**CIRCULAR DATED 24 AUGUST 2018**

**THIS CIRCULAR IS ISSUED BY CH OFFSHORE LTD. (THE "COMPANY").**

**THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE DIRECTORS OF THE COMPANY AND THE ADVICE OF STIRLING COLEMAN CAPITAL LIMITED, THE INDEPENDENT FINANCIAL ADVISER TO THE DIRECTORS.**

**THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.**

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

If you have sold or transferred all your ordinary shares in the capital of the Company, please forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

# CH OFFSHORE LTD.

(Company Registration Number 197600666D)
(Incorporated in the Republic of Singapore)

## CIRCULAR TO SHAREHOLDERS

in relation to the

## MANDATORY UNCONDITIONAL CASH OFFER

by

## RHT CAPITAL PTE. LTD.

(Company Registration Number 201109968H)
(Incorporated in the Republic of Singapore)

for and on behalf of

## BT INVESTMENT PTE. LTD.

(Company Registration Number 201325474D)
(Incorporated in the Republic of Singapore)

a direct wholly-owned subsidiary of

## BAKER TECHNOLOGY LIMITED

(Company Registration Number 198100637D)
(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already owned, controlled or agreed to be acquired by BT Investment Pte. Ltd. and parties acting in concert with it in relation to the Offer (as defined herein)

*Independent Financial Adviser to the Directors of the Company*

STIRLING COLEMAN
施霖高诚

## STIRLING COLEMAN CAPITAL LIMITED

(Company Registration Number 200105040N)
(Incorporated in the Republic of Singapore)

**SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5:30 P.M. (SINGAPORE TIME) ON 7 SEPTEMBER 2018 (THE "CLOSING DATE"). THE OFFEROR (AS DEFINED HEREIN) DOES NOT INTEND TO EXTEND THE OFFER BEYOND 5:30 P.M. ON THE CLOSING DATE. NOTICE HAS BEEN GIVEN BY THE OFFEROR THAT THE OFFER WILL NOT BE OPEN FOR ACCEPTANCE BEYOND 5:30 P.M. ON THE CLOSING DATE, SAVE THAT SUCH NOTICE SHALL NOT BE CAPABLE OF BEING ENFORCED IN A COMPETITIVE SITUATION. THE TERMS OF THE OFFER WILL ALSO NOT BE REVISED BY THE OFFEROR.**

**ACCORDINGLY, SHAREHOLDERS WHO WISH TO ACCEPT THE OFFER MUST DO SO BY SUCH TIME AND DATE.**

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

| | | |
|---|---|---|
| "**3M17/18**" | : | In respect of the Company, the 3-month period ended 30 September 2017 |
| "**6M17/18**" | : | In respect of the Company, the 6-month period ended 31 December 2017 |
| "**9M17/18**" | : | In respect of the Company, the 9-month period ended 31 March 2018 |
| "**Baker**" | : | Baker Technology Limited, a public company incorporated in the Republic of Singapore whose shares are listed on the Mainboard of the SGX-ST |
| "**Baker Securities**" | : | (a) Baker Shares; (b) securities which carry substantially the same rights as any Baker Shares; and (c) convertible securities, warrants, options and derivatives in respect of any Baker Shares or such securities in (b) |
| "**Baker Shares**" | : | Ordinary shares in the share capital of Baker |
| "**Business Day**" | : | A day other than Saturday, Sunday or a public holiday on which banks are open for business in Singapore |
| "**CDP**" | : | The Central Depository (Pte) Limited |
| "**Circular**" | : | This circular dated 24 August 2018 issued by the Company to the Shareholders containing, among other things, the Recommendation and the advice of the IFA to the Directors |
| "**Closing Date**" | : | 5:30 p.m. (Singapore time) on 7 September 2018, being the closing time and date for lodgment of acceptances of the Offer |
| "**Code**" | : | The Singapore Code on Take-overs and Mergers, as amended or modified from time to time |
| "**Commencement Date**" | : | 10 August 2018, being the Despatch Date and the date from which the Offer is open for acceptances |
| "**Companies Act**" | : | The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time |
| "**Company**" | : | CH Offshore Ltd. |
| "**Company Securities**" | : | (a) Shares; and (b) convertible securities, warrants, options and derivatives in respect of the Shares |

| | | |
|---|---|---|
| "**Constitution**" | : | The constitution of the Company from time to time |
| "**CPF**" | : | The Central Provident Fund of Singapore |
| "**CPF Agent Banks**" | : | Agent banks included under the CPFIS |
| "**CPFIS**" | : | The Central Provident Fund Investment Scheme |
| "**CPFIS Investors**" | : | Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS |
| "**Despatch Date**" | : | 10 August 2018, being the date of despatch of the Offer Document |
| "**Directors**" | : | The directors of the Company (all of whom are regarded to be independent for the purpose of making a recommendation to the Shareholders in respect of the Offer) as at the Latest Practicable Date |
| "**Energian**" or "**Vendor F**" | : | Energian Pte. Ltd., a company incorporated in the Republic of Singapore and a wholly-owned subsidiary of FEG |
| "**FAA**" | : | Form of Acceptance and Authorisation for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are deposited with CDP |
| "**FAT**" | : | Form of Acceptance and Transfer for Offer Shares which forms part of the Offer Document and which is issued to Shareholders whose Offer Shares are not deposited with CDP |
| "**FEG**" | : | Falcon Energy Group Limited, a public company incorporated in the Republic of Singapore whose shares are listed on the Mainboard of the SGX-ST |
| "**FY**" | : | In respect of the Company, the financial year ended on 30 June of a particular year as stated |
| "**Group**" | : | The Company, its subsidiaries and its associated companies |
| "**IFA**" | : | Stirling Coleman Capital Limited, the independent financial adviser to the Directors in relation to the Offer |
| "**IFA Letter**" | : | Letter dated 24 August 2018 from the IFA to the Directors containing, among other things, the advice of the IFA to the Directors in respect of the Offer, as set out in Appendix 1 to this Circular |

| | | |
|---|---|---|
| "**Independent Valuer**" | : | VesselsValue Ltd., the independent valuer appointed by the Company in connection with the Offer |
| "**Latest Practicable Date**" | : | 17 August 2018, being the latest practicable date prior to the printing of this Circular for ascertaining information included herein |
| "**Listing Manual**" | : | The listing manual of the SGX-ST, as amended, modified or supplemented from time to time |
| "**Offer**" | : | The mandatory unconditional cash offer by RHTC, for and on behalf of the Offeror, for all Offer Shares in accordance with Rule 14 of the Code on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT |
| "**Offer Announcement**" | : | The announcement released by RHTC, for and on behalf of the Offeror, on the Offer Announcement Date in relation to the Offer |
| "**Offer Announcement Date**" | : | 26 July 2018, being the date of the Offer Announcement |
| "**Offer Document**" | : | The offer document dated 10 August 2018 issued by RHTC, for and on behalf of the Offeror, in respect of the Offer |
| "**Offer Price**" | : | The offer price of S$0.13 in cash for each Offer Share |
| "**Offer Shares**" | : | All the issued Shares to which the Offer relates, as more particularly described in section 2.1 of this Circular |
| "**Offeror**" | : | BT Investment Pte. Ltd., a company incorporated in the Republic of Singapore which is a direct wholly-owned subsidiary of Baker |
| "**Offeror Securities**" | : | (a) The Offeror Shares; (b) securities which carry substantially the same rights as any Offeror Shares; and (c) convertible securities, warrants, options and derivatives in respect of any Offeror Shares or such securities in (b) |
| "**Offeror Shares**" | : | Ordinary shares in the share capital of the Offeror |
| "**Overseas Shareholders**" | : | Shareholders whose addresses are outside Singapore, as shown on the register of members of the Company or, as the case may be, in the records of CDP |
| "**Recommendation**" | : | The recommendation of the Directors in respect of the Offer |

| | | |
|---|---|---|
| "**RHTC**" | : | RHT Capital Pte. Ltd., the financial adviser to the Offeror |
| "**SFA**" | : | The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time |
| "**SGX-ST**" | : | Singapore Exchange Securities Trading Limited |
| "**Share Registrar**" | : | RHT Corporate Advisory Pte. Ltd. |
| "**Shareholders**" | : | Holders of Shares (including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST) |
| "**Shares**" | : | Issued and paid-up ordinary shares in the capital of the Company |
| "**SIC**" | : | The Securities Industry Council of Singapore |
| "**SRS**" | : | The Supplementary Retirement Scheme |
| "**SRS Agent Banks**" | : | Agent banks included under SRS |
| "**SRS Investors**" | : | Investors who have purchased Shares pursuant to SRS |
| "**SZ Offshore**" or "**Vendor S**" | : | SZ Offshore Investment Pte. Ltd. |
| "**S$**" | : | Singapore dollars, being the lawful currency of Singapore |
| "**US$**" or "**US cents**" | : | United States dollars and cents respectively, being the lawful currency of the United States of America |
| "**Valuation Certificates**" | : | The valuation certificates issued by the Independent Valuer in respect of the Group's entire fleet of vessels comprising 12 wholly-owned vessels and 4 co-owned vessels, as set out in Appendix 10 to this Circular |
| "**%**" or "**per cent.**" | : | Percentage or per centum |

**Acting in Concert.** Unless otherwise defined, the expression "**acting in concert**" shall have the meaning ascribed to it in the Code.

**Depositor, Depository Agent and Depository Register.** The expressions "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

**Gender, etc.** Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

**Headings.** The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

**Issued Shares.** Unless otherwise stated, any reference in this Circular to the total number of Shares in the capital of the Company as at the Latest Practicable Date is a reference to a total of 704,892,514 issued Shares (excluding 198,000 treasury shares).

**Rounding.** Any discrepancies in figures included in this Circular between the listed amounts and their totals are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them. All percentages included in this Circular are rounded to the nearest two (2) decimal places.

**Shareholders.** References to "you" and "your" in this Circular are, as the context so determines, to Shareholders.

**Statutes.** Any reference in this Circular to any enactment or statutory provision is a reference to that enactment or statutory provision for the time being amended, modified or re-enacted. Any word defined in the Companies Act, the Code, the SFA or any such statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Code, the SFA or that modification thereof, as the case may be, unless the context otherwise requires.

**Subsidiary, Related Corporation.** References to "subsidiary" and "related corporation" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

**Time and Date.** Any reference to a time of day and date in this Circular shall be a reference to Singapore time and date, unless otherwise specified.

**Statements which are reproduced in their entirety from the Offer Document, the IFA Letter and the Constitution are set out in this Circular within quotes and in italics, and all capitalised terms and expressions used within these reproduced statements shall have the same meanings ascribed to them in the Offer Document, the IFA Letter and the Constitution respectively. References to the "Latest Practicable Date" in extracts of the Offer Document shall mean 1 August 2018, being the latest practicable date prior to the printing of the Offer Document, as stated in the Offer Document.**

## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "if", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of information available as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results, performance or achievements of the Group may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA assumes any obligation to update publicly or revise any forward-looking statement, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

## SUMMARY TIMETABLE

| | | |
|---|---|---|
| Despatch Date and Commencement Date | : | 10 August 2018 (Friday) |
| Date of despatch of this Circular | : | 24 August 2018 (Friday) |
| Closing Date | : | **5:30 p.m. (Singapore time) on 7 September 2018. The Offeror has given notice that the Offeror does not intend to extend the Offer beyond 5:30 p.m. on 7 September 2018 and the Offer will not be open for acceptance beyond 5:30 p.m. on 7 September 2018, save that such notice shall not be capable of being enforced in a competitive situation** |
| Date of settlement of consideration for valid acceptances of the Offer[(1)] | : | In respect of acceptances of the Offer which are complete and valid in all respects, within seven (7) Business Days of the date of such receipt |

**Note:**

(1) Please refer to paragraph 1 of Appendix IV to the Offer Document for further details.

# CH OFFSHORE LTD.

(Company Registration Number 197600666D)
(Incorporated in the Republic of Singapore)

**Board of Directors:**

Thia Peng Heok George *(Chairman, Independent Director)*
Tan Pong Tyea *(Executive Director)*
James William Noe *(Chief Executive Officer and Executive Director)*
Zhang Haibo *(Non-Executive Director)*
Tan Sooh Whye *(Non-Executive Director)*
Tan Kian Huay *(Independent Director)*

**Registered Office:**

10 Anson Road
#33-15 International Plaza
Singapore 079903

24 August 2018

To: The Shareholders of CH Offshore Ltd.

Dear Sir/Madam

**MANDATORY UNCONDITIONAL CASH OFFER BY RHT CAPITAL PTE. LTD., FOR AND ON BEHALF OF BT INVESTMENT PTE. LTD., A DIRECT WHOLLY-OWNED SUBSIDIARY OF BAKER TECHNOLOGY LIMITED, TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF THE COMPANY OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY BT INVESTMENT PTE. LTD. AND PARTIES ACTING IN CONCERT WITH IT IN RELATION TO THE OFFER**

## 1. INTRODUCTION

### 1.1 Offer Announcement

On 26 July 2018, RHTC announced, for and on behalf of the Offeror, that the Offeror had, on the Offer Announcement Date, acquired an aggregate of 371,646,150 Shares comprising the following:

(a) 217,800,000 Shares acquired by the Offeror from Energian, a wholly-owned subsidiary of FEG, at the price of S$0.115 per Share; and

(b) 153,846,150 Shares acquired by the Offeror from SZ Offshore at the price of S$0.13 per Share.

The Shares acquired by the Offeror represents approximately 52.72% of the total number of Shares in the capital of the Company. As a result of the said acquisition of Shares, the Offeror is, in accordance with Rule 14.1 of the Code, required to make a mandatory unconditional cash offer for all other Shares.

A copy of the Offer Announcement is available on the website of the SGX-ST at www.sgx.com.

### 1.2 Offer Document

Shareholders should have by now received a copy of the Offer Document setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in section 2 of the Offer Document. **Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.**

A copy of the Offer Document is also available on the website of the SGX-ST at www.sgx.com.

### 1.3 Independent Financial Adviser

Stirling Coleman Capital Limited has been appointed as the independent financial adviser to advise the Directors for the purpose of making their Recommendation to Shareholders in respect of the Offer.

### 1.4 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information relating to the Offer and to set out the Recommendation of the Directors and the advice of the IFA to the Directors in respect of the Offer.

**Shareholders should read the Offer Document, this Circular and the IFA Letter (set out in Appendix 1 to this Circular) carefully and consider the Recommendation and the advice of the IFA to the Directors in respect of the Offer before deciding whether or not to accept the Offer.**

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

## 2. THE OFFER

Based on the information set out in the Offer Document, RHTC, for and on behalf of the Offeror, has made the Offer for all the Offer Shares, in accordance with Rule 14.1 of the Code and that the terms of the Offer will not be revised. The principal terms and conditions of the Offer, as extracted from the Offer Document, are set out below. All terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

### 2.1 Offer Shares

Section 2.2 of the Offer Document states the following:

"*The Offer is extended, on the same terms and conditions, to all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it and the treasury shares held by the Company as at the date of the Offer (the "**Offer Shares**").*"

**2.2 Consideration**

Section 2.3 of the Offer Document states that the Offer is made on the following basis:

"*For each Offer Share: S$0.13 in cash (the "**Offer Price**").*

***The Offer Price is final and the Offeror does not intend to revise the Offer Price.***

*The Offer Shares are to be acquired:*

*(a) fully paid;*

*(b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"); and*

*(c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by the Company) on or after the Offer Announcement Date.*

***If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital.***"

**2.3 Unconditional**

Section 2.4 of the Offer Document states the following:

"*The Offer is unconditional in all respects.*"

**2.4 No Options Proposal**

Section 2.5 of the Offer Document states the following:

"*Based on the unaudited 3rd quarter financial statements of the Company for the period ended 31 March 2018, there were no options granted under the CH Offshore Employee Share Option Scheme that was approved by the Shareholders at an extraordinary general meeting of the Company held on 27 May 2016. Accordingly, the Offeror is not making an options proposal.*"

**2.5 Warranty**

Section 2.6 of the Offer Document states the following:

*"Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by the Company in respect of Shares) on or after the Offer Announcement Date."*

**2.6 Duration of the Offer**

Section 2.7 of the Offer Document states the following:

"*The Offer is open for acceptance by Shareholders for at least 28 days after the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.*

***The Offer will close at 5:30 p.m. (Singapore time) on 7 September 2018, being the Closing Date. The Offeror does not intend to extend the Offer beyond 5:30 p.m. on the Closing Date. Notice is hereby given that the Offer will not be open for acceptance beyond 5:30 p.m. on the Closing Date, save that such notice shall not be capable of being enforced in a competitive situation. The terms of the Offer will also not be revised by the Offeror.***"

**2.7 Further Details of the Offer**

Further details of the Offer, including details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement of the level of acceptances of the Offer; and (c) the right of withdrawal of acceptances of the Offer, are set out in Appendix IV to the Offer Document.

**2.8 Procedures for Acceptance of the Offer**

The procedures for acceptance of the Offer are set out in Appendix V to the Offer Document and the accompanying FAA and/or FAT (as the case may be).

**3. INFORMATION ON BAKER AND THE OFFEROR**

The following information on Baker and the Offeror has been extracted from section 3 of the Offer Document and reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"***3. INFORMATION ON BAKER AND THE OFFEROR***

***3.1 The Offeror***

*The Offeror was incorporated in Singapore on 19 September 2013 and is a direct wholly-owned subsidiary of Baker. The Offeror is an investment holding company.*

*As at the Latest Practicable Date, the Offeror has an issued share capital of S$1 comprising 1 issued ordinary share.*

*As at the Latest Practicable Date, the directors of the Offeror are:*

*(a) Dr Benety Chang;*

*(b) Ms Jeanette Chang;*

*(c) Mr Heath McIntyre; and*

*(d) Mr Tan Yang Guan.*

***3.2 Baker***

*Baker was incorporated in Singapore in 1981 and was listed on the SGX-ST in July 1994. Baker and its subsidiaries (the "**Baker Group**") provides specialised marine offshore equipment and services, focusing mainly on the offshore oil and gas industry.*

*Baker has six (6) wholly-owned subsidiaries in Singapore involved in, amongst others, manufacturing and providing specialised marine offshore equipment and services for the oil and gas industry, design and fabrication of offshore and marine vessels and equipment and provision of offshore marine logistic support services, one (1) wholly-owned subsidiary in Malaysia involved in the provision of offshore marine logistic support services and one (1) wholly-owned subsidiary in Brunei Darussalam involved in the provision of offshore marine logistic support services.*

*As at the Latest Practicable Date, Baker has an issued share capital of S$108,788,054 comprising 202,877,948 ordinary shares.*

*As at the Latest Practicable Date, the directors of Baker are:*

*(a) Mr Lim Ho Seng (Chairman, Non-Executive Director)*

*(b) Dr Benety Chang (Chief Executive Officer, Executive Director)*

*(c) Ms Jeanette Chang (Executive Director)*

*(d) Mr Tan Yang Guan (Non-Executive Director)*

*(e) Mr Wong Meng Yeng (Lead Independent Director, Non-Executive Director)*

*(f) Mr Ang Miah Khiang (Independent Director, Non-Executive Director)*

*(g) Ms Han Sah Heok Vicky (Independent Director, Non-Executive Director)*

***Appendix I** of this Offer Document sets out additional information on Baker and the Offeror.*"

Further information on Baker and the Offeror, as extracted from Appendix I of the Offer Document, is set out in Appendix 3 to this Circular.

## 4. IRREVOCABLE UNDERTAKING

Details on the undertaking provided in favour of the Offeror have been extracted from section 5 of the Offer Document, and are reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated:

"***5. IRREVOCABLE UNDERTAKING***

*5.1 After disposing of 217,800,000 Shares to the Offeror, as at the Latest Practicable Date, Vendor F continues to hold 239,760,131 Shares (the "**Retained F Shares**"), representing approximately 34.01% of the total number of Shares in the capital of the Company. Vendor F had executed an irrevocable undertaking (the "**Undertaking**") in favour of the Offeror, pursuant to which Vendor F had undertaken and agreed, amongst other things, not to accept the Offer in respect of (a) all the Shares held by it and (b) any other Shares which it may acquire, or which may be allotted and issued to it, on or after the date of the Undertaking.*

*5.2 The Undertaking will terminate, lapse and cease to have any effect upon the earlier of:*

*(a) the close, lapse or withdrawal of the Offer; and*

*(b) the later of (i) the earliest closing date for the Offer based on the minimum offer period as prescribed by the Code (being 28 days after despatch of the Offer Document) and (ii) if applicable, such later closing date as may be prescribed by the SIC.*

*5.3 As at the Latest Practicable Date, save for the Undertaking, neither the Offeror nor any party acting in concert with it has secured any irrevocable undertaking from any party to accept or reject the Offer."*

## 5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTION FOR THE COMPANY

The full text stating the rationale for the Offer and the Offeror's intentions in relation to the Company has been extracted from section 6 of the Offer Document and is reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extracts below carefully.**

"***6. RATIONALE FOR THE OFFER***

***6.1 Rationale***

*The Offer is made by the Offeror to comply with Rule 14.1 of the Code because following the completion of the Acquisitions, the Offeror and parties acting in concert with it acquired Shares which represent in excess of 30% of the voting rights of the Company.*

***6.2 Intention of the Offeror***

*Save in connection with the integration and consolidation of the businesses of the Company, the Offeror currently has no intentions to (a) introduce any major changes to the existing business or management of the CHO Group, including any redeployment of the fixed assets of the CHO Group, or (b) discontinue the employment of the employees of the CHO Group, other than in the ordinary course of business. The Offer is in line with Baker's strategy to explore new business opportunities to increase the Baker Group's revenue stream and expansion of its product offerings through acquisitions and strategic alliances. The Offeror however retains the flexibility at any time to consider any options or opportunities in relation to the CHO Group which may present themselves and which the Offeror may regard to be in the best interests of the Offeror or the CHO Group.*

*It is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1105 of the Listing Manual, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST.*"

## 6. LISTING STATUS AND COMPULSORY ACQUISITION

The full text stating the Offeror's intentions in relation to the listing status and compulsory acquisition of the Company has been extracted from section 8 of the Offer Document and is reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated. **Shareholders are advised to read the extracts below carefully.**

"***8. LISTING STATUS AND COMPULSORY ACQUISITION***

***8.1 Listing Status***

*Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its concert parties to above 90% of the total number of issued Shares (excluding treasury shares), the SGX-ST may suspend the trading of the Shares in the Ready and Unit Share markets until it is satisfied that at least 10% of the total number of issued Shares (excluding treasury shares) are held by at least 500 shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding treasury shares), thus causing the percentage of the total number of issued Shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.*

*In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of issued Shares (excluding treasury shares) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding treasury shares) in public hands to at least 10%, failing which the Company may be removed from the official list of the SGX-ST.*

*It is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1105 of the Listing Manual, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST.*

***8.2 No Compulsory Acquisition***

*Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of the issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the Offer Announcement Date and which, for the avoidance of doubt, excludes any Shares held by the Company as treasury shares) (the "**Section 215(1) Threshold**"), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") at a price equal to the Offer Price.*

*In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90% or more of all the Shares (the "**Section 215(3) Threshold**"), the Dissenting Shareholders will have a right to require the Offeror to acquire their Shares at the Offer Price.*

*In view of the Undertaking, the Offeror does not expect to receive sufficient valid acceptances of the Offer in order to meet the Section 215(1) Threshold or the Section 215(3) Threshold. Accordingly, the Offeror will not be entitled to exercise any rights under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of the Dissenting Shareholders. Dissenting Shareholders will also not be entitled to exercise their rights under Section 215(3) of the Companies Act to require the Offeror to acquire their Shares.*

*As stated above, it is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1105 of the Listing Manual, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST.*"

## 7. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in Shares and shares in the Offeror as at the Latest Practicable Date are set out in Appendix 2 to this Circular.

## 8. INDEPENDENCE OF DIRECTORS

As at the Latest Practicable Date, all the Directors are considered independent for the purpose of making a recommendation to the Shareholders in respect of the Offer.

## 9. ADVICE OF THE IFA TO THE DIRECTORS

### 9.1 IFA

Stirling Coleman Capital Limited has been appointed as the independent financial adviser to the Directors in respect of the Offer.

**Shareholders should read and consider carefully the advice of the IFA to the Directors on the Offer as contained in the IFA Letter and the Recommendation before deciding on whether to accept or reject the Offer. The IFA Letter setting out the advice of the IFA to the Directors in respect of the Offer is set out in Appendix 1 to this Circular.**

### 9.2 IFA's advice to the Directors on the Offer

As set out in the IFA Letter, the IFA has made its recommendation to the Directors on the Offer, an extract of which is set out below. It should be considered and read in conjunction with, and in the context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated:

"***10 RECOMMENDATION AND CONCLUSION***

***Having carefully considered the information available to us, and the analysis set out in this Letter, and based upon the industry, market, economic and other relevant considerations as at the Latest Practicable Date, and subject to the qualifications and assumptions made herein, from a financial point of view, we are of the view that the financial terms of the Offer is NOT FAIR AND NOT REASONABLE.***

*In arriving at our recommendation in respect of the Offer, we have considered the following pertinent factors in our assessment of the Offer:*

*(i) the Offer Price is equal to the closing price for the Shares on the Last Trading Day, and at a discount of 11.0%, 11.6%, 21.7% and 33.7% for the Company as implied by the Offer Price over the 1-month, 3-months, 6-months, and 12-months VWAP for the Shares prior to the Offer Announcement Date, respectively;*

*(ii) save for the case of Blumont, the offer prices of all the other Precedent Non-Privatisation Transactions are at a premium over the relevant VWAPs for the 1-month and 3-months period prior to the respective announcement dates;*

*(iii) the Offer Price is equal to the closing price for the Shares on the Last Trading Day, and at a discount of 11.0% and 11.6% for the Group as implied by the Offer Price over the 1-month and 3-months VWAP for the Shares prior to the Offer Announcement Date, respectively, are within the comparable range but below the median (less favourable) of the corresponding ratios of the Precedent Non-Privatisation Transactions. Had Blumont been excluded, the discount implied by the Offer Price over the 1-month and 3-months VWAP for the Shares prior to the Offer Announcement Date would have been below the comparable range of the corresponding ratios of the Precedent Non-Privatisation Transactions;*

*(iv) between 26 July 2016 and up to the Last Trading Day, the Shares were mostly trading above the Offer Price at a range of between S$0.11 to S$0.40; and*

*(v) the Offer Price to RNAV multiple of 0.5x based on the Group's RNAV as at 30 June 2018 was within range but at the lower end of the range and below the median (less favourable) of the corresponding ratios of the Precedent Non-Privatisation Transactions.*

***Accordingly, we advise the Directors to recommend that Shareholders REJECT the Offer as on balance, the Offer is not fair from a financial point of view, and for Shareholders who wish to realise their Shares, to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting expenses).***

*Directors and Shareholders should note that the trading of the Shares are subject to, inter alia, the performance and prospects of the Group, prevailing market conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice of Stirling Coleman on the Offer* ***does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date*** *since these are governed by factors beyond the ambit of Stirling Coleman's review and also, such advice, if given, would not fall within Stirling Coleman's terms of reference in connection with the Offer.*

***We further recommend that the Directors should advise the Shareholders that Stirling Coleman's opinion should not be relied upon by any Shareholder as the sole basis for deciding whether to accept or reject the Offer.***

*In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his broker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.*

*This Letter (for inclusion in the Circular) is addressed to the Directors for their benefit, in connection with and for the purpose of their consideration of the Offer, but any recommendation made by the Directors in respect of the Offer to the Shareholders remains the responsibility of the Directors.*

*This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.*"

## 10. RECOMMENDATION OF THE DIRECTORS

The Directors, having carefully considered the terms of the Offer and the advice given by the IFA to the Directors in the IFA Letter, CONCUR with the IFA's advice and recommendation thereon. Accordingly, the Directors recommend that Shareholders **REJECT** the Offer.

**Shareholders should also note that there is no assurance that the price of the Shares will remain at current levels after the close of the Offer and the current price performance of the Shares may not be indicative of the future price performance levels of the Shares.**

**SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER CAREFULLY THE TERMS AND CONDITIONS OF THE OFFER SET OUT IN THE OFFER DOCUMENT, THE RECOMMENDATION OF THE DIRECTORS AND THE ADVICE OF THE IFA TO THE DIRECTORS IN RESPECT OF THE OFFER IN THEIR ENTIRETY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS SHOULD NOTE THAT THE ADVICE OF THE IFA AND THE RECOMMENDATION SHOULD NOT BE RELIED ON BY ANY SHAREHOLDER AS THE SOLE BASIS FOR DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER.**

**Further, in rendering the above Recommendation, the Directors have not had regard to any general or specific investment objectives, financial situations, tax status or position, risk profiles or particular needs and constraints or other particular circumstances of any individual Shareholder.**

**As different Shareholders would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his specific investment portfolio should consult his stockbroker, bank manager, accountant, solicitor, tax adviser or other professional adviser immediately.**

## 11. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to accept the Offer, must do so not later than 5:30 p.m. (Singapore time) on 7 September 2018, being the last day for the lodgement of acceptances for the Offer and should follow the procedures for acceptance of the Offer as set out in Appendix V to the Offer Document (and the FAA and/or the FAT).

Shareholders who do not wish to accept the Offer need not take further action in respect of the Offer Document (including the FAA and/or the FAT) which has been sent to them.

## 12. OVERSEAS SHAREHOLDERS

### 12.1 Overseas Shareholders

Overseas Shareholders should refer to section 9 of the Offer Document, the full text of which is extracted and reproduced below.

"***9. OVERSEAS SHAREHOLDERS OF THE COMPANY***

*The availability of the Offer to Shareholders whose addresses are outside Singapore as shown in the register of members of the Company or in the records of CDP (as the case may be) (each, an "**Overseas Shareholder**") may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions. Overseas Shareholders should also exercise caution in relation to the Offer, as this Offer Document, the FAA and the FAT have not been reviewed by any regulatory*

*authority in any overseas jurisdictions.* ***Where there are potential restrictions on sending this Offer Document, the FAA and/or the FAT to any overseas jurisdiction, the Offeror, RHTC, CDP and RHT Corporate Advisory Pte. Ltd. each reserves the right not to send these documents to Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Offer is open to all Shareholders, including those to whom this Offer Document, the FAA and/or the FAT have not been, or may not be, sent.***

*Copies of this Offer Document and any formal documentation relating to the Offer are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the law of that jurisdiction (a "**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

*The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.*

*Overseas Shareholders may, nonetheless, obtain copies of this Offer Document, the FAA and/or the FAT and any related documents, during normal business hours and up to 5:30 p.m. (Singapore time) on the Closing Date, from the Offeror through its receiving agent (for scrip shareholders), RHT Corporate Advisory Pte. Ltd., at its office located at 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619 or CDP (for depositors) at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Alternatively, an Overseas Shareholder may write to the Offeror through CDP or RHT Corporate Advisory Pte. Ltd. (as the case may be) at the addresses listed above to request for this Offer Document, the FAA and/or the FAT and any related documents to be sent to an address in Singapore by ordinary post at the Overseas Shareholder's own risk, up to three (3) Market Days prior to the Closing Date.*

*It is the responsibility of any Overseas Shareholder who wishes to (a) request for this Offer Document, the FAA and/or the FAT and/or any related documents, or (b) accept the Offer, to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, and compliance with all necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholder shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror and any person acting on its behalf (including RHTC) shall be fully indemnified and held harmless by such Overseas Shareholder for any such taxes, imposts, duties or other requisite payments as the Offeror and/or any person acting on its behalf (including RHTC) may be required to pay. In (i) requesting for this Offer Document, the FAA and/or the FAT and any*

*related documents and/or (ii) accepting the Offer, the Overseas Shareholder represents and warrants to the Offeror and RHTC that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements.* ***Any Overseas Shareholder who is in any doubt about his position should consult his professional adviser in the relevant jurisdiction.***

*The Offeror and RHTC each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Overseas Shareholders by announcement to the SGX-ST or notice and if necessary, by paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement, notice or advertisement.*"

**12.2 Copies of this Circular**

This Circular may not be sent to any Overseas Shareholder due to potential restrictions on sending such circulars and any related documents to the relevant overseas jurisdictions.

The Constitution provides that a member who (having no registered address in Singapore) has not supplied to the Company or (as the case may be) the Depository an address within Singapore for the service of notices or other documents shall not be entitled to receive any notice or other document from the Company.

Copies of this Circular may nonetheless be obtained during normal business hours and up to 5:30 p.m. (Singapore time) on the Closing Date from the Share Registrar at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619. Alternatively, an Overseas Person may write to the Share Registrar at the aforementioned address to request for the Circular and any related documents to be sent to an address in Singapore by ordinary post at his/her own risk (the last date for despatch in respect of such request shall be a date falling five (5) Business Days prior to the Closing Date).

A copy of this Circular is also available on the website of the SGX-ST at www.sgx.com.

**13. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS**

According to the Offer Document, CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

The Offer Document also states that CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date. CPFIS Investors and SRS Investors will receive the Offer Price payable in respect of their Offer Shares validly tendered in acceptance of the Offer through appropriate intermediaries in their respective CPF investment accounts and SRS investment accounts.

## 14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Circular (other than the IFA Letter, the Valuation Certificates and information relating to the Offer, Baker and/or the Offeror or any opinion expressed by Baker and/or the Offeror) are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this Circular, the omission of which would make any statement herein misleading, and the Directors jointly and severally accept responsibility accordingly.

In respect of the IFA Letter and the Valuation Certificates, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate.

Where any information has been extracted or reproduced from published or publicly available sources (including, without limitation, the Offer Document), the sole responsibility of the Directors of the Company has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular. The Directors do not accept any responsibility for any information relating to the Offer, Baker and/or the Offeror or any opinion expressed by Baker and/or the Offeror.

## 15. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this Circular which form part of this Circular.

Yours faithfully
for and on behalf of the Board of Directors of
**CH OFFSHORE LTD.**

Thia Peng Heok George
Chairman, Independent Director

## STIRLING COLEMAN CAPITAL LIMITED

(Company registration no. 200105040N)

4 Shenton Way #07-03
SGX Centre 2
Singapore 068807

24 August 2018

To: The Directors of CH Offshore Ltd
(Deemed to be independent for the purposes of the Offer), namely
Mr. Tan Pong Tyea,
Mr. James William Noe,
Mr. Zhang Haibo,
Ms. Tan Sooh Whye,
Mr. Thia Peng Heok, George, and
Mr. Tan Kian Huay

Dear Sirs

**MANDATORY UNCONDITIONAL CASH OFFER BY RHT CAPITAL PTE. LTD. ("RHTC") FOR AND ON BEHALF OF BT INVESTMENT PTE. LTD. ("OFFEROR"), A DIRECT WHOLLY-OWNED SUBSIDIARY OF BAKER TECHNOLOGY LIMITED ("BAKER") FOR ALL THE ISSUED ORDINARY SHARES ("SHARES") IN THE CAPITAL OF CH OFFSHORE LTD (THE "COMPANY", AND TOGETHER WITH ITS SUBSIDIARIES, THE "GROUP") OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated* 24 August 2018 *to the Shareholders (as define herein) of CH Offshore Ltd (the "**Circular**").*

### 1. INTRODUCTION

On 26 July 2018 ("**Offer Announcement Date**"), RHTC announced, for and on behalf of the Offeror, that the Offeror had, on the Offer Announcement Date, acquired an aggregate of 371,646,150 Shares comprising the following:

(a) 217,800,000 Shares acquired by the Offeror from Energian Pte. Ltd. ("**Energian**"), a wholly-owned subsidiary of Falcon Energy Group ("**FEG**"), at the price of S$0.115 per Share; and

(b) 153,846,150 Shares acquired by the Offeror from SZ Offshore Investment Pte. Ltd. ("**SZ Offshore**") at the price of S$0.13 per Share.

The Shares acquired by the Offeror represent approximately 52.72% of the total number of Shares in the capital of the Company. As a result of the said acquisition of Shares (the "**Acquisitions**"), the Offeror is, in accordance with Rule 14.1 of the Code, required to make a mandatory unconditional cash offer for all the Offer Shares.

As a result of the Acquisitions and in accordance with Section 139 of the SFA and Rule 14 of the Code, RHTC, for and on behalf of the Offeror, is making the Offer for the Offer Shares.

Shareholders should have by now received a copy of the Offer Document despatched by RHTC, for and on behalf of the Offeror, dated 10 August 2018, setting out, *inter alia*, the terms and conditions of the Offer. **Directors should advise Shareholders to read the terms and conditions of the Offer set out in the Offer Document carefully.**

Stirling Coleman Capital Limited ("**Stirling Coleman**") has been appointed as the independent financial adviser ("**IFA**") to advise the Directors for the purpose of making the recommendation to the Shareholders in respect of the Offer. This letter (the "**Letter"**) is therefore addressed to the Directors and sets out, *inter alia*, our views and evaluation on the financial terms of the Offer and our opinion thereon. It will form part of the Circular providing, *inter alia*, the details of the Offer and the recommendation of the Directors in respect thereof.

## 2. TERMS OF REFERENCE

Stirling Coleman has been appointed as the IFA to advise the Directors in respect of their recommendations to the Shareholders in relation to the Offer. Our opinion, by way of this Letter will be limited to the financial terms of the Offer, as of the date of this opinion.

Our terms of reference do not require us to evaluate or comment on the legal and commercial risks and/or merits of the Offer or the future prospects of the Company other than to form an opinion on whether the financial terms of the Offer is fair and reasonable to the Shareholders. Such evaluation or comment, if any, remains the responsibility of the Board of Directors and the management of the Company (the "**Management**"), although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares or the assets of the Company. It is not within our terms of reference to compare the relative merits of the Offer vis-à-vis any alternative transactions previously considered by the Board of Directors or transactions that the Board of Directors may consider in the future, and such comparison and consideration shall remain as the responsibility of the Board of Directors. The Directors have confirmed that, as at the latest practicable date being 17 August 2018 (the "**Latest Practicable Date**"), apart from the Offer being made by the Offeror, no alternative offer or proposal has been received from any third party.

In arriving at our opinion, we have not relied upon any financial projections or forecasts in respect of the Group. Our terms of reference do not require us to express and we do not express any view on the future growth prospects, financial position and earnings potential of the Group after the completion of the Offer. We therefore do not make any projection as to the future financial performance of the Group after the completion or expiry of the Offer.

We have also relied upon the responsibility statement that the Circular has been reviewed and approved by the Directors (including those who may have delegated detailed supervision of the Circular) who have taken all reasonable care and have made all

reasonable enquiries to ensure that, to the best of their knowledge and after due and careful consideration, the facts stated and the opinions expressed herein (other than those relating to the Offeror and those set out in this Letter) are fair and accurate and that no material facts have been omitted from this Circular which would make any statement in this Circular misleading, and they jointly and severally accept full responsibility accordingly. We have not independently verified such information but have made reasonable enquiries and exercised judgment on the reasonable use of information disclosed in the Circular and Offer Document as we deemed necessary and have found no reason to doubt the accuracy or reliability of such information.

Where any information in the Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror or the parties acting in concert with it, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources or, as the case may be, and/or reproduced in the Circular in its proper form and context.

In rendering our services, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise you to recommend that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular. We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter). A copy of this Letter will be reproduced in the Circular.

**Our recommendation in respect of the Offer, as set out in Section 9.2 of the Circular, should be considered in the context of the entirety of this Letter, the Circular and the Offer Document.**

## 3. THE OFFER

### 3.1 Terms of the Offer

Based on the information set out in the Offer Document, the Offeror is making the Offer for the Offer Shares subject to the terms and conditions set out in the Offer Document, the FAA and/or the FAT (as the case may be). The principal terms and conditions of the Offer, as extracted from **Section 2** of the Offer Document, are set out below.

