	7,736	8,549	–
Total trade and other receivables (current and non-current)	5,667	9,800	18,040	47,577	52,003	48,741
Add: Cash and cash equivalents	5,700	4,249	4,668	4,490	2,667	2,841
Add: Loan to associated company (Note 6)	6,795	7,413	–	–	–	–
Total financial assets carried at amortised cost	18,162	21,462	22,708	52,067	54,670	51,582

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$8,852,000 (30 June 2018: US$8,928,000) which bears effective interest at 4.97% (30 June 2018: 4.97%) per annum due from a subsidiary to the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

5. TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts due from related companies

Amounts due from related companies pertains to trade and other receivables due from previous holding company, Falcon Energy Group Limited and its related companies. The amounts are unsecured, interest-free and repayable on demand except for an amount of US$4,100,000 (30 June 2018: US$4,100,000) which bears effective interest at 4.30% (30 June 2018: 4.30%) per annum due from Falcon Energy Group Limited.

As at 31 December 2018, 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 (30 June 2018: US$8,657,000) out of gross amounts amounting to US$8,557,000 (30 June 2018: US$8,657,000).

Expected credit loss of trade receivables (for 31 December 2018)

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 23 (a).

	Gross amount US$'000	Group 31 December 2018 Loss Allowance US$'000	Carrying amount US$'000
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

Trade receivables that are past due but not impaired (for 30 June 2018 and 1 July 2017)

The Group has trade receivables amounting to US$6,666,000 as at 30 June 2018 and US$3,581,000 as at 1 July 2017 that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	30 June 2018 US$'000	1 July 2017 US$'000
Trade receivables past due but not impaired:		
< 3 months	1,572	1,696
3 to 6 months	1,362	833
> 6 months	3,732	1,052
	6,666	3,581

NOTES TO THE FINANCIAL STATEMENTS

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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		
	31 December 2018 US$'000	**30 June 2018 US$'000**	**1 July 2017 US$'000**
Trade receivables-nominal amounts	8,629	11,420	9,495
Amount due from related companies (trade) – nominal amounts	1,933	1,672	1,831
Amount due from related companies (non-trade) – nominal amounts	6,885	6,985	6,958
Amount due from associated companies (trade) – nominal amounts	128	96	377
Amount due from associated companies (non-trade) – nominal amounts	172	132	1,718
Other receivables	323	1,803	1,312
	18,070	22,108	21,691
Less: allowances for impairment on:			
Trade receivables	(3,846)	(3,651)	(3,651)
Amount due from related companies (trade)	(1,672)	(1,672)	–
Amount due from related companies (non-trade)	(6,885)	(6,985)	–
	(12,403)	(12,308)	(3,651)
Carrying amount of trade and other receivables	5,667	9,800	18,040
Movement in allowance accounts:			
At beginning of the year	12,308	3,651	
Charge for the year	195	8,657	
Write-back	(100)	–	
At end of the year	12,403	12,308	

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		
	31 December 2018 US$'000	**30 June 2018 US$'000**	**1 July 2017 US$'000**
Loan to associated company	6,795	7,413	–
Less: Due within 12 months	(4,298)	(3,595)	–
	2,497	3,818	–

The loan to associated company is unsecured which bears effective interest rate of 4.26% (30 June 2018: 4.26%) per annum at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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7. SUBSIDIARY COMPANIES

		Company	
	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000
Unquoted equity shares, at cost	8,751	8,751	8,751

Transactions between the company and its subsidiaries, which are related companies of the company, have been eliminated on consolidation and are disclosed in Note 26 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
		31 December 2018	30 June 2018	1 July 2017	
		%	%	%	
Held by the company					
CHO Ship Management Pte Ltd[a]	Singapore	100	100	100	Ship management and investment holding
Delaware Marine Pte Ltd[a]	Singapore	100	100	100	Investment holding
Sea Glory Private Limited[a]	Singapore	100	100	100	Ship owning and chartering
Garo Pte Ltd[a]	Singapore	100	100	100	Ship owning and chartering
Offshore Gold Singapore Pte Ltd[a]	Singapore	100	100	100	Ship owning and chartering
Pembrooke Marine Pte Ltd[a]	Singapore	100	100	100	Ship owning and chartering
Venture Offshore Pte Ltd[a]	Singapore	100	100	100	Ship owning and chartering
Held by CHO Ship Management Pte Ltd					
High Majestic Sdn Bhd[b]	Malaysia	100	100	100	Ship owning and chartering
Held by Delaware Marine Pte Ltd					
Pearl Marine Pte Ltd[b]	Malaysia	70	100	100	Ship owning and chartering

Notes

(a) Audited by Ernst & Young LLP, Singapore.