#### 3.1.1 Offer

*"In accordance with Rule 14.1 of the Code, RHTC, for and behalf of the Offeror, hereby offers to acquire all the Offer Shares, subject to the terms and conditions set out in this Offer Document.*

***The terms of the Offer will not be revised.**"*

**3.1.2 Offer Shares**

*"The Offer is extended, on the same terms and conditions, to all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it and the treasury shares held by the Company as at the date of the Offer (the "**Offer Shares**")."*

**3.1.3 Consideration**

*"For each Offer Share: S$0.13 in cash (the "**Offer Price**").*

***The Offer Price is final and the Offeror does not intend to revise the Offer Price.***

*The Offer Shares are to be acquired:*

*(a) fully paid;*

*(b) free from all liens, equities, mortgages, charges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever ("**Encumbrances**"); and*

*(c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by the Company) on or after the Offer Announcement Date.*

***If any dividend, right or other distribution or return of capital is announced, declared, paid or made by the Company on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price by an amount equivalent to such dividend, right, other distribution or return of capital."***

**3.1.4 Unconditional**

*"The Offer is unconditional in all respects."*

**3.1.5 No Options Proposal**

*"Based on the unaudited 3rd quarter financial statements of the Company for the period ended 31 March 2018, there were no options granted under the CH Offshore Employee Share Option Scheme that was approved by the Shareholders at an extraordinary general meeting of the Company held on 27 May 2016. Accordingly, the Offeror is not making an options proposal."*

**3.1.6 Warranty**

*"Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting Shareholder that each Offer Share tendered in acceptance of the Offer is sold by the accepting Shareholder, as or on behalf of*

*the beneficial owner(s) thereof, (a) fully paid, (b) free from Encumbrances, and (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and thereafter attaching thereto (including the right to receive and retain all dividends, rights and other distributions or return of capital, if any, which may be announced, declared, paid or made thereon by the Company in respect of Shares) on or after the Offer Announcement Date."*

**3.1.7 Duration of the Offer**

*"The Offer is open for acceptance by Shareholders for at least 28 days after the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person is released from any obligation incurred thereunder.*

***The Offer will close at 5:30 p.m. (Singapore time) on 7 September 2018, being the Closing Date. The Offeror does not intend to extend the Offer beyond 5:30 p.m. on the Closing Date. Notice is hereby given that the Offer will not be open for acceptance beyond 5:30 p.m. on the Closing Date, save that such notice shall not be capable of being enforced in a competitive situation. The terms of the Offer will also not be revised by the Offeror.***"

**3.2 Further Details of the Offer**

Further details of the Offer, including details on (i) the settlement of the consideration for the Offer; (ii) the requirements relating to the announcement of the level of acceptances of the Offer; and (iii) the right of withdrawal of acceptances of the Offer are set out in **Appendix IV** of the Offer Document.

**3.3 Procedures for Acceptance**

Information on the procedures for acceptance is set out in **Appendix V** of the Offer Document.

**4 IRREVOCABLE UNDERTAKING**

Information on the irrevocable undertaking is set out in **Section 5** of the Offer Document and **Section 4** of the Circular.

**5 INFORMATION ON BAKER AND THE OFFEROR**

**5.1 The Offeror**

The Offeror was incorporated in Singapore on 19 September 2013 and is a direct wholly-owned subsidiary of Baker. The Offeror is an investment holding company. As at the Offer Announcement Date, the Offeror has an issued share capital of S$1 comprising 1 issued ordinary share.

As at the Offer Announcement Date, the directors of the Offeror are:

(a) Dr Benety Chang;

(b) Ms Jeanette Chang;

(c) Mr Heath McIntyre; and

(d) Mr Tan Yang Guan.

**5.2 Baker**

Baker was incorporated in Singapore in 1981 and was listed on the SGX-ST in July 1994. Baker, together with its subsidiaries (the "**Baker Group**"), provides specialised marine offshore equipment and services, focusing mainly on the offshore oil and gas industry.

Baker has six (6) wholly-owned subsidiaries in Singapore involved in, amongst others, manufacturing and providing specialised marine offshore equipment and services for the oil and gas industry, design and fabrication of offshore and marine vessels and equipment and provision of offshore marine logistic support services, one (1) wholly-owned subsidiary in Malaysia involved in the provision of offshore marine logistic support services and one (1) wholly-owned subsidiary in Brunei Darussalam involved in the provision of offshore marine logistic support services.

As at the Offer Announcement Date, Baker has an issued share capital of S$108,788,054 comprising 202,877,948 ordinary shares.

As at the Offer Announcement Date, the directors of Baker are:

(a) Mr Lim Ho Seng (Chairman, Non-Executive Director)

(b) Dr Benety Chang (Chief Executive Officer, Executive Director)

(c) Ms Jeanette Chang (Executive Director)

(d) Mr Tan Yang Guan (Non-Executive Director)

(e) Mr Wong Meng Yeng (Lead Independent Director, Non-Executive Director)

(f) Mr Ang Miah Khiang (Independent Director, Non-Executive Director)

(g) Ms Han Sah Heok Vicky (Independent Director, Non-Executive Director)

Additional information on Baker and the Offeror are set out in **Appendix I** of the Offer Document and **Appendix 3** of the Circular.

**6 INFORMATION ON THE COMPANY**

The Company was incorporated in Singapore on 31 March 1976 and was listed on the SGX-ST on 28 February 2003. The Company and its subsidiaries (the "**Group**") are principally engaged in the following businesses:

(a) investment holding; and

(b) the owning and chartering of vessels.

The Company has seven (7) wholly-owned subsidiaries in Singapore involved in, amongst others, ship management, investment holding, ship-owning and chartering and two (2) wholly-owned subsidiaries in Malaysia involved in, amongst others, ship-owning and chartering.

Additional information on the Company is set out in **Section 4** of the Offer Document and **Appendix 2** of the Circular.

## 7 RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

The full text of the rationale for the Offer and the Offeror's intentions for the Company are set out in **Sections 6.1 & 6.2** respectively of the Offer Document.

The rationale for the Offer is reproduced below for your reference.

*"The Offer is made by the Offeror to comply with Rule 14.1 of the Code because following the completion of the Acquisitions, the Offeror and parties acting in concert with it acquired Shares which represent in excess of 30% of the voting rights of the Company."*

The Offeror's intention for the Company is reproduced below for your reference.

*"Save in connection with the integration and consolidation of the businesses of the Company, the Offeror currently has no intentions to (a) introduce any major changes to the existing business or management of the CHO Group, including any redeployment of the fixed assets of the CHO Group, or (b) discontinue the employment of the employees of the CHO Group, other than in the ordinary course of business. The Offer is in line with Baker's strategy to explore new business opportunities to increase the Baker Group's revenue stream and expansion of its product offerings through acquisitions and strategic alliances. The Offeror however retains the flexibility at any time to consider any options or opportunities in relation to the CHO Group which may present themselves and which the Offeror may regard to be in the best interests of the Offeror or the CHO Group.*

*It is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1105 of the Listing Manual, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST."*

## 8 FINANCIAL ASSESSMENT OF THE OFFER

In assessing the financial terms of the Offer, we have deliberated on the following factors which we consider to be pertinent and have a significant bearing on our assessment:

(i) Financial performance and position of the Group;

(ii) Historical Share Price performance and trading liquidity;

(iii) The Group's

- Net Asset Value ("**NAV**") and Net Tangible Assets ("**NTA**"); and
- Revalued NAV ("**RNAV**");

(iv) Relative valuation analysis;

(v) Precedent non-privatisation transactions analysis;

(vi) Intention of the Offeror regarding listing status;

(vii) Dividend track record of the Company; and

(viii) Other relevant considerations.

**8.1 Financial Performance and Position of the Group**

We set out below a summary of the financial results of the Group for the last three financial years ended 30 June 2016, 2017 and 2018 ("**FY2016**", "**FY2017**" and "**FY2018**" respectively).

**Summary of the Group's Income and Loss Statement**

| **US$'000** | **Unaudited FY2018** | **Audited FY2017** | **Audited FY2016** |
|---|---|---|---|
| Revenue | 9,906 | 16,405 | 24,725 |
| Gross Profit after direct depreciation | (2,561) | 4,040 | 10,998 |
| (Loss) Profit before income tax | (24,473) | (40,836) | 10,215 |
| (Loss) Profit after income tax | (24,595) | (40,080) | 5,626 |

**Summary of the Group's Financial Position**

| **US$'000** | **Unaudited as at 30-Jun-18** | **Audited as at 30-Jun-17** | **Audited as at 30-Jun-16** |
|---|---|---|---|
| Current assets | 17,906 | 22,919 | 19,110 |
| Non-current assets | 102,875 | 123,646 | 168,838 |
| **Total assets** | **120,781** | **146,565** | **187,948** |
| Current liabilities | 12,940 | 9,839 | 13,568 |
| Non-current liabilities | 11,217 | 15,507 | 13,035 |
| **Total liabilities** | **24,157** | **25,346** | **26,603** |
| Issued Capital | 55,379 | 55,379 | 55,379 |
| Treasury stock | (46) | (46) | – |
| Accumulated profits | 41,291 | 65,886 | 105,966 |
| **Total Equity** | **96,624** | **121,219** | **161,345** |

**Summary of the Group's Cash Flows**

| US$'000 | Unaudited FY2018 | Audited FY2017 | Audited FY2016 |
|---|---|---|---|
| Net cash provided (used in)/generated from operating activities | 280 | (6,087) | 5,553 |
| Net cash provided (used in)/generated from investing activities | (710) | (653) | (8,814) |
| Net cash used in financing activities | – | 1,680 | (126,141) |
| **Cash and cash equivalents at end of period/year** | **4,249** | **4,668** | **9,711** |

*Source: FY2016 and FY2017 annual reports and Group's unaudited financial statement and related announcement for the year ended 30 June 2018*

**Note:**

1. Figures above are subject to rounding differences.

**8.1.1 Analysis of the Financial Performance of the Group**

Revenue

We noted that the Group recorded revenue of US$16.4 million in FY2017, a decrease of 33.6% from FY2016. Lower vessel charter rates and utilisation were largely the reason behind the decline in revenue.

We noted that the Group's revenue declined US$6.5 million to US$9.9 million in FY2018, a decrease of 39.6% from FY2017 due to lower charter rate as well as lower vessel utilization rate.

Net profit attributable to Shareholders of the Group

We noted that the Group recorded a loss after income tax of US$40.1 million in FY2017, against a profit after income tax of US$5.6 million in FY2016. The Group's loss was mainly attributable to lower vessel charter rates and utilisation, one-time vessel impairment charge of US$36.3 million and doubtful debt provision of US$2.4 million.

We noted that the Group recorded a full year loss of US$24.6 million in FY2018, a 38.6% decrease from prior year's loss of US$40.1 million. US$14.3 million of the Group's loss were attributable to one-off adjustments which include impairment provision for the Group's owned and jointly-owned vessels amounting to US$3.3 million and US$2.1 million respectively, impairment provision for investment in associated company amounting to US$0.2 million and doubtful debt provision amounting to US$8.7 million for outstanding debt due from FEG and its related companies. US$2.4 million of the Group's loss were related to share of loss on disposal of associate company vessels. The remaining losses of US$7.9 million were attributable to lower vessel utilization and charter rates and higher operating and financing expenditure incurred. We noted the Group's average vessel utilisation rate including jointly-owned vessels was 53% in FY2018, against an average vessel utilization rate of 63% in FY2017.

**We also noted that the Group had registered decreasing revenue for three consecutive years and recorded net losses the past two years, due to the prolonged downturn in the oil & gas industry, lower vessel utilisation rates and lower charter rates.**

### 8.1.2 Analysis of the Financial and Cash Position of the Group

We noted that the Group's assets comprised mainly fixed assets (amounting to US$89.0 million or 73.7% of total assets as at 30 June 2018), associated companies (8.3%), trade and other receivables (8.1%) and cash and cash equivalents (3.5%). The Group's liabilities comprised mainly bank borrowings (amounting to US$9.2 million or 37.9% of total liabilities as at 30 June 2018), deferred taxation (16.4%), other payables – deferred gain (16.9%), trade and other payables (15.3%) and client deposits (12.4%).

We noted that the Group's cash decreased from US$9.7 million as at 30 June 2016 to US$4.7 million as at 30 June 2017 largely due to loan granted to FEG, funding of related parties' and associates' companies expenditure and incurrence of dry docking expenditure amounting to US$0.7 million for one of the vessel. Trade and other receivables increased by US$8.8 million to US$18.0 million as at 30 June 2017 as compared to US$9.2 million as at 30 June 2016. The increase was largely due to US$4.3 million loan granted to FEG and increase in amount due from associates and related parties by US$1.9 million. The Group's non-current assets which comprised the Group's vessels and its investment in associates decreased by US$37.9 million to US$97.4 million as at 30 June 2017 as compared to US$135.3 million as at 30 June 2016. The decrease was mainly due to recognition of impairment charges of both the Group's owned and co-owned vessels after an in-depth evaluation of the carrying value of the vessels.

We noted that the Group's cash balance decreased by 9.0% from US$4.7 million as at 30 June 2017 to US$4.2 million as at 30 June 2018 mainly due to dry docking expenditure incurred on a vessel which was partially offset by the positive cash flow generated from operating activities and repayment from associates' companies. Trade and other receivables decreased US$8.2 million from US$18.0 million as at 30 June 2017 to US$9.8 million as at 30 June 2018 largely due to provision for doubtful debt of US$8.7 million made on amount due from ultimate holding company and related parties. Investment in associates declined US$16.1 million from US$26.2 million as at 30 June 2017 to US$10.1 million as at 30 June 2018 mainly due to reclassification of long term shareholder's loan amounting US$7.4 million from "investment in associates" to "short-and long-term loan to associates" due to revisions to the terms of the shareholder's loan agreement. The decline was also due to partial repayment of shareholders' loan by associates amounting US$1.4 million, share of associates losses before deferred gain adjustment of US$7.1 million and impairment provision for investment in associated company amounting US$0.2 million made during the year. The decline in fixed assets value were mainly due to annual depreciation adjustments of US$7.2 million and vessel impairment provision of US$3.3 million which were partially offset by fixed assets addition of US$2.1 million during the year.

We noted that the Group had maintained a positive working capital during the period under review. However, the net working capital of the Group had decreased from US$13.1 million as at 30 June 2017 to US$5.0 million as at 30 June 2018.

On-going Arbitration Proceeding

We noted that "As disclosed in the Company's Annual Report for FY2016, the Group had, in FY2016, entered into arbitration proceeding with three (3) ship brokers, namely, Maritima Altair Petromar S.A., Internaves Consorcio Naviero S.A. and Lamat Offshore Marine Inc., that were claiming for some unpaid commission fee against the Group, amounting to an aggregate of US$4,209,314.51 (which amount includes interest claimed by the three (3) ship brokers). As at the Latest Practicable Date, the arbitration proceeding is on-going and the final hearing has been fixed for 8 October 2018."

The Directors and Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, having considered the facts surrounding the arbitration proceeding and with consultation from their legal counsel, they are of the view that the above claim against the Group is not probable in the foreseeable future.

**8.1.3 Between 30 June 2018 and the Latest Practicable Date**

In respect of the above, the Directors and Management have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief, save for what have been previously disclosed above, in the Circular, the annual reports and its announcements on the SGXNET:

(i) there are no other off-balance sheet and contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;

(ii) there are no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;

(iii) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and

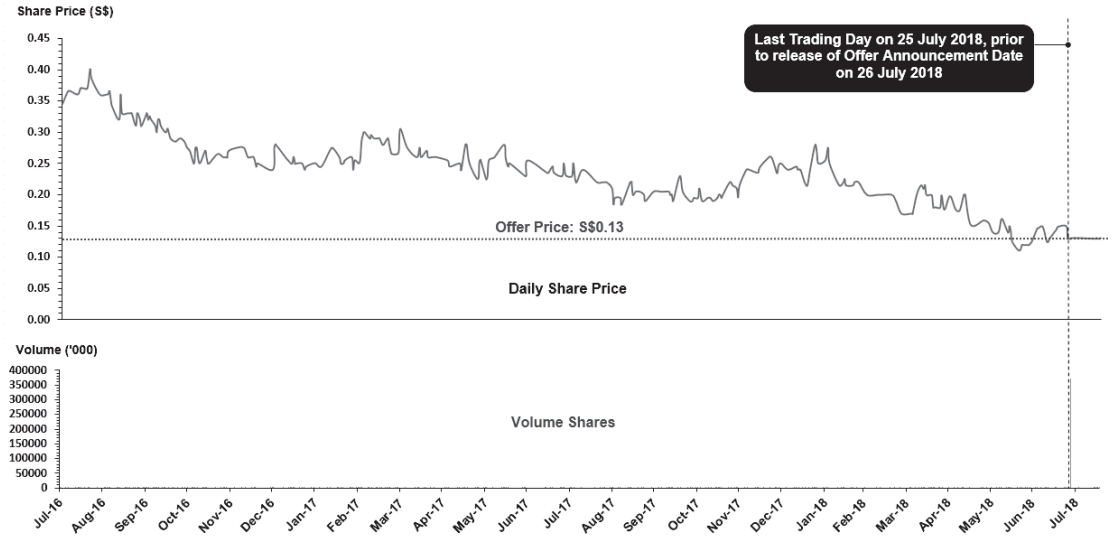
(iv) there are no material acquisitions and disposals of assets by the Group between 1 July 2018 and the Latest Practicable Date, other than in the ordinary course of business, and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of its material assets or material change in the nature of the Group's business.

## 8.2 Historical Share Price Performance and Trading Liquidity

### 8.2.1 Historical Share Price Performance

The following presents the historical chart of the closing prices of the Shares and the number of Shares traded on a daily basis during the period commencing from 26 July 2016, being the last 24 months period prior to 25 July 2018, being the Last Trading Day, and ending on the Latest Practicable Date.

**Chart 1: Share Price Performance from 26 July 2016 up to the Latest Practicable Date**




*Source: Bloomberg, and information/announcement from the SGX-ST*

Share Consolidation

The Company did not undertake any share consolidation exercises since it's listing on SGX-ST.

Period from 26 July 2016 up to the Last Trading Day

Based on Chart 1, between 26 July 2016 and up to the Last Trading Day, the Shares were mostly trading above the Offer Price at a range of between S$0.110 to S$0.400.

Period from the Last Trading Day up to the Latest Practicable Date

Based on Chart 1, between the Last Trading day to the Latest Practicable Date, the Shares were mostly trading close to the Offer Price at a range between S$0.130 to S$0.131.

### 8.2.2 Offer Price Comparison to Historical Share Price

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares commencing from 26 July 2017, being the 12-month period prior to the Last Trading Day, and ending on the Latest Practicable Date:

**Table 1: Share Price Performance and Trading Liquidity Table**

| | VWAP[1] (S$) | Premium/ (Discount) of the Offer Price to VWAP per Share (%) | Lowest Transacted Price (S$) | Highest Transacted Price (S$) | Average daily trading volume[2] (Shares) | Average daily trading volume as % of Free-float |
|---|---|---|---|---|---|---|
| **For the period prior to the Offer Announcement Date**[3] | | | | | | |
| Last 12 months | 0.196 | -33.67% | 0.111 | 0.370 | 22,063 | 0.02% |
| Last 6 months | 0.166 | -21.69% | 0.111 | 0.275 | 23,085 | 0.02% |
| Last 3 months | 0.147 | -11.56% | 0.111 | 0.200 | 32,542 | 0.03% |
| Last 1 month | 0.146 | -10.96% | 0.115 | 0.174 | 65,495 | 0.07% |
| Last Trading Day[4] | 0.130 | 0.00% | 0.130 | 0.130 | 5,000 | 0.01% |
| **For the period commencing on the Offer Announcement Date up to the Last Practicable Date**[5] | | | | | | |
| From the market day on the Offer Announcement Date up to and including the Latest Practicable Date | 0.131 | -0.76% | 0.129 | 0.150 | 23,271,941 | 24.89% |
| Latest Practicable Date | 0.131 | -0.76% | 0.130 | 0.131 | 146,100 | 0.16% |

*Source: Bloomberg as at the Latest Practicable Date, 17 August 2018*

**Notes:**

1. The Volume Weighted Average Price ("**VWAP**") was calculated by adding up the dollar value for every transaction and then dividing by the total shares traded for the day which were rounded to the nearest three decimal places.
2. The average daily trading volume of the Shares was computed based on the total number of Shares traded during the relevant periods divided by the number of market days which the SGX-ST is open for the trading of securities ("**Market Day**") for the relevant periods.
3. Free-float is approximately 93,486,233 Shares of the issued share capital held by the public as at the Last Trading Day.
4. **The Last Trading Day was defined as 25 July 2018 being the last full day of trading of the Shares prior to the Offer Announcement Date on 26 July 2018.** The closing price on 25 July 2018 is shown instead of VWAP.
5. Free-float is approximately 93,486,233 Shares of the issued share capital held by the public as at the Latest Practicable Date.

Based on Table 1, we note that the Offer Price is:

(i) at approximately 10.96%, 11.56%, 21.69% and 33.67% discount to the VWAP for the Shares for the period on the 1-month, 3-months, 6-months, and 12-months prior to the Offer Announcement Date respectively;

(ii) the same as the closing price for the Shares on the Last Trading Day;

(iii) at a discount of approximately 0.76% from the VWAP for the Shares for the period on the Offer Announcement Date up to the Latest Practicable Date; and

(iv) at a discount of approximately 0.76% from the last transacted price of S$0.131 on the Latest Practicable Date.

**8.2.3 Trading Volume and Liquidity**

Based on the number of Shares traded on a daily basis during the period commencing from 26 July 2017, being the Market Day 12 months prior to the Last Trading Day, and ending on the Latest Practicable Date, we noted that:

(i) from 26 July 2017 to the Last Trading Day, Shares were traded on 137 Trading Days out of the total 251 Market Days during the period, with the total number of Shares traded being approximately 5.5 million Shares and an average daily trading volume of approximately 22,063 Shares, which represents 0.003% of the issued Share capital as at the Last Trading Day or approximately 0.02% of the Free-float as at the Last Trading Day; and

(ii) for the period commencing from the Market Day immediately after the Offer Announcement Date up till and including the Latest Practicable Date, the Shares were traded on 8 days out of the 16 Market Days during the period, with the total number of Shares traded being approximately 372.4 million Shares and an average daily trading volume of approximately 23.3 million Shares, which represents 3.3% of the issued Share capital as at the Latest Practicable Date or approximately 24.9% of the Free-float as at the Latest Practicable Date.

**Table 2: Market Liquidity of the Top 10 largest companies in the FTSE ST Fledging Index**

| Company | Market Capitalisation[(1)] (S$ million) | Average Daily Trading Volume 12 months prior to Offer Announcement Date (million) | Average Daily Trading Volume as % Free Float Shares | Average Daily Trading Volume 6 months prior to Offer Announcement Date (million) | Average Daily Trading Volume as % Free Float Shares | Average Daily Trading Volume 3 months prior to Offer Announcement Date (million) | Average Daily Trading Volume as % Free Float Shares |
|---|---|---|---|---|---|---|---|
| Creative Technology Ltd/ Singapore | 271 | 0.43 | 0.87 | 0.83 | 1.67 | 0.33 | 0.67 |
| MYP Ltd | 251 | 0.08 | 0.04 | 0.15 | 0.07 | 0.09 | 0.04 |
| BHG Retail REIT | 225 | 0.03 | 0.02 | 0.02 | 0.01 | 0.04 | 0.02 |
| Sarine Technologies Ltd | 214 | 0.48 | 0.20 | 0.23 | 0.10 | 0.21 | 0.09 |
| Sunningdale Tech Ltd[(2)] | 210 | 1.08 | 0.89 | 1.32 | 1.08 | 1.45 | 1.20 |
| AEM Holdings Ltd | 198 | 2.99 | 1.34 | 3.90 | 1.74 | 3.01 | 1.35 |
| Singapore Reinsurance Corp Ltd | 194 | 0.53 | 0.09 | 0.06 | 0.01 | 0.06 | 0.01 |
| CSE Global Ltd | 185 | 1.96 | 0.58 | 2.87 | 0.85 | 2.21 | 0.66 |
| ABR Holdings Ltd | 173 | 0.02 | 0.15 | 0.01 | 0.08 | 0.01 | 0.12 |
| Sing Investments & Finance Ltd | 171 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 |
| **Max** | | | 1.34 | | 1.74 | | 1.35 |
| **Min** | | | 0.02 | | 0.01 | | 0.01 |
| **Median** | | | 0.17 | | 0.09 | | 0.11 |
| **Simple Average** | | | 0.42 | | 0.57 | | 0.42 |
| **The Group (implied by the Offer Price)** | **91.6** | **0.02** | **0.02** | **0.02** | **0.02** | **0.03** | **0.03** |

*Source: Bloomberg and FTSE ST Fledging Index factsheet (data as at 31 July 2018) from the SGX-ST website.*

(1) Based on market capitalization from the FTSE ST Fledging Index Factsheet. FTSE ST Fledging Index comprises 216 listed companies on the SGX-ST that are too small for the FTSE ST All-Share Index to capture.

(2) Formerly known as Plasolux Pte. Ltd.

**Benchmarking the liquidity of the Shares against SGX-ST listed small capitalisation companies**

Share prices transacted in the equity capital market can be affected by relative liquidity and free float at any given point in time. In analysing the liquidity of the Shares, we have given consideration to the liquidity of the Shares as compared with the ten largest companies by market capitalisation of the FTSE ST Fledging Index as at 31 July 2018 for the 12-months, 6-months and 3-months period preceding the Offer Announcement Date.

We noted that the average daily trading volume of the Shares of 0.02%, 0.02% and 0.03% of its free float for 12-months, 6-months and 3-months respectively. The 12-months average daily trading volume of the Shares of its free float were only higher than one of the top 10 constituents of FTSE ST Fledging Index prior to the Offer Announcement Date. It was approximately 94.4%, 95.7% and 92.0% lower than the simple average daily trading volume of 0.42%, 0.57% and 0.42% for the top 10 constituents in the FTSE ST Fledging Index as at 31 July 2018 for the corresponding 12-months, 6-months and 3-months periods.

**We noted that the trading volume of the Shares had generally been low in the past 12 months prior to the Offer Announcement Date. The Offer will provide an exit option for those Shareholders who wish to realise their investments in the Shares but find it difficult to do so as a result of the low trading liquidity. However, Shareholders should note that the past trading performance for the Shares should not be relied upon as an indication of its future trading performance.**

### 8.3 The Group's NAV, NTA and RNAV

#### 8.3.1 NAV and NTA analysis

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including any intangible assets including but not limited to goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However the NAV approach does not take into account or consideration the hypothetical sale of assets in a non-orderly manner or over a short period of time. The NAV does not illustrate the values at which assets may actually be realised or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group, with the balance to be distributed to its shareholders. However the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to land use rights, goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. The NTA does not illustrate the values of which assets may actually be realised or disposed of.

| Based on the Group's unaudited financial statement and related announcement for the year ended 30 June 2018[1] | |
|---|---|
| **NAV/NTA attributable to Shareholders as at 30 June 2018 (US$'000)** | **96,624** |
| Number of ordinary Shares of the Company (excluding treasury Shares) | 704,892,514[2] |
| **NAV/NTA per Share (US$)** | **0.137** |
| US$:SG$ as at Offer Announcement Date | 1.358[3] |
| **NAV/NTA per Share (S$)** | **0.186** |
| Offer Price(S$) | 0.130 |
| **Offer Price to NAV/NTA per Share (x)** | **0.698** |
| Discount of Offer Price to NAV/NTA per Share (%) | 30.2% |

**Notes:**

1. Figures and computations above are subject to rounding.
2. Based on the Group's unaudited financial statement and related announcement for the year ended 30 June 2018.
3. Source: Bloomberg exchange rate as at Offer Announcement Date

For illustrative purposes only, the Offer Price to NAV per Share ("**P/NAV**") and the discount of the Offer Price to NAV per Share as at 30 June 2018 were 0.698x and 30.2% respectively.

The Group had no intangible assets as at 30 June 2018. Accordingly, there is no difference between the NAV and NTA for the Group.

### 8.3.2 Revalued NAV of the Group

In our evaluation of the financial terms of the Offer, we have also considered whether there are any assets which may be valued at an amount that is materially different from what was recorded in the balance sheet of the Group as at 30 June 2018.

As mentioned under section 8.1.2 above, the Group's assets comprised mainly fixed assets (amounting to US$89.0 million or 73.7% of total assets as at 30 June 2018), associated companies (8.3%), trade and other receivables (8.1%) and cash and cash equivalents (3.5%). The Group's liabilities comprised mainly bank borrowings (amounting to US$9.2 million or 37.9% of total liabilities as at 30 June 2018), deferred taxation (16.4%), other payables – deferred gain (16.9%), trade and other payables (15.3%) and client deposits (12.4%).

For the purposes of assessing the market valuation of the vessels held by the Group, which is captured in the Group's balance sheet under "Fixed assets" and "Associated companies" (the "**Revalued Assets**"), the Company had commissioned VesselValues Ltd (the "**Independent Valuer**") to conduct a valuation for these vessels held by the Group as at 30 June 2018.

For illustrative purposes only, we have presented the net book value and the fair valuation amount of the Revalued Assets as at 30 June 2018 in the following table:

**Table 3: Revalued Assets**

| US$'000 | Unaudited as at 30-Jun-18 | Revalued as at 30-Jun-18 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | 4,249 | 4,249 |
| Trade and other receivables | 9,800 | 9,800 |
| Inventories | 140 | 140 |
| Loan to associated company | 3,595 | 3,595 |
| Prepayments | 122 | 122 |
| Total current assets | 17,906 | 17,906 |
| **Non-current assets** | | |
| Subsidiary companies | – | – |
| Associated companies | 10,069 | 8,918 |
| Loan to associated company | 3,818 | 3,818 |
| Fixed assets | 88,988 | 116,961 |
| Total non-current assets | 102,875 | 129,697 |
| **Total assets** | 120,781 | 147,603 |
| **LIABILITIES** | | |
| **Current liabilities** | | |
| Trade and other payables | 3,705 | 3,705 |
| Withholding tax accruals | 260 | 260 |
| Other payables – deferred gain | 321 | 321 |
| Borrowings | 5,651 | 5,651 |
| Advance from client | – | – |
| Income tax payable | 3 | 3 |
| Client deposit | 3,000 | 3,000 |
| Deferred interest income | – | – |
| Total current liabilities | 12,940 | 12,940 |
| **Non-current liabilities** | | |
| Borrowings | 3,513 | 3,513 |
| Other payables – deferred gain | 3,752 | 3,752 |
| Client deposit | – | – |
| Deferred interest income | – | – |

| US$'000 | Unaudited as at 30-Jun-18 | Revalued as at 30-Jun-18 |
|---|---|---|
| Deferred taxation | 3,952 | 3,952 |
| Total non-current liabilities | 11,217 | 11,217 |
| **Total liabilities** | 24,157 | 24,157 |
| **NAV/RNAV as at 30 June 2018** | **96,624** | **123,446** |
| US$:S$ as at Offer Announcement Date | 1.358[(2)] | |
| Number of issued shares of the Company (as at the Latest Practicable Date) | | 704,892,514 |
| NAV/RNAV per share (S$) | 0.186 | 0.238 |
| Offer Price (S$) | | 0.13 |
| **Offer Price to RNAV per Share (x)** | | **0.547** |
| Discount of Offer Price to RNAV per Share (%) | | 45.3% |

**Notes:**

1. Figures and computations above are subject to rounding and exchange rate differences.
2. Bloomberg exchange rate as at Offer Announcement Date

For illustrative purposes only, the Offer Price to RNAV per Share ("**P/RNAV**") and the discount of the Offer Price to RNAV per Share as at 30 June 2018 were 0.547x and 45.3% respectively.

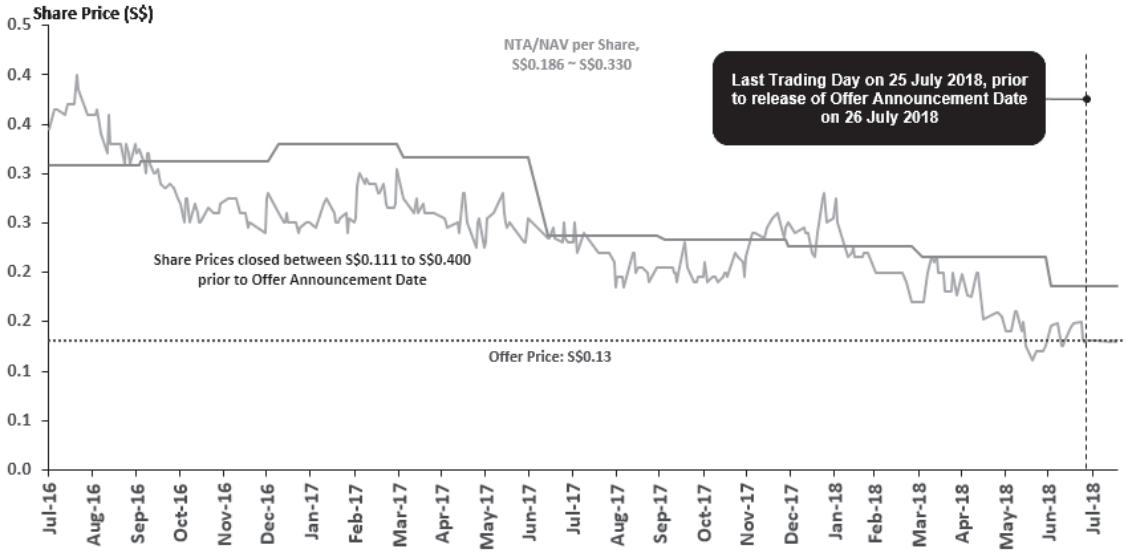
Except for the Revalued Assets identified above, the Directors and the Management of the Company had confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated fair value of the other assets for which no valuation was obtained and their respective book value. The Directors confirmed that they are aware of and are satisfied with the selection of the Revalued Assets for the valuation exercise.

We have been furnished by the Company with the valuation reports in respect of the fair value of the Revalued Assets. For the avoidance of doubt, as we are not experts in the evaluation or appraisal of assets, we have not made any independent evaluation or appraisal of the Revalued Assets and have relied solely on the valuation reports for the fair value of the Revalued Assets.

### 8.3.3 Historical Share Prices of the Company against its trailing NAV/NTA per Share

We have compared the historical Share prices of the Company and the Offer Price against the trailing NAV/NTA per Share of the Group over the 24 months period prior to the Last Trading Day, as shown below:

**Chart 2: Historical Share Prices of the Company against its trailing NAV/NTA per Share**(1)




*Source: Bloomberg as at the Latest Practicable Date, annual reports and interim financial statements*

Based on the Group's unaudited financial statements as at 30 June 2018, the Offer Price represents a discount of approximately 30.2% to the Group's unaudited NAV/NTA per Share.

Based on Chart 2 above, we noted that the closing Share Prices of the Company had been trading both above and below its NAV/NTA per Share in the past 24 months prior to and including the Last Trading Day, at a (discount) and premium range of between (48.7)% and 29.6%. We also noted that the Closing Share Prices of the Company had been trading below its NAV/NTA per share since 9 February 2018 to and including the Last Trading Day.

**Shareholders should note that the computation above is solely for illustration purposes as the NAV may not be fully realisable at its book value or revalued value, especially within a short time frame, and the market value of some of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such assets. Also, we wish to highlight that the NAV of the Group may deteriorate further if the Group incurs losses after 30 June 2018.**

**8.3.4 Comparison of P/RNAV against comparable companies and precedent non-privatisation transactions**

We have compared the P/RNAV of the Group against the P/NAV of comparable companies to the Group. Please refer to section 8.4 of this Letter.

We have also compared the P/RNAV of the Group against the offer price to NAV/NTA multiple of precedent non-privatisation transactions. Please refer to section 8.5 of this Letter.

**8.4 Relative Valuation Analysis**

In assessing the reasonableness of the Offer Price, we have also considered the financial performance, financial position and valuation statistics of selected comparable companies listed on the SGX-ST ("**Comparable Companies**") that may, in our view, be broadly comparable to the Offshore Oil & Gas Services segment. We have selected Comparable Companies in the Offshore Oil & Gas Services segment with market capitalisation of below S$300.0 million.

We advise the Directors to note that **there may not be any company listed on the SGX-ST that is directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria.** We wish to highlight that it may be difficult to place reliance on the comparison of valuation statistics for the Comparable Companies as the business of these selected companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares and that of the Group may differ. In addition, we wish to highlight that the list of Comparable Companies is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion draw from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Group as at the Latest Practicable Date.

The Directors should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

**8.4.1 Comparable Companies for the Offshore Oil & Gas Services segment**

| Comparable Companies (all these companies are listed on the SGX-ST) | Market capitalisation (S$ million) | Principal activities |
|---|---|---|
| Atlantic Navigation Holdings (Singapore) Ltd. | 33.9 | Atlantic Navigation Holdings (Singapore) Ltd. is a shipping company. The Company offers an integrated platform of services including vessel owning, operating, chartering of third party vessels, maintenance workshop and steel fabrication works for the offshore industry. Atlantic primarily operates its fleet in the Middle East and Indian markets. |
| Ezion Holdings Limited | 272.9 | Ezion Holdings Limited offers provision of offshore marine logistics and support services, and provides development, ownership, and chartering of strategic offshore assets. |
| Falcon Energy Group Limited | 29.8 | Falcon Energy Group Limited provides marine, oil and gas services. |
| Jasper Investments Limited | 30.5 | Jasper Investments Limited is an investment holding company that provides marine transportation services in the North Asian region. The company offers transportation services, including chartering and operating various vessels and transportation equipment for the infrastructure players in the reclamation, construction, and earthwork sectors. |
| Kim Heng Offshore & Marine Holdings Limited | 58.1 | Kim Heng Offshore & Marine Holdings Limited operates as an investment holding company. The Company, through its subsidiaries, provides offshore rig mover and marine support services which includes construction, fabrication works, installation, afloat repairs, refurbishment, and maintenance for drilling rigs and vessels, offshore production modules, systems, and platforms. |
| Marco Polo Marine Limited | 102.1 | Marco Polo Marine Limited is an integrated shipping company. The Company provides services that include ship chartering, ship building and repair, and brokering services. |
| Vallianz Holdings Limited | 149.0 | Vallianz Holdings Limited is a vessel and equipment owning, and leasing company. The Company provides marine support services, primarily marine asset ownership, leasing, and fleet management. |

*Source: Bloomberg as at 17 August 2018*

The following tabulates the key financial ratios for comparison of financial performance for the past 12 months period ended 30 June 2018 ("**T12**") and financial position as at 30 June 2018 for the Comparable Companies and the Group:

**Table 4: Financial Performance and debt position of the Group and the Comparable Companies for the Offshore Oil & Gas Services segment**

| Comparable Companies | T12 ROE[1] (%) | T12 Net profit/loss margin[2] (%) | T12 Asset turnover[3] (x) | Total liabilities/ shareholders' equity (x) | Total borrowings/ shareholders' equity (x) | Net Debt/ Cash Position[4] |
|---|---|---|---|---|---|---|
| Atlantic Navigation Holdings (Singapore) Ltd. | (14.7) | (24.6) | 0.2 | 1.8 | 1.3 | Net Debt |
| Ezion Holdings Limited | (208.8) | (556.6) | 0.1 | 3.2 | 2.8 | Net Debt |
| Falcon Energy Group Limited | (82.3) | (200.7) | 0.2 | 1.6 | 1.0 | Net Debt |
| Jasper Investments Limited | (32.4) | (381.7) | 0.1 | 0.2 | 0.0 | Net Cash |
| Kim Heng Offshore & Marine Holdings Limited | (24.3) | (67.5) | 0.2 | 0.6 | 0.4 | Net Debt |
| Marco Polo Marine Limited | 145.0 | 631.2 | 0.2 | 0.1 | 0.0 | Net Cash |
| Vallianz Holdings Limited | 7.2 | 9.0 | 0.3 | 1.5 | 1.0 | Net Debt |
| **High** | 145.0 | 631.2 | 0.3 | 3.2 | 2.8 | |
| **Low** | (208.8) | (556.6) | 0.1 | 0.1 | 0.0 | |
| **Median** | (24.3) | (67.5) | 0.2 | 1.5 | 1.0 | |
| **Simple Average** | (30.1) | (84.4) | 0.2 | 1.3 | 0.9 | |
| **The Group** | (25.5) | (248.9) | 0.1 | 0.3 | 0.1 | Net Debt |

*Source: Bloomberg as at the 17 August 2018, annual reports and the unaudited interim financial statements of the Comparable Companies*

**Notes:**

1. The T12 Return on Equity ("**ROE**") was calculated based on the ratio of the T12 net profit after tax attributable to the shareholders to the shareholders' equity exclude minority interest as at the end of the latest published financial quarter of the respective companies.
2. T12 net profit/loss margin was calculated based on the ratio of T12 net profits/losses after tax attributable to shareholders to the T12 revenue of the respective companies.
3. T12 asset turnover was calculated based on the ratio of the T12 revenue to the total assets as at the end of the latest published financial quarter of the respective companies.
4. The Net Debt is the sum of all short-term and long-term debt less the total cash and cash equivalents as at the end of the latest published financial quarter. Net cash, in the context of this Letter, represents a positive cash position after deducting total debt from cash and its short-term equivalents.