(b) Audited by other CPA firm in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. ASSOCIATED COMPANIES

The Group's material investments in associates are summarised below:

	Group		
	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000
PT Bahtera Nusantara Indonesia	3,651	5,996	7,840
Other associates[1]	–	–	12,940
	3,651	5,996	20,780

(1) Investment in other associates as at 1 July 2017 includes an amount of US$12,677,000 that were unsecured, interest-free and repayable at the discretion of the associated companies. The amounts in substance, formed part of the Group's net investment in the associated companies.

At the company level, the carrying amount of investments in associates represents cost less accumulated impairment.

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 31 December 2018	30 June 2018	1 July 2017
			%	%	%
Held by the company					
Marine Co Limited[a]	Malaysia	Ship owning and chartering	49	49	49
Gemini Sprint Sdn. Bhd.[a]	Malaysia	Ship chartering	49	49	49
Held by Venture Offshore Pte. Ltd.:					
PT Bahtera Nusantara Indonesia[b]	Indonesia	Ship owning and chartering	49	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$13,000 (30 June 2018: US$253,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. ASSOCIATED COMPANIES (CONT'D)

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

	31 December 2018 US$'000	30 June 2018 US$'000
Profit/(loss), representing total comprehensive income after tax	7,921	(8,128)

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		
	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000
Current assets	2,264	3,094	4,291
Non-current assets	20,458	25,713	33,315
Total assets	22,722	28,807	37,606
Current liabilities	1,404	1,440	2,189
Non-current liabilities	13,867	15,130	16,264
Total liabilities	15,271	16,570	18,453
Net assets	7,451	12,237	19,153
Proportion of the Group's ownership	49%	49%	49%
Group's share of net assets	3,651	5,996	9,385
Other adjustments: Deferred gain(i)	–	–	(1,545)
Carrying amount of the investment	3,651	5,996	7,840

(i) Deferred gain: The deferred gain relates to the group's share of the unrealised profit resulting from the sale of vessels to associated companies. The deferred gain will be amortised over the remaining useful life of the vessels against the share of results of associated companies in the statement of profit or loss and other comprehensive income. These amounts are realised against share of results of associated companies upon impairment being taken in 2017 and 2018.

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8. ASSOCIATED COMPANIES (CONT'D)

Summarised statement of comprehensive income

	PT Bahtera Nusantara Indonesia	
	31 December 2018 US$'000	30 June 2018 US$'000
Revenue	2,895	5,379
Operating expenses	(3,378)	(7,237)
Interest expense	(254)	(365)
Other expenses	(4,516)	(4,287)
Loss before tax	(5,253)	(6,510)

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 2017	178,583	16,443	290	667	195,983
Additions	906	94	–	1,095	2,095
Transfer from construction-in-progress	–	776	–	(776)	–
Balance at 30 June 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	179,489	18,277	276	–	198,042
Accumulated depreciation:					
Balance at 1 July 2017	54,269	11,977	240	–	66,486
Depreciation	5,673	1,492	29	–	7,194
Balance at 30 June 2018	59,942	13,469	269	–	73,680
Depreciation	2,629	1,120	7	–	3,756
Disposals	–	–	(38)	–	(38)
Balance at 31 December 2018	62,571	14,589	238	–	77,398
Impairment:					
Balance at 1 July 2017	32,077	–	–	–	32,077
Additions	3,333	–	–	–	3,333
Balance at 30 June 2018	35,410	–	–	–	35,410
Additions	–	–	–	–	–
Balance at 31 December 2018	35,410	–	–	–	35,410
Carrying amount:					
Balance at 31 December 2018	81,508	3,688	38	–	85,234
Balance at 30 June 2018	84,137	3,844	21	986	88,988
Balance at 1 July 2017	92,327	4,466	50	667	97,420

NOTES TO THE FINANCIAL STATEMENTS

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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 2017	98,901	8,495	48	667	108,111
Additions	–	–	–	1,095	1,095
Transfer from construction-in-progress	–	776	–	(776)	–
Disposals	(22,611)	(2,954)	–	–	(25,565)
Balance at 30 June 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	76,290	7,281	51	–	83,622
Accumulated depreciation:					
Balance at 1 July 2017	32,205	7,140	24	–	39,369
Depreciation	2,915	727	11	–	3,653
Disposals	(7,374)	(2,288)	–	–	(9,662)
Balance at 30 June 2018	27,746	5,579	35	–	33,360
Depreciation	1,335	351	4	–	1,690
Disposals	–	–	(23)	–	(23)
Balance at 31 December 2018	29,081	5,930	16	–	35,027
Impairment:					
Balance at 1 July 2017	8,827	–	–	–	8,827
Additions	973	–	–	–	973
Disposals	(2,948)	–	–	–	(2,948)
Balance at 30 June 2018	6,852	–	–	–	6,852
Additions	–	–	–	–	–
Balance at 31 December 2018	6,852	–	–	–	6,852
Carrying amount:					
Balance at 31 December 2018	40,357	1,351	35	–	41,743
Balance at 30 June 2018	41,692	738	13	986	43,429
Balance at 1 July 2017	57,869	1,355	24	667	59,915

At the end of the reporting period, the group and company carried out a review of the recoverable amount of its vessels. For the financial year ended 30 June 2018, this review led to the recognition of an impairment loss of US$3,333,000 and US$973,000 by the Group and Company respectively through the computation of the value-in-use for its vessels.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

10. TRADE AND OTHER PAYABLES

	Group			Company		
	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000
Trade and other payables (current):						
Trade payables	1,667	3,658	2,461	796	1,408	2,648
Amounts due to related companies (trade)	2	2	2	2	2	2
Amounts due to related companies (non-trade)	–	–	9	–	–	–
Amounts due to associated companies (non-trade)	156	150	–	6	–	–
Amounts due to subsidiary companies (trade)	–	–	1,517	1,924	1,931	3,032
Amounts due to subsidiary companies (non-trade)	–	–	–	36,813	36,478	35,565
Other payables	2,154	155	–	907	155	–
Total trade and other payables	3,979	3,965	3,989	40,448	39,974	41,247
Add: Customer deposit	–	3,000	3,000	–	3,000	3,000
Add: Borrowings	9,176	9,164	9,078	9,176	9,164	9,078
Total financial liabilities carried at amortised cost	13,155	16,129	16,067	49,624	52,138	53,325

The credit terms granted by suppliers ranged from 30 to 90 days (30 June 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.

NOTES TO THE FINANCIAL STATEMENTS

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11. BORROWINGS

		Group and Company		
	Maturity	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000
Current:				
Bank loan A	2019	5,505	5,498	5,447
Bank loan B	2019	689	153	–
		6,194	5,651	5,447
Non-current:				
Bank loan B	2020-2023	2,982	3,513	3,631
Total borrowings		9,176	9,164	9,078

Bank loan A:

The bank loan is an unsecured revolving 6 months credit facility which bears effective interest rate of 4.66% (30 June 2018: 4.10%) per annum.

Bank loan B:

The bank loan is unsecured with a tenure of 72 months and bears effective interest rate of 5.50% (30 June 2018: 5.50%) per annum. 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:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 2017	(5,406)	1,573	(3,833)
Credit/(charge) to profit or loss for the year (Note 18)	589	(708)	(119)
At 30 June 2018	(4,817)	865	(3,952)
Credit/(charge) to profit or loss for the year (Note 18)	81	(194)	(113)
At 31 December 2018	(4,735)	670	(4,065)
Company			
At 1 July 2017	(3,393)	810	(2,583)
Credit/(charge) to profit or loss for the year (Note 18)	166	(352)	(186)
At 30 June 2018	(3,227)	458	(2,769)
Credit/(charge) to profit or loss for the year (Note 18)	16	(154)	(138)
At 31 December 2018	(3,211)	304	(2,907)

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		
	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000
Deferred tax assets	670	865	1,573	304	458	810
Deferred tax liabilities	(4,735)	(4,817)	(5,406)	(3,211)	(3,227)	(3,393)
	(4,065)	(3,952)	(3,833)	(2,907)	(2,769)	(2,583)

In deriving at the group and company's deferred tax exposure, management has considered the flag type of each vessel and the period of which these vessels were deriving income not exempted under Section 13A in the computation of the group and company's taxable temporary difference.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. ISSUED CAPITAL