Based on Table 4, we noted the following:

(i) the Group's T12 ROE was negative and within the range but below the median (less favourable) of the Comparable Companies;

(ii) the Group's T12 net profit/loss margin was negative and within the range but below the median (less favourable) of the Comparable Companies;

(iii) the Group's T12 Asset turnover of 0.1x was within the range but below the median (less favourable) of the Comparable Companies;

(iv) the Group's total liabilities to shareholders' equity ratio and total borrowings to shareholders' equity ratio of 0.3x and 0.1x were within the range but below the median (more favourable) of the Comparable Companies; and

(v) the Group is in a net debt position

**Table 5: Valuation Statistics of the Group and the Comparable Companies for the Offshore Oil & Gas Services segment**

| Comparable Companies | Financial period | Market Capitalisation (S$ million) | T12 PER[(1)] (x) | T12 EV/EBITDA[(2)] (x) | P/NAV[(3)] (x) |
|---|---|---|---|---|---|
| Atlantic Navigation Holdings (Singapore) Ltd. | 30-Jun-18 | 33.9 | N.M. | 14.6 | 0.3 |
| Ezion Holdings Limited | 30-Jun-18 | 272.9 | N.M. | N.M. | 0.5 |
| Falcon Energy Company Limited | 31-Mar-18 | 29.8 | N.M. | N.M. | 0.2 |
| Jasper Investments Limited | 30-Jun-18 | 30.5 | N.M. | N.M. | 32.2[(5)] |
| Kim Heng Offshore & Marine Holdings Limited | 30-Jun-18 | 58.1 | N.M. | N.M. | 0.8 |
| Marco Polo Marine Limited | 30-Jun-18 | 102.1 | 0.6 | 0.4 | 0.9 |
| Vallianz Holdings Limited | 30-Jun-18 | 149.0 | 6.7 | 7.2 | 0.5 |
| **High** | | | 6.7 | 14.6 | 0.9 |
| **Low** | | | 0.6 | 0.4 | 0.2 |
| **Median** | | | 3.6 | 7.2 | 0.5 |
| **Simple Average** | | | 3.6 | 7.4 | 0.5 |
| **The Group (implied by the Offer Price)** | **30-Jun-18** | **91.6[(4)]** | **N.M.** | **N.M.** | **0.7 (P/NAV)** |
| | | | | | **0.5 (P/RNAV)** |

*Source: Bloomberg as at 17 August 2018, annual reports and the unaudited interim financial statements of the Comparable Companies.*

**Notes:**

1. T12 Price-Earnings Ratio ("**PER**") was calculated based on the ratio of market capitalization as at Latest Practicable Date to T12 net profits after tax attributable to shareholders of the respective companies.
2. The Enterprise Value ("**EV**") was calculated based on the sum of the companies' market capitalization as Latest Practicable Date, preferred equity, minority interests, short and long term debts less cash and cash equivalents. The T12 Earnings before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") is computed based on the trailing 12 months period ending on the latest financial quarter for which financial results have been published.
3. The Price to NAV ("**P/NAV**") was calculated based on the ratio of market capitalization as at the Latest Practicable Date to the NAV attributable to shareholders of the respective companies.
4. Based on offer price of S$0.13.
5. Excluded from our analysis as it is a statistical outlier.
6. N.M. denotes not meaningful as the company reported negative earnings for the period.

Based on Table 5, we noted the following:

(i) the Group's T12 PER and T12 EV/EBITDA was not meaningful as the Group reported negative earnings for the period;

(ii) the Group's Offer Price to NAV multiple of 0.7x based on the Group's NAV as at 30 June 2018 was within the range and above the median (more favourable) of the Comparable Companies; and

(iii) the Group's Offer Price to RNAV multiple of 0.5x based on the Group's RNAV as at 30 June 2018 was within the range and equal to the median of the Comparable Companies.

**8.5 Precedent Non-Privatisation Transactions Analysis**

In assessing the reasonableness of the Offer Price, we have also compared the valuation statistics implied by the Offer Price with those of selected recent non-privatisation transactions undertaken by SGX-ST listed companies.

For our analysis, we have compared the financial terms of the Offer against all precedent non-privatisation transactions carried out either by general takeover offer since January 2016 and up to the Latest Practicable Date.

**Table 6: Valuation Statistics of Precedent Non-Privatisation Transactions**

| | | | Premium/(Discount) over the | | | |
|---|---|---|---|---|---|---|
| **Company** | **Ann Date** | **Offer Price (S$)** | **Last transacted price prior to ann date (%)** | **1-month VWAP prior to ann date (%)** | **3-months VWAP prior to ann date (%)** | **Offer Price to NTA/NAV (x)** |
| Abundance International Limited | 24-Mar-16 | 0.05000 | 72.4 | 65.6 | 67.2 | 1.3[(1)] |
| Ellipsiz Ltd | 07-Jul-16 | 0.38000 | 1.6 | 5.0 | 8.0 | 0.5[(2)] |
| Halcyon Agri Corporation Limited | 18-Jul-16 | 0.75000 | 24.0 | 51.7 | 28.5 | 3.3[(3)] |
| International Healthway Corporate Limited | 16-Feb-17 | 0.10600 | 0.0 | 14.0 | 20.5 | 0.9[(4)] |
| CMC Infocomm Limited | 07-May-17 | 0.09500 | 74.4 | 18.8 | 34.6 | 1.7[(5)] |
| Cityneon Holdings Limited | 12-May-17 | 0.90000 | (5.4) | 0.6 | 3.9 | 3.2[(6)] |
| Mary Chia Holdings Limited | 24-Aug-17 | 0.11100 | 68.2 | 93.0 | 96.1 | 2.8[(7)] |
| Blumont Company Ltd | 24-Aug-17 | 0.00018 | (81.8) | (87.9) | (86.0) | 0.6[(8)] |
| BRC Asia Limited | 08-Sep-17 | 0.92500 | 33.1 | 30.3 | 35.3 | 0.8[(9)] |
| TMC Education Corporation Ltd. | 15-Dec-17 | 0.06750 | 68.8 | 50.0 | 29.8 | 1.5[(10)] |
| **High** | | | 74.4 | 93.0 | 96.1 | 3.3 |
| **Low** | | | (81.8) | (87.9) | (86.0) | 0.5 |
| **Median** | | | 28.6 | 24.6 | 29.2 | 1.4 |
| **Simple Average** | | | 25.5 | 24.1 | 23.8 | 1.7 |
| **The Group** | | | | | | |
| **(implied by the Offer Price and based on Share prices prior to the Offer Announcement Date)** | **26-Jul-18** | **0.13** | **0.0** | **(11.0)** | **(11.6)** | **0.7 (P/NAV)** |
| | | | | | | **0.5 (P/RNAV)** |

*Source: Circulars of the respective selected transactions*

**Notes:**

1. Based on the NTA per share of Abundance International Limited as at 31 December 2015 and enlarged share capital pursuant to the share issuance on 24 March 2016;
2. Based on unaudited NAV per share of Ellipsiz Ltd as at 30 June 2016;
3. Based on the offer price of S$0.75, Halcyon Agri Corporation Limited's last 12-month financials, the last transacted price of S$0.605 for the company's shares on 8 September 2015, and the respective VWAP periods up to and including 8 September 2015;
4. Based on the NTA per share of International Healthway Corporate Limited as at 30 September 2016;
5. Based on the NTA per share of CMC Infocomm Limited as at 30 November 2016;
6. Based on the NAV per share of Cityneon Holdings Limited as at 31 December 2016;
7. Based on the revalued NAV (excluding non-controlling interest) per share of Mary Chia Holdings Limited as at 31 March 2017;
8. Based on the revalued NTA per share of Blumont Company Ltd as at 30 June 2017;
9. Based on the revalued NAV per share of BRC Asia Limited as at 30 June 2017; and
10. Based on the adjusted NTA per share of TMC Education Corporation Ltd. as at 30 June 2017.

Based on Table 6, we noted that:

(i) save for the case of Blumont Company Ltd ("**Blumont**"), the offer prices of all the other Precedent Non-Privatisation Transactions are at a premium over the relevant VWAPs for the 1-month and 3-months period prior to the respective announcement dates;

(ii) the Offer Price is equal to the closing price for the Shares on the Last Trading Day, and at a discount of 11.0% and 11.6% for the Group as implied by the Offer Price over the 1-month and 3-months VWAP for the Shares prior to the Offer Announcement Date, respectively, are within the comparable range but below the median (less favourable) of the corresponding ratios of the Precedent Non-Privatisation Transactions. Had Blumont been excluded, the discount implied by the Offer Price over the 1-month and 3-months VWAP for the Shares prior to the Offer Announcement Date would have been below the comparable range of the corresponding ratios of the Precedent Non-Privatisation Transactions;

(iii) the Group's Offer Price to NAV multiple of 0.7x based on the Group's NAV as at 30 June 2018 was within range but below the median (less favourable) of the corresponding ratios of the Precedent Non-Privatisation Transactions; and

(iv) the Group's Offer Price to RNAV multiple of 0.5x based on the Group's RNAV as at 30 June 2018 was within range but at the lower end of the range and below the median (less favourable) of the corresponding ratios of the Precedent Non-Privatisation Transactions.

**We wish to highlight that the circumstances for each of the transactions is unique and as the companies of transactions involved may not be directly comparable to the Group and the Group in terms of business activities, size of operations, market capitalization, asset base, risk profile, track record, future prospects, time and other relevant criteria. As such, the analysis is necessarily limited. Furthermore, the list of precedent non-privatisation transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Offer and the precedent non-privatisation transactions serves as an illustrative guide only.**

### 8.6 Intention of the Offeror regarding Listing Status

We noted that it is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1105 of the Listing Manual, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST.

As at the Latest Practicable Date, the Offeror and its concert parties directly or indirectly hold and/or control in aggregate 371,646,150 Shares, representing approximately 52.7 per cent. of the total number of Shares. In addition, the Offeror has received an irrevocable undertaking not to accept the Offer in respect of 239,760,131 Shares, representing approximately 34.0% of the total number of Shares in the capital of the Company.

We noted that, as set out in **Section 8.2** of the Offer Document, the Offeror does not expect to receive sufficient valid acceptances of the Offer in order to meet the Section 215(1) Threshold or the Section 215(3) Threshold in respect of the Compulsory Acquisition provisions under the Companies Act. Accordingly, Shareholders should note that there will be no compulsory acquisition of the Shares. Please refer to **Section 8.2** of the Offer Document for further details.

### 8.7 Dividend Track Record of the Group

We noted that the Group did not pay dividends for the last 2 financial years, with the last dividend distribution made for the financial year ended 30 June 2016. We noted that the Group carried out a distribution of S$0.26 and S$0.04 per ordinary share based on 705,090,514 ordinary shares as at 30 June 2016 and 2015 respectively.

The Directors have confirmed that the Group does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Group's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans.

The Directors have also confirmed that the Group currently does not have any plan to distribute its cash to its shareholders by way of a special dividend or otherwise. Hence there is no certainty that the Group will pay a special dividend to distribute its cash to shareholders in the near future.

We wish to highlight that the above dividend analysis of the Group serves only as an illustrative guide and is not an indication of the Group's future dividend policy.

### 8.8 Other Relevant Considerations

#### 8.8.1 No revision in Offer Price

Pursuant to **Section 2.1** of the Offer Document, we note that the Offer Price is final and the Offeror does not intend to revise the Offer Price.

**8.8.2 No Competing Offer Received**

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, there is no competing offer or proposal received from any third party. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

**8.8.3 Transaction costs in connection with the disposal of the Shares**

The Offer presents an opportunity for Shareholders to dispose of their Shares for cash without any transaction costs as opposed to the sale of the Shares in the open market which will incur expenses such as brokerage or other trading costs.

**9 SUMMARY OF ANALYSIS**

In arriving at our opinion in respect of the financial terms of the Offer, we have deliberated on various factors which we consider to be pertinent and have a significant bearing on our assessment including, *inter alia,* the following:

**(a) Rationale for the Offer**

We noted that the Offer is made by the Offeror to comply with Rule 14.1 of the Code because following the completion of the Acquisitions, the Offeror and parties acting in concert with it have acquired Shares which represent in excess of 30% of the voting rights of the Company

**(b) Financial performance and position of the Group**

Declining financial performance of the Group for three consecutive financial years

We noted that the Group had registered decreasing revenue for three consecutive years and recorded net losses the past two years, due to the prolonged downturn in the oil & gas industry, lower vessel utilisation rates and lower charter rates.

**(c) Historical Share price performance and trading liquidity**

Period from 26 July 2016 up to the Last Trading Day

Based on Chart 1, between 26 July 2016 and up to the Last Trading Day, the Shares were mostly trading above the Offer Price at a range of between S$0.110 to S$0.400.

Period from the Last Trading Day up to the Latest Practicable Date

Based on Chart 1, between the Last Trading day to the Latest Practicable Date, the Shares were mostly trading close to the Offer Price at a range between S$0.130 to S$0.131.

Low trading volume for the Shares

We noted that the trading volume of the Shares on SGX-ST had generally been low and the Shares of the Company only traded on 137 Trading Days out of the total 251 Market Days during the period, with the total number of Shares traded being approximately 5.5 million Shares and an average daily trading volume of approximately 22,063 Shares, which represents 0.003% of the issued Share capital as at the Last Trading Day or approximately 0.02% of the Free-float as at the Last Trading Day.

Liquidity of the Shares against SGX-ST listed small capitalisation companies

We noted that the average daily trading volume of the Shares of 0.02%, 0.02% and 0.03% of its free float for 12-months, 6-months and 3-months respectively. The 12-months average daily trading volume of the Shares of its free float were only higher than one of the top 10 constituents of FTSE ST Fledging Index prior to the Offer Announcement Date. It was approximately 94.4%, 95.7% and 92.0% lower than the simple average daily trading volume of 0.42%, 0.57% and 0.42% for the top 10 constituents in the FTSE ST Fledging Index as at 31 July 2018 for the corresponding 12-months, 6-months and 3-months periods.

**We noted that the trading volume of the Shares on the SGX-ST had generally been low in the past 12 months prior to the Offer Announcement Date and ending on the Offer Announcement Date. The Offer will provide an exit option for those Shareholders who wish to realise their investments in the Shares but find it difficult to do so as a result of the low trading liquidity. However, Shareholders should note that the past trading performance for the Shares should not be relied upon as an indication of its future trading performance.**

**(d) The Group's NAV, NTA and RNAV**

Offer Price to NAV and RNAV

The Group's P/NAV was approximately 0.7x. The Group had no intangible assets as at 30 June 2018. Accordingly, there is no difference between the NAV and NTA for the Group.

The Group's P/RNAV was approximately 0.5x.

Historical Share price had consistently been trading at a discount to NAV per Share

We noted that the closing Share Prices of the Company had been trading above and below its NAV/NTA per Share in the past 24 months prior to and including the Last Trading Day, at a (discount) and premium of between (48.7)% and 29.6%. We also noted that the Closing Share Prices of the Company had been trading below its NAV/NTA per Share since 9 February 2018 to and including the Last Trading Day.

Comparison of the Offer Price to NAV per Share against Comparable Companies and Precedent Non-Privatisation Transactions

The Group's Offer Price to NAV multiple of 0.7x based on the Group's NAV as at 30 June 2018 was within the range and above the median (more favourable) of the Comparable Companies.

The Group's Offer Price to NAV multiple of 0.7x based on the Group's NAV as at 30 June 2018 was within range but below the median (less favourable) of the corresponding ratios of the Precedent Non-Privatisation Transactions.

Comparison of the Offer Price to RNAV per Share against Comparable Companies and Precedent Non-Privatisation Transactions

The Group's Offer Price to RNAV multiple of 0.5x based on the Group's RNAV as at 30 June 2018 was within the range and equal to the median of the Comparable Companies.

The Group's Offer Price to RNAV multiple of 0.5x based on the Group's RNAV as at 30 June 2018 was within range but at the lower end of the range and below the median (less favourable) of the corresponding ratios of the Precedent Non-Privatisation Transactions.

Book value or revalued book value may not be fully realisable and may deteriorate further

Shareholders should note that the NAV may not be fully realisable at its book value or revalued value, especially within a short time frame, and the market value of some of these assets may vary depending on, amongst others, the prevailing market and economic conditions and whether a buyer can be found for such assets. Also, we wish to highlight that the NAV of the Group may deteriorate further if the Group incur losses after 30 June 2018.

**(e) Relative valuation analysis**

The Group's performance ratio and debt position were generally within range compared to the Comparable Companies

The Group's T12 ROE was negative and within the range but below the median (less favourable) of the Comparable Companies.

The Group's T12 net profit/loss margin was negative and within the range but below the median (less favourable) of the Comparable Companies.

The Group's T12 Asset turnover of 0.1x was within the range but below the median (less favourable) of the Comparable Companies.

The Group's total liabilities to shareholders' equity ratio and total borrowings to shareholders' equity ratio of 0.3x and 0.1x were within the range but below the median (more favourable) of the Comparable Companies.

The Group was in a net debt position.

The Group's T12 PER and T12 EV/EBITDA was not meaningful as the Group reported negative earnings for the period.

**(f) Comparison against Precedent Non-Privatisation Transactions**

Save for the case of Blumont, the offer prices of all the other Precedent Non-Privatisation Transactions are at a premium over the relevant VWAPs for the 1-month and 3-months period prior to the respective announcement dates.

The Offer Price is equal to the closing price for the Shares on the Last Trading Day, and at a discount of 11.0% and 11.6% for the Group as implied by the Offer Price over the 1-month and 3-months VWAP for the Shares prior to the Offer Announcement Date, respectively, are within the comparable range but below the median (less favourable) of the corresponding ratios of the Precedent Non-Privatisation Transactions. Had Blumont been excluded, the discount implied by the Offer Price over the 1-month and 3-months VWAP for the Shares prior to the Offer Announcement Date would have been below the comparable range of the corresponding ratios of the Precedent Non-Privatisation Transactions.

**(g) Intention of the Offeror regarding Listing Status**

It is the current intention of the Offeror to maintain the present listing status of the Company on the SGX-ST following completion of the Offer. In the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724 or 1105 of the Listing Manual of the SGX-ST, the Offeror intends to work together with the Company to lift the suspension by the SGX-ST.

As at the Latest Practicable Date, the Offeror and its concert parties directly or indirectly hold and/or control in aggregate 371,646,150 Shares, representing approximately 52.7 per cent. of the total number of Shares. In addition, the Offeror has received an irrevocable undertaking not to accept the Offer in respect of 239,760,131 Shares, representing approximately 34.0% of the total number of Shares in the capital of the Company.

We noted that, as set out in **Section 8.2** of the Offer Document, the Offeror does not expect to receive sufficient valid acceptances of the Offer in order to meet the Section 215(1) Threshold or the Section 215(3) Threshold in respect of the Compulsory Acquisition provisions under the Companies Act. Accordingly, Shareholders should note that there will be no compulsory acquisition of the Shares. Please refer to **Section 8.2** of the Offer Document for further details.

**(h) Dividend Track Record of the Group**

We noted that the Group did not pay dividends for the last 2 financial years, with the last dividend distribution made for the financial year ended 30 June 2016. We noted that the Group carried out a distribution of S$0.26 and S$0.04 per ordinary share based on 705,090,514 ordinary shares as at 30 June 2016 and 2015 respectively.The Directors have confirmed that the Group does not have a fixed dividend policy and that they will recommend future dividends after taking into consideration the Group's cash and financial position, financial performance of the Group, working capital requirements, projected capital expenditure and other investment plans. The Directors have also confirmed that the Group currently does not have any plan to distribute its cash to its shareholders by way of a special dividend or otherwise. Hence there is no certainty that the Group will pay a special dividend to distribute its cash to shareholders in the near future.

**(i) Other Relevant Considerations**

No revision in Offer Price

Pursuant to **Section 2.1** of the Offer Document, we note that the Offeror does not intend to revise the Offer Price under any circumstances.

No Competing Offer Received

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, there is no competing offer or proposal received from any third party. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

Transaction costs in connection with the disposal of the Shares

The Offer presents an opportunity for Shareholders to dispose of their Shares for cash without any transaction costs as opposed to the sale of the Shares in the open market which will incur expenses such as brokerage or other trading costs.

## 10 RECOMMENDATION AND CONCLUSION

**Having carefully considered the information available to us, and the analysis set out in this Letter, and based upon the industry, market, economic and other relevant considerations as at the Latest Practicable Date, and subject to the qualifications and assumptions made herein, from a financial point of view, we are of the view that the financial terms of the Offer is NOT FAIR AND NOT REASONABLE.**

In arriving at our recommendation in respect of the Offer, we have considered the following pertinent factors in our assessment of the Offer:

(i) the Offer Price is equal to the closing price for the Shares on the Last Trading Day, and at a discount of 11.0%, 11.6%, 21.7% and 33.7% for the Company as implied by the Offer Price over the 1-month, 3-months, 6-months, and 12-months VWAP for the Shares prior to the Offer Announcement Date, respectively;

(ii) save for the case of Blumont, the offer prices of all the other Precedent Non-Privatisation Transactions are at a premium over the relevant VWAPs for the 1-month and 3-months period prior to the respective announcement dates;

(iii) the Offer Price is equal to the closing price for the Shares on the Last Trading Day, and at a discount of 11.0% and 11.6% for the Group as implied by the Offer Price over the 1-month and 3-months VWAP for the Shares prior to the Offer Announcement Date, respectively, are within the comparable range but below the median (less favourable) of the corresponding ratios of the Precedent Non-Privatisation Transactions. Had Blumont been excluded, the discount implied by the Offer Price over the 1-month and 3-months VWAP for the Shares prior to the Offer Announcement Date would have been below the comparable range of the corresponding ratios of the Precedent Non-Privatisation Transactions;

(iv) between 26 July 2016 and up to the Last Trading Day, the Shares were mostly trading above the Offer Price at a range of between S$0.11 to S$0.40; and

(v) the Offer Price to RNAV multiple of 0.5x based on the Group's RNAV as at 30 June 2018 was within range but at the lower end of the range and below the median (less favourable) of the corresponding ratios of the Precedent Non-Privatisation Transactions.

**Accordingly, we advise the Directors to recommend that Shareholders REJECT the Offer as on balance, the Offer is not fair from a financial point of view, and for Shareholders who wish to realise their Shares, to sell their Shares in the open market if they can obtain a price higher than the Offer Price (after deducting expenses).**

Directors and Shareholders should note that the trading of the Shares are subject to, *inter alia*, the performance and prospects of the Group, prevailing market conditions, economic outlook and stock market conditions and sentiments. Accordingly, the advice of Stirling Coleman on the Offer **does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date** since these are governed by factors beyond the ambit of Stirling Coleman's review and also, such advice, if given, would not fall within Stirling Coleman's terms of reference in connection with the Offer.

**We further recommend that the Directors should advise the Shareholders that Stirling Coleman's opinion should not be relied upon by any Shareholder as the sole basis for deciding whether to accept or reject the Offer.**

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his broker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

This Letter (for inclusion in the Circular) is addressed to the Directors for their benefit, in connection with and for the purpose of their consideration of the Offer, but any recommendation made by the Directors in respect of the Offer to the Shareholders remains the responsibility of the Directors.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
**STIRLING COLEMAN CAPITAL LIMITED**
ANG LIAN KIAT
MANAGING DIRECTOR

## APPENDIX 2: ADDITIONAL GENERAL INFORMATION ON THE COMPANY

### 1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are as follows:

| Name | Address | Designation |
|---|---|---|
| Thia Peng Heok George | c/o 10 Anson Road, #33-15, International Plaza, Singapore 079903 | Chairman, Independent Director |
| Tan Pong Tyea | c/o 10 Anson Road, #33-15, International Plaza, Singapore 079903 | Executive Director |
| James William Noe | c/o 10 Anson Road, #33-15, International Plaza, Singapore 079903 | Chief Executive Officer and Executive Director |
| Zhang Haibo | c/o 10 Anson Road, #33-15, International Plaza, Singapore 079903 | Non-Executive Director |
| Tan Sooh Whye | c/o 10 Anson Road, #33-15, International Plaza, Singapore 079903 | Non-Executive Director |
| Tan Kian Huay | c/o 10 Anson Road, #33-15, International Plaza, Singapore 079903 | Non-Executive, Independent Director |

### 2. PRINCIPAL ACTIVITIES

The Company was incorporated in Singapore on 31 March 1976 and was listed on the Mainboard of the SGX-ST on 28 February 2003. The Group is principally engaged in the following businesses:

(a) investment holding; and

(b) the owning and chartering of vessels.

The Company has seven (7) wholly-owned subsidiaries in Singapore involved in, amongst others, ship management, investment holding, ship-owning and chartering and two (2) wholly-owned subsidiaries in Malaysia involved in, amongst others, ship-owning and chartering.

## 3. SHARE CAPITAL

### 3.1 Issued Shares

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S$95,251,165.43 comprising 704,892,514 Shares and 198,000 treasury shares.

There is no restriction in the Constitution on the right to transfer any Shares, which has the effect of requiring the holders of Offer Shares, before transferring them, to offer them for purchase to members of the Company or to any other person.

Since the end of FY2018 to the Latest Practicable Date, the Company has not issued any new Shares nor has there been any alteration in the share capital of the Company.

### 3.2 Convertible Securities

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities which carry voting rights, in the Company.

### 3.3 Rights in respect of capital, dividends and voting rights

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution. For ease of reference, selected texts of the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting rights have been reproduced in Appendix 9 to this Circular.

## 4. DISCLOSURE OF INTERESTS

### 4.1 Interests of the Company in Offeror Securities and Baker Securities

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries owns, controls or has agreed to acquire any Offeror Securities and/or Baker Securities, whether directly or indirectly.

### 4.2 Interests of Directors in Company Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in the Company Securities:

| | Interest in Shares | | | |
|---|---|---|---|---|
| | Direct Interest | | Deemed Interest | |
| Name | Number of Shares | %[1] | Number of Shares | %[1] |
| Tan Pong Tyea[2] | – | – | 239,760,131 | 34.01 |

**Notes:**

(1) Based on a total of 704,892,514 issued Shares (excluding 198,000 treasury shares) as at the Latest Practicable Date.

(2) Tan Pong Tyea is deemed pursuant to Section 4 of the SFA to have an interest in 239,760,131 Shares held by Energian.

### 4.3 Interests of Directors in Offeror Securities and Baker Securities

As at the Latest Practicable Date, none of the Directors has any interest, direct or indirect, in any Offeror Securities and/or any Baker Securities.

### 4.4 Interests of the IFA in Company Securities

As the Latest Practicable Date, the IFA, its related corporations and/or any funds whose investments are managed by the IFA on a discretionary basis do not own or control any Company Securities.

### 4.5 Directors' intentions

In relation to Tan Pong Tyea's deemed interest in the Shares through Energian, Energian has executed an irrevocable undertaking in favour of the Offeror pursuant to which Energian has undertaken and agreed, amongst other things, not to accept the Offer in respect of (a) all the Shares held by it and (b) any other Shares which it may acquire, or which may be allotted and issued to it, on or after the date of the said undertaking. Please refer to section 4 of the Letter to Shareholders, page 15 of this Circular, for further information in relation to the said undertaking provided by Energian to the Offeror.

Save for Tan Pong Tyea's deemed interest in the Shares, none of the other Directors has any interest, direct or indirect, in the Shares of the Company.

## 5. DEALINGS DISCLOSURE

### 5.1 Dealings in Offeror Securities and Baker Securities by the Company

Neither the Company nor any of its subsidiaries has dealt for value in any Offeror Securities and/or Baker Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

### 5.2 Dealings in Company Securities by the Directors

None of the Directors has dealt for value in any Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date save as set out below:

(a) on 26 July 2018, Energian sold an aggregate of 217,800,000 Shares to the Offeror at S$0.115 per Share. Tan Pong Tyea is deemed pursuant to Section 4 of the SFA to have an interest in the Shares held by Energian; and

(b) on 26 July 2018, SZ Offshore sold an aggregate of 153,846,150 Shares to the Offeror at S$0.13 per Share. Zhang Haibo is deemed pursuant to Section 4 of the SFA to have an interest in the Shares held by SZ Offshore.

### 5.3 Dealings in Offeror Securities and Baker Securities by the Directors

None of the Directors has dealt for value in any Offeror Securities and/or Baker Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

### 5.4 Dealings in Company Securities by the IFA

Neither the IFA nor its related corporations and/or funds whose investments are managed by the IFA on a discretionary basis has dealt for value in any Company Securities during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

## 6. ARRANGEMENTS WITH DIRECTORS

### 6.1 Directors' service contracts

As at the Latest Practicable Date, there are no service contracts between any Director or proposed director with the Company or any of its subsidiaries which have more than twelve (12) months to run and which cannot be terminated by the Company within the next twelve (12) months without paying any compensation and there are no such service contracts entered into or amended between any Director or proposed director with the Company during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

### 6.2 Arrangements affecting Directors

As at the Latest Practicable Date:

(a) there are no payments or other benefits to be made or given to any Director or to any director of any other corporation which is, by virtue of Section 6 of the Companies Act, deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;

(b) there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and

(c) there are no material contracts entered into by the Offeror in which any of the Directors has a material personal interest, whether direct or indirect.

## 7. MATERIAL CONTRACTS

Save as disclosed below and in publicly available information on the Group, neither the Company nor any of its subsidiaries has entered into any material contracts with interested persons[1] (other than those entered into in the ordinary course of business) during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

The following contracts were entered into between the Company and FEG:

(a) a loan agreement dated 17 March 2017 entered into between the Company as the lender and FEG as the borrower for an amount of S$0.5 million at the interest rate of 4.3% per annum;

(b) a loan agreement dated 10 October 2016 entered into between the Company as the lender and FEG as the borrower for an amount of US$3.0 million at the interest rate of 4.3% per annum; and

(c) a loan agreement dated 6 October 2016 entered into between the Company as the lender and FEG as the borrower for an amount of S$1.0 million at the interest rate of 4.3% per annum.

As at the Latest Practicable Date, the aforesaid loans, which are payable by FEG on demand, remain outstanding and due to the Company.

## 8. MATERIAL LITIGATION

As disclosed in the Company's Annual Report for FY2016, the Group had, in FY2016, entered into arbitration proceeding with three (3) ship brokers, namely, Maritima Altair Petromar S.A., Internaves Consorcio Naviero S.A. and Lamat Offshore Marine Inc., that were claiming for some unpaid commission fee against the Group, amounting to an aggregate of US$4,209,314.51 (which amount includes interest claimed by the three (3) ship brokers), and a counter-claim by the Group for commission fee which were paid to the said ship brokers, amounting to an aggregate of US$9,167,112.45 (which amount includes interest claimed by the Group). As at the Latest Practicable Date, the arbitration proceeding is on-going and the final hearing has been fixed for 8 October 2018.

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[1] As defined in the Note to Rule 24.6 read with the Note on Rule 23.12 of the Code, an interested person is:–

(a) a director, chief executive officer, or substantial shareholder of the Company;

(b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the Company;

(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;

(d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;

(e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or

(f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

Save as disclosed above, as at the Latest Practicable Date:

(a) neither the Company nor any of its subsidiaries is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole; and

(b) the Directors are not aware of any litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

## 9. FINANCIAL INFORMATION

### 9.1 Consolidated Statement of Comprehensive Income

A summary of the audited consolidated statements of comprehensive income of the Group for FY2015, FY2016 and FY2017, and the unaudited consolidated statements of comprehensive income of the Group for 3M17/18, 6M17/18, 9M17/18 and FY2018 is set out below. This summary is extracted from, and should be read together with, the annual reports and the audited financial statements of the Group for FY2015, FY2016 and FY2017 as well as the unaudited financial statements of the Group for 3M17/18, 6M17/18, 9M17/18 and FY2018, and the respective accompanying notes, copies of which are available for inspection at the Company's registered office at 10 Anson Road, #33-15 International Plaza, Singapore 079903 during normal business hours for the period during which the Offer remains open for acceptance.

The audited consolidated financial statements of the Group for FY2017 and the unaudited consolidated financial statements of the Group for 3M17/18, 6M17/18, 9M17/18 and FY2018 are set out respectively in Appendix 4, Appendix 5, Appendix 6, Appendix 7 and Appendix 8 to this Circular.

| | ← Audited → | | | ← Unaudited → | | | |
|---|---|---|---|---|---|---|---|
| | **FY2015 US$'000** | **FY2016 US$'000** | **FY2017 US$'000** | **3M17/18 US$'000** | **6M17/18 US$'000** | **9M17/18 US$'000** | **FY2018 US$'000** |
| Revenue | 31,818 | 24,725 | 16,405 | 3,710 | 6,142 | 8,287 | 9,906 |
| Exceptional items | – | – | – | – | – | – | – |
| Profit/(loss) before tax | 71,988 | 10,215 | (40,836) | (169) | (2,153) | (4,946) | (24,473) |
| Profit/(loss) after tax | 71,988 | 5,626 | (40,080) | (169) | (2,153) | (4,946) | (24,595) |
| Minority interest | – | – | – | – | – | – | – |
| Profit/(loss) after tax and minority interest (attributable to equity holders of the Company) | 71,988 | 5,626 | (40,080) | (169) | (2,153) | (4,946) | (24,595) |
| Net earnings per Share (US cents) | 10.21 | 0.80 | (5.69) | (0.02) | (0.31) | (0.70) | (3.49) |
| Net dividends per Share (US cents) | 23.5 | 2.50 | – | – | – | – | – |

### 9.2 Statement of Financial Position

A summary of the audited consolidated balance sheet of the Group as at 30 June 2017 and the unaudited consolidated balance sheet of the Group as at 30 June 2018 is set out below. This summary is extracted from, and should be read together with, the annual report and the audited financial statements of the Group for FY2017, the unaudited financial statements of the Group for FY2018, and the respective accompanying notes, copies of which are available for inspection at the Company's registered office at 10 Anson Road, #33-15 International Plaza, Singapore 079903 during normal business hours for the period during which the Offer remains open for acceptance.

The audited consolidated financial statements of the Group for FY2017 and the unaudited consolidated financial statements of the Group for FY2018 are set out respectively in Appendix 4 and Appendix 8 to this Circular.

| | **Audited as at 30 June 2017 US$'000** | **Unaudited as at 30 June 2018 US$'000** |
|---|---|---|
| Current assets | 22,919 | 17,906 |
| Non-current assets | 123,646 | 102,875 |
| **Total assets** | **146,565** | **120,781** |
| Current liabilities | 9,839 | 12,940 |
| Non-current liabilities | 15,507 | 11,217 |
| **Total liabilities** | **25,346** | **24,157** |
| Issued capital | 55,379 | 55,379 |
| Treasury shares | (46) | (46) |
| Accumulated profits | 65,886 | 41,291 |
| **Total equity** | **121,219** | **96,624** |
| **Total liabilities and equity** | **146,565** | **120,781** |

### 9.3 Material changes in financial position

As at the Latest Practicable Date, save as disclosed in this Circular and publicly available information on the Company, there has not been, within the knowledge of the Directors, any material change in the financial position of the Company since 30 June 2017, being the date to which the last published audited consolidated financial statements of the Group were made up.

### 9.4 Significant accounting policies

A summary of the significant accounting policies of the Group is set out in the notes to the audited consolidated financial statements of the Group for FY2017, which is reproduced in Appendix 4 to this Circular.

Save as disclosed in this Circular and save for information on the Group which is publicly available (including, without limitation, the audited financial statements of the Company for FY2015, FY2016 and FY2017):

(a) there are no significant accounting policies or any matter from the notes of the audited consolidated financial statements of the Group for FY2017 which are of any major relevance for the interpretation of the financial statements of the Group; and

(b) as at the Latest Practicable Date, there has not been any change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

### 9.5 Independent Valuation of the vessels

In connection with the Offer, the Company has commissioned the Independent Valuer, VesselsValue Ltd., to carry out an independent desktop valuation to value the Group's entire vessel fleet comprising 12 wholly-owned vessels and 4 co-owned vessels (collectively, the "**Valued Assets**"). The said valuation was conducted based on the valuation date of 30 June 2018. The Valuation Certificates all dated 8 August 2018 are attached as Appendix 10 to this Circular.

The Discounted Cash Flow ("**DCF**") value for the Valued Assets, provided under each Valuation Certificate, is an estimate of the net amount in US dollars the vessel is expected to earn over its remaining life expressed in today's money, calculated using the DCF analysis. For the purpose of the DCF value, it is assumed that the particulars of the vessel are correct, and that the vessel is in good, sound and seaworthy condition, free of maritime liens and liabilities whatsoever, fully classed to the requirements of her present classification society, free of class recommendations, with clear and valid trading certificates, and where relevant to type and age of vessel with full oil majors, RightShip and any other relevant approvals in place. It should be noted that the Independent Valuer has neither made a physical inspection of the vessel nor inspected her class records.

The valuation commissioned by the Company on the Valued Assets was undertaken by Amber Fan, BSc Maritime Studies (Hons), Head of S.E.A., on behalf of VesselsValue Ltd. ("**VV**"). VV is a supplier of valuation, market intelligence and trade analytics to the maritime sector. VV has been supplying valuations to the maritime sector since 2011 and is currently used by the majority of the top 40 shipping banks globally. VV and Seasure Shipbroking Ltd are joint members of the Baltic Exchange, have protection & indemnity insurance cover with ITIC for the provision of valuations. Its employee have previously acted as expert witnesses in the maritime sector and are used by financers, banks, lenders, owners, operators, principals, private equity houses, lawyers, accountants and many others. VV has been used as the valuation provider on a variety of transactions including mergers and new fund launches.

**Shareholders are advised to read the full text of the Valuation Certificates set out in Appendix 10 to this Circular.**

Under Rule 26.3 of the Code, the Company is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the Valued Assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of valuation. The management of the Company is of the view that there are no potential tax liabilities which may be incurred by the Group on the hypothetical disposal of the Valued Assets on an "as is" basis as any gain or loss is capital in nature, and as at the Latest Practicable Date, the Group has no intention to sell the Valued Assets as such assets are held for the Group's principal business activity. The aforesaid tax liabilities will not crystallise if the Group does not dispose of its interests in the Valued Assets. The Group has no immediate plans to dispose of its interests in the Valued Assets and accordingly, the aforesaid tax liabilities are not likely to crystallise.

## 10. GENERAL

### 10.1 Costs and Expenses

All costs and expenses incurred by the Company in relation to the Offer will be borne by the Company.

### 10.2 Consents

(a) The Company's independent auditor, Deloitte & Touche LLP, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its auditor's report dated 21 August 2017 in relation to the audited financial statements of the Group for FY2017 set out in Appendix 4 to this Circular and the inclusion of its name and all references to itself and the said report in the form and context in which they appear in this Circular.