	Group and Company					
	31 December 2018 '000	30 June 2018 '000	1 July 2017 '000	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000
	Number of ordinary shares					
Issued and paid-up capital:						
At the beginning and end of the year	705,091	705,091	705,091	55,379	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					
	31 December 2018 '000	30 June 2018 '000	1 July 2017 '000	31 December 2018 US$'000	30 June 2018 US$'000	1 July 2017 US$'000
	Number of ordinary shares					
At the beginning of the year	198	198	–	46	46	–
Repurchased during the year	–	–	198	–	–	46
At the end of the year	198	198	198	46	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 intends to reissue these shares to executives who are granted share options under the employee share option plan in the foreseeable future.

15. REVENUE

	Group		Company	
	31 December 2018 US$'000	30 June 2018 US$'000	31 December 2018 US$'000	30 June 2018 US$'000
Charter hire income earned	5,770	9,373	1,876	3,743
Rendering of services	–	28	–	–
Management and agency fee	167	505	–	–
	5,937	9,906	1,876	3,743

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. COST OF SALES

	Group		Company	
	31 December 2018 US$'000	30 June 2018 US$'000	31 December 2018 US$'000	30 June 2018 US$'000
Vessel operating expenses	4,024	5,302	1,213	2,208

17. OTHER INCOME

	Group		Company	
	31 December 2018 US$'000	30 June 2018 US$'000	31 December 2018 US$'000	30 June 2018 US$'000
Interest income from outside parties	41	162	41	160
Interest income from an associated company (Note 27)	125	179	–	–
Interest income from a subsidiary company (Note 26)	–	–	357	599
Others	148	135	148	66
	314	476	546	825

18. INCOME TAX

(a) Taxation credit/(charge) comprises:

	Group		Company	
	31 December 2018 US$'000	30 June 2018 US$'000	31 December 2018 US$'000	30 June 2018 US$'000
Income tax				
– Current	(5)	(3)	–	–
Deferred tax (Note 12)				
– Current	(112)	309	(139)	242
– Underprovision in prior years	–	(428)	–	(428)
Income tax	(117)	(122)	(139)	(186)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. 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		Company	
	31 December 2018 US$'000	30 June 2018 US$'000	31 December 2018 US$'000	30 June 2018 US$'000
Loss before income tax	(6,229)	(24,473)	(1,762)	(17,174)
Income tax benefit at statutory tax rate at 17%	(1,059)	(4,160)	(300)	(2,919)
Net income not subject to tax[(1)]	750	871	413	236
Effects of expenses not deductible in determining taxable profits	103	1,882	77	2,448
Effects of different tax rates of companies operating on different jurisdiction	–	(46)	–	–
Tax effect of share of results of associates	399	977	–	–
Deferred tax benefits not recognised	–	177	–	–
Deferred tax benefits utilised	(88)	–	(51)	–
Adjustments recognised in the current year in relation to deferred tax of prior year	–	428	–	428
Others	12	(7)	–	(7)
Income tax	117	122	139	186

(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	
	31 December 2018 US$'000	30 June 2018 US$'000
Amount at beginning of the year	3,203	2,497
Amount arising during the year	–	774
Adjustments to prior year	585	(68)
Amount at end of year	3,788	3,203

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. 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		Company	
	31 December 2018 US$'000	30 June 2018 US$'000	31 December 2018 US$'000	30 June 2018 US$'000
Directors' fees	52	101	52	101
Staff cost:				
Permanent staff (including directors' remuneration)	1,201	2,678	478	1,222
Contract based crew	1,307	1,628	344	464
	2,560	4,306	874	1,686
Cost of defined contribution plans included in staff costs	91	157	27	45
Audit fees:				
To auditors of the company	45	45	23	24
Non-audit fees:				
To auditors of the company	22	6	22	3

(b) Other expenses include:

	Group		Company	
	31 December 2018 US$'000	30 June 2018 US$'000	31 December 2018 US$'000	30 June 2018 US$'000
Net foreign exchange loss	52	8	15	67
Allowance for doubtful trade receivables on external parties (Note 5)	195	–	165	–
Allowance for doubtful trade and other receivables on ultimate holding company (Note 5)	–	4,480	–	4,480
Allowance for doubtful trade and other receivables on related companies (Note 5)	–	4,177	–	36
Allowance for impairment in associated companies	–	239	–	4,157
Loss on disposal of vessel (Note 9)	–	–	–	3,955
Impairment loss on fixed assets (Note 9)	–	3,333	–	973

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. 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	
	31 December 2018	**30 June 2018**
Loss attributable to shareholders (US$'000)	(6,346)	(24,595)
Number of ordinary shares used to compute loss per share ('000)	704,893	704,893
Basic and fully diluted:		
Loss per share (US cents)	(0.90)	(3.49)

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.

21. 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$5,937,000 (30 June 2018: US$9,906,000) are revenues of approximately US$1,119,000 (30 June 2018: US$4,386,000) which arose from the chartering of vessels to the group's largest customer.

The group has five (30 June 2018: two) major customers that contribute greater than 10% of the total revenue for charter income.

	Revenue	
	31 December 2018 US$'000	**30 June 2018 US$'000**
Customer A	1,119	4,386
Customer B	920	2,416
Customer C	714	–
Customer D	684	–
Customer E	647	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. COMMITMENTS

Operating lease commitments:

	Group		Company	
	31 December 2018 US$'000	30 June 2018 US$'000	31 December 2018 US$'000	30 June 2018 US$'000
Minimum lease payments paid under operating leases included in profit or loss	97	354	20	83

23. 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.

i. Trade receivables

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.

Concentration of credit risk

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

(a) Credit risk (Cont'd)

Concentration of credit risk (Cont'd)

There is significant concentration of credit risk arising from two customers (30 June 2018: two customers) which represents 66% (30 June 2018: 65%) 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.

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.

	31 December 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

(b) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	30 June 2018 US$'000		
	One year or less	**One to five years**	**Total**
Group			
Financial assets:			
Trade and other receivables	9,800	–	9,800
Cash and cash equivalents	4,249	–	4,249
Loan to associated company	3,817	3,942	7,759
Total undiscounted financial assets	17,866	3,942	21,808
Financial liabilities:			
Trade and other payables	3,965	–	3,965
Borrowings	5,972	3,885	9,857
Total undiscounted financial liabilities	9,937	3,885	13,822
Total net undiscounted financial assets/(liabilities)	7,929	57	7,986

	31 December 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

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FINANCIAL STATEMENTS

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

(b) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

	30 June 2018 US$'000			
	One year or less	One to five years	More than five years	Total
Company				
Financial assets:				
Trade and other receivables	43,803	6,044	4,911	54,758
Cash and cash equivalents	2,667	–	–	2,667
Total undiscounted financial assets	46,470	6,044	4,911	57,425
Financial liabilities:				
Trade and other payables	39,974	–	–	39,974
Borrowings	5,972	3,885	–	9,857
Total undiscounted financial liabilities	45,946	3,885	–	49,831
Total net undiscounted financial assets	524	2,159	4,911	7,594

On 1 July 2017, all the financial assets of the Group and Company are either repayable on demand or due within one year. Management is of the opinion that liquidity risk was minimal due to the short-term nature of the Group's and Company's financial assets.

(c) Foreign currency risk

The group is exposed to foreign currency risk on purchases that are denominated in a currency other than United States Dollars. The currencies giving rise to this risk are primarily Singapore Dollar, Australian Dollar, Euro 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		
	31 December 2018	30 June 2018	1 July 2017	31 December 2018	30 June 2018	1 July 2017
Singapore Dollar	9,689	9,945	9,349	793	1,458	1,591
Malaysia Ringgit	192	43	16	1,321	156	116

	Company US$'000					
	Liabilities			Assets		
	31 December 2018	30 June 2018	1 July 2017	31 December 2018	30 June 2018	1 July 2017
Singapore Dollar	9,376	9,402	9,222	589	1,219	1,138

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FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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

(c) Foreign currency risk (Cont'd)

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 impact US$'000	
	31 December 2018	30 June 2018	1 July 2017
Singapore Dollar	(890)	(849)	(776)
Malaysia Ringgit	113	11	–

		Company impact US$'000	
	31 December 2018	30 June 2018	1 July 2017
Singapore Dollar	(879)	(818)	(808)

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 (30 June 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 (30 June 2018: 50) basis points lower/higher with all other variables held constant, the Group's loss before tax would have been US$14,000 (30 June 2018: US$26,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. CONTINGENCIES

Contingent liability

On 12 February 2016, three brokers had submitted claims on brokers' commissions amounting to US$3,736,000, including interest, against the Group. The final hearing has been fixed to be in April 2019. The Group has been advised by its legal counsel that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in these financial statements.