(b) The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter setting out its advice to the Directors set out in Appendix 1 to this Circular and all references thereto, in the form and context in which they appear in this Circular.

(c) The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Valuation Certificates which are appended in Appendix 10 to this Circular, and all references thereto, in the form and context in which they appear in this Circular.

### 10.3 Documents available for inspection

Copies of the following documents are available for inspection at the registered office of the Company at 10 Anson Road, #33-15 International Plaza, Singapore 079903 during normal business hours for the period during which the Offer remains open for acceptance:

(a) the Constitution;

(b) the annual reports of the Company for FY2015, FY2016 and FY2017;

(c) the unaudited consolidated financial statements of the Group for the first quarter and three (3) month period ended 30 September 2017 set out in Appendix 5 to this Circular;

(d) the unaudited consolidated financial statements of the Group for the second quarter and six (6) month period ended 31 December 2017 set out in Appendix 6 to this Circular;

(e) the unaudited consolidated financial statements of the Group for the third quarter and nine (9) month period ended 31 March 2018 set out in Appendix 7 to this Circular;

(f) the unaudited consolidated financial statements of the Group for FY2018 set out in Appendix 8 to this Circular;

(g) the IFA Letter;

(h) the Valuation Certificates; and

(i) the letters of consent referred to in section 10.2 of this Appendix 2.

## APPENDIX 3: ADDITIONAL INFORMATION ON BAKER AND THE OFFEROR

The following additional information on Baker and the Offeror has been extracted from Appendix I to the Offer Document and reproduced below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

"***APPENDIX I – ADDITIONAL INFORMATION ON BAKER AND THE OFFEROR***

***1. DIRECTORS***

*1.1 The names, addresses and designations of the directors of Baker as at the Latest Practicable Date are as follows:*

| ***Name*** | ***Address*** | ***Designation*** |
|---|---|---|
| *Mr Lim Ho Seng* | *c/o 10 Jalan Samulun Singapore 629124* | *Chairman, Non-Executive Director* |
| *Dr Benety Chang* | *c/o 10 Jalan Samulun Singapore 629124* | *Chief Executive Officer, Executive Director* |
| *Ms Jeanette Chang* | *c/o 10 Jalan Samulun Singapore 629124* | *Executive Director* |
| *Mr Tan Yang Guan* | *c/o 10 Jalan Samulun Singapore 629124* | *Non-Executive Director* |
| *Mr Wong Meng Yeng* | *c/o 10 Jalan Samulun Singapore 629124* | *Lead Independent Director, Non-Executive Director* |
| *Mr Ang Miah Khiang* | *c/o 10 Jalan Samulun Singapore 629124* | *Independent Director, Non-Executive Director* |
| *Ms Han Sah Heok Vicky* | *c/o 10 Jalan Samulun Singapore 629124* | *Independent Director, Non-Executive Director* |

*1.2 The names, addresses and designations of the directors of the Offeror as at the Latest Practicable Date are as follows:*

| ***Name*** | ***Address*** | ***Designation*** |
|---|---|---|
| *Dr Benety Chang* | *c/o 10 Jalan Samulun Singapore 629124* | *Director* |
| *Ms Jeanette Chang* | *c/o 10 Jalan Samulun Singapore 629124* | *Director* |
| *Mr Heath McIntyre* | *c/o 10 Jalan Samulun Singapore 629124* | *Director* |
| *Mr Tan Yang Guan* | *c/o 10 Jalan Samulun Singapore 629124* | *Director* |

## 2. SUMMARY OF FINANCIAL INFORMATION

2.1 *A summary of the financial information relating to the Baker Group for FY2015, FY2016, FY2017 and 1H2018 is set out below. The summary is extracted from, and should be read in conjunction with, the audited consolidated financial statements of the Baker Group for FY2015, FY2016, FY2017 and the unaudited interim consolidated financial statements of the Baker Group for 1H2018, copies of which are available for inspection as set out in paragraph 4 of* ***Appendix III*** *to this Offer Document.*

2.2 ***Income Statements of Baker Group.*** *A summary of the audited consolidated income statements of the Baker Group for FY2015, FY2016 and FY2017 and the unaudited consolidated income statement of the Baker Group for 1H2018, is set out below:*

| | ← Audited → | | | Unaudited |
|---|---|---|---|---|
| | FY2015 (S$'000) | FY2016 (S$'000) | FY2017 (S$'000) | 1H2018 (S$'000) |
| Revenue | 54,064 | 21,520 | 5,002 | 4,199 |
| Exceptional Items | – | – | – | – |
| Net profit/(loss) before tax | 11,124 | (9,222) | (11,283) | (5,874) |
| Net profit/(loss) after tax | 9,164 | (8,327) | (10,690) | (5,830) |
| Minority interests | – | – | – | – |
| Net earnings per share (cents)[1] | 4.7 | (4.1) | (5.3) | (2.9) |
| Net dividends per share (cents)[1] | 2.50 | 1.25 | – | – |

***Note:***

*(1) The above per share data is adjusted based on the revised number of shares as a result of Baker's share consolidation exercise in May 2016.*

2.3 ***Balance Sheets of Baker Group.*** *A summary of the audited consolidated balance sheet of the Baker Group as at 31 December 2017 and the unaudited consolidated balance sheet of the Baker Group as at 30 June 2018, is set out below:*

| | Audited as at 31 December 2017 (S$'000)[1] | Unaudited as at 30 June 2018 (S$'000)[1] |
|---|---|---|
| Current assets | 91,248 | 83,489 |
| Non-current assets | 117,625 | 119,245 |
| **Total assets** | 208,873 | 202,734 |
| Current liabilities | 6,315 | 5,331 |
| Non-current liabilities | 44 | – |
| **Total liabilities** | 6,359 | 5,331 |
| **NET ASSETS** | 202,514 | 197,403 |
| Share capital | 108,788 | 108,788 |
| Reserves | 93,726 | 88,615 |
| **TOTAL EQUITY** | 202,514 | 197,403 |

***Note:***

*(1) Rounded to the nearest whole number.*

2.4 *A summary of the financial information relating to the Offeror for FY2015, FY2016, FY2017 and 1H2018 is set out below. The summary is extracted from, and should be read in conjunction with, the audited consolidated financial statements of the Offeror for FY2015, FY2016, FY2017 and the unaudited interim consolidated financial statements of the Offeror for 1H2018, copies of which are available for inspection as set out in paragraph 4 of* ***Appendix III*** *to this Offer Document.*

2.5 ***Income Statements of the Offeror.*** *A summary of the audited consolidated income statements of the Offeror for FY2015, FY2016 and FY2017 and the unaudited consolidated income statement of the Offeror for 1H2018, is set out below:*

| | ← Audited → | | | Unaudited |
|---|---|---|---|---|
| | FY2015 (S$'000) | FY2016 (S$'000) | FY2017 (S$'000) | 1H2018 (S$'000) |
| Revenue | – | – | – | 2,637 |
| Exceptional Items | – | – | – | – |
| Net profit/(loss) before tax | (416) | (341) | (385) | (463) |
| Net profit/(loss) after tax | (416) | (341) | (385) | (463) |
| Minority interests | – | – | – | – |
| Net earnings per share | (416) | (341) | (385) | (463) |
| Net dividends per share | – | – | – | – |

2.6 ***Balance Sheets of the Offeror****. A summary of the audited consolidated balance sheet of the Offeror as at 31 December 2017 and the unaudited consolidated balance sheet of the Offeror as at 30 June 2018, is set out below:*

| | Audited as at 31 December 2017 (S$'000)(1) | Unaudited as at 30 June 2018 (S$'000)(1) |
|---|---|---|
| Current assets | 196 | 7,339 |
| Non-current assets | – | 103,937 |
| **Total assets** | 196 | 111,276 |
| Current liabilities | 1,975 | 113,518 |
| Non-current liabilities | – | – |
| **Total liabilities** | 1,975 | 113,518 |
| **NET ASSETS** | (1,779) | (2,242) |
| Share capital | – | – |
| Reserves | (1,779) | (2,242) |
| **TOTAL EQUITY** | (1,779) | (2,242) |

***Note:***

*(1) Rounded to the nearest whole number.*

*3.* ***MATERIAL CHANGES IN FINANCIAL POSITION***

*As at the Latest Practicable Date, save for the making of the Offer and save as disclosed in this Offer Document and save for the information on the Baker Group which is publicly available, there has not been, to the knowledge of Baker Group, any material change in the financial position of the Baker Group and the Offeror since 31 December 2017, being the date of the last audited consolidated financial statements of the Baker Group and the date of the last audited consolidated financial statements of the Offeror.*

***4. SIGNIFICANT ACCOUNTING POLICIES***

*The audited consolidated financial statements of the Baker Group and the Offeror have been prepared in accordance with the requirements of the Companies Act and the Singapore Financial Reporting Standards.*

*The significant accounting policies of the Baker Group and the Offeror are set out in the notes to the financial statements of the audited consolidated financial statements of the Baker Group and the Offeror for FY2017, copies of which are available for inspection as set out in paragraph 4 of* ***Appendix III*** *to this Offer Document.*

***5. CHANGES IN ACCOUNTING POLICIES***

*As at the Latest Practicable Date, save for the adoption by the Baker Group and the Offeror of the Singapore Financial Reporting Standards (International) on 1 January 2018 as publicly announced, there has been no change in the accounting policies of the Baker Group and the Offeror since the date of their audited consolidated financial statements for FY2017 which will cause the figure set out in paragraph 2 above to be not comparable to a material extent.*

*6.* ***REGISTERED OFFICE***

*The registered office of the Offeror and Baker is at 10 Jalan Samulun, Singapore 629124.*"

## APPENDIX 4: AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

The audited financial statements of the Group for the financial year ended 30 June 2017 set out below have been extracted from the Company's annual report for FY2017, and was not specifically prepared for inclusion in this Circular.

Deloitte.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**
**(Registration No. 197600666D)**

**DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS**

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# APPENDIX 4: AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**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 June 30, 2017.

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 10 to 63 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 June 30, 2017, 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 Tan Pong Tyea
Mr Thia Peng Heok George
Mr Tan Kian Huay
Mr James William Noe
Ms Tan Sooh Whye
Mr Zhang Haibo (Appointed on April 17, 2017)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF 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:

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**DIRECTORS' STATEMENT**

| Name of directors and company in which interest are held | Shareholdings in which directors are deemed to have an interest: At beginning of year or date of appointment, if later | At end of year |
|---|---|---|
| The company (Ordinary shares) | | |
| Mr Tan Pong Tyea | 611,406,281 | 457,560,131 |
| Mr Zhang Haibo | 153,846,150 | 153,846,150 |

By virtue of section 7 of the Singapore Companies Act, Mr Tan Pong Tyea and Mr Zhang Haibo 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 July 21, 2017 were the same as at June 30, 2017.

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 May 27, 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 | (Lead Independent Non-Executive Director) |
| Ms Tan Sooh Whye | (Non-Executive Director) |

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

*(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.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**DIRECTORS' STATEMENT**

5 AUDIT COMMITTEE

The Audit Committee comprises three Non-Executive Directors. The members of the committee are:

| | |
|---|---|
| Thia Peng Heok George | (Chairman and Lead Independent Non-Executive Director) |
| Tan Kian Huay | (Independent Non-Executive Director) |
| Tan Soon Whye | (Non-Executive Director) |

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external auditors of the group:

a) The group's financial and operating results and accounting policies;

b) 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;

c) 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;

d) The co-operation and assistance given by the management to the group's external auditors; and

e) The re-appointment of the external auditors 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 auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the group at the forthcoming AGM of the company.

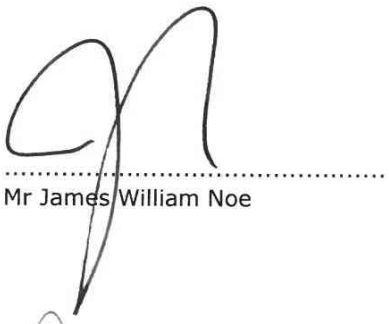
**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**DIRECTORS' STATEMENT**

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS



.....
Mr James William Noe



.....
Mr Tan Pong Tyea

August 21, 2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of CH Offshore Ltd (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at June 30, 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of profit or loss and other comprehensive income and the statement of changes in equity of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 63.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position, the statement of profit or loss and other comprehensive income and 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 Financial Reporting Standards in Singapore ("FRSs") 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 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and of the financial performance 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 year. 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

| Key audit matters | How the matter was addressed in the audit |
|---|---|
| **Appropriateness of carrying amounts of vessels**<br>*(Refer to Notes 3 and 11 to the consolidated financial statements)*<br><br>The group has substantial capital investments in vessels, which represents 66% (2016 : 72%) of its total assets. The group has recognised an allowance for impairment loss of US$31,076,000 (2016 : US$1,001,000) for certain vessels in current financial year, due to the challenging market conditions.<br><br>As the challenging market conditions continue, the charter and utilisation rates remain depressed in the current year which are impairment indicators relevant to the group's vessels.<br><br>Management determined the recoverable amount of the group's vessels by computing the value-in-use of the respective cash generating units ("CGU"). CGU is defined by management through the division of the group's fleet of vessels by engine specification.<br><br>The determination and classification of the group's vessels in the respective CGU involves significant judgement and estimates.<br><br>The assumptions used in the value-in-use include projected charter rate, average utilisation rate, and pre-tax discount rate of 9.0% (2016 : 7.5%).<br><br>The accounting policies for vessels are set out in Note 2 to the consolidated financial statements. | Our audit procedures included challenging the reasonableness of the key assumptions used in deriving the recoverable amounts of the vessels, included, among others:<br><br>• We challenged the key assumptions used in the value-in-use which include the projected charter rates and utilisation rates.<br><br>• We have also challenged the other assumptions used in the value-in-use which include the charter expenses, inflation rate, residual values and dry-docking expenditure by comparing to available industry and historical data applicable to the group.<br><br>• We engaged our internal specialist to assess the reasonableness of the discount rate used by the group.<br><br>• We reviewed the adequacy of disclosures on the key sources of estimation used in determining the recoverable amount of vessels in the consolidated financial statements.<br><br>Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations. |

# APPENDIX 4: AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

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

(a) 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.

(b) 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.

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

(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.

(e) 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.

(f) 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 year 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.

Deloitte.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF**

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**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 Mr Chua How Kiat.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

August 21, 2017

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION**
**June 30, 2017**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2017 | 2016 | 2017 | 2016 |
| | Note | US$'000 | US$'000 | US$'000 | US$'000 |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 7 | 4,668 | 9,711 | 2,841 | 9,057 |
| Trade and other receivables | 8 | 18,040 | 9,223 | 48,741 | 39,684 |
| Inventories | | 108 | - | 7 | - |
| Prepayments | | 103 | 176 | 56 | 146 |
| Total current assets | | 22,919 | 19,110 | 51,645 | 48,887 |
| **Non-current assets** | | | | | |
| Subsidiary companies | 9 | - | - | 8,751 | 8,751 |
| Associated companies | 10 | 26,226 | 33,533 | 4,986 | 4,986 |
| Fixed assets | 11 | 97,420 | 135,305 | 59,915 | 72,065 |
| Total non-current assets | | 123,646 | 168,838 | 73,652 | 85,802 |
| **Total assets** | | 146,565 | 187,948 | 125,297 | 134,689 |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 12 | 3,989 | 5,754 | 41,247 | 42,546 |
| Other payables – deferred gain | 13 | 403 | 403 | - | - |
| Borrowings | 14 | 5,447 | 7,411 | 5,447 | 7,411 |
| Total current liabilities | | 9,839 | 13,568 | 46,694 | 49,957 |
| **Non-current liabilities** | | | | | |
| Borrowings | 14 | 3,631 | - | 3,631 | - |
| Other payables – deferred gain | 13 | 5,043 | 5,446 | - | - |
| Customer deposit | 12 | 3,000 | 3,000 | 3,000 | 3,000 |
| Deferred tax liabilities | 15 | 3,833 | 4,589 | 2,583 | 2,500 |
| Total non-current liabilities | | 15,507 | 13,035 | 9,214 | 5,500 |
| **Capital and reserves** | | | | | |
| Issued capital | 16 | 55,379 | 55,379 | 55,379 | 55,379 |
| Treasury shares | 17 | (46) | - | (46) | - |
| Accumulated profits | | 65,886 | 105,966 | 14,056 | 23,853 |
| Total equity | | 121,219 | 161,345 | 69,389 | 79,232 |
| **Total liabilities and equity** | | 146,565 | 187,948 | 125,297 | 134,689 |

See accompanying notes to the financial statements.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**Year ended June 30, 2017**

| | Note | Group 2017 US$'000 | Group 2016 US$'000 | Company 2017 US$'000 | Company 2016 US$'000 |
|---|---|---|---|---|---|
| **Revenue** | 18 | 16,405 | 24,725 | 9,520 | 12,289 |
| Cost of sales | 19 | (4,924) | (6,012) | (1,963) | (2,704) |
| **Gross profit before direct depreciation** | | 11,481 | 18,713 | 7,557 | 9,585 |
| Others – direct depreciation | | (7,441) | (7,715) | (3,984) | (4,160) |
| **Gross profit** | | 4,040 | 10,998 | 3,573 | 5,425 |
| Other income | 20 | 344 | 9,192 | 207 | 34,167 |
| Other expenses | 23(b) | (33,470) | (2,600) | (11,209) | (473) |
| Administrative expenses | | (4,556) | (5,267) | (1,996) | (2,140) |
| Finance cost | 21 | (290) | (143) | (289) | (141) |
| **(Loss) Profit before income tax and results of associated companies** | | (33,932) | 12,180 | (9,714) | 36,838 |
| Share of results of associated companies | 10 | (6,904) | (1,965) | - | - |
| **(Loss) Profit before income tax** | | (40,836) | 10,215 | (9,714) | 36,838 |
| Income tax | 22 | 756 | (4,589) | (83) | (2,500) |
| **(Loss) Profit for the year representing total comprehensive income for the year** | 23(a) | (40,080) | 5,626 | (9,797) | 34,338 |
| **Earnings per share:** | | | | | |
| Basic and fully diluted (US cents) | 24 | (5.69) | 0.80 | | |

See accompanying notes to the financial statements.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**STATEMENTS OF CHANGES IN EQUITY**
**Year ended June 30, 2017**

| | Issued capital | Treasury shares | Accumulated profits | Total |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Group | | | | |
| Balance at July 1, 2015 | 55,379 | - | 186,321 | 241,700 |
| Profit for the year, representing total comprehensive income for the year | - | - | 5,626 | 5,626 |
| Dividends representing transactions with owners, recognised directly in equity (Note 25) | - | - | (85,981) | (85,981) |
| Balance at June 30, 2016 | 55,379 | - | 105,966 | 161,345 |
| Loss for the year, representing total comprehensive income for the year | - | - | (40,080) | (40,080) |
| Repurchase of shares (Note 17) | - | (46) | - | (46) |
| Balance at June 30, 2017 | 55,379 | (46) | 65,886 | 121,219 |

See accompanying notes to the financial statements.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**STATEMENTS OF CHANGES IN EQUITY**
**Year ended June 30, 2017**

| | Issued capital | Treasury shares | Accumulated profits | Total |
|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Company | | | | |
| Balance at July 1, 2015 | 55,379 | - | 75,496 | 130,875 |
| Profit for the year, representing total comprehensive income for the year | - | - | 34,338 | 34,338 |
| Dividends representing transactions with owners, recognised directly in equity (Note 25) | - | - | (85,981) | (85,981) |
| Balance at June 30, 2016 | 55,379 | - | 23,853 | 79,232 |
| Loss for the year, representing total comprehensive income for the year | - | - | (9,797) | (9,797) |
| Repurchase of shares (Note 17) | - | (46) | - | (46) |
| Balance at June 30, 2017 | 55,379 | (46) | 14,056 | 69,389 |

See accompanying notes to the financial statements.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**Year ended June 30, 2017**

| | Note | 2017 US$'000 | 2016 US$'000 |
|---|---|---|---|
| **Operating activities** | | | |
| (Loss) Profit before income tax and results of associated companies | | (33,932) | 12,180 |
| Adjustments for: | | | |
| Depreciation of fixed assets | | 7,467 | 7,757 |
| (Gain) Loss on disposal of fixed assets | | (5) | 3 |
| Interest income (Note 20) | | (136) | (197) |
| Interest expense (Note 21) | | 277 | 139 |
| Impairment of fixed asset (Note 11) | | 31,076 | 1,001 |
| Net foreign exchange (gain) loss - unrealised | | (76) | 308 |
| Allowance for doubtful debts (Note 8) | | 2,382 | 1,269 |
| Reversal of accrued foreign tax (Note 20) | | - | (5,209) |
| Reversal of accrued commission fee (Note 20) | | - | (3,737) |
| Operating cash flows before movements in working capital | | 7,053 | 13,514 |
| Trade and other receivables | A | (11,083) | (5,673) |
| Prepayments | | 73 | (81) |
| Inventories | | (108) | - |
| Trade and other payables | B | (1,724) | (2,527) |
| Cash (used in) generated from operations | | (5,789) | 5,233 |
| Interest paid | B | (318) | - |
| Interest received | A | 20 | 320 |
| Net cash (used in) from operating activities | | (6,087) | 5,553 |
| **Investing activities** | | | |
| Purchases of fixed assets | | (667) | (8,817) |
| Disposal of intangible asset | | - | 3 |
| Proceeds from disposal of fixed assets | | 14 | - |
| Net cash used in investing activities | | (653) | (8,814) |
| **Financing activities** | | | |
| Dividends paid (Note 25) | | - | (133,178) |
| Purchase of treasury shares | | (46) | - |
| Repayment of bank loan | | (1,853) | - |
| Proceeds from bank loan | | 3,579 | 7,037 |
| Net cash from (used in) financing activities | | 1,680 | (126,141) |
| Net decrease in cash and cash equivalents | | (5,060) | (129,402) |
| Cash and cash equivalents at beginning of year | | 9,711 | 139,047 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | 17 | 66 |
| **Cash and cash equivalents at end of the year** | | 4,668 | 9,711 |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**Year ended June 30, 2017**

Notes to the consolidated statement of cash flows:

Note A:

During the year, total interest income earned from the ultimate holding company amounted to US$116,000 (2016 : US$nil). An amount of US$116,000 (2016 : US$nil) 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$277,000 (2016 : US$139,000). An amount of US$98,000 (2016 : US$139,000) of interest due to the bank remains unpaid at the end of the reporting period and is presented in "Trade and other payables".

See accompanying notes to the financial statements.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

1 GENERAL

The company (Registration No. 197600666D) is listed on the Singapore Exchange Securities Trading Limited and is incorporated in the Republic of Singapore with its principal place of business and registered office at 10 Anson Road #33-15 International Plaza Singapore 079903. 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 9 and 10 to the financial statements respectively.

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 June 30, 2017 were authorised for issue by the Board of Directors on August 21, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW REVISED STANDARDS - On July 1, 2016, the group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and the company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of the authorisation of these financial statements, the following new FRSs and amendments to FRS that are relevant to the group and the company were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers (with classifications issued)*
- FRS 116 *Leases*

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the above FRSs in future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption except the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

FRS 109 will take effect from financial years beginning on or after January 1, 2018. Management anticipates that the application of FRS 109 in the future may have a material impact on the amounts reported and disclosures made in the group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 109 until the group performs a detailed review.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also include additional transition reliefs on contract modifications and completed contracts.

FRS 115 *Revenue from Contracts with Customers* will take effect from financial years beginning on or after January 1, 2018. Management anticipates that the application of FRS 115 in the future may have a material impact on the amounts reported and disclosures made in the group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 115 until the group performs a detailed review.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance. The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customers.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

FRS 116 *Leases* will take effect from financial years beginning on or after January 1, 2019. Management anticipates that the application of FRS 116 in the future may have a material impact on the amounts reported and disclosures made in the group's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 116 until the group performs a detailed review.

IFRS convergence in 2018

Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after January 1, 2018. The group will be adopting the new framework for the first time for financial year ending June 30, 2019, with retrospective application to the comparative financial year ending June 30, 2018 and the opening statement of financial position as at July 1, 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 *First-time adoption of IFRS*, management does not expect any material changes to the group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs, and the election of certain transition options available under IFRS 1.

Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1.

The preliminary assessment above may be subject to change arising from the detailed analysis.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- The size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the group to the former owners of the acquiree, and equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date - and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the group becomes a party to the contractual provisions of the instruments.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

**Financial assets**

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit and loss which are initially measured at fair value.

Loan and receivables

Trade receivables, loans and other receivables have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value, plus transaction cost and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Financial liabilities and equity instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue cost.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction cost, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company and the group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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.

ASSOCIATED COMPANIES - An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associated companies are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations.* Under the equity method, an investment in an associated company is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associated companies. When the group's share of losses of an associated company equals or exceeds the group's interest in that associated company (which includes any long-term interests that, in substance, form part of the group's net investment in the associate company), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associated company.

An investment in an associated company is accounted for using the equity method from the date on which the investee becomes an associated company. On acquisition of the investment in an associated company, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in an associated company. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The group discontinues the use of the equity method from the date when the investment ceases to be an associated company, or when the investment is classified as held for sale. When the group retains an interest in the former associated company and the retained interest is a financial asset, the group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associated company at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from disposing of a part interest in the associated company is included in the determination of the gain and loss on disposal of the associated company. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associated company on the same basis as would be required if that associated company had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associated company would be reclassified to profit or loss on the disposal of the related assets and liabilities, the group reclassifies the gain or loss from the equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The group continues to use equity method when an investment in an associated company becomes an investment in joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in an associated company but the group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with its associated company of the group, profits and losses resulting from the transactions with the associated company are recognised in the group's consolidated financial statements only to the extent of interests in the associated company that are not related to the group.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The group and company did not enter into any finance leases.

The group as lessor

Charter hire income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

The group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits for the leased asset are consumed.

FIXED ASSETS - Fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress consists of construction costs and related acquisition expenses incurred during the period of construction.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

| | | |
|---|---|---|
| Vessels | - | 12 years to 25 years |
| Drydocking expenditure | - | 5 years |
| Furniture, fittings and equipment | - | 5 years |
| Motor vehicles | - | 5 years |

Depreciation is not provided on construction-in-progress.

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 cost 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:

(i) it is probable that future economic benefits associated with the asset will flow to the entity; and

(ii) 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.

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.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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 the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from charter hire is recognised on an accrual basis but is deferred when the terms of billing have not been agreed by third parties or when certain conditions necessary for realisation are yet to be fulfilled. Vessel charter income is recognised on a daily basis in accordance to the terms and conditions of the charter agreement.

Revenue from the rendering of services that are of a short duration is recognised when the services are completed.

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

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

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

BORROWING COSTS - All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

REPAIRS AND MAINTENANCE OF VESSELS - The cost of minor repairs and maintenance is recognised in profit or loss as and when it is incurred.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis. Current and deferred tax are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the statement of financial position of the company are presented in United States Dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in United States Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash on hand, bank balances and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

***Critical judgements in applying the group's accounting policies***

Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amount recognised in the financial statements apart from those involving estimations which are dealt with below.

***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

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 amount, management has factored in the higher of fair value less cost to sell and value in use, as well as considering 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 has engaged an independent valuer with the appropriate qualifications and professional experience to value the group's vessels and estimated the value in use to derive at the future cash flows expected from the vessels based on the pre-tax discount rate 9.0% per annum (2016 : 7.5% per annum) which reflects the current market assessment of the time value of money and the risks specific to the group.

Based on the above internal and external sources of information, management has carried out a review of the recoverable amount of the group's vessels and recognised an impairment loss of US$31,076,000 (2016 : US$1,001,000) as the carrying amount of the group's vessels is in excess of the recoverable amount.

The carrying amounts of the group's and company's vessels at the end of the reporting period are disclosed in Note 11 of the financial statements.

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.

The carrying amount of fixed assets are disclosed in Note 11.

Impairment of investments in subsidiaries and associates

Determining whether investments in subsidiaries and associates are impaired requires an estimation of the recoverable amount of the investments. Management has evaluated the recoverability of the investments based on estimated recoverable amount of the subsidiaries and associates, and is confident that no allowance for impairment is necessary.

The carrying amount of the investments in subsidiaries and associates are disclosed in Notes 9 and 10 to the financial statements respectively.

Recoverability of trade and other receivables

The assessment of recoverability of trade and other receivables is based on the ongoing evaluation of collectability and ageing analysis of the outstanding debts and on management's estimate of the ultimate realisation of these trade receivables, including creditworthiness and the past collection history of each debtor.

At the end of reporting period, the trade and other receivables outstanding from the group's ultimate holding company and related companies (collectively known as Falcon Energy Group ("FEG")) which amounted to US$8,789,000 (2016 : US$3,612,000). Management is of the view that this amount will be repaid by FEG in the foreseeable future and no allowance for doubtful debt will be recognised by the group.

The carrying amount of the trade and other receivables are disclosed in Note 8 to the financial statements.

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 June 30, 2012, a vessel held by one of the subsidiaries changed its flag from Singapore to a foreign flag. During the financial year ended June 30, 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 exposure as at June 30, 2017, 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$3,833,000 (2016 : US$4,589,000) 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 15 and 22 to the financial statements respectively.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **Financial assets** | | | | |
| Loan and receivables (including cash and cash equivalents) | 22,708 | 18,934 | 51,582 | 48,741 |
| **Financial liabilities** | | | | |
| Trade and other payables and borrowings, at amortised cost | 11,550 | 13,068 | 48,808 | 49,860 |

(b) *Financial instrument subject to offsetting, enforceable master netting arrangements and similar arrangements*

Group

**As at June 30, 2017**

| Type of | Gross amounts of recognised financial assets/ liabilities | Gross amounts of recognised financial liabilities/ assets set off in the statement of financial position | Net amounts of financial assets/liabilities presented in the statement of financial position |
|---|---|---|---|
| **Financial assets** | | | |
| Trade receivables (US$'000) | 13,497 | (5,445) | 8,052 |
| **Financial liabilities** | | | |
| Trade payables (US$'000) | 9,425 | (5,445) | 3,980 |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

**As at June 30, 2016**

| Type of | Gross amounts of recognised financial assets/ liabilities | Gross amounts of recognised financial liabilities/ assets set off in the statement of financial position | Net amounts of financial assets/liabilities presented in the statement of financial position |
|---|---|---|---|
| **Financial assets** | | | |
| Trade receivables (US$'000) | 11,374 | (5,445) | 5,929 |
| **Financial liabilities** | | | |
| Trade payables (US$'000) | 11,088 | (5,445) | 5,643 |

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements. The residual amounts relate to those that are not in scope of the offsetting disclosures.

The company does not have any financial instruments which are subject to enforceable master netting arrangements or similar netting agreements for the years ended June 30, 2017 and 2016.

(c) *Financial risk management policies and objectives*

The group's overall financial risk management programme seeks to minimise 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:

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

(i) Foreign exchange risk management

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 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 | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Liabilities | | Assets | | Liabilities | | Assets | |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Singapore Dollar | 9,349 | 7,748 | 1,591 | 2,681 | 9,222 | 7,608 | 1,138 | 2,439 |
| Australian Dollar | - | - | 26 | 25 | - | - | 26 | 25 |
| Malaysia Ringgit | 16 | - | 116 | - | - | - | - | - |

*Foreign currency sensitivity*

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 (2016 : profit before income tax) will (increase) decrease by:

| | Group impact | | Company impact | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Singapore Dollar | (776) | 507 | (808) | 517 |

If the foreign currencies weaken by 10% against the functional currency of each group entity, loss before income tax (2016 : profit before income tax) will increase (decrease) by an equal amount above.

No sensitivity analysis has been presented for Australian Dollar and Malaysia Ringgit as management does not expect any material effect on the group's or company's profit or loss with the fluctuation in those foreign currencies against the functional currency of each group entity.

(ii) Interest rate risk management

The group is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities.

The interest rates of the interest bearing financial assets and financial liabilities, representing bank balances, fixed deposits bearing fixed interest rates and loan receivables from ultimate holding company bearing fixed interest rates and bank loan bearing variable interest rate are disclosed in Notes 7 and 14 of the financial statements respectively.

The group and company do not have any significant exposure to interest rate risk.

No sensitivity analysis is prepared as the group and company do not expect any material effect on the group or company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(iii) Credit risk management

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.

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, India, Russia and Middle East and is centralised on oil majors. It adopts a pro-active approach in its credit evaluation process, credit policies and credit control as well as collection procedures to manage the risk arising from the concentration of its credit exposure.

There is significant concentration of credit risk arising from a single customer which represents 43% (2016 : 23%) of total gross trade receivables of the group as at the end of the reporting period.

At the end of the reporting period, the group has concentration of credit risk whereby 49% (2016 : 39%) of its trade and other receivables are due from FEG.

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

(iv) Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities.

The group closely monitors its working capital requirements and funds available. Management ensures sufficient liquidity through efficient cash management and centrally manages the liquidity of the group and maintains adequate lines of credit with banks.

As at June 30, 2017, the company is in a net current asset position of US$4,951,000 (2016 : net current liability of US$1,070,000) which arose from trade and other payables due to subsidiaries of the company amounting to US$38,597,000 (2016 : US$38,483,000).

Non-derivative financial assets

All the financial assets of the group and company are either repayable on demand or due within one year from the end of the reporting period. Management is of the opinion that liquidity risk is minimal due to the short term nature of the group and company's financial assets.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

| Group | Weighted average effective interest rate | On demand or less than 1 year | More than 1 year to 5 years | Adjustments | Total |
|---|---|---|---|---|---|
| | % | US$'000 | US$'000 | US$'000 | US$'000 |
| **2017** | | | | | |
| Non-interest bearing | - | 2,472 | - | - | 2,472 |
| Fixed interest rate | 5.50 | 200 | 4,212 | (781) | 3,631 |
| Floating interest rate | 4.50 | 5,570 | - | (123) | 5,447 |
| | | 8,242 | 4,212 | (904) | 11,550 |
| **2016** | | | | | |
| Non-interest bearing | - | 5,657 | - | - | 5,657 |
| Floating interest rate | 4.73 | 7,586 | - | (175) | 7,411 |
| | | 13,243 | - | (175) | 13,068 |

| Company | Weighted average effective interest rate | On demand or less than 1 year | More than 1 year to 5 years | Adjustments | Total |
|---|---|---|---|---|---|
| | % | US$'000 | US$'000 | US$'000 | US$'000 |
| **2017** | | | | | |
| Non-interest bearing | - | 39,730 | - | - | 39,730 |
| Fixed interest rate | 5.50 | 200 | 4,212 | (781) | 3,631 |
| Floating interest rate | 4.50 | 5,570 | - | (123) | 5,447 |
| | | 45,500 | 4,212 | (904) | 48,808 |
| **2016** | | | | | |
| Non-interest bearing | - | 42,449 | - | - | 42,449 |
| Floating interest rate | 4.73 | 7,586 | - | (175) | 7,411 |
| | | 50,035 | - | (175) | 49,860 |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

*(d) Capital management policies and objectives*

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.

5 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 | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Agency fees paid to a subsidiary company | 426 | 426 |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

6 OTHER RELATED PARTIES TRANSACTIONS

The group's immediate and ultimate holding companies are Energian Pte. Ltd. and Falcon Energy Group Limited respectively and are both incorporated in Singapore. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the group 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 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Management and agency fee earned from associated companies | (648) | (700) | - | - |
| Management and agency fee earned from related companies | (60) | (482) | - | - |
| Rental paid to related companies | 252 | 206 | - | 44 |
| Purchase of vessel | - | 6,500 | - | - |
| Charter hire income earned from a related company | (730) | (548) | - | - |
| Vessel operating expenses paid to an associated company | - | 189 | - | - |
| Gain (Loss) on disposal of motor vehicle arising from the sale to previous director | 5 | (3) | 5 | (3) |
| Interest income from ultimate holding company | 116 | - | 116 | - |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

***Compensation of directors and key management personnel***

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

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Short-term benefits | 1,925 | 1,839 |
| Termination benefits | - | 401 |
| | 1,925 | 2,240 |

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.

7 CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Cash on hand | 15 | 5 | - | - |
| Cash at bank | 4,627 | 4,958 | 2,815 | 4,309 |
| Fixed deposits | 26 | 4,748 | 26 | 4,748 |
| | 4,668 | 9,711 | 2,841 | 9,057 |

The fixed deposits bear interest at rates ranging from 0.5% to 2.03% (2016 : 0.26% to 2.15%) per annum.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

8 TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Trade: | | | | |
| Outside parties | 9,495 | 5,787 | 5,864 | 3,501 |
| Allowance for doubtful debts | | | | |
| - Outside parties (Note 23(b)) | (3,651) | (1,269) | (2,382) | - |
| | 5,844 | 4,518 | 3,482 | 3,501 |
| Related companies (Note 6) | 1,831 | 1,109 | 56 | - |
| Associated companies (Notes 6 and 10) | 377 | 302 | - | - |
| Subsidiary companies (Notes 5 and 9) | - | - | 410 | 130 |
| | 8,052 | 5,929 | 3,948 | 3,631 |
| Non-trade: | | | | |
| Outside parties [a] | 1,312 | 57 | 1,311 | 57 |
| Subsidiary companies (Notes 5 and 9) | - | - | 39,011 | 35,836 |
| Associated companies (Notes 6 and 10) | 1,718 | 734 | - | - |
| Related companies (Note 6) | 2,497 | 2,343 | 10 | - |
| Ultimate holding company (Note 6) | 4,461 | 160 | 4,461 | 160 |
| | 9,988 | 3,294 | 44,793 | 36,053 |
| Total trade and other receivables | 18,040 | 9,223 | 48,741 | 39,684 |

[a] During the year, the group acted in the capacity of an agent to acquire a company on behalf of a third party company. An amount of US$1,308,000 (2016 : US$nil) remains due from this third party company to the group which represents a deposit paid by the group to secure the acquisition on behalf. Based on the relevant agreements signed between the group and the third party company, the acquisition was completed on July 5, 2017.

These receivables are interest-free and repayable on demand and the group has not recognised any allowance as management is of the view that these receivables are recoverable.

During the year, the credit terms granted to customers ranged from 30 to 90 days (2016 : 30 to 90 days) upon receipt of invoice. No interest is charged on the overdue trade receivables.

Included in the group's and company's trade receivable balance from outside parties are US$3,581,000 (2016 : US$1,981,000) and US$2,804,000 (2016 : US$1,981,000) respectively which are past due at the end of the financial year for which the group and company have not provided for any impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The group deals with customers who are mainly creditworthy oil majors or their preferred service providers. In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the financial year. Accordingly, management believes that there is no further credit allowance required in excess of the allowance for the doubtful receivables. The trade receivables that are neither past due nor impaired related to customers that the group has assessed to be creditworthy, based on the credit evaluation process performed by management.

The trade and other receivables due from subsidiaries, associated companies, related companies and ultimate holding company are unsecured, interest-free and repayable on demand except for an amount of US$4,090,000 (2016 : US$nil) which bears effective interest at 4.30% per annum due from the ultimate holding company. The group and company has not made any allowance as management is of the view that these receivables are recoverable.

The table below is an analysis of trade receivables, from outside parties, as at end of the reporting period:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Not past due and not impaired | 2,263 | 2,537 | 678 | 1,520 |
| Past due but not impaired [i] | 3,581 | 1,981 | 2,804 | 1,981 |
| | 5,844 | 4,518 | 3,482 | 3,501 |
| Impaired receivables [ii] | 3,651 | 1,269 | 2,382 | - |
| Less: Allowance for impairment | (3,651) | (1,269) | (2,382) | - |
| | - | - | - | - |
| Total trade receivables, net | 5,844 | 4,518 | 3,482 | 3,501 |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
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(i) Aging of receivables that are past due but not impaired:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| < 3 months | 1,696 | 816 | 922 | 816 |
| 3 to 6 months | 833 | 842 | 833 | 842 |
| More than 6 months | 1,052 | 323 | 1,049 | 323 |
| | 3,581 | 1,981 | 2,804 | 1,981 |

(ii) These amounts are stated before any deduction for impairment losses.

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Balance at beginning of year | 1,269 | - | - | - |
| Charge to profit or loss | 2,382 | 1,269 | 2,382 | - |
| Balance at end of year | 3,651 | 1,269 | 2,382 | - |

At the end of the reporting period, the group and company have outstanding receivables due from one of their customers which amounted to US$5,063,000 (2016 : US$1,687,000). In prior years, this customer was granted an option to purchase one of the group and company's vessels by placing a deposit of US$3,000,000 (Note 12). Management has assessed and is of the view that the net exposure due from the customer is US$2,060,000. Accordingly, an allowance for doubtful debts of US$2,060,000 was recognised at the end of the reporting period for trade receivables due from this customer.

In 2016, the High Court of Singapore granted an application to place Swiber Holdings Limited ("Swiber"), one of the major customers of the group, into interim judicial management. Accordingly, the management has assessed and made an allowance for doubtful debts on the group's net trade receivables due from Swiber Offshore (India) Pvt Ltd, a subsidiary of Swiber amounting to US$1,269,000 (2016 : US$1,269,000). At the end of the reporting period, Swiber remains under judicial management.

9 SUBSIDIARY COMPANIES

| | Company | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Unquoted equity shares, at cost | 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 5 of the financial statements.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
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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 |
|---|---|---|---|---|
| | | 2017 | 2016 | |
| | | % | % | |
| Held by the company | | | | |
| CHO Ship Management Pte Ltd [(a)(b)] | Singapore | 100 | 100 | Ship management and investment holding |
| Delaware Marine Pte Ltd [(a)] | Singapore | 100 | 100 | Investment holding |
| Sea Glory Private Limited [(a)] | Singapore | 100 | 100 | Ship owning and chartering |
| Garo Pte Ltd [(a)] | Singapore | 100 | 100 | Ship owning and chartering |
| Offshore Gold Shipping Pte Ltd[(a)] | Singapore | 100 | 100 | Ship owning and chartering |
| Pembrooke Marine Pte Ltd[(a)] | Singapore | 100 | 100 | Ship owning and chartering |
| Venture Offshore Pte Ltd[(a)] | Singapore | 100 | 100 | Investment holding |
| Held by CHO Ship Management Pte Ltd | | | | |
| High Majestic Sdn Bhd [(c)(d)] | Malaysia | 100 | - | Ship owning and chartering |
| Held by Delaware Marine Pte Ltd | | | | |
| Pearl Marine Pte Ltd [(c)(d)] | Malaysia | 100 | - | Ship owning and chartering |

Notes
(a) Audited by Deloitte & Touche LLP, Singapore.

(b) During the financial year, the subsidiary has changed its name from Chuan Hup Agencies (Private) Limited to CHO Ship Management Pte Ltd.

(c) Newly incorporated during the year.

(d) Not audited as deemed insignificant to the group.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
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10 ASSOCIATED COMPANIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Unquoted equity shares, at cost | 1,675 | 1,675 | 278 | 278 |
| Amounts receivable - non-trade (i) | 12,677 | 12,677 | 4,708 | 4,708 |
| Share of results of associated companies (ii) | 11,874 | 19,181 | - | - |
| | 26,226 | 33,533 | 4,986 | 4,986 |

(i) The amounts receivable are unsecured, interest-free and repayable at the discretion of the associated companies. The amounts receivable from the associated companies, in substance, form part of the group's net investment in the associated companies.

(ii) Share of losses of associated companies recognised in profit or loss includes:

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Share of losses of associated companies after income tax | (7,307) | (2,368) |
| Amortisation of deferred gain from sale of vessels to associated companies (Note 13) | 403 | 403 |
| | (6,904) | (1,965) |

Movement of share of results of associated companies is as follows:

| | | |
|---|---|---|
| At the beginning of year | 19,181 | 21,549 |
| Current year share of losses | (7,307) | (2,368) |
| At the end of year | 11,874 | 19,181 |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

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| | Country of incorporation and operation | Proportion of ownership interest and voting power held | | Principal activities |
|---|---|---|---|---|
| | | 2017 | 2016 | |
| | | % | % | |
| Held by the company | | | | |
| MarineCo Limited [a] | Malaysia | 49 | 49 | Ship owning and chartering |
| Gemini Sprint Sdn. Bhd. [a] | Malaysia | 49 | 49 | Ship chartering |
| Held by Venture Offshore Pte. Ltd.: | | | | |
| PT Bahtera Nusantara Indonesia [b] | Indonesia | 49 | 49 | Ship owning and chartering |

[a] The audited financial statements of the associated companies held by the company are for the financial year ended March 31, 2017. Accordingly, unaudited management accounts for the financial period from April 1, 2017 to June 30, 2017 were used for determining the full year's profit for the purpose of equity accounting for MarineCo Limited and Gemini Sprint Sdn. Bhd.

[b] Audited by Deloitte & Touche 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.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

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Summarised financial information in respect of each of the group's material associates is set out below.

| | MarineCo Limited & Gemini Sprint Sdn. Bhd. | | PT Bahtera Nusantara Indonesia | | Group | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Current assets | 1,845 | 3,473 | 4,291 | 4,483 | 6,136 | 7,956 |
| Non-current assets | 8,684 | 15,244 | 41,277 | 50,727 | 49,961 | 65,971 |
| Current liabilities | 873 | 2,041 | 2,189 | 3,743 | 3,062 | 5,784 |
| Non-current liabilities | 9,423 | 9,618 | 16,264 | 16,264 | 25,687 | 25,882 |
| Revenue | 1,797 | 3,721 | 6,241 | 8,365 | 8,038 | 12,086 |
| Loss for the year, representing total comprehensive income for the year | (6,824) | (3,689) | (8,089) | (1,143) | (14,913) | (4,832) |
| Group's share of associated companies' loss for the year | (3,343) | (1,808) | (3,964) | (560) | (7,307) | (2,368) |
| Net assets of the associated companies | 233 | 7,058 | 27,115 | 35,203 | 27,348 | 42,261 |
| Carrying amount of the group's interest in the associated companies[1] | 263 | 3,606 | 13,286 | 17,250 | 13,549 | 20,856 |

(1) 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$148,000 (2016 : US$148,000).

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

11 FIXED ASSETS

| | Vessels | Drydocking expenditure | Furniture, fittings and equipment | Motor vehicles | Construction-in-progress | Total |
|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Group | | | | | | |
| Cost: | | | | | | |
| Balance at July 1, 2015 | 171,544 | 13,584 | 416 | 138 | 1,170 | 186,852 |
| Additions | 6,593 | 2,135 | 89 | - | - | 8,817 |
| Transfer from construction-in-progress | 446 | 724 | - | - | (1,170) | - |
| Disposals | - | - | (198) | (53) | - | (251) |
| Balance at June 30, 2016 | 178,583 | 16,443 | 307 | 85 | - | 195,418 |
| Additions | - | - | - | - | 667 | 667 |
| Disposals | - | - | (17) | (85) | - | (102) |
| Balance at June 30, 2017 | 178,583 | 16,443 | 290 | - | 667 | 195,983 |
| Accumulated depreciation: | | | | | | |
| Balance at July 1, 2015 | 44,171 | 6,921 | 373 | 138 | - | 51,603 |
| Depreciation | 5,135 | 2,579 | 43 | - | - | 7,757 |
| Disposals | - | - | (195) | (53) | - | (248) |
| Balance at June 30, 2016 | 49,306 | 9,500 | 221 | 85 | - | 59,112 |
| Depreciation | 4,963 | 2,477 | 27 | - | - | 7,467 |
| Disposals | - | - | (8) | (85) | - | (93) |
| Balance at June 30, 2017 | 54,269 | 11,977 | 240 | - | - | 66,486 |
| Impairment: | | | | | | |
| Impairment loss recognised in the year ended and [Note 23 (b)] and balance at June 30, 2016 | 1,001 | - | - | - | - | 1,001 |
| Addition [Note 23(b)] | 31,076 | - | - | - | - | 31,076 |
| Balance at June 30, 2017 | 32,077 | - | - | - | - | 32,077 |
| Carrying amount: | | | | | | |
| Balance at June 30, 2017 | 92,237 | 4,466 | 50 | - | 667 | 97,420 |
| Balance at June 30, 2016 | 128,276 | 6,943 | 86 | - | - | 135,305 |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
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| | Vessels | Drydocking expenditure | Furniture, fittings and equipment | Motor vehicles | Construction-in-progress | Total |
|---|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| Company | | | | | | |
| Cost: | | | | | | |
| Balance at July 1, 2015 | 98,485 | 8,495 | 66 | 138 | 323 | 107,507 |
| Additions | 93 | - | 34 | - | - | 127 |
| Transfer from construction-in-progress | 323 | - | - | - | (323) | - |
| Disposals | - | - | (52) | (53) | - | (105) |
| Balance at June 30, 2016 | 98,901 | 8,495 | 48 | 85 | - | 107,529 |
| Additions | - | - | - | - | 667 | 667 |
| Disposals | - | - | - | (85) | - | (85) |
| Balance at June 30, 2017 | 98,901 | 8,495 | 48 | - | 667 | 108,111 |
| Accumulated depreciation: | | | | | | |
| Balance at July 1, 2015 | 26,942 | 4,259 | 59 | 138 | - | 31,398 |
| Depreciation | 2,673 | 1,487 | 10 | - | - | 4,170 |
| Disposals | - | - | (51) | (53) | - | (104) |
| Balance at June 30, 2016 | 29,615 | 5,746 | 18 | 85 | - | 35,464 |
| Depreciation | 2,590 | 1,394 | 6 | - | - | 3,990 |
| Disposals | - | - | - | (85) | - | (85) |
| Balance at June 30, 2017 | 32,205 | 7,140 | 24 | - | - | 39,369 |
| Impairment: | | | | | | |
| Impairment loss recognised in the year ended and balance at June 30, 2017 [Note 23(b)] | 8,827 | - | - | - | - | 8,827 |
| Carrying amount: | | | | | | |
| Balance at June 30, 2017 | 57,869 | 1,355 | 24 | - | 667 | 59,915 |
| Balance at June 30, 2016 | 69,286 | 2,749 | 30 | - | - | 72,065 |

At the end of the reporting period, the group and company carried out a review of the recoverable amount of its vessels, after considering the decrease in operations and depressed market condition during the year.

This review led to the recognition of an impairment loss of US$31,076,000 (2016 : US$1,001,000) and US$8,827,000 (2016 : US$nil) by the group and company respectively through the computation of the value-in-use for their vessels.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
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12 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Trade: | | | | |
| Outside parties | 2,461 | 2,357 | 1,131 | 966 |
| Advance from customer | 1,517 | 3,097 | 1,517 | 3,097 |
| Associated companies (Notes 6 and 10) | - | 189 | - | - |
| Subsidiary companies (Notes 5 and 9) | - | - | 3,032 | 4,462 |
| Related parties | 2 | - | 2 | - |
| | 3,980 | 5,643 | 5,682 | 8,525 |
| Non-trade: | | | | |
| Outside parties | 3,000 | 3,000 | 3,000 | 3,000 |
| Associated companies (Notes 6 and 10) | - | 97 | - | - |
| Related companies (Note 6) | 9 | 14 | - | - |
| Subsidiary companies (Notes 5 and 9) | - | - | 35,565 | 34,021 |
| | 3,009 | 3,111 | 38,565 | 37,021 |
| Total trade and other payables | 6,989 | 8,754 | 44,247 | 45,546 |
| Less: Due within 12 months | (3,989) | (5,754) | (41,247) | (42,546) |
| Amounts due after 12 months | 3,000 | 3,000 | 3,000 | 3,000 |

The credit terms granted by suppliers ranged from 30 to 90 days (2016 : 30 to 90 days). The group has financial risk management policies in place to ensure that all payables are within the credit time frame.

Included in non-trade payables, is an amount of US$3,000,000 (2016 : US$3,000,000) which relates to a customer deposit received in prior year for a vessel of the group in which the customer has an option to purchase in February 2019 based on the charter agreement.

Management is of the view that the carrying amount of the customer deposit approximates its fair value.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

13 OTHER PAYABLES - DEFERRED GAIN

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Deferred gain | 5,849 | 6,252 |
| Amortisation during the year (Note 10) | (403) | (403) |
| | 5,446 | 5,849 |
| Current portion | (403) | (403) |
| Non-current portion | 5,043 | 5,446 |

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.

14 BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Bank loan A | 5,447 | 7,411 | 5,447 | 7,411 |
| Bank loan B | 3,631 | - | 3,631 | - |
| Total | 9,078 | 7,411 | 9,078 | 7,411 |
| Less: Due within 12 months | (5,447) | (7,411) | (5,447) | (7,411) |
| Amounts due after 12 months | 3,631 | - | 3,631 | - |

Group and company

Bank Loan A:

The bank loan is an unsecured revolving 6 months credit facility which bears an average effective interest rate of 4.50% (2016 : 4.73%) per annum at the end of the reporting period. A portion of the loan which amounted to US$1,853,000 (2016 : US$nil) was repaid during the year.

Bank Loan B:

The bank loan is unsecured with a tenure of 72 months and bears an effective interest rate of 5.50% (2016 : nil%) per annum at the end of the reporting period. This loan is provided by a bank for an initiative under SPRING Singapore, an agency under the Ministry of Trade and Industry, 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. Accordingly, the loans were classified under non-current liabilities.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

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At June 30, 2017, the group and company have available US$nil (2016 : US$3,705,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Management is of the view that the carrying amount of the loan approximates its fair value.

15 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 | Unutilised capital allowances | Total |
|---|---|---|---|
| | US$'000 | US$'000 | US$'000 |
| Group | | | |
| At July 1, 2015 | - | - | - |
| (Charge) Credit to profit or loss for the year (Note 21) | (6,255) | 1,666 | (4,589) |
| At June 30, 2016 | (6,255) | 1,666 | (4,589) |
| (Charge) Credit to profit or loss for the year (Note 21) | 849 | (93) | 756 |
| At June 30, 2017 | (5,406) | 1,573 | (3,833) |
| Company | | | |
| At July 1, 2015 | - | - | - |
| (Charge) Credit to profit or loss for the year (Note 21) | (3,659) | 1,159 | (2,500) |
| At June 30, 2016 | (3,659) | 1,159 | (2,500) |
| (Charge) Credit to profit or loss for the year (Note 21) | 266 | (349) | (83) |
| At June 30, 2017 | (3,393) | 810 | (2,583) |

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 | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Deferred tax assets | 1,573 | 1,666 | 810 | 1,159 |
| Deferred tax liabilities | (5,406) | (6,255) | (3,393) | (3,659) |
| | (3,833) | (4,589) | (2,583) | (2,500) |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

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Subject to the agreement by the tax authorities, at the end of the reporting period, the group has unutilised capital allowances of US$9,252,000 (2016 : US$9,800,000) available for offset against future profits.

In deriving at the allocation percentage of non-tax-exempt charter income, 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.

16 ISSUED CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | '000 | '000 | US$'000 | US$'000 |
| | Number of ordinary shares | | | |
| Issued and paid-up capital: | | | | |
| At the beginning and end of the year | 705,091 | 705,091 | 55,379 | 55,379 |

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

17 TREASURY SHARES

| | Group and Company | | | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | '000 | '000 | US$'000 | US$'000 |
| | Number of ordinary shares | | | |
| At the beginning of the year | - | - | - | - |
| Repurchased during the year | 198 | - | 46 | - |
| At the end of the year | 198 | - | 46 | - |

The company acquired 198,000 of its own shares through purchases on Singapore Exchange during the year. The total amount paid to acquire the shares was US$46,000 and was been deducted from shareholders' equity. The shares are held as "treasury shares". The company intends to reissue the shares to executives who exercise their share options under the employee share option plan in the foreseeable future.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

18 REVENUE

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Charter hire income earned | 15,600 | 22,059 | 9,520 | 12,289 |
| Rendering of services | 1 | 1,478 | - | - |
| Management and agency fee | 804 | 1,188 | - | - |
| | 16,405 | 24,725 | 9,520 | 12,289 |

19 COST OF SALES

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Vessel operating expenses | 4,924 | 5,414 | 1,963 | 2,704 |
| Service cost | - | 598 | - | - |
| | 4,924 | 6,012 | 1,963 | 2,704 |

20 OTHER INCOME

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Foreign exchange gain | 45 | - | 38 | - |
| Interest income | 136 | 197 | 136 | 197 |
| Reversal of foreign tax payable [a] | - | 5,209 | - | 5,209 |
| Reversal of commission fees payable [b] | - | 3,737 | - | 3,737 |
| Dividend income – subsidiary companies (Notes 5 and 9) | - | - | - | 25,000 |
| Others | 163 | 49 | 33 | 24 |
| | 344 | 9,192 | 207 | 34,167 |

[a] In 2016, management assessed the foreign tax payable at the end of the reporting period and is of view that no foreign tax is likely to be paid to the relevant tax authorities. Accordingly, these foreign tax payable was reversed in 2016; and

[b] In 2016, management has considered the facts and available evidence surrounding the on-going arbitration and concluded it is not probable that any commission fees, will be paid to its ship brokers. Accordingly, the commission fees payables which amounted to US$3,737,000 was reversed in 2016.

At the end of the reporting period, there were no repayments made by the group and company which relates to the above reversals.

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
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21 FINANCE COST

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Interest expense on bank loans | 277 | 139 | 277 | 139 |
| Bank charges | 13 | 4 | 12 | 2 |
| | 290 | 143 | 289 | 141 |

22 INCOME TAX

(a) Taxation credit (charge) comprises:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Deferred tax (Note 15) | | | | |
| - Current | 772 | (4,589) | (83) | (2,500) |
| - Under provision in prior years | (16) | - | - | - |
| Income tax | 756 | (4,589) | (83) | (2,500) |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

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(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) profit before income tax as a result of the following differences:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| (Loss) Profit before income tax | (40,836) | 10,215 | (9,714) | 36,838 |
| Income tax expense at statutory rate at 17% | (6,942) | 1,737 | (1,652) | 6,263 |
| Net income not subject to tax [1] | 4,242 | (5,279) | 1,497 | (6,684) |
| Effects of expenses not deductible in determining taxable profits | 586 | 2,828 | 209 | 421 |
| Tax effect of share of results of associates | 1,174 | 334 | - | - |
| Deferred tax benefits not recognised | 138 | 380 | - | - |
| Effects of previously unrecognised and unused tax offsets now recognised as deferred tax assets | - | (1,666) | - | (1,159) |
| Effects of deferred tax expense relating to the origination of taxable temporary differences | - | 6,255 | - | 3,659 |
| Adjustments recognised in the current year in relation to deferred tax of prior year | 16 | - | 16 | - |
| Others | 30 | - | 13 | - |
| Income tax | (756) | 4,589 | 83 | 2,500 |

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

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

(c) Subject to agreement with the relevant tax authorities, the group has unutilised tax loss carryforwards estimated as follows:

| | Group | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Amount at beginning of the year | 2,517 | 332 |
| Amount arising during the year | 812 | 2,236 |
| Adjustments to prior year | (832) | (51) |
| Amount at end of the year | 2,497 | 2,517 |
| Deferred tax benefit on above not recorded: | 424 | 428 |

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 uncertainty of future taxable profit stream.

23 (LOSS) PROFIT 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 (credit):

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Directors' fees | 169 | 48 | 169 | 48 |
| Staff cost: | | | | |
| Permanent staff (including directors' remuneration) | 3,232 | 3,606 | 1,255 | 1,259 |
| Contract based crew | 1,670 | 2,287 | 651 | 1,170 |
| | 4,902 | 5,893 | 1,906 | 2,429 |
| Cost of defined contribution plans included in staff costs | 217 | 232 | 63 | 48 |
| Audit fees: | | | | |
| Paid to auditors of the company | 42 | 52 | 22 | 18 |
| Non-audit fees: | | | | |
| Paid to auditors of the company | 5 | 5 | 2 | 2 |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

(b) Other expenses include:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Net foreign exchange loss | - | 327 | - | 469 |
| Allowance for doubtful trade receivables (Note 8) | 2,382 | 1,269 | 2,382 | - |
| Impairment loss on fixed assets (Note 11) | 31,076 | 1,001 | 8,827 | - |

24 EARNINGS PER SHARE

Earnings per share is calculated by dividing the group's profit 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 | |
|---|---|---|
| | 2017 | 2016 |
| (Loss) Profit attributable to shareholders (US$'000) | (40,080) | 5,626 |
| Number of ordinary shares used to compute earnings per share ('000) | 704,942 | 705,091 |
| Basic and fully diluted: Earnings per share (US cents) | (5.69) | 0.80 |

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

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

## 25 DIVIDENDS

In current year and also subsequent to the financial year ended June 30, 2017, the directors did not recommend any dividend for the financial year ended June 30, 2017.

In prior year, the company declared and paid a final and special dividend of S$0.02 and S$0.125 per ordinary share of the company totalling approximately S$102,238,000 (equivalent to US$73,520,000) for the financial year ended June 30, 2015; and declared and paid an interim special dividend of S$0.025 per ordinary share of the company totalling approximately S$17,627,000 (equivalent to US$12,461,000) for the financial year ended June 30, 2016.

In 2015, the company paid a final and special dividend of S$0.02 and S$0.02 per ordinary share of the company totalling approximately S$28,204,000 (equivalent to US$22,451,000) for the financial year ended June 30, 2014, and declared an interim special dividend of S$0.09 per ordinary share of the company totalling approximately S$63,458,000 (equivalent to US$47,197,000) for the financial year ended June 30, 2015, which was paid in the financial year ended June 30, 2016.

The dividends declared, paid or payable by the company were one-tier tax exempt dividends.

## 26 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 Chief Executive Officer ("CEO") 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 CEO 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$16,405,000 (2016 : US$24,725,000) are revenues of approximately US$4,924,000 (2016 : US$6,481,000) which arose from the chartering of vessels to the group's largest customer.

The group has five (2016 : four) major customers that contribute greater than 10% of the total revenue for charter income.

| | Revenue | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Customer A | 4,924 | 6,481 |
| Customer B | 3,376 | 3,386 |
| Customer C | 2,581 | - |
| Customer D | 1,546 | 5,061 |
| Customer E | 1,406 | 5,343 |

**CH OFFSHORE LTD AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**
**Year ended June 30, 2017**

27 GUARANTEES

| | Group and Company | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Guarantees (unsecured) | 28 | 1,654 |

The guarantees provided by the group to respective parties are as follows:

| | Group and Company | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Associated company [a] | - | 1,624 |
| Third parties | 20 | 30 |
| | 20 | 1,654 |

[a] In 2016, this pertains to the corporate guarantees provided to an associated company to obtain bank loans. The bank loans have been fully repaid during the financial year.

28 COMMITMENTS

Operating lease commitments:

| | Group | | Company | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Minimum lease payments paid under operating leases included in profit or loss | 357 | 396 | 153 | 80 |

As at the end of the reporting period, the group and the company have outstanding commitments under non-cancellable operating leases in respect of office premises, which fall due as follows:

| | Group and Company | |
|---|---|---|
| | 2017 | 2016 |
| | US$'000 | US$'000 |
| Within one year | - | 6 |
| | - | 6 |

Operating lease payments represent rentals payable by the group and the company for rental of certain office premises. Leases are negotiated for a term of nil year (2016 : 1 years) and rentals are fixed for nil year (2016 : 1 years).

# APPENDIX 5: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST QUARTER AND THREE (3) MONTH PERIOD ENDED 30 SEPTEMBER 2017

The unaudited consolidated financial statements of the Group for the first quarter and three (3) month period ended 30 September 2017 set out below have been extracted from the announcement released by the Company on 3 November 2017, and was not specifically prepared for inclusion in this Circular. The figures have not been audited.

## CH OFFSHORE LTD

Co. Reg. No. 197600666D

**Unaudited 1st Quarter Financial Statements And Dividend Announcement**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1 (a) **A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

1(a)(i) **Statement of profit or loss and other comprehensive income for the financial period ended 30 September 2017**

| | Group | | |
|---|---|---|---|
| | **1Q17/18 30/9/2017 US$'000** | **1Q16/17 30/9/2016 US$'000** | Change % |
| **Revenue** | **3,710** | **5,092** | (27.1) |
| Cost of sales | (1,160) | (1,654) | (29.9) |
| **Gross profit before direct depreciation** | **2,550** | **3,438** | (25.8) |
| Direct depreciation | (1,837) | (1,899) | (3.3) |
| **Gross profit after direct depreciation** | **713** | **1,539** | (53.7) |
| Other income (refer to note below) | 189 | 67 | 182.1 |
| Other expenses (refer to note below) | (97) | (8) | 1112.5 |
| Indirect depreciation | (19) | (10) | 90.0 |
| Administrative expenses | (760) | (1,155) | (34.2) |
| **Profit from Operations** | **26** | **433** | (94.0) |
| Finance Costs | (116) | (73) | 58.9 |
| **Profit before Income Tax and results of associated Companies** | **(90)** | **360** | |
| Share of results of associated companies | (79) | (354) | (77.7) |
| **(Loss) / Profit before income tax** | **(169)** | **6** | (2916.7) |
| Income tax | - | - | 0.0 |
| **(Loss) / Profit after income tax** | **(169)** | **6** | (2916.7) |
| **Other comprehensive income:** | - | - | - |
| **Total comprehensive income for the period** | **(169)** | **6** | (2916.7) |

1(a)(ii) **Notes to the Statement of Comprehensive Income**

| | Group | | |
|---|---|---|---|
| | **1Q17/18 30/9/2017 US$'000** | **1Q16/17 30/9/2016 US$'000** | % Change |
| Miscellaneous Income | 72 | - | n.m. |
| Interest Income | 117 | 8 | 1362.5 |
| Foreign Exchange Gain | - | 59 | (100.0) |
| Foreign Exchange Loss | (97) | - | n.m. |
| Sales of Fixed Assets/ Fixed Assets Written off | - | (8) | 100.0 |

# APPENDIX 5: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST QUARTER AND THREE (3) MONTH PERIOD ENDED 30 SEPTEMBER 2017

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.**

**Statements of financial position as at 30 September 2017**

| | Group | | Company | |
|---|---|---|---|---|
| | **30/9/2017** | **30/6/2017** | **30/9/2017** | **30/6/2017** |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 5,644 | 4,668 | 3,423 | 2,841 |
| Trade and other receivables | 18,984 | 18,148 | 62,355 | 48,748 |
| Prepayments | 215 | 103 | 86 | 56 |
| Total current assets | 24,843 | 22,919 | 65,864 | 51,645 |
| **Non-current assets** | | | | |
| Subsidiary companies | | - | 8,751 | 8,751 |
| Associated companies | 26,045 | 26,226 | 4,986 | 4,986 |
| Fixed assets | 95,672 | 97,420 | 45,987 | 59,915 |
| Total non-current assets | 121,717 | 123,646 | 59,724 | 73,652 |
| **Total assets** | **146,560** | **146,565** | **125,588** | **125,297** |
| **LIABILITIES AND EQUITY** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 2,893 | 2,472 | 40,173 | 39,730 |
| Other payables - deferred gain | 403 | 403 | - | - |
| Borrowings | 5,523 | 5,447 | 5,523 | 5,447 |
| Advance from client | 383 | 1,517 | 383 | 1,517 |
| Deferred interest income | - | - | 3,954 | - |
| Unrecognised revenue | 851 | - | 851 | - |
| Total current liabilities | 10,053 | 9,839 | 50,884 | 46,694 |
| **Non-current Liabilities** | | | | |
| Borrowings | 3,682 | 3,631 | 3,682 | 3,631 |
| Other payables - deferred gain | 4,941 | 5,043 | - | - |
| Client deposit | 3,000 | 3,000 | 3,000 | 3,000 |
| Deferred taxation | 3,834 | 3,833 | 2,583 | 2,583 |
| Total non-current liabilities | 15,457 | 15,507 | 9,265 | 9,214 |
| **Capital and reserves** | | | | |
| Issued capital | 55,379 | 55,379 | 55,379 | 55,379 |
| Treasury stock | (46) | (46) | (46) | (46) |
| Accumulated profits | 65,717 | 65,886 | 10,106 | 14,056 |
| **Total equity** | 121,050 | 121,219 | 65,439 | 69,389 |
| **Total liabilities and equity** | **146,560** | **146,565** | **125,588** | **125,297** |

1(b)(ii) **Aggregate amount of group's borrowings and debt securities.**

| | |
|---|---|
| **(a) Amount repayable in one year or less, or on demand** | S$7.5 million (equivalent to US$5.523million) as at 30 Sep 2017<br>S$7.5 million (equivalent to US$5.447million) as at 30 Jun 2017 |
| **(b) Amount repayable after one year** | S$5 million (US equivalent of US$3.682million) as at 30 Sep 2017<br>S$5 million (US equivalent of US$3.631million) as at 30 Jun |
| **(c) Details of any collaterals** | Borrowing is unsecured. |

# APPENDIX 5: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST QUARTER AND THREE (3) MONTH PERIOD ENDED 30 SEPTEMBER 2017

1(c) **A statement of cash flow ( for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| **Consolidated Statement of Cash Flows** | **Q1 30/09/2017** US$'000 | **Q1 30/09/2016** US$'000 |
|---|---|---|
| **Operating activities:** | | |
| (Loss) / Profit before income tax and results of associated companies | (90) | 360 |
| Adjustments for : | | |
| Depreciation | 1,856 | 1,909 |
| Interest income | (117) | (8) |
| Interest expense | 112 | 73 |
| Net foreign exchange loss / (gain) - unrealized | 141 | (62) |
| Operating profit before working capital changes | 1,902 | 2,272 |
| Trade receivables and other receivables | (718) | (1,363) |
| Prepayments | (113) | (277) |
| Trade and other payables | 472 | 265 |
| Unearned revenue | 851 | - |
| Advance from client | (1,134) | (1,434) |
| Cash generated from / (used in) operations | 1,260 | (537) |
| Interest received | 1 | 11 |
| Interest paid | (163) | - |
| Net cash generated from / (used in) operating activities | 1,098 | (526) |
| **Investing activities:** | | |
| Purchases of fixed assets | (108) | - |
| Proceeds from disposal of plant and equipment | - | 9 |
| Net cash (used in) / generated from investing activities | (108) | 9 |
| **Financing activities:** | | |
| Repayments of bank loans | - | (1,853) |
| Purchase of treasury shares | - | (38) |
| Net cash used in financing activities | - | (1,891) |
| Net decrease in cash and cash equivalents | 990 | (2,408) |
| Cash and cash equivalents at the beginning of the year | 4,668 | 9,711 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (14) | (2) |
| **Cash and cash equivalents at the end of the period** | 5,644 | 7,301 |
| | - | |

1 (d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders,together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| **Statements of changes in equity** | **Issued capital** | **Treasury Shares** | **Retained profits** | **Total** |
|---|---|---|---|---|
| **GROUP** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **QTR 1 ENDED 30 SEPTEMBER 2016** | | | | |
| Balance at 1 July 2016 | 55,379 | - | 105,966 | 161,345 |
| Profit for the period, representing total comprehensive income for the period | - | - | 6 | 6 |
| Purchase of treasury shares | - | (38) | - | (38) |
| **Balance at 30 September 2016** | 55,379 | (38) | 105,972 | 161,313 |
| **QTR 1 ENDED 30 SEPTEMBER 2017** | | | | |
| Balance at 1 July 2017 | 55,379 | (46) | 65,886 | 121,219 |
| Profit for the period, representing total comprehensive income for the period | - | - | (169) | (169) |
| Purchase of treasury shares | - | - | - | - |
| **Balance at 30 September 2017** | 55,379 | (46) | 65,717 | 121,050 |
| | | | | - |

| **COMPANY** | **Issued capital** | **Treasury Shares** | **Retained profits** | **Total** |
|---|---|---|---|---|
| | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **QTR 1 ENDED 30 SEPTEMBER 2016** | | | | |
| Balance at 1 July 2016 | 55,379 | - | 23,854 | 79,233 |
| Profit for the period, representing total comprehensive income for the period | - | - | 773 | 773 |
| Purchase of treasury shares | - | (38) | | (38) |
| **Balance at 30 September 2016** | 55,379 | (38) | 24,627 | 79,968 |
| **QTR 1 ENDED 30 SEPTEMBER 2017** | | | | |
| Balance at 1 July 2017 | 55,379 | (46) | 14,056 | 69,389 |
| Profit for the period, representing total comprehensive income for the period | - | - | (3,950) | (3,950) |
| Purchase of treasury shares | - | | | - |
| **Balance at 30 September 2017** | 55,379 | (46) | 10,106 | 65,439 |
| | | | | - |

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the company's share capital since the previous period reported on.

| | **Number of shares as at** | |
|---|---|---|
| | **30/9/2017** | **30/9/2016** |
| Total number of issued shares as at end of financial period reported | 705,090,514 | 705,090,514 |
| Less: Treasury shares held as at end of financial period reported | (198,000) | (155,000) |
| Total number of issued shares, excluding treasury shares | 704,892,514 | 704,935,514 |

# APPENDIX 5: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST QUARTER AND THREE (3) MONTH PERIOD ENDED 30 SEPTEMBER 2017

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| | Number of shares as at | |
|---|---|---|
| | **30/9/2017** | **30/6/2017** |
| Total number of issued shares at end of financial period reported on | 705,090,514 | 705,090,514 |
| Less: Treasury shares at end of financial period reported on | (198,000) | (198,000) |
| Total number of issued shares, excluding treasury shares | 704,892,514 | 704,892,514 |

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the current reported financial period.

2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited financial statements for the year ended 30 June 2017 except as disclosed in paragraph 5 below.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant in the current financial period. The adoption of these new and revised FRS and INT FRS has no material effect on the financial statements.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| Earnings per ordinary share for the period based on net profit attributable to shareholders: | | Group | |
|---|---|---|---|
| | | **Q1 ended 30 Sept** | |
| | | **2017** | **2016** |
| (i) Based on weighted average number of ordinary shares on issue | **US cents** | (0.02) | 0.00 |
| (ii) On a fully diluted basis | **US cents** | (0.02) | 0.00 |

Note to item 6 (i)
Group basic earnings per ordinary share is calculated by dividing Group net profit attributable to members by the weighted average number of ordinary shares on issue.

| | Group | |
|---|---|---|
| | **Q1 ended 30 Sept** | |
| | **2017** | **2016** |
| Net profit attributable to members (US$'000) | (169) | 6 |
| Weighted average number of ordinary shares on issue | 704,932,192 | 705,064,030 |

Note to item 6 (ii)
Group basic earnings per share is the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 30 September 2017 and 30 September 2016.

7 **Net asset value (for the issuer and the group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **30/9/2017** | **30/6/2017** | **30/9/2017** | **30/6/2017** |
| Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on | **US cents** | 17.17 | 17.20 | 9.28 | 9.84 |

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group incurred a loss of US$0.169 million in the first quarter ended 30 September 2017 ("1Q1718") as compared to a profit after income tax of US$6,000 in the quarter ended 30 September 2016 ("1Q1617"). The decrease was mainly driven by US$1.382 million decrease in revenue which was partially offset by US$0.494 million decrease in operating expenses and US$0.395 million decrease in administrative expenses and US$0.275 million decrease in its share of associates' losses.

**Revenue**

The Group's revenue decreased 27.1% from US$5.092 million in 1Q1617 to US$3.71 million in 1Q1718 despite higher vessel utilization rate of 79% in 1Q1718 as compared to 77% in 1Q1617. The lower revenue was mainly driven by a significant decrease in market charter rate.

**Cost of Sales and Depreciation**

1Q1718 Operating expenses decreased 29.9%, in line with the 27.1% decrease in revenue. Gross profit before depreciation was 68.5% in 1Q1718 and 67.5% in 1Q1617.

**Gross Profit after Direct Depreciation**

Gross profit margins after direct depreciation was 19.2% in 1Q1718, representing a 59.8% decrease compared to the 32.2% achieved in 1Q1617.

**Administrative Expenses**

Administrative expenses decreased 34.2% to US$0.76 million in 1Q1718 from US$1.155 million in 1Q1617 mainly due to the reversal of one-time business development cost of US$0.2 million in 1Q1718 and the impact of the costs restructuring exercise done previously.

**Share of Results of Associated Companies**

The Group's share of associates' loss narrowed US$0.275 million from US$0.354 million in 1Q1617 to US$0.079 million in 1Q1718 mainly due to effective operating costs management. Operating cost decreased from US$0.582 million in 1Q1617 to US$0.269 million in 1Q1718.

**A Review of the Financial Position**

The Group net assets value was US$121.05 million and net asset value per share was 17.17 US cents per share as at 30 September 2017. Current ratio was 2.47 as at 30 September 17, compared to current ratio of 2.33 as at 30 June 17.

Cash and cash equivalents increased by US$0.976 million or 20.9% to US$5.644 million as at 30 September 2017 compared to 30 June 2017. The increase was mainly due to the generation of positive operating cash flow of US$1.098 million and incurrence of minimal capital expenditure in 1Q1718.

Trade and other receivables increased by US$0.836 million or 4.6% to US$18.984 million as at 30 September 2017 as compared to 30 June 2017. US$1.47 million increase was due to payment delay from Group's customers & US$0.661 million increase was due to non-payment from the Group's related parties and holding company. The increase was partially offset by the decrease in the amount due from associates by US$1.295 million.

A client paid the Group one-year charter revenue in advance at the beginning of 2016. Advance from Client decreased US$1.134 million in line with the charter services provided in 1Q1718.

The unrecognised revenue balance arised from the Group ceasing revenue recognition from a charterer who has defaulted on their payments. Legal actions has been taken against the client.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not Applicable

10 **A commentary at the date of this announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In May 2017, OPEC and non-OPEC members agreed to a further nine-month extension of production cuts to first quarter of 2018. The compliance with the agreed production cuts and improved world economy has supported oil prices between US$45 – US$50 per barrel. However, operating conditions are expected to remain challenging over the next 12 months. The Group will continue to develop ways to increase operational efficiency, cut costs and preserve cash that will allow us to ride out the rest of the downturn and be ready for the rebound in the industry.
Save as disclosed herein, there are no known factors or events which may affect the Group in the next reporting period and the next 12 months.

11 **Dividend**

Any dividend for the period has been declared?

| | |
|---|---|
| (a) Present Period | No |
| (b) Previous Corresponding Period | No |
| (c) Date payable | Not applicable |
| (d) Books closing date | Not applicable |

12 **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended.

13 **Interested Person Transactions**

The Company did not obtain a general mandate from shareholders for Interested Person Transactions.

The following are details of the interested person transactions entered into by the Group in 1st Quarter ended 30 September 2017:

| | Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|
| | (US$'000) | (US$'000) |
| Falcon Energy Group of Companies | 797 | - |

14 **Negative assurance confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual.**

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first quarter ended 30 September 2017 to be false or misleading in any material respect.

15 **Confirmation of compliance to Rule 720(1) of the Listing Manual**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule720(1) of the SGX-ST Listing Manual.

**BY ORDER OF THE BOARD**
Lim Mee Fun
Company Secretary
3 November 2017

# APPENDIX 6: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE SECOND QUARTER AND SIX (6) MONTH PERIOD ENDED 31 DECEMBER 2017

The unaudited consolidated financial statements of the Group for the second quarter and six (6) month period ended 31 December 2017 set out below have been extracted from the announcement released by the Company on 2 February 2018, and was not specifically prepared for inclusion in this Circular. The figures have not been audited.