25. 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.

26. 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	
	31 December 2018 US$'000	30 June 2018 US$'000
Interest income from a subsidiary company	357	599
Agency fees paid to a subsidiary company	282	335
Sale of fixed asset to a subsidiary company	–	9,000

27. 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 companies in these financial statements refer to members of the ultimate holding company's group of companies and Falcon Energy Group Limited's (FEG) group of companies.

NOTES TO THE FINANCIAL STATEMENTS

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27. OTHER RELATED PARTIES TRANSACTIONS (CONT'D)

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	
	31 December 2018 US$'000	30 June 2018 US$'000	31 December 2018 US$'000	30 June 2018 US$'000
Purchase of fixed assets from an associated company	–	1,000	–	–
Management and agency fee earned from associated companies	96	394	–	–
Interest income from an associated company	125	179	–	–
Transactions with FEG group of companies:–				
– Management and agency fee earned from related companies	–	15	–	–
– Rental paid to related companies	97	515	20	123
– Charter of vessels	261	–	–	–

Compensation of directors and key management personnel

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

	Group	
	31 December 2018 US$'000	30 June 2018 US$'000
Short-term benefits	441	1,651

The remuneration of directors and other members of key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

28. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other that quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

29. COMPARATIVE FIGURES

The following comparative figures in the financial statements, that had been audited by another auditor, have been reclassified to conform to the current year's presentation and to better reflect the nature of balances.

		Group US$'000	
	As previously reported	Effects of reclassification	As reclassified
As at 30 June 2018			
Investment in associate	10,069	(4,073)	5,996
Other payables – deferred gain (current)	(321)	321	–
Other payables – deferred gain (non-current)	(3,752)	3,752	–
As at 1 July 2017			
Investment in associate	26,226	(5,446)	20,780
Other payables – deferred gain (current)	(403)	403	–
Other payables – deferred gain (non-current)	(5,043)	5,043	–

		Company US$'000	
	As previously reported	Effects of reclassification	As reclassified
As at 30 June 2018			
Trade and other receivables (current)	55,359	(11,905)	43,454
Other receivables (non-current)	–	8,549	8,549
Other payables – deferred interest (current)	(696)	696	–
Other payables – deferred interest (non-current)	(2,660)	2,660	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

30. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the group and statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity of the company for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 12 March 2019.

STATISTICS OF **SHAREHOLDINGS**

AS AT 18 FEBRUARY 2019

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	0.53	318	0.00
100 – 1,000	708	23.51	544,027	0.08
1,001 – 10,000	1,525	50.65	7,601,784	1.08
10,001 – 1,000,000	753	25.01	37,155,019	5.27
1,000,001 AND ABOVE	9	0.30	659,591,366	93.57
TOTAL	**3,011**	**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	3,653,000	0.52
6	RAFFLES NOMINEES (PTE.) LIMITED	1,543,300	0.22
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,418,799	0.20
8	CITIBANK NOMINEES SINGAPORE PTE LTD	1,137,100	0.16
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,075,870	0.15
10	KOH CHIN HIN	957,600	0.14
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	895,800	0.13
12	OCBC SECURITIES PRIVATE LIMITED	892,500	0.13
13	CHIA CHEE HUA	681,800	0.10
14	PHILLIP SECURITIES PTE LTD	663,300	0.09
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	631,000	0.09
16	DB NOMINEES (SINGAPORE) PTE LTD	510,000	0.07
17	NG HWEE KOON	507,900	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	**666,611,266**	**94.59**

STATISTICS OF SHAREHOLDINGS

AS AT 18 FEBRUARY 2019

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 18 February 2019:–

	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 18 February 2019 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-Third Annual General Meeting of the Company will be held at Evergreen Room 1 & 2, Safra Jurong, 333 Boon Lay Way, Singapore 649848 on Thursday, 28 March 2019 at 2.30 p.m. for the following purposes:

Ordinary Business:

1 To receive and adopt the Directors' Statement and Audited Financial Statements for the financial period ended 31 December 2018 and the Auditors' Report thereon. (Resolution 1)

2 To approve Directors' fees of S$70,246 for the financial period ended 31 December 2018 (FY 30 June 2018: S$180,000). (Resolution 2)