**CH OFFSHORE LTD**

(Co. Reg. No. 197600666D)

**Unaudited 1st Half Financial Statement And Related Announcement**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1 (a) **A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

1(a)(i) **Statement of profit or loss and other comprehensive income for the first half ("1H1718") ended 31 December 2017**

| | Group | | | Group | | |
|---|---|---|---|---|---|---|
| | 2Q 17/18 31/12/2017 US$'000 | 2Q 16/17 31/12/2016 US$'000 | Change % | 1st Half 31/12/2017 US$'000 | 1st Half 31/12/2016 US$'000 | Change % |
| **Revenue** | **2,360** | **3,586** | (34.2) | **6,142** | **8,678** | (29.2) |
| Cost of sales | (1,109) | (1,198) | 7.4 | (2,269) | (2,852) | 20.4 |
| **Gross profit before direct depreciation** | **1,251** | **2,388** | (47.6) | **3,873** | **5,826** | (33.5) |
| Direct depreciation | (1,833) | (1,898) | 3.4 | (3,670) | (3,797) | 3.3 |
| **Gross profit/(Loss) after direct depreciation** | **(582)** | **490** | (218.8) | **203** | **2,029** | (90.0) |
| Other income (refer to note below) | 131 | 235 | (44.1) | 248 | 302 | (17.8) |
| Other expenses (refer to note below) | (102) | - | nm | (199) | (8) | (2386.9) |
| Indirect depreciation | 2 | (6) | 125.5 | (17) | (16) | (9.2) |
| Administrative expenses | (938) | (949) | 1.2 | (1,698) | (2,104) | 19.3 |
| **Profit/(Loss) from operations** | **(1,489)** | **(230)** | (547.4) | **(1,463)** | **203** | (820.7) |
| Finance costs | (110) | (58) | (90.4) | (226) | (131) | (72.9) |
| **Profit/(Loss) before income tax and results of associated companies** | **(1,599)** | **(288)** | (455.4) | **(1,689)** | **72** | (2446.4) |
| Share of results of associated companies | (384) | (7) | (5386.9) | (463) | (361) | (28.3) |
| **Profit/(Loss) before income tax** | **(1,984)** | **(295)** | (572.4) | **(2,153)** | **(289)** | (644.8) |
| Income tax | - | - | nm | - | - | nm |
| **Profit/(Loss) after income tax** | **(1,984)** | **(295)** | (572.4) | **(2,153)** | **(289)** | (644.8) |
| **Other comprehensive income:** | - | - | | - | - | |
| **Total comprehensive income/(Loss) for the period** | **(1,984)** | **(295)** | (572.4) | **(2,153)** | **(289)** | (644.8) |

1(a)(ii) **Notes to the statement of profit or loss and other comprehensive income**

| | Group | | | Group | | |
|---|---|---|---|---|---|---|
| | US$'000 | | % | US$'000 | | % |
| | 2Q 17/18 31/12/2017 US$'000 | 2Q 16/17 31/12/2016 US$'000 | Change | 1st Half 31/12/2017 US$'000 | 1st Half 31/12/2016 US$'000 | Change |
| Miscellanous income | 28 | 10 | 175.6 | 28 | 10 | 175.6 |
| Interest Income | 103 | 38 | 170.6 | 220 | 46 | 377.9 |
| Foreign Exchange Gain | - | 187 | nm | - | 246 | nm |
| Foreign Exchange Loss | (102) | - | nm | (199) | - | nm |
| Sales of Fixed Assets/ Fixed Assets Written Off | - | - | nm | - | (8) | (100.0) |

Note: "nm" means not meaningful

# APPENDIX 6: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE SECOND QUARTER AND SIX (6) MONTH PERIOD ENDED 31 DECEMBER 2017

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.**

| **Statements of financial position as at 31 December 2017** | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31/12/2017** | **30/6/2017** | **31/12/2017** | **30/6/2017** |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 6,091 | 4,668 | 4,687 | 2,841 |
| Trade and other receivables | 17,934 | 18,148 | 60,014 | 48,748 |
| Prepayments | 157 | 103 | 53 | 56 |
| Total current assets | 24,182 | 22,919 | 64,754 | 51,645 |
| **Non-current assets** | | | | |
| Subsidiary companies | - | - | 8,751 | 8,751 |
| Associated companies | 25,355 | 26,226 | 5,133 | 4,986 |
| Fixed assets | 93,840 | 97,420 | 45,086 | 59,915 |
| Total non-current assets | 119,195 | 123,646 | 58,970 | 73,652 |
| **Total assets** | **143,377** | **146,565** | **123,723** | **125,297** |
| **LIABILITIES AND EQUITY** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 2,884 | 2,472 | 40,526 | 39,730 |
| Other payables - deferred gain | 403 | 403 | - | - |
| Borrowings | 5,610 | 5,447 | 5,610 | 5,447 |
| Advance from client | - | 1,517 | - | 1,517 |
| Deferred interest income | - | - | 3,800 | - |
| Total current liabilities | 8,897 | 9,839 | 49,936 | 46,694 |
| **Non-current Liabilities** | | | | |
| Borrowings | 3,740 | 3,631 | 3,740 | 3,631 |
| Other payables - deferred gain | 4,840 | 5,043 | - | - |
| Client deposit | 3,000 | 3,000 | 3,000 | 3,000 |
| Deferred taxation | 3,834 | 3,833 | 2,583 | 2,583 |
| Total non-current liabilities | 15,414 | 15,507 | 9,323 | 9,214 |
| **Capital and reserves** | | | | |
| Issued capital | 55,379 | 55,379 | 55,379 | 55,379 |
| Treasury stock | (46) | (46) | (46) | (46) |
| Accumulated profits | 63,733 | 65,886 | 9,132 | 14,056 |
| Total equity | 119,066 | 121,219 | 64,465 | 69,389 |
| **Total liabilities and equity** | **143,377** | **146,565** | **123,724** | **125,297** |

1(b)(ii) **Aggregate amount of group's borrowings and debt securities.**

**(a) Amount repayable in one year or less, or on demand**

S$7.5 million (US equivalent of US$5.61million) as at 31 Dec 2017
S$7.5 million (US equivalent of US$5.447million) as at 30 Jun 2017

**(b) Amount repayable after one year**

S$5 million (US equivalent of US$3.74million) as at 31 Dec 2017
S$5 million (US equivalent of US$3.631million) as at 30 Jun 2017

**(c) Details of any collaterals.**

Borrowing is unsecured.

1(c) **A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated statement of cash flows**

| | 2nd Qtr 31/12/2017 US$'000 | 2nd Qtr 31/12/2016 US$'000 | 1st Half 31/12/2017 US$'000 | 1st Half 31/12/2016 US$'000 |
|---|---|---|---|---|
| **Operating activities :** | | | | |
| Profit before income tax and results of associated companies | (1,599) | (288) | (1,689) | 72 |
| Adjustments for : | | | | |
| Depreciation | 1,832 | 1,904 | 3,688 | 3,813 |
| Interest income | (102) | (38) | (220) | (46) |
| Interest expense | 107 | 57 | 219 | 130 |
| Net foreign exchange loss/(gain) - unrealized | 134 | (245) | 259 | (245) |
| Operating cashflows before working capital changes | 372 | 1,390 | 2,257 | 3,724 |
| Trade receivables and other receivables | 314 | (4,045) | 462 | (5,510) |
| Prepayments | 60 | 129 | (53) | (45) |
| Advance from client | (383) | 2,149 | (1,517) | 714 |
| Trade and other payables | (67) | (619) | 406 | (354) |
| Cash generated from (used in) operations | 297 | (996) | 1,555 | (1,471) |
| Interest received | 5 | 3 | 6 | 14 |
| Interest paid | (51) | - | (214) | - |
| Net cash from (used in) operating activities | 250 | (993) | 1,347 | (1,457) |
| **Investing activities :** | | | | |
| Proceeds on disposal of fixed assets | - | - | - | 9 |
| Purchase of fixed assets | - | - | (108) | - |
| Repayment by associated companies | 204 | - | 204 | - |
| Net cash from investing activities | 204 | - | 96 | 9 |
| **Financing activities :** | | | | |
| Repayment of bank loans | - | - | - | (1,853) |
| Purchase of treasury shares | - | (8) | - | (46) |
| Net cash used in financing activities | - | (8) | - | (1,899) |
| Net increase (decrease) in cash and cash equivalents | 454 | (1,001) | 1,443 | (3,347) |
| Cash and cash equivalents at the beginning of the period | 5,644 | 7,301 | 4,668 | 9,711 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (7) | (66) | (20) | (130) |
| **Cash and cash equivalents at half year ended 31 December** | 6,091 | 6,234 | 6,090 | 6,234 |

1 (d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| **Statement of changes in equity** | **Issued capital** | **Treasury Shares** | **Accumulated profits** | **Total** |
|---|---|---|---|---|
| **GROUP** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **2nd QUARTER ENDED 31 DECEMBER 2016** | | | | |
| Balance at 1 October 2016 | 55,379 | (38) | 105,972 | 161,313 |
| Profit for the period, representing total comprehensive income for the period | - | - | (295) | (295) |
| Purchase of treasury shares | - | (8) | - | (8) |
| **Balance at 31 December 2016** | 55,379 | (46) | 105,677 | 161,010 |
| **2nd QUARTER ENDED 31 DECEMBER 2017** | | | | |
| Balance at 1 October 2017 | 55,379 | (46) | 65,717 | 121,050 |
| Profit for the period, representing total comprehensive income for the period | - | - | (1,984) | (1,984) |
| Purchase of treasury shares | - | - | - | - |
| **Balance at 31 December 2017** | 55,379 | (46) | 63,733 | 119,066 |

| | **Issued capital** | **Treasury Shares** | **Accumulated profits** | **Total** |
|---|---|---|---|---|
| **COMPANY** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **2nd QUARTER ENDED 31 DECEMBER 2016** | | | | |
| Balance at 1 October 2016 | 55,379 | (38) | 24,627 | 79,968 |
| Profit for the period, representing total comprehensive income for the period | - | - | 277 | 277 |
| Purchase of treasury shares | - | (8) | - | (8) |
| **Balance at 31 December 2016** | 55,379 | (46) | 24,904 | 80,237 |
| **2nd QUARTER ENDED 31 DECEMBER 2017** | | | | |
| Balance at 1 October 2017 | 55,379 | (46) | 10,106 | 65,439 |
| Profit for the period, representing total comprehensive income for the period | - | - | (974) | (974) |
| Purchase of treasury shares | - | - | - | - |
| **Balance at 31 December 2017** | 55,379 | (46) | 9,132 | 64,465 |

| | **Issued capital** | **Treasury Shares** | **Accumulated profits** | **Total** |
|---|---|---|---|---|
| **GROUP** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **1st HALF ENDED 31 DECEMBER 2016** | | | | |
| Balance at 1 July 2016 | 55,379 | - | 105,966 | 161,345 |
| Profit for the period, representing total comprehensive income for the period | - | - | (289) | (289) |
| Purchase of treasury shares | - | (46) | - | (46) |
| **Balance at 31 December 2016** | 55,379 | (46) | 105,677 | 161,010 |
| **1st HALF ENDED 31 DECEMBER 2017** | | | | |
| Balance at 1 July 2017 | 55,379 | - | 65,886 | 121,265 |
| Profit for the period, representing total comprehensive income for the period | - | - | (2,153) | (2,153) |
| Purchase of treasury shares | - | (46) | - | (46) |
| **Balance at 31 December 2017** | 55,379 | (46) | 63,733 | 119,066 |

| | **Issued capital** | **Treasury Shares** | **Accumulated profits** | **Total** |
|---|---|---|---|---|
| **COMPANY** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| **1st HALF ENDED 31 DECEMBER 2016** | | | | |
| Balance at 1 July 2016 | 55,379 | - | 23,854 | 79,233 |
| Profit for the period, representing total comprehensive income for the period | - | - | 1,050 | 1,050 |
| Purchase of treasury shares | - | (46) | - | (46) |
| **Balance at 31 December 2016** | 55,379 | (46) | 24,904 | 80,237 |
| **1st HALF ENDED 31 DECEMBER 2017** | | | | |
| Balance at 1 July 2017 | 55,379 | (46) | 14,056 | 69,389 |
| Profit for the period, representing total comprehensive income for the period | - | - | (4,924) | (4,924) |
| **Balance at 31 December 2017** | 55,379 | (46) | 9,132 | 64,465 |

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the company's share capital since the previous period reported on.

| | Number of shares as at | |
|---|---|---|
| | 31/12/2017 | 31/12/2016 |
| Total number of issued shares | 705,090,514 | 705,090,514 |
| Less: Treasury shares | (198,000) | (198,000) |
| Total number of issued shares, excluding treasury shares | 704,892,514 | 704,892,514 |

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| | Number of shares as at | |
|---|---|---|
| | 31/12/2017 | 30/6/2017 |
| Total number of issued shares | 705,090,514 | 705,090,514 |
| Less: Treasury shares | (198,000) | (198,000) |
| Total number of issued shares, excluding treasury shares | 704,892,514 | 704,892,514 |

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the current reported financial period.

2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited financial statements for the year ended 30 June 2017 except as disclosed in paragraph 5 below.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant in the current financial period. The adoption of these new and revised FRS and INT FRS has no material effect on the financial statements.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share for the period based on net profit attributable to shareholders:

| | | | Group | |
|---|---|---|---|---|
| | | | 1st Half ended 31 December | |
| | | | 2,017 | 2,016 |
| (i) | Based on weighted average number of ordinary shares on issue | US cents | (0.31) | (0.04) |
| (ii) | On a fully diluted basis | US cents | (0.31) | (0.04) |

Note to item 6 (i)
Group basic earnings per ordinary share is calculated by dividing Group net profit attributable to members by the post restructuring number of ordinary shares issued as follows:

| | Group | |
|---|---|---|
| | 1st Half ended 31 December | |
| | 2017 | 2016 |
| Net profit attributable to members (US$'000) | (2,153) | (289) |
| Weighted average number of ordinary shares on issue | 704,925,531 | 704,991,384 |

Note to item 6 (ii)

Group basic earnings per share was the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 31 December 2017 and 31 December 2016.

7 **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 31/12/2017 | 30/6/2017 | 31/12/2017 | 30/6/2017 |
| Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on | US cents | 16.89 | 17.20 | 9.14 | 9.84 |

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**(a) 1st Half ended 31 December 2017 ("1H1718") vs 1st Half ended 31 December 2016 ("1H1617")**

The Group incurred a loss after income tax of US$2.153 million in 1H1718, US$1.864 milion higher than 1H1617 net loss of US$289,000. The larger loss was mainly driven by 29.2% decline in revenue and unrealised foreign exchange loss on the revaluation of the Singapore-dollar loan against the US-dollar with the appreciation of Singapore dollar against the US dollar, which was partially offset by 20.5% and 19.3% decline in costs of sale and administrative expenses respectively.

**Revenue**

The 29.2% decline in revenue from US$8.678 million to US$6.142 million was mainly due to 2.4% decline in vessel utilization rate from 70.6% in 1H1617 to 68.2% in 1H1718 and significant reduction in charter rates.

**Cost of Sales and Direct Depreciation**

1H1718 Operating expenses decreased 20.5%, in line with the 29.2% decrease in revenue. Gross profit after depreciation margin decline from 23.4% in 1H1617 to 3.3% in 1H1718.

**Administrative Expenses**

Administrative expenses decreased 19.3% to US$1.698 million in 1H1718 mainly due to recharge of one-time business development costs incurred on Hydra amounting US$0.2 million to a third party and impact of costs restructuring exercise done previously.

**Finance costs**

72.9% increase in finance costs was mainly due to the drawdown of Spring loan in Apr 17.

**Share of Results of Associated Companies**

Share of associated companies' losses widened 28.3% from a loss of US$361,000 in 1H1617 to a loss of US$463,000 in 1H1718 mainly due to lower vessel charter rates and decline in associates' vessel utilization rate from 59% to 38%. Of the 6 assciates' vessels, 1 was offhired for a mandatory overhual, 2 vessels were stacked, 1 on term charter and 2 were on spot charter.

**(b) 2nd Quarter ended 31 December 2017 ("2Q1718") vs 2nd Quarter ended 31 December 2016 ("2Q1617")**

The Group incurred a loss after income tax of US$1.984 million in 2Q1718, 572% higher than 2Q1617 loss after income tax of US$295,000. The larger loss incurred in 2Q1718 against 2Q1617 was mainly due to 34.2% decline in revenue, significantly larger share of associates' losses and increase in unrealised exchange loss from the revaluation of the SGD loan with the appreciation of SGD against USD.

**Revenue**

The 34.2% decline in revenue from US$3.586 million in 2Q1617 to US$2.360 million in 2Q1718 was mainly due to lower charter rates and 6% decline in vessel utilization rate from 64% in 2Q1617 to 58% in 2Q1718.

**Cost of Sales and Direct Depreciation**

Cost of sales decreased 7.5% from US$1.198 million in 2Q1617 to US$ 1.108 million in 2Q1718. The decline in costs was lesser than the decline in revenue as the vessels that were offhired were on bareboat contracts previously. 2Q1718 gross profit after direct depreciation was reduced from 13.7% in 2Q1617 to a negative of 24.7% in 2Q1718.

**Administrative Expenses**

There was no material variance in the administrative expenses incurred.

**Finance costs**

90.4% increase in finance costs from US$58,000 to US$110,000 was due to the drawdown of Spring Loan in Apr 17.

**Share of Results of Associated Companies**

Share of associates' loss increased from US$7,000 to US$384,000 due to significant decline in vessel utilization rate from 58% in 2Q1617 to 31% in 2Q1718.

**A Review of the Financial Position**

The Group net assets value was US$119.066 million and net asset value per share was 16.89 US cents per share as at 31 December 2017. Current ratio was 2.72 as at 31 December 17.

Cash and cash equivalents increased by US$1.423 million to US$6.091 million mainly due to positive cashflow generated from operations.

Trade and other receivables decreased from US$18.148 million to US$17.934 million mainly due to repayment from associates which was offset by increase in amount due from the buyer of Hydra and a third party customer.

| Trade and Other Receivables | 31-Dec-17 US$'000 | 30-Jun-17 US$'000 | Variance US$'000 | Reasons for variance |
|---|---|---|---|---|
| Outside Parties | 6,380 | 5,844 | 536 | Delay in payment from a customer |
| Associated companies | 763 | 2,095 | (1,332) | Repayment from associates |
| FEG Related parties | 4,384 | 4,328 | 56 | Increase was mainly due to Q1 FY1718 partially paid bareboat charter billing to Passiflora for FEG Merlin |
| Ultimate Holding company | 4,593 | 4,461 | 132 | The increase due to unpaid loan interest by FEG |
| Other Receivables | 1,729 | 1,312 | 417 | US$200K due to back charge of Hydra business development expense to a third party. The remaining amount related to Hydra unpaid commission and interest due from the third party |
| Bunker | 85 | 107 | (22) | |
| | 17,934 | 18,148 | (213) | |

Trade and other payable increased by US$412,000 mainly due to longer payment terms negotiated with suppliers.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10 **A commentary at the date of this announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

While the global oil market has shown encouraging signs of stability and recovery in recent months, which will ultimately lead to an increase in offshore exploration activity, the OSV industry is still facing a situation of excess supply against a backdrop of slow pick up in demand. This resulted in intense downwards pressure on vessel utilisation rates and charter rates. Customer sentiment has improved with the increase in oil price and promising demand for oil developing. However, due to the time required for planning and permitting of new offshore projects, an increase in demand for offshore supply vessels can only be realized later in 2018 or early 2019. In the meantime, the Group will continue to develop ways to increase operational efficiency, cut costs and preserve cash, which will allow us to ride out the rest of the downturn and be ready for the rebound in the industry.
Save as disclosed herein, there are no known factors or events which may affect the Group in the next reporting period and the next 12 months.

11 **Dividend**

Any dividend declared for the financial period reported on?

| | |
|---|---|
| (a) Present Period | No |
| (b) Previous Corresponding Period | No |
| (c) Date payable | Not applicable |
| (d) Books closure date | Not applicable |

12 **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended.

13 **Interested Person Transactions**

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

The following are details of the interested person transactions entered into by the Group in 1st half ended 31 December 2017:

| | Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|
| | (US$'000) | (US$'000) |
| Falcon Energy Group of Companies | 426 | - |

14 **Negative assurance confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual.**

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first half ended 31 December 2017 to be false or misleading in any material respect.

15 **Confirmation of compliance to Rule 720(1) of the Listing Manual**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule720(1) of the SGX-ST Listing Manual.

**BY ORDER OF THE BOARD**
Lim Mee Fun
Company Secretary
2 February 2018

# APPENDIX 7: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE THIRD QUARTER AND NINE (9) MONTH PERIOD ENDED 31 MARCH 2018

The unaudited consolidated financial statements of the Group for the third quarter and nine (9) month period ended 31 March 2018 set out below have been extracted from the announcement released by the Company on 4 May 2018, and was not specifically prepared for inclusion in this Circular. The figures have not been audited.

**CH OFFSHORE LTD**

(Co. Reg. No. 197600666D)

**Unaudited 3rd Quarter Financial Statement And Related Announcement**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1 (a) **A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

1(a)(i) **Statement of profit or loss and other comprehensive income for the 3rd Quarter ("3Q1718") ended 31 March 2018**

| | Group | | | Group | | |
|---|---|---|---|---|---|---|
| | 3 Months 31/3/2018 US$'000 | 3 Months 31/3/2017 US$'000 | Change % | 9 Months 31/3/2018 US$'000 | 9 Months 31/3/2017 US$'000 | Change % |
| **Revenue** | **2,146** | **3,484** | (38) | **8,287** | **12,162** | (32) |
| Cost of sales | (1,186) | (999) | (19) | (3,454) | (3,851) | 10 |
| **Gross profit before direct depreciation** | **960** | **2,485** | (61) | **4,833** | **8,311** | (42) |
| Direct depreciation | (1,777) | (1,818) | 2 | (5,448) | (5,615) | 3 |
| **Gross profit after direct depreciation** | **(817)** | **667** | (222) | **(615)** | **2,696** | (123) |
| Other income (refer to note below) | 166 | 61 | 171 | 414 | 235 | 76 |
| Other expenses (refer to note below) | (125) | (120) | (4) | (324) | - | nm |
| Indirect depreciation | (6) | (5) | (11) | (23) | (21) | (5) |
| Administrative expenses | (1,247) | (1,127) | (11) | (2,951) | (3,231) | 9 |
| **Profit from operations** | **(2,028)** | **(524)** | (287) | **(3,498)** | **(321)** | (990) |
| Finance costs | (110) | (51) | (115) | (329) | (182) | (81) |
| **Profit before income tax and results of associated companies** | **(2,138)** | **(575)** | (272) | **(3,827)** | **(503)** | (661) |
| Share of results of associated companies | (656) | (447) | (47) | (1,119) | (808) | (39) |
| **Profit before income tax** | **(2,794)** | **(1,022)** | (173) | **(4,946)** | **(1,311)** | (277) |
| Income tax | - | - | nm | - | - | nm |
| **Profit after income tax** | **(2,794)** | **(1,022)** | (173) | **(4,946)** | **(1,311)** | (277) |
| **Other comprehensive income:** | - | - | | - | - | |
| **Total comprehensive income for the period** | **(2,794)** | **(1,022)** | (173) | **(4,946)** | **(1,311)** | (277) |

1(a)(ii) **Notes to the statement of profit or loss and other comprehensive income**

| | Group | | | Group | | |
|---|---|---|---|---|---|---|
| | US$'000 | | % | US$'000 | | % |
| | 3 Months 31/3/2018 US$'000 | 3 Months 31/3/2017 US$'000 | Change | 9 Months 31/3/2018 US$'000 | 9 Months 31/3/2017 US$'000 | Change |
| Miscellaneous income | 11 | 2 | 457.9 | 40 | 12 | 231.0 |
| Sales of Fixed Assets/ Fixed Assets Written off | - | 14 | (100) | - | 6 | (100) |
| Interest Income | 154 | 45 | 243 | 374 | 91 | 311 |
| Foreign Exchange Gain | - | - | nm | - | 126 | nm |
| Foreign Exchange Loss | (125) | (120) | (4.0) | (324) | - | nm |

Note: "nm" means not meaningful

# APPENDIX 7: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE THIRD QUARTER AND NINE (9) MONTH PERIOD ENDED 31 MARCH 2018

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.**

| **Statements of financial position as at 31 March 2018** | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31/3/2018** | **30/6/2017** | **31/3/2018** | **30/6/2017** |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 5,979 | 4,668 | 3,650 | 2,841 |
| Trade and other receivables | 17,959 | 18,148 | 61,105 | 48,748 |
| Prepayments | 217 | 103 | 77 | 56 |
| Total current assets | 24,155 | 22,919 | 64,832 | 51,645 |
| **Non-current assets** | | | | |
| Subsidiary companies | - | - | 8,751 | 8,751 |
| Associated companies | 24,600 | 26,226 | 5,133 | 4,986 |
| Fixed assets | 92,147 | 97,420 | 44,302 | 59,915 |
| Total non-current assets | 116,747 | 123,646 | 58,186 | 73,652 |
| **Total assets** | **140,902** | **146,565** | **123,018** | **125,297** |
| **LIABILITIES AND EQUITY** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 3,126 | 2,472 | 41,074 | 39,730 |
| Other payables - deferred gain | 403 | 403 | - | - |
| Borrowings | 5,716 | 5,447 | 5,716 | 5,447 |
| Advance from client | - | 1,517 | - | 1,517 |
| Deferred interest income | - | - | 3,687 | - |
| Total current liabilities | 9,245 | 9,839 | 50,477 | 46,694 |
| **Non-current Liabilities** | | | | |
| Other payables - deferred gain | 4,740 | 5,043 | - | - |
| Client deposit | 3,000 | 3,000 | 3,000 | 3,000 |
| Borrowings | 3,811 | 3,631 | 3,811 | 3,631 |
| Deferred taxation | 3,834 | 3,833 | 2,583 | 2,583 |
| Total non-current liabilities | 15,385 | 15,507 | 9,394 | 9,214 |
| **Capital and reserves** | | | | |
| Issued capital | 55,379 | 55,379 | 55,379 | 55,379 |
| Treasury stock | (46) | (46) | (46) | (46) |
| Accumulated profits | 60,939 | 65,886 | 7,813 | 14,056 |
| Total equity | 116,272 | 121,219 | 63,146 | 69,389 |
| **Total liabilities and equity** | **140,902** | **146,565** | **123,018** | **125,297** |

1(b)(ii) **Aggregate amount of group's borrowings and debt securities.**

| | |
|---|---|
| **(a) Amount repayable in one year or less, or on demand** | S$7.5 million (US equivalent of US$5.716million) as at 31 Mar 2018<br>S$7.5 million (US equivalent of US$5.447million) as at 30 Jun 2017 |
| **(b) Amount repayable after one year** | S$5 million (US equivalent of US$3.811million) as at 31 Mar 2018<br>S$5 million (US equivalent of US$3.631million) as at 30 Jun 2017 |
| **(c) Details of any collaterals.** | Borrowing is unsecured. |

# APPENDIX 7: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE THIRD QUARTER AND NINE (9) MONTH PERIOD ENDED 31 MARCH 2018

1(c) **A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated statement of cash flows**

| | 3 Months 31/3/2018 US$'000 | 3 Months 31/3/2017 US$'000 | 9 Months 31/3/2018 US$'000 | 9 Months 31/3/2017 US$'000 |
|---|---|---|---|---|
| **Operating activities :** | | | | |
| Loss before income tax and results of associated companies | (2,138) | (575) | (3,827) | (503) |
| Adjustments for : | | | | |
| Depreciation | 1,783 | 1,823 | 5,471 | 5,636 |
| Interest income | (154) | (45) | (374) | (91) |
| Interest expense | 110 | - | 329 | - |
| Net foreign exchange (gain)/ loss - unrealized | 139 | (126) | 356 | (126) |
| Operating cashflows before working capital changes | (260) | 1,077 | 1,955 | 4,916 |
| Trade and other receivables | 144 | (4,957) | 601 | (10,519) |
| Prepayments | (63) | 37 | (116) | (8) |
| Advance from client | - | (1,171) | (1,517) | (457) |
| Trade and other payables | 291 | (21) | 703 | (230) |
| Cash generated from/ (used in) operations | 112 | (5,035) | 1,626 | (6,298) |
| Interest received | 11 | 31 | 16 | 82 |
| Interest paid | (165) | - | (378) | - |
| Net cash (used in)/ generated from operating activities | (42) | (5,004) | 1,264 | (6,216) |
| **Investing activities :** | | | | |
| Proceeds on disposal of fixed assets | - | - | - | 9 |
| Purchase of fixed assets | (89) | - | (197) | - |
| Repayment by associated companies | - | - | 204 | - |
| Net cash (used in)/ generated from investing activities | (89) | - | 7 | 9 |
| **Financing activities :** | | | | |
| Repayment of bank loans | - | - | - | (1,853) |
| Purchase of treasury shares | - | - | - | (46) |
| Net cash used in financing activities | - | - | - | (1,899) |
| Net (decrease)/ increase in cash and cash equivalents | (131) | (5,004) | 1,271 | (8,106) |
| Cash and cash equivalents at the beginning of the period | 6,091 | 6,234 | 4,668 | 9,711 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 19 | 312 | 41 | (63) |
| **Cash and cash equivalents at quarterly ended 31 March** | 5,979 | 1,542 | 5,980 | 1,542 |

# APPENDIX 7: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE THIRD QUARTER AND NINE (9) MONTH PERIOD ENDED 31 MARCH 2018

1 (d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Statement of changes in equity**

| **GROUP** | **Issued Capital US$'000** | **Treasury Shares US$'000** | **Accumulated Profits US$'000** | **Total US$'000** |
|---|---|---|---|---|
| **3rd QUARTER ENDED 31 MARCH 2017** | | | | |
| Balance at 31 December 2016 | 55,379 | (46) | 105,677 | 161,010 |
| Profit for the period representing total comprehensive income for the period | - | - | (1,022) | (1,022) |
| **Balance at 31 March 2017** | 55,379 | (46) | 104,655 | 159,988 |
| **3rd QUARTER ENDED 31 MARCH 2018** | | | | |
| Balance at 31 December 2017 | 55,379 | (46) | 63,733 | 119,066 |
| Profit for the period representing total comprehensive income for the period | - | - | (2,794) | (2,794) |
| **Balance at 31 March 2018** | 55,379 | (46) | 60,939 | 116,272 |

| **COMPANY** | **Issued Capital US$'000** | **Treasury Shares US$'000** | **Accumulated Profits US$'000** | **Total US$'000** |
|---|---|---|---|---|
| **3rd QUARTER ENDED 31 MARCH 2017** | | | | |
| Balance at 31 December 2016 | 55,379 | (46) | 24,904 | 80,237 |
| Profit for the period representing total comprehensive income for the period | - | - | 104 | 104 |
| **Balance at 31 March 2017** | 55,379 | (46) | 25,008 | 80,341 |
| **3rd QUARTER ENDED 31 MARCH 2018** | | | | |
| Balance at 31 December 2017 | 55,379 | (46) | 9,132 | 64,465 |
| Profit for the period representing total comprehensive income for the period | - | - | (1,319) | (1,319) |
| **Balance at 31 March 2018** | 55,379 | (46) | 7,813 | 63,146 |

| **GROUP** | **Issued Capital US$'000** | **Treasury Shares US$'000** | **Accumulated Profits US$'000** | **Total US$'000** |
|---|---|---|---|---|
| **9 MONTHS ENDED 31 MARCH 2017** | | | | |
| Balance at 1 July 2016 | 55,379 | - | 105,966 | 161,345 |
| Profit for the period representing total comprehensive income for the period | - | - | (1,311) | (1,311) |
| Purchase of treasury shares | - | (46) | - | (46) |
| **Balance at 31 March 2017** | 55,379 | (46) | 104,655 | 159,988 |
| **9 MONTHS ENDED 31 MARCH 2018** | | | | |
| Balance at 1 July 2017 | 55,379 | - | 65,885 | 121,264 |
| Profit for the period representing total comprehensive income for the period | - | - | (4,946) | (4,946) |
| Purchase of treasury shares | - | (46) | - | (46) |
| **Balance at 31 March 2018** | 55,379 | (46) | 60,939 | 116,272 |

| **COMPANY** | **Issued Capital US$'000** | **Treasury Shares US$'000** | **Accumulated Profits US$'000** | **Total US$'000** |
|---|---|---|---|---|
| **9 MONTHS ENDED 31 MARCH 2017** | | | | |
| Balance at 1 July 2016 | 55,379 | - | 23,854 | 79,233 |
| Profit for the period representing total comprehensive income for the period | - | - | 1,154 | 1,154 |
| Purchase of treasury shares | - | (46) | - | (46) |
| **Balance at 31 March 2017** | 55,379 | (46) | 25,008 | 80,341 |
| **9 MONTHS ENDED 31 MARCH 2018** | | | | |
| Balance at 1 July 2017 | 55,379 | (46) | 14,056 | 69,389 |
| Profit for the period representing total comprehensive income for the period | - | - | (6,243) | (6,243) |
| **Balance at 31 March 2018** | 55,379 | (46) | 7,813 | 63,146 |

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the company's share capital since the previous period reported on.

| | Number of shares as at | |
|---|---|---|
| | **31/3/2018** | **31/3/2017** |
| Total number of issued shares @ 1 Jan | 705,090,514 | 705,090,514 |
| Less: Treasury shares | (198,000) | (198,000) |
| Total number of issued shares, excluding treasury shares @ 31 Mar | 704,892,514 | 704,892,514 |

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| | Number of shares as at | |
|---|---|---|
| | **31/3/2018** | **30/6/2017** |
| Total number of issued shares | 705,090,514 | 705,090,514 |
| Less: Treasury shares | (198,000) | (198,000) |
| Total number of issued shares, excluding treasury shares | 704,892,514 | 704,892,514 |

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the current reported financial period.

2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited financial statements for the year ended 30 June 2017 except as disclosed in paragraph 5 below.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant in the current financial period. The adoption of these new and revised FRS and INT FRS has no material effect on the financial statements.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

| Earnings per ordinary share for the year based on profit attributable to shareholders: | | Group | |
|---|---|---|---|
| | | 9 months ended 31 March | |
| | | **2018** | **2017** |
| (i) Based on weighted average number of ordinary shares on issue | **US cents** | (0.7) | (0.19) |
| (ii) On a fully diluted basis | **US cents** | (0.7) | (0.19) |

Note to item 6 (i)

Group basic earnings per ordinary share is calculated by dividing Group net profit attributable to members by the post restructuring number of ordinary shares issued as follows:

| | Group | |
|---|---|---|
| | 9 months ended 31 March | |
| | **2018** | **2017** |
| Net profit attributable to members (US$'000) | (4,946) | (1,311) |
| Weighted average number of ordinary shares on issue | 704,920,873 | 704,914,014 |

Note to item 6 (ii)

Group basic earnings per share was the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 31 March 2018 and 31 March 2017.

7 **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 31/3/2018 | 30/6/2017 | 31/3/2018 | 30/6/2017 |
| Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on | **US cents** | 16.49 | 17.20 | 8.96 | 9.84 |

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**(a) 9 Months ended 31 March 2018 ("9M1718") vs 9 Months ended 31 March 2017 ("9M1617")**

For the first nine months ended 31 March 2018 ("9M1718"), the Group recorded a loss after income tax of US$4.946 million. The loss increased 277% as compared to the previous corresponding nine months ended 31 March 2017 ("9M1617") mainly driven by the 32% or US$3.875 million decline in revenue and the recognition of unrealised foreign exchange loss of US$324,000 largely from the revaluation of the Sing dollar loan against the US dollar. An unrealised exchange gain of US$126,000 was recorded in 9M1617.

**YTD Revenue**

Revenue declined 32% year-on-year due to lower charter rate as well as vessel utilization rate. Utilization rate decline from 68% in 9M1617 to 63% in 9M1718.

**YTD Cost of Sales**

Cost of sales decreased 10% from US$3.851 million to US$3.454 million year-on-year due to aggressive efforts to trim costs while ensuring operational safety. Operating expense has already been trimmed to the minimal and there is little room for further reduction.

**Interest Income**

Interest income increased by 311% year-on year from US$91,000 to US$374,000 mainly due to interest income earned from the loan made to FEG group and unpaid amount due from a third party.

**Administrative Expenses**

Administrative expenses decreased 9% to US$2.951 million in 9M1718 from US$3.231 million in 9M1617. The decreased was mainly due to the impact of cost restructuring exercise performed previously.

**Finance Costs**

Higher finance costs were due to the interest expenses incurred on bank loan drawn down in Apr 2017.

**Share of Results of Associated Companies**

Share of loss of associated companies increased from US$0.808 million in 9M1617 to US$1.119 million in 9M1718. The increase in loss was primarily due to charter rate reduction and the off-hire of a vessel for drydocking in 9M1718.

**(b) 3rd Quarter ended 31 March 2018 ("3Q1718") vs 3rd Quarter ended 31 March 2017 ("3Q1617")**

The group's loss increased by 173% from US$1.022 million in 3Q1617 to US$2.794 million in 3Q1718 mainly due to 38% or US$1.338 million decline in revenue, 19% or US$0.187 million increase in costs of sale, 11% or US$0.12 million increase in administrative expense and higher share of loss from associates companies.

**Revenue**

3Q1718 revenue was 38% lower than 3Q1617 mainly due to significant decline in charter and vessels' utilization rate. Vessel utilization rate declined from 67% in 3Q1617 to 52% in 3Q1718 due to the off-hire of one vessel in Mar 18 for repair work and termination of 2 charter contracts.

**Cost of Sales**

Cost of sales increased 19% from US$0.999 million in 3Q1617 to US$1.186 million in 3Q1718 due to significant increase in vessel repair and maintenance costs incurred in 3Q1718.

The lower revenue and higher costs has resulted in the Group gross profit margin before direct depreciation decreasing from 71% in 3Q1617 to 45% in 3Q1718 .

**Administrative Expenses**

Administrative expenses increased 11% from US$1.127 million in 3Q1617 to US$1.247 million in 3Q1718 due mainly to the back-charge of equipment rental and manpower costs by ultimate holding company to CHO amounting US$0.224 million.

**Share of Results of Associated Companies**

Share of loss of associates companies increased from US$447,000 in 3Q1617 to US$656,000 in 3Q1718 due mainly to the 52% decrease in revenue due to low vessel utilization rate achieved.

**FINANCIAL POSITION**

The Group has a net assets value ("NAV') of US$116.272 million as at 31 March 2018. This is equivalent to 16.49 US cents per share.

Cash balance has increased from US$4.668 million as at 30 June 2017 to US$5.979 million as at 31 March 2018 mainly due to positive cashflow generated from operations and repayment from associates.

Trade and other receivables has declined from US$18.148 million as at 31 June 2017 to US$17.959 million as at 31 March 2018.

| Trade and Other Receivables | 31-Mar-18 US$'000 | 30-Jun-17 US$'000 | Variance US$'000 | Reasons for variance |
|---|---|---|---|---|
| Outside Parties | 6,504 | 5,844 | 660 | Delay in payment from a customer |
| Associated companies | 472 | 2,095 | (1,624) | Repayment from associates |
| FEG Related parties | 4,384 | 4,328 | 56 | Increase was mainly due to Q1 FY1718 partially paid bareboat charter billing to Passiflora for FEG Merlin |
| Ultimate Holding company | 4,659 | 4,461 | 198 | The increase due to unpaid loan interest by FEG |
| Other Receivables | 1,823 | 1,312 | 511 | US$200K due to back charge of Hydra business development expense to a third party. The remaining amount related to Hydra unpaid commission and interest due from the third party |
| Bunker | 117 | 107 | 10 | |
| | 17,959 | 18,148 | (189) | |

The decline in investment in associated companies was mainly due to the share of associates' loss during the financial year.

Trade and other payable increased US$654K from US$2.472 million as at 30 June 2017 to US$3.126 million as at 31 March 2017 mainly due to significant expenditure incurred on the ongoing dry docking of a vessel and major repair of another vessel.

Advance from client relates to prepaid charter received from a client. The charter service has been earned, resulting in nil balance as at 31 March 2018.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10 **A commentary at the date of this announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

While the global oil market has shown encouraging signs of stability and recovery in recent months, which will ultimately lead to an increase in offshore exploration activity, the OSV industry is still facing a situation of excess supply against a backdrop of slow pick up in demand. This resulted in intense downwards pressure on vessel utilisation rates and charter rates. Customer sentiment has improved with the increase in oil price and promising demand for oil developing. However, due to the time required for planning and permitting of new offshore projects, an increase in demand for offshore supply vessels may only be realized later beyond current financial year. In the meantime, the Group will continue to develop ways to increase operational efficiency, cut costs and preserve cash, which will allow us to ride out the rest of the downturn and be ready for the rebound in the industry.

Save as disclosed herein, there are no known factors or events which may affect the Group in the next reporting period and the next 12 months.

11 **Dividend**

Any dividend declared for the financial period reported on?

| | |
|---|---|
| **(a) Present Period** | No |
| **(b) Previous Corresponding Period** | No |
| **(c) Date payable** | Not applicable. |
| **(d) Books closure date** | Not applicable. |

12 **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended.

13 **Interested Person Transactions**

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

| | Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|
| | (US$'000) | (US$'000) |
| Falcon Energy Group of Companies | 569 | 5,065 |

14 **Negative assurance confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual.**

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first nine months ended 31 March 2018 to be false or misleading in any material respect.

15 **Confirmation of compliance to Rule 720(1) of the Listing Manual**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule720(1) of the SGX-ST Listing Manual.

**BY ORDER OF THE BOARD**
Lim Mee Fun
Company Secretary
4 May 2018

# APPENDIX 8: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

The unaudited consolidated financial statements of the Group for the financial year ended 30 June 2018 set out below have been extracted from the announcement released by the Company on 17 August 2018, and was not specifically prepared for inclusion in this Circular. The figures have not been audited.

**CH OFFSHORE LTD**

(Co. Reg. No. 197600666D)

**Unaudited Financial Statement And Related Announcement for the Year Ended 30 June 2018**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

1 (a) **A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

1(a)(i) **Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2018**

| | Group | | |
|---|---|---|---|
| | **12 Months 30/6/2018 US$'000** | **12 Months 30/6/2017 US$'000** | Change % |
| **Revenue** | **9,906** | **16,405** | (40) |
| Cost of sales | (5,302) | (4,924) | 8 |
| **Gross profit before direct depreciation** | **4,604** | **11,481** | (60) |
| Direct depreciation | (7,165) | (7,441) | (4) |
| **Gross profit after direct depreciation** | **(2,561)** | **4,040** | (163) |
| Other income (refer to note below) | 476 | 344 | 38 |
| Other expenses (refer to note below) | (12,238) | (33,470) | (63) |
| Indirect depreciation | (29) | (26) | 12 |
| Administrative expenses | (3,938) | (4,543) | (13) |
| **Loss from operations** | **(18,290)** | **(33,655)** | (46) |
| Finance costs | (436) | (277) | 57 |
| **Loss before income tax and results of associated companies** | **(18,726)** | **(33,932)** | (45) |
| Share of results of associated companies | (5,747) | (6,904) | (17) |
| **Loss before income tax** | **(24,473)** | **(40,836)** | (40) |
| Income tax | (122) | 756 | nm |
| **Loss after income tax** | **(24,595)** | **(40,080)** | (39) |
| **Other comprehensive income** | - | - | |
| **Total comprehensive income for the year** | **(24,595)** | **(40,080)** | (39) |

1(a)(ii) **Notes to the statement of profit or loss and other comprehensive income**

| | Group | | |
|---|---|---|---|
| | **12 Months 30/6/2018 US$'000** | **12 Months 30/6/2017 US$'000** | Change % |
| Interest income | 341 | 136 | 151 |
| Miscellaneous income | 135 | 163 | (17) |
| Foreign exchange (loss)/gain | (9) | 45 | (120) |
| Impairment loss | (3,333) | (31,076) | (89) |
| Provision for doubtful debt | (8,657) | (2,383) | 263 |
| Provision for impairment of investment in associated company | (239) | - | nm |
| Miscellaneous expenses | - | (11) | nm |

Note: "nm" means not meaningful

# APPENDIX 8: UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

1(b)(i) **A statement of financial position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.**

| **Statements of financial position as at 30 June 2018** | **Group** | | **Company** | |
|---|---|---|---|---|
| | **30/6/2018** | **30/6/2017** | **30/6/2018** | **30/6/2017** |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 4,249 | 4,668 | 2,667 | 2,841 |
| Trade and other receivables | 9,800 | 18,040 | 55,359 | 48,741 |
| Inventories | 140 | 108 | 44 | 7 |
| Loan to associated company | 3,595 | - | - | - |
| Prepayments | 122 | 103 | 42 | 56 |
| Total current assets | 17,906 | 22,919 | 58,112 | 51,645 |
| **Non-current assets** | | | | |
| Subsidiary companies | - | - | 8,751 | 8,751 |
| Associated companies | 10,069 | 26,226 | - | 4,986 |
| Loan to associated company | 3,818 | - | - | - |
| Fixed assets | 88,988 | 97,420 | 43,429 | 59,915 |
| Total non-current assets | 102,875 | 123,646 | 52,180 | 73,652 |
| **Total assets** | **120,781** | **146,565** | **110,292** | **125,297** |
| **LIABILITIES AND EQUITY** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | 3,705 | 2,394 | 39,974 | 39,730 |
| Withholding tax accruals | 260 | 78 | - | - |
| Other payables - deferred gain | 321 | 403 | - | - |
| Borrowings | 5,651 | 5,447 | 5,651 | 5,447 |
| Advance from client | - | 1,517 | - | 1,517 |
| Income tax payable | 3 | - | - | - |
| Client deposit | 3,000 | - | 3,000 | - |
| Deferred interest income | - | - | 696 | - |
| Total current liabilities | 12,940 | 9,839 | 49,321 | 46,694 |
| **Non-current liabilities** | | | | |
| Borrowings | 3,513 | 3,631 | 3,513 | 3,631 |
| Other payables - deferred gain | 3,752 | 5,043 | - | - |
| Client deposit | - | 3,000 | - | 3,000 |
| Deferred interest income | - | - | 2,660 | - |
| Deferred taxation | 3,952 | 3,833 | 2,769 | 2,583 |
| Total non-current liabilities | 11,217 | 15,507 | 8,942 | 9,214 |
| **Capital and reserves** | | | | |
| Issued capital | 55,379 | 55,379 | 55,379 | 55,379 |
| Treasury shares | (46) | (46) | (46) | (46) |
| Accumulated profits | 41,291 | 65,886 | (3,304) | 14,056 |
| Total equity | 96,624 | 121,219 | 52,029 | 69,389 |
| **Total liabilities and equity** | **120,781** | **146,565** | **110,292** | **125,297** |

1(b)(ii) **Aggregate amount of group's borrowings and debt securities.**

| | |
|---|---|
| **(a) Amount repayable in one year or less, or on demand** | S$7.7 million (equivalent to US$5.651million) as at 30 Jun 2018<br>S$7.5 million (equivalent to US$5.447million) as at 30 Jun 2017 |
| **(b) Amount repayable after one year** | S$4.8 million (equivalent to US$3.513million) as at 30 Jun 2018<br>S$5 million (equivalent to US$3.631million) as at 30 Jun 2017 |
| **(c) Details of any collaterals.** | Borrowing is unsecured. |

1(c) **A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| **Consolidated statement of cash flows** | **Group** | |
|---|---|---|
| | **FY ended 30 June** | |
| | **2018** | **2017** |
| | US$'000 | US$'000 |
| **Operating activities :** | | |
| Loss before income tax and results of associated companies | (18,726) | (33,932) |
| Adjustments for : | | |
| Depreciation and impairment | 10,527 | 38,543 |
| Gain on disposal of fixed assets | - | (5) |
| Provision for doubtful debt | 8,657 | 2,382 |
| Provision for doubtful debt for associated company | 239 | - |
| Interest income | (341) | (136) |
| Interest expense | 436 | 277 |
| Net foreign exchange loss/(gain) - unrealised | 38 | (76) |
| Operating cash flows before working capital changes | 830 | 7,053 |
| Trade and other receivables | (335) | (11,083) |
| Inventories | (32) | (108) |
| Prepayments | (19) | 73 |
| Trade and other payables | 1,334 | (221) |
| Withholding tax accruals | 182 | 78 |
| Advance from client | (1,517) | (1,581) |
| Cash generated used in operations | 443 | (5,789) |
| Interest received | 96 | 19 |
| Interest paid | (430) | (318) |
| Net cash generated used in operating activities | 109 | (6,088) |
| **Investing activities :** | | |
| Proceeds on disposal of fixed assets | - | 14 |
| Additions to fixed assets | (1,095) | (667) |
| Repayment by associated companies | 556 | - |
| Net cash used in investing activities | (539) | (653) |
| **Financing activities :** | | |
| Proceeds from bank loan | - | 3,579 |
| Repayment of bank loan | - | (1,853) |
| Purchase of treasury shares | - | (46) |
| Net cash generated from financing activities | - | 1,680 |
| Net decrease in cash and cash equivalents | (430) | (5,061) |
| Cash and cash equivalents at the beginning of the period | 4,668 | 9,711 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 11 | 18 |
| **Cash and cash equivalents at the end of the year** | 4,249 | 4,668 |

1 (d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Statements of changes in equity**

| **GROUP** | **Issued capital US$'000** | **Treasury shares US$'000** | **Accumulated profits US$'000** | **Total US$'000** |
|---|---|---|---|---|
| **YEAR ENDED 30 JUNE 2017** | | | | |
| Balance at 1 July 2016 | 55,379 | - | 105,966 | 161,345 |
| Loss for the year representing total comprehensive income for the year | - | - | (40,080) | (40,080) |
| Purchase of treasury shares | - | (46) | - | (46) |
| **Balance at 30 June 2017** | 55,379 | (46) | 65,886 | 121,219 |
| **YEAR ENDED 30 JUNE 2018** | | | | |
| Balance at 1 July 2017 | 55,379 | (46) | 65,886 | 121,219 |
| Loss for the year representing total comprehensive income for the year | - | - | (24,595) | (24,595) |
| **Balance at 30 June 2018** | 55,379 | (46) | 41,291 | 96,624 |

| **COMPANY** | **Issued capital US$'000** | **Treasury shares US$'000** | **Accumulated profits US$'000** | **Total US$'000** |
|---|---|---|---|---|
| **YEAR ENDED 30 JUNE 2017** | | | | |
| Balance at 1 July 2016 | 55,379 | - | 23,854 | 79,233 |
| Loss for the year representing total comprehensive income for the year | - | - | (9,798) | (9,798) |
| Purchase of treasury shares | - | (46) | - | (46) |
| **Balance at 30 June 2017** | 55,379 | (46) | 14,056 | 69,389 |
| **YEAR ENDED 30 JUNE 2018** | | | | |
| Balance at 1 July 2017 | 55,379 | (46) | 14,056 | 69,389 |
| Loss for the year representing total comprehensive income for the year | - | - | (17,360) | (17,360) |
| **Balance at 30 June 2018** | 55,379 | (46) | (3,304) | 52,029 |

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the company's share capital since the previous period reported on.

| | Number of shares as at | |
|---|---|---|
| | **30/6/2018** | **30/6/2017** |
| Total number of issued shares | 705,090,514 | 705,090,514 |
| Less: Treasury shares | (198,000) | (198,000) |
| Total number of issued shares, excluding treasury shares | 704,892,514 | 704,892,514 |

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| | Number of shares as at | |
|---|---|---|
| | **30/6/2018** | **30/6/2017** |
| Total number of issued shares | 705,090,514 | 705,090,514 |
| Less: Treasury shares | (198,000) | (198,000) |
| Total number of issued shares, excluding treasury shares | 704,892,514 | 704,892,514 |

1(d)(iv) **A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the current reported financial period.

2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited financial statements for the year ended 30 June 2017 except as disclosed in paragraph 5 below.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant in the current financial period. The adoption of these new and revised FRS and INT FRS has no material effect on the financial statements.

6 **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Earnings per ordinary share for the year based on profit attributable to shareholders:

| | | | Group | |
|---|---|---|---|---|
| | | | As at 30 June | |
| | | | **2018** | **2017** |
| (i) | Based on weighted average number of ordinary shares on issue | **US cents** | (3.49) | (5.69) |
| (ii) | On a fully diluted basis | **US cents** | (3.49) | (5.69) |

Note to item 6 (i)
Group basic earnings per ordinary share is calculated by dividing Group net profit attributable to members by the post restructuring number of ordinary shares issued as follows:

| | Group | |
|---|---|---|
| | As at 30 June | |
| | **2018** | **2017** |
| Net profit attributable to members (US$'000) | (24,595) | (40,080) |
| Weighted average number of ordinary shares on issue | 704,917,333 | 704,942,221 |

Note to item 6 (ii)

Group basic earnings per share was the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 30 June 2018 and 30 June 2017.

7 **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 30/6/2018 | 30/6/2017 | 30/6/2018 | 30/6/2017 |
| Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on | **US cents** | 13.71 | 17.20 | 7.38 | 9.84 |

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Full Year Results - FY ended 30 June 2018 ("FY1718") vs FY ended 30 June 2017 ("FY1617")**

The Group recorded a full year loss of US$24.595 million in FY1718, a 39% decrease from prior year's loss of US$40.080 million. US$14.330 million of FY1718 Group's loss were attributable to one-off adjustments which include impairment provision for CHO owned and jointly-owned vessels amounting to US$3.333 million and US$2.101 million respectively, impairment provision for investment in associated company amounting to US$0.239 million and doubtful debt provision amounting to US$8.657 million for outstanding debt due from FEG and its related companies. In addition, the Group shared a loss on disposal of associated company vessels amounting to US$2.409 million. The remaining losses of US$7.856 million were attributable to lower vessel utilization and charter rates and higher operating and financing expenditure incurred. Average vessel utilisation rate including jointly-owned vessels was 53% in FY1718, against an average vessel utilization rate of 63% in FY1617.

**Revenue**

The Group's revenue decrease by US$6.499 million or 40% as compared to prior year due to lower vessel charter rates and utilisation rate.

**Cost of Sales and Gross Profit before Direct Depreciation**

The cost of sales increased by 8% from US$4.924 million to US$5.302 million mainly due to higher stacked and repair costs and expenditure incurred to takeover a vessel from a client who has defaulted on the charter contract. Due to the lower revenue and higher cost of sales, the Group's gross profit margin before direct depreciation decrease from 70% to 46% in FY1718.

**Other Income**

The Group recorded other income of US$0.476 million in FY1718 which was 38% higher than in FY1617. FY1718 Other income comprised mainly of fixed deposit interest income, interest charge to third parties for outstanding debt due to the Group, interest income from loan made to associated company and government grants received. FY1617 other income comprised fixed deposit interest income of US$0.136 million and reversal of prior year over-provided expenses amounting US$0.163 million.

**Other Expenses**

The Group FY1718 other expense comprised mainly of doubtful debt, vessel impairment and investment in associated company impairment provision adjustments of US$8.657 million, US$3.333 million and US$0.239 million respectively. This is against prior year doubtful debt and vessel impairment provision adjustments of US$2.383 million and US$31.076 million respectively.

**Administrative Expenses**

Administrative expenses decreased from US$4.543 million in FY1617 to US$3.938 million in FY1718. The decreased was mainly due to prudent cost management.

**Share of Results of Associated Companies**

The Group's share of associated companies' losses declined 17% from US$6.904 million to US$5.747 million in FY1718. FY1718 share of associates' losses included the Group's share of vessel impairment provision of US$2.101 million and loss on disposal of fixed assets amounting US$2.409 million. Excluding one-off provision adjustments, the Group's share of associated companies' losses would have been US$1.237 million in FY1718 and US$1.720 million in FY1617. The lower adjusted losses, despite a 6% year-on-year reduction in vessel utilisation rate to 42% in FY1718, was mainly due to prudent management of operating expenses.

**Income Tax**

The deferred tax expense relates to its Singapore-owned, foreign flagged vessels.

**Review of the Financial Position as at 30 June 2018**

The losses incurred by the Group during the financial year has resulted in the decrease of its net assets value from US$121.219 million as at 30 June 17 to US$96.624 million as at 30 June 18. The Group's net asset value per share decreased from 17.20 US cents as at 30 June 2017 to 13.71 US cents as at 30 June 2018.

The Group's cash balance decreased by 9% from US$4.668 million to US$4.249 million mainly due to drydocking expediture incurred on a vessel which was partially offset by the positive cash flow generated from operating activities and repayment from associated companies.

Trade and other receivables decreased US$8.240 million from US$18.040 million as at 30 June 2017 to US$9.800 million as at 30 June 2018 largely due to provision for doubtful debt of US$8.657 million made on amount due from FEG and related parties.

| Trade and Other Receivables | 30-Jun-18 US$'000 | 30-Jun-17 US$'000 | Variance US$'000 | Reasons for variance |
|---|---|---|---|---|
| Outside Parties | 7,770 | 5,844 | 1,926 | Delay in payment from customers |
| Associated companies | 229 | 2,095 | (1,866) | Repayment from associates |
| FEG Related parties | - | 4,328 | (4,328) | Full provision on amount due from FEG related parties |
| FEG | - | 4,461 | (4,461) | Full provision on amount due from FEG |
| Other Receivables | 1,801 | 1,312 | 489 | US$200K due to back charge of Hydra business development expense to a third party. The remaining amount related to unpaid commission and interest due from a third party |
| | 9,800 | 18,040 | (8,240) | |

The Group's investment in associates declined US$16.157 million from US$26.226 million as at 30 June 2017 to US$10.069 million as at 30 June 2018 mainly due to reclassification of long term shareholder's loan amounting US$7.413 million from "investment in associates" to "short- and long-term loan to associates" due to revision to the terms of the shareholder's loan agreement. The decline was also due to partial repayment of shareholders' loan by associates amounting US$1.385 million, share of associates losses before deferred gain adjustment of US$7.120 million and impairment provision for investment in associated company amounting US$0.239 million made during the year.

The decline in fixed assets value were mainly due to annual depreciation adjustments of US$7.165 million and vessel impairment provision of US$3.333 million which were partially offset by fixed assets addition of US$2.095 million during the year. 2 vessels were acquired from one associated company by offseting receivables and shareholder's loan due from the associate against the purchase price.

Trade and other payable increased US$1.311 million from US$2.394 million as at 30 June 2017 to US$3.705 million as at 30 June 2018 mainly due to the dry docking expenditure incurred on a vessel.

Withholding tax accrual balance increased due to delay in collections from customers. Withholding tax is only payable upon payment from customers.

The Group's total current and non-current borrowings include term loan and credit line. The variances between current and previous year loan balances were due to unrealised foreign exchange movement. No further loan was taken by the Group during FY1718.

There was no advance from client as at 30 June 2018 as the revenue has been earned during the financial year.

The client deposit has been reclassed from non-current to current as the contract has been terminated by the Group during the financial year.

Deferred gain balance relates to the gain from sale of vessels by CHO to the associated companies previously. The deferred gain was partially reversed against share of result of associated companies due to the sale of 2 jointly-owned vessels by one of the associated company during the year.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10 **A commentary at the date of this announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

On 26 July 2018, Baker Technology Limited announced that its wholly-owned subsidiary BT Investment Pte. Ltd. has acquired 371,646,150 shares representing 52.72% of the total shares in the capital of the Company. Following the acquisition, BT Investment Pte. Ltd. has made a mandatory unconditional cash offer for all the remaining shares in the Company at S$0.13 per share. Full details of the mandatory unconditional cash offer are set out in the Company's announcement dated 10 August 2018. As of 26 July 2018, Baker Technology Limited has replaced Falcon Energy Group Limited as the ultimate holding company of the Company.
The oil and gas sector are showing sign of improvement with tender activities picking up. If oil prices continue to strengthen through 2018 and 2019, infill well drilling should resume and new production should commence as E&P companies grow more confident of oil price strength.
However, in the near term, charter rates are not expected to improve due to the oversupply situation. Barring any unexpected geopolitical developments or a decline in oil prices that could derail the sector recovery, we are cautiously optimistic that the market will find its balance in the medium term.
The Group will continue to develop ways to increase operational efficiency, cut costs and preserve cash. This is the simple strategy that will allow us to ride out the rest of the downturn and be ready for the rebound in the industry.
Save as disclosed herein, there are no known factors or events which may affect the Group in the next reporting period and the next 12 months.

11 **Dividend**

Any dividend declared for the financial period reported on?

| | |
|---|---|
| **(a) Present Period** | No |
| **(b) Previous Corresponding Period** | No |
| **(c) Date payable** | Not applicable |

**(d) Books closure date** Not applicable

12 **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended.

13 **Interested Person Transactions**

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

| | Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) |
|---|---|---|
| | (US$'000) | (US$'000) |
| Falcon Energy Group of Companies | 682 | Nil |

14 **Confirmation of Compliance to Rule 720(1) of the Listing Manual**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule720(1) of the SGX-ST Listing Manual.

**PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

15 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

As the main focus is on the generation of revenue for the group, the CEO 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.

16 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

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. Hence, any material changes in contributions to turnover and earnings by the business are covered in the review in Paragraph 8 above.

17 **A breakdown of sales.**

| | Group | | |
|---|---|---|---|
| | US$'000 | | % |
| | Latest Year 30/6/2018 | Previous Year 30/6/2017 | Change |
| (a) Sales reported for first half year | 6,142 | 8,678 | -29% |
| (b) Profit after tax for first half year | (2,153) | (289) | 645% |
| (c) Sales reported for second half year | 3,764 | 7,727 | -51% |
| (d) Profit after tax for second half year | (22,442) | (39,791) | -44% |

18 **A breakdown of the total annual dividend (in Singapore dollar value) for the issuer's latest full year and its previous full year.**

| | Latest Full Year (SGD'000) | Previous Full Year (SGD'000) |
|---|---|---|
| Ordinary | - | - |
| Special | - | - |
| Total: | - | - |

19 **Disclosure of person(s) occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of our knowledge to date, there is no person occupying a managerial position in the Company, or in any of its principal subsidiaries, who is a relative of a Director or the Chief Executive Officer or a Substantial Shareholder of the Company.

**BY ORDER OF THE BOARD**
Lim Mee Fun
Company Secretary
17 August 2018

The rights of Shareholders in respect of capital, dividends and voting rights are contained in the Constitution, the relevant provisions of which are set out below. Please see the definitions in the Constitution for terms used in the reproduced extract below.

**1. Rights in respect of capital**

*"AUTHORIZED SHARE CAPITAL*

*3. (A) The authorized share capital of the Company is S$250,000,000.00 divided into 5,000,000,000 shares of S$0.05 each.*

*(B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law, regulation or guidelines enacted, promulgated or issued by any relevant competent authority (including the Designated Stock Exchange (if applicable)) from time to time (hereafter, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall be dealt with in accordance with the Relevant Laws.*

*ISSUE OF SHARES*

*4. (A) Subject to these presents, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution to:–*

*(i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or*

*(ii) make or grant offers, agreements or options (collectively, Instruments) that might or would require shares (including preference shares) to be issued, including but not limited to the creation and issue of warrants, debentures or instruments convertible or exchangeable into shares (including preference shares); and/or*

*(iii) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors while the Ordinary Resolution was in force.*

*Provided that:*

*(a) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits prescribed by the Designated Stock Exchange;*

*(b) no shares shall be issued at a discount or options granted over unissued shares except in accordance with the Act.*

*(B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.*

*(C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.*

*5. (A) Subject to any direction to the contrary that may be given by the Company in General Meeting and as permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).*

*(B) The Company may, notwithstanding Article 5(A) above, authorize the Directors not to offer new shares to members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such members on such terms and conditions as the Company may direct.*

*6. The Company may exercise the power of paying commissions in respect of subscription for shares which is conferred by the Act to the full extent thereby permitted, Provided Always that the amount or rate of the commissions paid or agreed to be paid and the number of shares to be subscribed for absolutely shall be disclosed in the manner required by the Act, in the relevant prospectus, statement, circular or notice as the case may be. Such commissions may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful subject to disclosure of the amount or rate thereof in the manner required by the Act in the relevant prospectus, statement, circular or notice as the case may be.*

*7. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period and charge the same to capital as part of the cost of the construction of the works or buildings or the provision of the plant, subject to the conditions and restrictions mentioned in the Act.*

*8. (A) In the event of preference shares being issued, the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear.*

*(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.*

*VARIATION OF RIGHTS*

*9. (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these presents relating to General Meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two or more persons holding at least one-third in nominal value of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special*

*Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.*

*(B) The provisions in Article 9(A) shall mutatis mutandis apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.*

*(C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects pari passu therewith but in no respect in priority thereto.*

*ALTERATION OF SHARE CAPITAL*

*10. The Company may from time to time by Ordinary Resolution increase its capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.*

*11. The Company may by Ordinary Resolution:–*

*(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;*

*(b) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled;*

*(c) subject to the provisions of the Statutes, sub-divide its shares, or any of them, into shares of a smaller amount than is fixed by the Memorandum of Association; so however that the proportion of the amount paid to the amount unpaid (if any) on each sub-divided share is the same as on the original share from which it was derived; and the resolution whereby any share is sub-divided being otherwise permitted to determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred, qualified or other special rights, or be subject to any such restrictions, as the Company has then the authority to attach to unissued or new shares; and/or*

*(d) subject to the provisions of the Statutes, convert or exchange any class of shares into or for any other class of shares.*

*12. The Company may reduce its share capital or any capital redemption reserve fund, share premium account or other undistributable reserve in any manner permitted, and with, and subject to, any incident authorized, and consent or confirmation required, by law.*

*SHARE CERTIFICATES*

13. (A) *Every share certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates and the amount paid up thereon. No certificate shall be issued representing shares of more than one class.*

(B) *The provisions in this Article and in Articles 14 to 17 (so far as they are applicable) shall not apply to transfer of book-entry securities.*

14. (A) *The Company shall not be bound to register more than three persons as the holder of a share except in the case of executors or administrators of the estate of a deceased member.*

(B) *In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to any one of the joint holders shall be sufficient delivery to all.*

15. *Every person whose name is entered as a member in the Register of Members shall (in the case of a transfer of shares) be entitled, within ten (10) market days after the date of lodgement of any transfer, or (subject to the provisions of the Statutes) such longer period of time as may be approved by the stock exchange upon which the shares in the Company may be listed, to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.*

16. (A) *Where a member transfers part only of the shares comprised in a certificate or where a member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner, the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares (in the case of transfer) and the whole of such shares (in the case of sub-division) shall be issued in lieu thereof and the member shall pay (in the case of sub-division) a maximum fee of S$2.00 for each new certificate or such other fee as the Directors may from time to time determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares in the Company may be listed. Where some only of the shares comprised in a share certificate are transferred, the new certificate for the balance of such shares shall be issued in lieu thereof without charge.*

(B) *Any two or more certificates representing shares of any one class held by any member may at his request be cancelled and a single new certificate for such shares issued in lieu thereof without charge.*

17. *Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a written indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of any stock exchange upon which the shares in the Company may be listed or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate, and in any case on payment of such sum not exceeding S$2.00 (or such other fee as the Directors may determine having regard to any limitation as may be prescribed by any stock exchange upon which the shares of the Company are listed) as the Directors may from time to time require, in the case of destruction, loss or theft, a shareholder or person entitled to, and to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.*

*CALLS ON SHARES*

18. *The Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or, when permitted, by way of premium) but subject always to the terms of issue of such shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.*

19. *Each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. A call may be revoked or postponed as the Directors may determine.*

20. *If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding ten per cent. per annum) as the Directors may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest in whole or in part.*

21. *Any sum (whether on account of the nominal value of the share or by way of premium) which by the terms of issue of a share becomes payable upon allotment or at any fixed date shall for all the purposes of these presents be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable. In the case of non-payment, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.*

22. *The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payment.*

23. *The Directors may if they think fit receive from any member willing to advance the same all or any part of the moneys (whether on account of the nominal value of the shares or by way of premium) uncalled and unpaid upon the shares held by him and such payment in advance of calls shall extinguish pro tanto the liability upon the shares in respect of which it is made and upon the moneys so received (until and to the extent that the same would but for such advance become payable) the Company may pay interest at such rate (not exceeding eight per cent. per annum) as the member paying such sum and the Directors may agree. Capital paid on shares in advance of calls shall not, whilst bearing interest, confer a right to participate in profits.*

*FORFEITURE AND LIEN*

24. *If a member fails to pay in full any call or instalment of a call on the due date for payment thereof, the Directors may at any time thereafter serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued thereon and any expenses incurred by the Company by reason of such non-payment.*

*25. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call has been made will be liable to be made forfeit.*

*26. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof has been made, be made forfeit by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeit share and not actually paid before forfeiture. The Directors may accept a surrender of any share liable to be made forfeit hereunder.*

*27. A share so made forfeit or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Directors shall think fit. The Directors may, if necessary, authorize same person to transfer a share so made forfeit or surrendered to any such other person as aforesaid.*

*28. A member whose shares have been made forfeit or surrendered shall cease to be a member in respect of such shares but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of such shares with interest thereon at eight per cent. per annum (or such lower rate as the Directors may determine) from the date of forfeiture or surrender until payment and the Directors may at their absolute discretion enforce payment without any allowance for the value of such shares at that time of forfeiture or surrender or waive payment in whole or in part.*

*29. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys called or payable at a fixed time in respect of such share and for all moneys as the Company may be called upon by law to pay in respect of the shares of the member or deceased member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article 29.*

*30. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice In writing stating and demanding payment of the sum presently payable and giving notice of intention to sell in default shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.*

*31. The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debts or liabilities and any residue shall be paid to the person entitled to the shares at the time of the sale or to his executors, administrators or assigns, as he may direct. For the purpose of giving effect to any such sale, the Directors may authorize some person to transfer the shares sold to the purchaser.*

*32. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that a share has been duly made forfeit or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. Such declaration and the receipt by the Company of the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the share certificate delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share.*

*TRANSFER OF SHARES*

*33. All transfers of shares shall be effected by written instruments of transfer in the form for the time being approved by the Directors and each stock exchange upon which the shares in the Company may be listed. An instrument of transfer shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that CDP shall not be required to sign, as transferee, any instrument of transfer relating to any transfer of shares to it during such period as the Directors may think fit. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect thereof.*

*34. The Registers of Members and of Transfers may be closed at such times and for such periods as the Directors may from time to time determine, Provided Always that such Registers shall not be closed for more than thirty days in any year, and that the Company shall give prior notice of each such closure, as may be required, to any stock exchange upon which the shares in the Company may be listed, stating the period and purpose or purposes for which such closure is made.*

*35. (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of any stock exchange on which the shares in the Company may be listed) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.*

*(B) The Directors may decline to register any instrument of transfer unless:–*

*(a) such fee not exceeding S$2.00 as the Directors may from time to time require is paid to the Company in respect thereof;*

*(b) the instrument of transfer, duly stamped in accordance with any law for the time being in force relating to stamp duty, is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and*

*(c) the instrument of transfer is in respect of only one class of shares.*

*36. All instruments of transfer which are registered may be retained by the Company.*

*37. The Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other document so destroyed was duly and properly made and every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, Provided Always that:–*

*(a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;*

*(b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and*

*(c) references herein to the destruction of any document include references to the disposal thereof in any manner.*

*TRANSMISSION OF SHARES*

*38. In case of the death of a member, the survivors or survivor where the deceased was a joint holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only person(s) recognised by the Company as having any title to his interest in the shares, but nothing in this Article shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share held by him.*

*39. Any person becoming entitled to a share in consequence of the death or bankruptcy of a member may (subject as hereinafter provided) upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, elect either to be registered himself as holder of the share or to have another person nominated by him registered as the transferee thereof. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice or transfer were a transfer executed by such member.*

*40. Save as otherwise provided by or in accordance with these presents, a person becoming entitled to a share in consequence of the death or bankruptcy of a member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages as those to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof (except with the authority of the Directors) to exercise any right conferred by membership in relation to meetings of the Company until he shall have been registered as a member in respect of the share.*

*41. There shall be paid to the Company in respect of the registration of any probate or letters of administration or certificate of death or stop notice or power of attorney or other document relating to or affecting the title to any shares or otherwise for making any entry in the Register of Members affecting the title to any shares such fee not exceeding S$2.00 as the Directors may from time to time require or prescribe.*

*CENTRAL DEPOSITORY SYSTEM*

*42. A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:–*

*(a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty-eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;*

*(b) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;*

*(c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and*

*(d) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined In the Statutes).*

*EXCLUSION OF EQUITIES*

*43. Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.*

*STOCK*

*44. The Company may from time to time by Ordinary Resolution convert any paid-up shares into stock and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.*

*45. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previous to conversion have been transferred (or as near thereto as circumstances admit) but no stock shall be transferable except in such units (not being greater than the nominal amount of the shares from which the stock arose) as the Directors may from time to time determine.*

*46. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards participation in the profits or assets of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred such privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted."*

**2. Rights in respect of voting**

"*GENERAL MEETINGS*

*47. An Annual General Meeting shall be held once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.*

*48. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.*

*NOTICE OF GENERAL MEETINGS*

*49. Any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Company, shall be called by twenty-one days' notice in writing at the least and an Annual General Meeting or any other Extraordinary General Meeting, by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in manner hereinafter mentioned to all members other than such as are not under the provisions of these presents entitled to receive such notices from the Company, Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:*

*(a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and*

*(b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right;*

*Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. At least fourteen days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to any stock exchange upon which the shares in the Company may be listed, Provided Always that in the case of any Extraordinary General Meeting at which it is proposed to pass a Special Resolution, at least twenty-one days' notice in writing of such Extraordinary General Meeting shall be given to any stock exchange upon which shares in the Company may be listed.*

*50. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a member of the Company.*

*(B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.*

*(C) In the case of any General Meeting at which business other than routine business ("special business") is to be transacted, the notice shall specify the general nature of such business, and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.*

*51. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:–*

*(a) declaring dividends;*

*(b) receiving and adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;*

*(c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement whether by rotation or otherwise;*

*(d) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Company in General Meeting); and*

*(e) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.*

*52. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business.*

*PROCEEDINGS AT GENERAL MEETINGS*

*53. The Chairman of the Board of Directors, failing whom the Deputy Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Deputy Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the members present shall choose one of their number) to be chairman of the meeting.*

*54. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, the quorum at any General Meeting shall be two members present in person or by proxy.*

*55. If within thirty minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place or such other day, time or place as the Directors may by not less than ten days' notice appoint.*

*56. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.*

*57. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.*

*58. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.*

*59. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:–*

*(a) the chairman of the meeting; or*

*(b) not less than two members present In person or by proxy and entitled to vote; or*

*(c) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or*

*(d) any member present in person or by proxy, or where such a member has appointed two proxies any one of such proxies, or any number or combination of such members or proxies, holding or representing as the case may be shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring that right,*

*Provided Always that no poll shall be demanded on the choice of the chairman of the meeting or on a question of adjournment. A demand for a poll may be withdrawn only with the approval of the meeting.*

*60. Unless a poll is required, a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.*

*The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.*

61. *In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.*

62. *A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman of the meeting may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.*

*VOTES OF MEMBERS*

63. *Subject to any special rights or restrictions as to voting attached by or in accordance with these presents to any class of shares, on a show of hands every member who is present in person or by proxy shall have one vote, the chairman of the meeting to determine which proxy shall be entitled to vote where a member is represented by two proxies, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder. A member who is bankrupt shall not, while his bankruptcy continues, be entitled to exercise his rights as a member, or attend, vote or act at any meeting of the Company.*

64. *In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.*

65. *Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.*

66. *No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum payable by him to the Company in respect of such shares remains unpaid.*

67. *No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.*

*68. On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast ail the votes he uses in the same way.*

*69. (A) A member shall not be entitled to appoint more than two proxies to attend and vote at the same General Meeting, Provided that if a member shall nominate two proxies then the member shall specify the proportion of his shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.*

*(B) A proxy need not be a member of the Company.*

*70. (A) An instrument appointing a proxy for any member shall be in writing in any usual or common form or in any other form which the Directors may approve and:–*

*(a) in the case of an individual member, shall be signed by the member or his attorney duly authorised in writing; and*

*(b) in the case of a member which is a corporation shall be either given under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorized officer of the corporation.*

*(B) The signatures on an instrument of proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument of proxy may be treated as invalid.*

*71. An instrument appointing a proxy must be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than forty-eight hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates, Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.*

*72. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll and to speak at the meeting.*

*73. A vote cast by proxy shall not be invalidated by the previous death or insanity of the principal or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.*

*CORPORATIONS ACTING BY REPRESENTATIVES*

*74. Any corporation which is a member of the Company may by resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company. The person so authorized shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Company and such corporation shall for the purposes of these presents be deemed to be present in person at any such meeting if a person so authorized is present thereat."*

**3. Rights in respect of dividends**

"*RESERVES*

*122. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits. In carrying sums to reserve and in applying the same, the Directors shall comply with the provisions of the Statutes.*

*DIVIDENDS*

*123. The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.*

*124. If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*

*125. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rate according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Article, no amount paid on a share in advance of calls shall be treated as paid on the share.*

*126. No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes or, pursuant to Section 69 of the Act and in the form of stock dividends, out of the share premium account. Any dividend unclaimed after six (6) years from the date of declaration shall be made forfeit and revert to the Company.*

*127. No dividend or other monies payable on or in respect of a share shall bear interest as against the Company.*

*128. (A) The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.*

*(B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.*

*129. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.*

*130. The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.*

*131. Any dividend or other moneys payable in cash on or in respect of shares may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.*

*132. If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.*

*133. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members. or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.*

*CAPITALISATION OF PROFITS AND RESERVES*

*134. The Directors may, with the sanction of an Ordinary Resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts as representing profits available for distribution under the provisions of the Statutes or, pursuant to Sections 69 or 70 of the Act, the Company's share premium account or capital redemption reserve, by appropriating such sum to the persons registered as the holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on the date of the resolution (or such other date as may be specified therein or determined as therein provided) in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares or (subject to any special rights previously conferred on any shares or class of shares for the time being issued) unissued shares of any other class not being redeemable shares, for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid. The Directors may do all acts and things considered necessary or expedient to give effect to any such capitalisation, with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof, accrues to the Company rather than to the members concerned). The Directors may authorize any person to enter on behalf of all the members interested into an agreement with the Company providing for any such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.*"