3 To approve Directors' fees of up to S$304,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears. (Resolution 3)

4 To re-elect Mr. Wan Hin Weng, being a Director who retires by rotation pursuant to Article 88 of the Constitution of the Company. (Resolution 4)

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

6 To re-elect Mr. Tan Kian Huay, being a Director who retires by rotation pursuant to Article 89 of the Constitution of the Company. (Resolution 6)

7 To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise Directors to fix their remuneration. (Resolution 7)

8 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:

9 "**Share Issue Mandate**

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;

NOTICE OF
ANNUAL GENERAL MEETING

(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 outstanding or subsisting at the time this Resolution is passed; and

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

(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." (Resolution 8)

10 "**CH Offshore Employee Share Option Scheme**

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." (Resolution 9)

11 "**Proposed Adoption of the IPT General Mandate** (Resolution 10)

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 normal 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 annual general meeting of the Company;

(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

(d) 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 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.

NOTICE OF
ANNUAL GENERAL MEETING

12 "**Proposed Renewal of Share Buyback Mandate** (Resolution 11)

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 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 as applicable, be and is hereby authorised and approved generally and unconditionally ("**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, 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 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

NOTICE OF
ANNUAL GENERAL MEETING

(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 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 day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

"**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

"**day of the making of the offer**" means the day 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
12 March 2019

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 3 The Ordinary Resolution 3, if passed, will authorise the Directors of the Company to pay Directors' fees to the 3 Independent Directors and 3 Non-Executive Directors nominated by Shareholders for the year ending 31 December 2019 quarterly in arrears.

Resolution 4 Mr. Wan Hin Weng 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 Remuneration Committee and a member of the Audit Committee.

Resolution 6 Mr. Tan Kian Huay is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. He will, upon re-election as a Director of the Company, remain as the Chairman of Nominating Committee & a member of the Audit and Remuneration Committees.

Resolution 8 The Ordinary Resolution 8, 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. For the purpose of this resolution, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 9 The Ordinary Resolution 9, 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 11 The Ordinary Resolution 11, if passed, will renew the Share Buyback Mandate and will authorize the Directors 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 period ended 31 December 2018 are set out in greater detail in the Shareholders' Circular 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

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.

CH OFFSHORE LTD

(Co. Reg. No. 197600666D)
(Incorporated in the Republic of Singapore)

FORTY-THIRD 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 2018 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 12 March 2019.

*I/We ______________________________ (Name) ______________ (NRIC/Passport Number/Reg 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-Third 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 Thursday, 28 March 2019 at 2.30 p.m. 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	For	Against
	ORDINARY BUSINESS		
1	Adoption of Audited Financial Statements and Directors Statement.		
2	Approval of Directors' Fees for the period ended 31 December 2018.		
3	Approval of Directors' Fees for the year ending 31 December 2019.		
4	Re-election of Mr. Wan Hin Weng as Director.		
5	Re-election of Mr. Tan Pong Tyea as Director.		
6	Re-election of Mr. Tan Kian Huay as Director.		
7	Re-appointment of Ernst & Young LLP as the Auditors.		
	SPECIAL BUSINESS		
8	Authority to allot and issue new shares and/or convertible securities.		
9	Approval of Authority to offer and grant options and to issue shares pursuant to the CH Offshore Employee Share Option Scheme.		
10	Adoption of IPT General Mandate.		
11	Renewal of Share Buyback Mandate.		

Dated this ________ day of ________________ 2019

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. This instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
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 12 March 2019.

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CORPORATE **DATA**

BOARD OF DIRECTORS
Mr Thia Peng Heok George
(Independent, Non-Executive Chairman)
Dr Benety Chang
(CEO & 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
(Independent, Non-Executive Director)
Mr Wan Hin Weng
(Independent, Non-Executive Director)

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

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

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

COMPANY SECRETARY
Ms Lim Mee Fun

REGISTERED OFFICE
12A Jalan Samulun
Singapore 629131
T: (65) 6410 9018
F: (65) 6862 2336
E: investors@choffshore.com.sg
W: www.choffshore.com.sg

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-Charge: Mr Yee Woon Yim
Appointed since 21 September 2018

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

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

Co Reg. No. 197600666D

CH Offshore Ltd

12A Jalan Samulun, Singapore 629131

Tel: (65)-6410 9018 Fax: (65)-6862 2336

E : investors@choffshore.com.sg

W: www.choffshore.com.sg