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$5.16m** | **Amber** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Small) | **LOA / Beam / Draft** | 56.3m / 13.5m / 5.1m |
| **IMO** | 9328209 | **Main Engine** | 2 × Bergen C2533L6P |
| **Flag** | Indonesia | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 1,300 MT | | |
| **LDT** | 1,318 MT estimated (1,297 LT) | | |
| **Built** | 12 May 2005 Fujian Mawei Shipbuilding China | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 4,828 | VesselsValue |
| Built date | 12 May 2005 | VesselsValue |
| Age at valuation | 13.134 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 16.866 Yrs | VesselsValue |
| Stop date | 12 May 2035 | VesselsValue |
| Discount rate pa | 7.885 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 6,493* | VesselsValue |
| Long-term charter rate $pd | 9,511** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 4,414 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 1,318 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 14 | 303 | 6,842 | 1,995,384 | 4,481 | 1,415,996 | | 1,415,996 | 579,388 | 0.936 | 542,542 |
| 12 May 19 | 15 | 330 | 7,660 | 2,433,008 | 4,560 | 1,664,400 | 926,394 | 2,590,794 | -157,786 | 0.868 | -136,953 |
| 12 May 20 | 16 | 350 | 8,518 | 2,869,501 | 4,640 | 1,693,600 | | 1,693,600 | 1,175,901 | 0.805 | 946,048 |
| 12 May 21 | 17 | 350 | 8,995 | 3,030,191 | 4,721 | 1,723,165 | | 1,723,165 | 1,307,026 | 0.746 | 974,689 |
| 12 May 22 | 18 | 335 | 8,876 | 2,861,955 | 4,804 | 1,753,460 | 403,630 | 2,157,090 | 704,865 | 0.691 | 487,222 |
| 12 May 23 | 19 | 350 | 8,751 | 2,947,993 | 4,888 | 1,784,120 | | 1,784,120 | 1,163,873 | 0.641 | 745,703 |
| 12 May 24 | 20 | 325 | 8,627 | 2,698,633 | 4,973 | 1,815,145 | 1,247,487 | 3,062,632 | -363,999 | 0.594 | -216,172 |
| 12 May 25 | 21 | 350 | 8,506 | 2,865,459 | 5,061 | 1,847,265 | | 1,847,265 | 1,018,194 | 0.550 | 560,492 |
| 12 May 26 | 22 | 350 | 8,387 | 2,825,371 | 5,150 | 1,879,750 | | 1,879,750 | 945,621 | 0.510 | 482,497 |
| 12 May 27 | 23 | 335 | 8,268 | 2,665,913 | 5,240 | 1,912,600 | 478,306 | 2,390,906 | 275,007 | 0.473 | 130,065 |
| 12 May 28 | 24 | 350 | 8,152 | 2,746,205 | 5,331 | 1,945,815 | | 1,945,815 | 800,390 | 0.438 | 350,879 |
| 12 May 29 | 25 | 320 | 8,037 | 2,475,396 | 5,426 | 1,980,490 | 1,791,863 | 3,772,353 | -1,296,957 | 0.406 | -527,013 |
| 12 May 30 | 26 | 350 | 7,923 | 2,669,061 | 5,520 | 2,014,800 | | 2,014,800 | 654,261 | 0.377 | 246,426 |
| 12 May 31 | 27 | 350 | 7,812 | 2,631,668 | 5,617 | 2,050,205 | | 2,050,205 | 581,463 | 0.349 | 203,000 |
| 12 May 32 | 28 | 335 | 7,701 | 2,483,091 | 5,716 | 2,086,340 | 515,271 | 2,601,611 | -118,520 | 0.324 | -38,353 |
| 12 May 33 | 29 | 350 | 7,593 | 2,557,892 | 5,816 | 2,122,840 | | 2,122,840 | 435,052 | 0.300 | 130,495 |
| 12 May 34 | 30 | 350 | 7,486 | 2,521,846 | 5,918 | 2,160,070 | | 2,160,070 | 361,776 | 0.278 | 100,585 |

**Total disc cash flow $**
4,982,152

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 12 May 35 | 647,290 | 0.278 | 179,966 |

**DCF Value $**
5,162,118

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## Disclaimer

*(a) The Discounted Cash Flow (DCF) value provided is an estimate of the net amount in US dollars the vessel is expected to earn over its remaining life expressed in today's money, calculated using DCF analysis. Sometimes it is called Value in Use, Long Term Asset Value (LTAV), Net Present Value (NPV) or the Income in Use approach. For the purposes of this DCF value it is assumed that the particulars of the vessel are correct, and that the vessel is in good, sound and seaworthy condition, free of maritime liens and liabilities whatsoever, fully classed to the requirements of her present classification society, free of class recommendations, with clear and valid trading certificates, and where relevant to type and age of vessel with full oil majors, RightShip and any other relevant approvals in place. It should be noted that VesselsValue has neither made a physical inspection of the vessel nor inspected her class records.*

*(b) This DCF value is calculated using assumptions about current and future income and expenses. They may include VesselsValue assumptions or the user's own assumptions. The source is stated on the valuation certificate and indicated on the online page next to each assumption. Regardless whose source, it should be understood that any change to the assumptions may have a large material affect on the DCF value. As examples, increasing expected future earnings or lowering OPEX can give a very significant increase in value. We cannot guarantee the availability of appropriate rates for all ship types or the accuracy of adjustments to allow for the specification of the vessel, especially for specialised or unusual vessels. VesselsValue, therefore, advises caution in using this DCF value without reviewing the assumptions very carefully. The user is invited to input their own assumptions, whether they be from actual experience or from alterative date sources.*

*(c) You should not rely on this valuation to conduct any transactions, as it is not intended to reflect a market-transactable value. Nor should you use or rely upon this valuation as market information, or for gathering such information, related to any prospectus, or bond issue, or other financial offer document. This valuation is not a substitute for independent inspection and advice, which you should obtain.*

*(d) The estimated DCF Value is for the valuation date only and no assurance is given that the value will be sustained or is realisable in an actual transaction.*

*(e) For glossary of terms please visit www.vesselsvalue.com/glossary.*

*(f) See also Terms and Conditions set forth at www.vesselsvalue.com/terms.*

*This valuation was undertaken by Amber Fan on behalf of VesselsValue Ltd. VesselsValue Ltd (VV) is a supplier of valuation, market intelligence and trade analytics to the maritime sector. VV has been supplying valuations to the maritime sector since 2011 and is currently used by the majority of the top 40 shipping banks globally. VV and Seasure Shipbroking Ltd are joint members of the Baltic Exchange, have P&I cover with ITIC for the provision of valuations, its employee have previously acted as expert witnesses in the maritime sector and are used by financers, banks, lenders, owners, operators, principals, private equity houses, lawyers, accountants and many others. VV has been used as the valuation provider on a variety of transactions including mergers and new fund launches.*

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$14.01m** | **Amethyst** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Large) | **LOA / Beam / Draft** | 68.0m / 16.4m / 6.0m |
| **IMO** | 9380219 | **Main Engine** | 2 × Wartsila 9L32 5,220 kW @ 750 RPM Medium Speed Diesel |
| **Flag** | Mexico | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 2,500 MT | | |
| **LDT** | 2,337 MT sister (2,300 LT) | | |
| **Built** | 14 Mar 2008 Keihin Japan | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 12,240 | VesselsValue |
| Built date | 14 Mar 2008 | VesselsValue |
| Age at valuation | 10.296 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 19.704 Yrs | VesselsValue |
| Stop date | 14 Mar 2038 | VesselsValue |
| Discount rate pa | 7.908 | VesselsValue |
| **Revenue** | | **Source** |
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 9,869* | VesselsValue |
| Long-term charter rate $pd | 18,637** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |
| **Expenditure** | | **Source** |
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 7,955 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |
| **Residual** | | **Source** |
| LDT mt | 2,337 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

* 3 months historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 11 | 246 | 10,786 | 2,553,855 | 8,053 | 2,069,621 | | 2,069,621 | 484,234 | 0.948 | 458,969 |
| 14 Mar 19 | 12 | 350 | 13,065 | 4,401,272 | 8,194 | 2,990,810 | | 2,990,810 | 1,410,462 | 0.878 | 1,238,902 |
| 14 Mar 20 | 13 | 340 | 15,693 | 5,135,534 | 8,338 | 3,043,370 | 430,421 | 3,473,791 | 1,661,743 | 0.814 | 1,352,656 |
| 14 Mar 21 | 14 | 350 | 17,560 | 5,915,525 | 8,484 | 3,096,660 | | 3,096,660 | 2,818,865 | 0.754 | 2,126,403 |
| 14 Mar 22 | 15 | 330 | 17,433 | 5,537,157 | 8,633 | 3,151,045 | 1,330,292 | 4,481,337 | 1,055,820 | 0.699 | 738,089 |
| 14 Mar 23 | 16 | 350 | 17,187 | 5,789,871 | 8,784 | 3,206,160 | | 3,206,160 | 2,583,711 | 0.648 | 1,673,828 |
| 14 Mar 24 | 17 | 350 | 16,945 | 5,708,347 | 8,938 | 3,262,370 | | 3,262,370 | 2,445,977 | 0.600 | 1,468,477 |
| 14 Mar 25 | 18 | 335 | 16,707 | 5,386,963 | 9,096 | 3,320,040 | 579,607 | 3,899,647 | 1,487,316 | 0.556 | 827,496 |
| 14 Mar 26 | 19 | 350 | 16,471 | 5,548,668 | 9,255 | 3,378,075 | | 3,378,075 | 2,170,593 | 0.516 | 1,119,151 |
| 14 Mar 27 | 20 | 325 | 16,238 | 5,079,449 | 9,417 | 3,437,205 | 1,791,377 | 5,228,582 | -149,133 | 0.478 | -71,258 |
| 14 Mar 28 | 21 | 350 | 16,009 | 5,393,032 | 9,582 | 3,497,430 | | 3,497,430 | 1,895,602 | 0.443 | 839,370 |
| 14 Mar 29 | 22 | 350 | 15,784 | 5,317,235 | 9,750 | 3,558,750 | | 3,558,750 | 1,758,485 | 0.410 | 721,594 |
| 14 Mar 30 | 23 | 335 | 15,561 | 5,017,450 | 9,921 | 3,621,165 | 686,842 | 4,308,007 | 709,443 | 0.380 | 269,786 |
| 14 Mar 31 | 24 | 350 | 15,343 | 5,168,673 | 10,095 | 3,684,675 | | 3,684,675 | 1,483,998 | 0.352 | 522,977 |
| 14 Mar 32 | 25 | 320 | 15,126 | 4,658,808 | 10,272 | 3,749,280 | 2,573,095 | 6,322,375 | -1,663,567 | 0.327 | -543,298 |
| 14 Mar 33 | 26 | 350 | 14,912 | 5,023,480 | 10,452 | 3,814,980 | | 3,814,980 | 1,208,500 | 0.303 | 365,756 |
| 14 Mar 34 | 27 | 350 | 14,702 | 4,952,736 | 10,636 | 3,882,140 | | 3,882,140 | 1,070,596 | 0.280 | 300,275 |
| 14 Mar 35 | 28 | 335 | 14,495 | 4,673,732 | 10,823 | 3,950,395 | 739,924 | 4,690,319 | -16,587 | 0.260 | -4,311 |
| 14 Mar 36 | 29 | 350 | 14,291 | 4,814,281 | 11,012 | 4,019,380 | | 4,019,380 | 794,901 | 0.241 | 191,471 |
| 14 Mar 37 | 30 | 350 | 14,090 | 4,746,569 | 11,205 | 4,089,825 | | 4,089,825 | 656,744 | 0.223 | 146,600 |

**Total disc cash flow $**
13,742,933

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 14 Mar 38 | 1,197,400 | 0.223 | 267,286 |

**DCF Value $**
14,010,219

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*(b) This DCF value is calculated using assumptions about current and future income and expenses. They may include VesselsValue assumptions or the user's own assumptions. The source is stated on the valuation certificate and indicated on the online page next to each assumption. Regardless whose source, it should be understood that any change to the assumptions may have a large material affect on the DCF value. As examples, increasing expected future earnings or lowering OPEX can give a very significant increase in value. We cannot guarantee the availability of appropriate rates for all ship types or the accuracy of adjustments to allow for the specification of the vessel, especially for specialised or unusual vessels. VesselsValue, therefore, advises caution in using this DCF value without reviewing the assumptions very carefully. The user is invited to input their own assumptions, whether they be from actual experience or from alterative date sources.*

*(c) You should not rely on this valuation to conduct any transactions, as it is not intended to reflect a market-transactable value. Nor should you use or rely upon this valuation as market information, or for gathering such information, related to any prospectus, or bond issue, or other financial offer document. This valuation is not a substitute for independent inspection and advice, which you should obtain.*

*(d) The estimated DCF Value is for the valuation date only and no assurance is given that the value will be sustained or is realisable in an actual transaction.*

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*(f) See also Terms and Conditions set forth at www.vesselsvalue.com/terms.*

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$5.38m** | **Beryl** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Small) | **LOA / Beam / Draft** | 56.3m / 13.5m / 5.1m |
| **IMO** | 9328211 | **Main Engine** | 2 × Bergen C2533L6P |
| **Flag** | Malaysia | | |
| **Class** | DNV GL | | |
| **Ice Class** | | | |
| **DWT** | 1,300 MT | | |
| **LDT** | 1,318 MT estimated (1,297 LT) | | |
| **Built** | 30 Sep 2005 Fujian Mawei Shipbuilding China | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 4,826 | VesselsValue |
| Built date | 30 Sep 2005 | VesselsValue |
| Age at valuation | 12.748 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 17.252 Yrs | VesselsValue |
| Stop date | 30 Sep 2035 | VesselsValue |
| Discount rate pa | 7.888 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 6,540* | VesselsValue |
| Long-term charter rate $pd | 9,579** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 4,409 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 1,318 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 13 | 85 | 6,642 | 543,399 | 4,429 | 407,468 | 75,964 | 483,432 | 59,967 | 0.981 | 58,830 |
| 30 Sep 18 | 14 | 350 | 7,172 | 2,416,068 | 4,506 | 1,644,690 | | 1,644,690 | 771,378 | 0.909 | 701,428 |
| 30 Sep 19 | 15 | 330 | 8,052 | 2,557,517 | 4,585 | 1,673,525 | 931,465 | 2,604,990 | -47,473 | 0.843 | -40,012 |
| 30 Sep 20 | 16 | 350 | 8,876 | 2,990,103 | 4,666 | 1,703,090 | | 1,703,090 | 1,287,013 | 0.781 | 1,005,431 |
| 30 Sep 21 | 17 | 350 | 9,018 | 3,037,939 | 4,747 | 1,732,655 | | 1,732,655 | 1,305,284 | 0.724 | 945,151 |
| 30 Sep 22 | 18 | 335 | 8,891 | 2,866,792 | 4,830 | 1,762,950 | 405,839 | 2,168,789 | 698,003 | 0.671 | 468,468 |
| 30 Sep 23 | 19 | 350 | 8,765 | 2,952,709 | 4,915 | 1,793,975 | | 1,793,975 | 1,158,734 | 0.622 | 720,831 |
| 30 Sep 24 | 20 | 325 | 8,642 | 2,703,326 | 5,002 | 1,825,730 | 1,254,316 | 3,080,046 | -376,720 | 0.577 | -217,218 |
| 30 Sep 25 | 21 | 350 | 8,521 | 2,870,512 | 5,089 | 1,857,485 | | 1,857,485 | 1,013,027 | 0.534 | 541,407 |
| 30 Sep 26 | 22 | 350 | 8,400 | 2,829,750 | 5,178 | 1,889,970 | | 1,889,970 | 939,780 | 0.495 | 465,539 |
| 30 Sep 27 | 23 | 335 | 8,282 | 2,670,427 | 5,269 | 1,923,185 | 480,924 | 2,404,109 | 266,318 | 0.459 | 122,281 |
| 30 Sep 28 | 24 | 350 | 8,165 | 2,750,584 | 5,362 | 1,957,130 | | 1,957,130 | 793,454 | 0.426 | 337,680 |
| 30 Sep 29 | 25 | 320 | 8,050 | 2,479,400 | 5,456 | 1,991,440 | 1,801,673 | 3,793,113 | -1,313,713 | 0.394 | -518,216 |
| 30 Sep 30 | 26 | 350 | 7,937 | 2,673,777 | 5,551 | 2,026,115 | | 2,026,115 | 647,662 | 0.366 | 236,802 |
| 30 Sep 31 | 27 | 350 | 7,825 | 2,636,047 | 5,649 | 2,061,885 | | 2,061,885 | 574,162 | 0.339 | 194,580 |
| 30 Sep 32 | 28 | 335 | 7,714 | 2,487,283 | 5,748 | 2,098,020 | 518,091 | 2,616,111 | -128,828 | 0.314 | -40,467 |
| 30 Sep 33 | 29 | 350 | 7,605 | 2,561,934 | 5,849 | 2,134,885 | | 2,134,885 | 427,049 | 0.291 | 124,335 |
| 30 Sep 34 | 30 | 350 | 7,498 | 2,525,889 | 5,951 | 2,172,115 | | 2,172,115 | 353,774 | 0.270 | 95,471 |

**Total disc cash flow $**
5,202,321

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 30 Sep 35 | 651,023 | 0.270 | 175,687 |

**DCF Value $**
5,378,008

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# APPENDIX 10: VALUATION CERTIFICATES

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## Disclaimer

*(a) The Discounted Cash Flow (DCF) value provided is an estimate of the net amount in US dollars the vessel is expected to earn over its remaining life expressed in today's money, calculated using DCF analysis. Sometimes it is called Value in Use, Long Term Asset Value (LTAV), Net Present Value (NPV) or the Income in Use approach. For the purposes of this DCF value it is assumed that the particulars of the vessel are correct, and that the vessel is in good, sound and seaworthy condition, free of maritime liens and liabilities whatsoever, fully classed to the requirements of her present classification society, free of class recommendations, with clear and valid trading certificates, and where relevant to type and age of vessel with full oil majors, RightShip and any other relevant approvals in place. It should be noted that VesselsValue has neither made a physical inspection of the vessel nor inspected her class records.*

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*(e) For glossary of terms please visit www.vesselsvalue.com/glossary.*

*(f) See also Terms and Conditions set forth at www.vesselsvalue.com/terms.*

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$14.62m** | **Coral** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Large) | **LOA / Beam / Draft** | 68.0m / 16.4m / 6.0m |
| **IMO** | 9427689 | **Main Engine** | 2 × Wartsila 9L32 5,220 kW @ 750 RPM Medium Speed Diesel |
| **Flag** | Indonesia | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 2,500 MT | | |
| **LDT** | 2,337 MT sister (2,300 LT) | | |
| **Built** | 11 Nov 2008 Keihin Japan | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 12,240 | VesselsValue |
| Built date | 11 Nov 2008 | VesselsValue |
| Age at valuation | 9.633 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 20.367 Yrs | VesselsValue |
| Stop date | 11 Nov 2038 | VesselsValue |
| Discount rate pa | 7.912 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 10,003* | VesselsValue |
| Long-term charter rate $pd | 18,891** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 7,942 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 2,337 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 10 | 122 | 10,488 | 1,231,553 | 7,993 | 1,071,062 | 343,382 | 1,414,444 | -182,891 | 0.972 | -177,849 |
| 11 Nov 18 | 11 | 350 | 12,327 | 4,152,658 | 8,133 | 2,968,545 | | 2,968,545 | 1,184,113 | 0.901 | 1,067,042 |
| 11 Nov 19 | 12 | 350 | 15,018 | 5,059,189 | 8,276 | 3,020,740 | | 3,020,740 | 2,038,449 | 0.835 | 1,702,228 |
| 11 Nov 20 | 13 | 340 | 17,442 | 5,707,895 | 8,421 | 3,073,665 | 434,691 | 3,508,356 | 2,199,539 | 0.774 | 1,702,076 |
| 11 Nov 21 | 14 | 350 | 17,756 | 5,981,553 | 8,568 | 3,127,320 | | 3,127,320 | 2,854,233 | 0.717 | 2,046,757 |
| 11 Nov 22 | 15 | 330 | 17,505 | 5,560,026 | 8,719 | 3,182,435 | 1,343,488 | 4,525,923 | 1,034,103 | 0.665 | 687,179 |
| 11 Nov 23 | 16 | 350 | 17,258 | 5,813,789 | 8,871 | 3,237,915 | | 3,237,915 | 2,575,874 | 0.616 | 1,586,209 |
| 11 Nov 24 | 17 | 350 | 17,015 | 5,731,928 | 9,027 | 3,294,855 | | 3,294,855 | 2,437,073 | 0.571 | 1,390,701 |
| 11 Nov 25 | 18 | 335 | 16,776 | 5,409,212 | 9,186 | 3,352,890 | 585,357 | 3,938,247 | 1,470,965 | 0.529 | 777,852 |
| 11 Nov 26 | 19 | 350 | 16,539 | 5,571,576 | 9,347 | 3,411,655 | | 3,411,655 | 2,159,921 | 0.490 | 1,058,430 |
| 11 Nov 27 | 20 | 325 | 16,306 | 5,100,721 | 9,510 | 3,471,150 | 1,809,148 | 5,280,298 | -179,577 | 0.454 | -81,546 |
| 11 Nov 28 | 21 | 350 | 16,076 | 5,415,603 | 9,678 | 3,532,470 | | 3,532,470 | 1,883,133 | 0.421 | 792,436 |
| 11 Nov 29 | 22 | 350 | 15,849 | 5,339,132 | 9,847 | 3,594,155 | | 3,594,155 | 1,744,977 | 0.390 | 680,459 |
| 11 Nov 30 | 23 | 335 | 15,626 | 5,038,408 | 10,020 | 3,657,300 | 693,655 | 4,350,955 | 687,453 | 0.361 | 248,419 |
| 11 Nov 31 | 24 | 350 | 15,405 | 5,189,559 | 10,195 | 3,721,175 | | 3,721,175 | 1,468,384 | 0.335 | 491,712 |
| 11 Nov 32 | 25 | 320 | 15,189 | 4,678,212 | 10,375 | 3,786,875 | 2,598,621 | 6,385,496 | -1,707,284 | 0.310 | -529,793 |
| 11 Nov 33 | 26 | 350 | 14,975 | 5,044,703 | 10,556 | 3,852,940 | | 3,852,940 | 1,191,763 | 0.288 | 342,705 |
| 11 Nov 34 | 27 | 350 | 14,763 | 4,973,286 | 10,741 | 3,920,465 | | 3,920,465 | 1,052,821 | 0.266 | 280,553 |
| 11 Nov 35 | 28 | 335 | 14,555 | 4,693,078 | 10,930 | 3,989,450 | 747,264 | 4,736,714 | -43,636 | 0.247 | -10,775 |
| 11 Nov 36 | 29 | 350 | 14,350 | 4,834,156 | 11,121 | 4,059,165 | | 4,059,165 | 774,991 | 0.229 | 177,344 |
| 11 Nov 37 | 30 | 350 | 14,148 | 4,766,108 | 11,316 | 4,130,340 | | 4,130,340 | 635,768 | 0.212 | 134,818 |

**Total disc cash flow $**
14,366,957

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 11 Nov 38 | 1,209,278 | 0.212 | 256,433 |

**DCF Value $**
14,623,390

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## Disclaimer

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*(f) See also Terms and Conditions set forth at www.vesselsvalue.com/terms.*

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$4.00m** | **FEG Merlin** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | PSV (Small) | **LOA / Beam / Draft** | 55.0m / 13.8m / 4.5m |
| **IMO** | 9475909 | **Main Engine** | 2 × Niigata 6MG25HX 1,368 kW @ 750 RPM Medium Speed Diesel |
| **Flag** | Singapore | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 1,300 MT | | |
| **LDT** | 754 MT estimated (742 LT) | | |
| **Built** | 24 Dec 2008 Unknown Yard China China | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size DWT | 1,300 | VesselsValue |
| Built date | 24 Dec 2008 | VesselsValue |
| Age at valuation | 9.515 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 20.485 Yrs | VesselsValue |
| Stop date | 24 Dec 2038 | VesselsValue |
| Discount rate pa | 7.913 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 4,730* | VesselsValue |
| Long-term charter rate $pd | 11,094** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.75% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 2.50% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 340 | VesselsValue |

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 4,922 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 2.00% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 754 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 2.00% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

* 3 months historical mean average of the VV Sml PSV_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 14 years historical median average of the VV Sml PSV_North Sea Spot Charter rates adjusted for the specifications of the vessel.

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 10 | 158 | 5,209 | 802,446 | 4,976 | 880,752 | 463,405 | 1,344,157 | -541,711 | 0.964 | -522,071 |
| 24 Dec 18 | 11 | 340 | 6,689 | 2,217,404 | 5,087 | 1,856,755 | | 1,856,755 | 360,649 | 0.893 | 322,087 |
| 24 Dec 19 | 12 | 340 | 8,661 | 2,871,122 | 5,203 | 1,899,095 | | 1,899,095 | 972,027 | 0.828 | 804,439 |
| 24 Dec 20 | 13 | 330 | 10,345 | 3,328,504 | 5,320 | 1,941,800 | 450,711 | 2,392,511 | 935,993 | 0.767 | 717,818 |
| 24 Dec 21 | 14 | 340 | 10,481 | 3,474,452 | 5,439 | 1,985,235 | | 1,985,235 | 1,489,217 | 0.711 | 1,058,342 |
| 24 Dec 22 | 15 | 322 | 10,349 | 3,249,069 | 5,563 | 2,030,495 | 1,406,759 | 3,437,254 | -188,185 | 0.659 | -123,931 |
| 24 Dec 23 | 16 | 340 | 10,219 | 3,387,599 | 5,687 | 2,075,755 | | 2,075,755 | 1,311,844 | 0.610 | 800,578 |
| 24 Dec 24 | 17 | 340 | 10,091 | 3,345,167 | 5,816 | 2,122,840 | | 2,122,840 | 1,222,327 | 0.566 | 691,250 |
| 24 Dec 25 | 18 | 325 | 9,964 | 3,157,343 | 5,947 | 2,170,655 | 622,027 | 2,792,682 | 364,661 | 0.524 | 191,101 |
| 24 Dec 26 | 19 | 340 | 9,838 | 3,261,297 | 6,081 | 2,219,565 | | 2,219,565 | 1,041,732 | 0.486 | 505,891 |
| 24 Dec 27 | 20 | 319 | 9,714 | 3,021,297 | 6,219 | 2,269,935 | 1,941,469 | 4,211,404 | -1,190,107 | 0.450 | -535,567 |
| 24 Dec 28 | 21 | 340 | 9,592 | 3,179,748 | 6,358 | 2,320,670 | | 2,320,670 | 859,078 | 0.417 | 358,251 |
| 24 Dec 29 | 22 | 340 | 9,471 | 3,139,637 | 6,502 | 2,373,230 | | 2,373,230 | 766,407 | 0.386 | 296,169 |
| 24 Dec 30 | 23 | 325 | 9,352 | 2,963,415 | 6,649 | 2,426,885 | 755,444 | 3,182,329 | -218,914 | 0.358 | -78,394 |
| 24 Dec 31 | 24 | 340 | 9,235 | 3,061,403 | 6,798 | 2,481,270 | | 2,481,270 | 580,133 | 0.332 | 192,514 |
| 24 Dec 32 | 25 | 315 | 9,118 | 2,800,366 | 6,952 | 2,537,480 | 2,858,052 | 5,395,532 | -2,595,166 | 0.308 | -798,042 |
| 24 Dec 33 | 26 | 340 | 9,004 | 2,984,826 | 7,109 | 2,594,785 | | 2,594,785 | 390,041 | 0.285 | 111,147 |
| 24 Dec 34 | 27 | 340 | 8,889 | 2,946,704 | 7,270 | 2,653,550 | | 2,653,550 | 293,154 | 0.264 | 77,412 |
| 24 Dec 35 | 28 | 325 | 8,778 | 2,781,529 | 7,432 | 2,712,680 | 834,072 | 3,546,752 | -765,223 | 0.245 | -187,253 |
| 24 Dec 36 | 29 | 340 | 8,668 | 2,873,442 | 7,600 | 2,774,000 | | 2,774,000 | 99,442 | 0.227 | 22,549 |
| 24 Dec 37 | 30 | 340 | 8,558 | 2,836,977 | 7,771 | 2,836,415 | | 2,836,415 | 562 | 0.210 | 118 |

**Total disc cash flow $**
3,904,408

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 24 Dec 38 | 432,198 | 0.210 | 90,819 |

**DCF Value $**
3,995,227

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$5.33m** | **Garnet** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Small) | **LOA / Beam / Draft** | 60.0m / 16.0m / 4.2m |
| **IMO** | 9339870 | **Main Engine** | 2 × Wartsila 6L26 2,040 kW @ 1000 RPM Medium Speed Diesel |
| **Flag** | Singapore | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 1,700 MT | | |
| **LDT** | 1,576 MT estimated (1,551 LT) | | |
| **Built** | 30 May 2005 Piasau Slipways Malaysia | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 5,400 | VesselsValue |
| Built date | 30 May 2005 | VesselsValue |
| Age at valuation | 13.085 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 16.915 Yrs | VesselsValue |
| Stop date | 30 May 2035 | VesselsValue |
| Discount rate pa | 7.885 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 6,901* | VesselsValue |
| Long-term charter rate $pd | 10,109** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 4,729 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 1,576 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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# APPENDIX 10: VALUATION CERTIFICATES

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 14 | 320 | 7,293 | 2,246,244 | 4,805 | 1,604,870 | | 1,604,870 | 641,374 | 0.933 | 598,341 |
| 30 May 19 | 15 | 330 | 8,188 | 2,600,714 | 4,889 | 1,784,485 | 1,001,515 | 2,786,000 | -185,286 | 0.865 | -160,220 |
| 30 May 20 | 16 | 350 | 9,097 | 3,064,552 | 4,975 | 1,815,875 | | 1,815,875 | 1,248,677 | 0.802 | 1,000,835 |
| 30 May 21 | 17 | 350 | 9,559 | 3,220,188 | 5,062 | 1,847,630 | | 1,847,630 | 1,372,558 | 0.743 | 1,019,720 |
| 30 May 22 | 18 | 335 | 9,427 | 3,039,618 | 5,150 | 1,879,750 | 436,359 | 2,316,109 | 723,509 | 0.689 | 498,232 |
| 30 May 23 | 19 | 350 | 9,295 | 3,131,253 | 5,241 | 1,912,965 | | 1,912,965 | 1,218,288 | 0.638 | 777,634 |
| 30 May 24 | 20 | 325 | 9,164 | 2,866,614 | 5,333 | 1,946,545 | 1,348,644 | 3,295,189 | -428,575 | 0.592 | -253,565 |
| 30 May 25 | 21 | 350 | 9,035 | 3,043,666 | 5,426 | 1,980,490 | | 1,980,490 | 1,063,176 | 0.548 | 583,050 |
| 30 May 26 | 22 | 350 | 8,907 | 3,000,546 | 5,521 | 2,015,165 | | 2,015,165 | 985,381 | 0.508 | 500,890 |
| 30 May 27 | 23 | 335 | 8,782 | 2,831,646 | 5,619 | 2,050,935 | 517,091 | 2,568,026 | 263,620 | 0.471 | 124,209 |
| 30 May 28 | 24 | 350 | 8,658 | 2,916,664 | 5,718 | 2,087,070 | | 2,087,070 | 829,594 | 0.437 | 362,309 |
| 30 May 29 | 25 | 320 | 8,535 | 2,628,780 | 5,818 | 2,123,570 | 1,937,164 | 4,060,734 | -1,431,954 | 0.405 | -579,669 |
| 30 May 30 | 26 | 350 | 8,416 | 2,835,140 | 5,920 | 2,160,800 | | 2,160,800 | 674,340 | 0.375 | 253,028 |
| 30 May 31 | 27 | 350 | 8,297 | 2,795,052 | 6,023 | 2,198,395 | | 2,198,395 | 596,657 | 0.348 | 207,516 |
| 30 May 32 | 28 | 335 | 8,180 | 2,637,539 | 6,128 | 2,236,720 | 557,054 | 2,793,774 | -156,235 | 0.322 | -50,367 |
| 30 May 33 | 29 | 350 | 8,064 | 2,716,560 | 6,237 | 2,276,505 | | 2,276,505 | 440,055 | 0.299 | 131,495 |
| 30 May 34 | 30 | 350 | 7,951 | 2,678,493 | 6,346 | 2,316,290 | | 2,316,290 | 362,203 | 0.277 | 100,321 |

**Total disc cash flow $**
5,113,759

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 30 May 35 | 774,620 | 0.277 | 214,550 |

**DCF Value $**
5,328,309

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$4.94m** | **Jasper** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Small) | **LOA / Beam / Draft** | 60.0m / 16.0m / 4.9m |
| **IMO** | 9300233 | **Main Engine** | 2 × Mak 6M25 1,980 kW @ 750 RPM Medium Speed Diesel |
| **Flag** | Singapore | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 1,700 MT | | |
| **LDT** | 1,565 MT estimated (1,540 LT) | | |
| **Built** | 15 Sep 2004 Keppel Singmarine Singapore | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 5,000 | VesselsValue |
| Built date | 15 Sep 2004 | VesselsValue |
| Age at valuation | 13.789 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 16.211 Yrs | VesselsValue |
| Stop date | 15 Sep 2034 | VesselsValue |
| Discount rate pa | 7.880 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 6,574* | VesselsValue |
| Long-term charter rate $pd | 9,629** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 4,496 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 1,565 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 14 | 74 | 6,660 | 474,359 | 4,512 | 347,424 | | 347,424 | 126,935 | 0.984 | 124,920 |
| 15 Sep 18 | 15 | 330 | 7,172 | 2,278,007 | 4,592 | 1,676,080 | 935,505 | 2,611,585 | -333,578 | 0.912 | -304,305 |
| 15 Sep 19 | 16 | 350 | 8,058 | 2,714,539 | 4,672 | 1,705,280 | | 1,705,280 | 1,009,259 | 0.846 | 853,443 |
| 15 Sep 20 | 17 | 350 | 8,896 | 2,996,840 | 4,754 | 1,735,210 | | 1,735,210 | 1,261,630 | 0.784 | 988,927 |
| 15 Sep 21 | 18 | 335 | 9,071 | 2,924,831 | 4,838 | 1,765,870 | 407,599 | 2,173,469 | 751,362 | 0.727 | 545,936 |
| 15 Sep 22 | 19 | 350 | 8,942 | 3,012,336 | 4,922 | 1,796,530 | | 1,796,530 | 1,215,806 | 0.674 | 818,874 |
| 15 Sep 23 | 20 | 325 | 8,816 | 2,757,755 | 5,008 | 1,827,920 | 1,259,755 | 3,087,675 | -329,920 | 0.624 | -205,978 |
| 15 Sep 24 | 21 | 350 | 8,692 | 2,928,118 | 5,097 | 1,860,405 | | 1,860,405 | 1,067,713 | 0.579 | 617,914 |
| 15 Sep 25 | 22 | 350 | 8,570 | 2,887,019 | 5,186 | 1,892,890 | | 1,892,890 | 994,129 | 0.536 | 533,306 |
| 15 Sep 26 | 23 | 335 | 8,448 | 2,723,952 | 5,277 | 1,926,105 | 483,009 | 2,409,114 | 314,838 | 0.497 | 156,560 |
| 15 Sep 27 | 24 | 350 | 8,330 | 2,806,169 | 5,369 | 1,959,685 | | 1,959,685 | 846,484 | 0.461 | 390,187 |
| 15 Sep 28 | 25 | 320 | 8,213 | 2,529,604 | 5,464 | 1,994,360 | 1,809,484 | 3,803,844 | -1,274,240 | 0.427 | -544,460 |
| 15 Sep 29 | 26 | 350 | 8,096 | 2,727,340 | 5,559 | 2,029,035 | | 2,029,035 | 698,305 | 0.396 | 276,579 |
| 15 Sep 30 | 27 | 350 | 7,982 | 2,688,936 | 5,657 | 2,064,805 | | 2,064,805 | 624,131 | 0.367 | 229,145 |
| 15 Sep 31 | 28 | 335 | 7,869 | 2,537,261 | 5,756 | 2,100,940 | 520,338 | 2,621,278 | -84,017 | 0.340 | -28,593 |
| 15 Sep 32 | 29 | 350 | 7,759 | 2,613,813 | 5,857 | 2,137,805 | | 2,137,805 | 476,008 | 0.315 | 150,165 |
| 15 Sep 33 | 30 | 350 | 7,650 | 2,577,094 | 5,960 | 2,175,400 | | 2,175,400 | 401,694 | 0.292 | 117,466 |

**Total disc cash flow $**
4,720,086

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 15 Sep 34 | 761,106 | 0.292 | 222,567 |

**DCF Value $**
4,942,653

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## Disclaimer

*(a) The Discounted Cash Flow (DCF) value provided is an estimate of the net amount in US dollars the vessel is expected to earn over its remaining life expressed in today's money, calculated using DCF analysis. Sometimes it is called Value in Use, Long Term Asset Value (LTAV), Net Present Value (NPV) or the Income in Use approach. For the purposes of this DCF value it is assumed that the particulars of the vessel are correct, and that the vessel is in good, sound and seaworthy condition, free of maritime liens and liabilities whatsoever, fully classed to the requirements of her present classification society, free of class recommendations, with clear and valid trading certificates, and where relevant to type and age of vessel with full oil majors, RightShip and any other relevant approvals in place. It should be noted that VesselsValue has neither made a physical inspection of the vessel nor inspected her class records.*

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*(e) For glossary of terms please visit www.vesselsvalue.com/glossary.*

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

**DCF Value**
**$14.50m**

**Vessel**
**Langery** Ex Pearl

**Ship Status**
**Live**

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Large) | **LOA / Beam / Draft** | 68.0m / 16.4m / 6.0m |
| **IMO** | 9427677 | **Main Engine** | 2 × Wartsila 9L32 5,220 kW @ 750 RPM Medium Speed Diesel |
| **Flag** | Singapore | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 2,500 MT | | |
| **LDT** | 2,339 MT reported (2,302 LT) | | |
| **Built** | 12 Sep 2008 Keihin Japan | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 12,240 | VesselsValue |
| Built date | 12 Sep 2008 | VesselsValue |
| Age at valuation | 9.797 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 20.203 Yrs | VesselsValue |
| Stop date | 12 Sep 2038 | VesselsValue |
| Discount rate pa | 7.911 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 9,960* | VesselsValue |
| Long-term charter rate $pd | 18,809** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 7,945 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 2,339 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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# APPENDIX 10: VALUATION CERTIFICATES

VesselsValue

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 10 | 68 | 10,225 | 669,226 | 7,973 | 590,002 | 189,165 | 779,167 | -109,941 | 0.985 | -108,257 |
| 12 Sep 18 | 11 | 350 | 11,826 | 3,983,884 | 8,113 | 2,961,245 | | 2,961,245 | 1,022,639 | 0.912 | 933,151 |
| 12 Sep 19 | 12 | 350 | 14,517 | 4,890,414 | 8,255 | 3,013,075 | | 3,013,075 | 1,877,339 | 0.846 | 1,587,470 |
| 12 Sep 20 | 13 | 340 | 17,075 | 5,587,794 | 8,400 | 3,066,000 | 433,628 | 3,499,628 | 2,088,166 | 0.784 | 1,636,294 |
| 12 Sep 21 | 14 | 350 | 17,720 | 5,969,425 | 8,547 | 3,119,655 | | 3,119,655 | 2,849,770 | 0.726 | 2,069,376 |
| 12 Sep 22 | 15 | 330 | 17,469 | 5,548,591 | 8,697 | 3,174,405 | 1,340,204 | 4,514,609 | 1,033,982 | 0.673 | 695,787 |
| 12 Sep 23 | 16 | 350 | 17,224 | 5,802,335 | 8,850 | 3,230,250 | | 3,230,250 | 2,572,085 | 0.624 | 1,603,917 |
| 12 Sep 24 | 17 | 350 | 16,981 | 5,720,474 | 9,005 | 3,286,825 | | 3,286,825 | 2,433,649 | 0.578 | 1,406,332 |
| 12 Sep 25 | 18 | 335 | 16,741 | 5,397,926 | 9,162 | 3,344,130 | 583,926 | 3,928,056 | 1,469,870 | 0.536 | 787,122 |
| 12 Sep 26 | 19 | 350 | 16,505 | 5,560,122 | 9,324 | 3,403,260 | | 3,403,260 | 2,156,862 | 0.496 | 1,070,333 |
| 12 Sep 27 | 20 | 325 | 16,273 | 5,090,398 | 9,487 | 3,462,755 | 1,804,726 | 5,267,481 | -177,083 | 0.460 | -81,434 |
| 12 Sep 28 | 21 | 350 | 16,044 | 5,404,823 | 9,653 | 3,523,345 | | 3,523,345 | 1,881,478 | 0.426 | 801,794 |
| 12 Sep 29 | 22 | 350 | 15,817 | 5,328,352 | 9,823 | 3,585,395 | | 3,585,395 | 1,742,957 | 0.395 | 688,309 |
| 12 Sep 30 | 23 | 335 | 15,595 | 5,028,413 | 9,995 | 3,648,175 | 691,960 | 4,340,135 | 688,278 | 0.366 | 251,880 |
| 12 Sep 31 | 24 | 350 | 15,374 | 5,179,116 | 10,170 | 3,712,050 | | 3,712,050 | 1,467,066 | 0.339 | 497,523 |
| 12 Sep 32 | 25 | 320 | 15,158 | 4,668,664 | 10,348 | 3,777,020 | 2,592,269 | 6,369,289 | -1,700,625 | 0.314 | -534,448 |
| 12 Sep 33 | 26 | 350 | 14,944 | 5,034,260 | 10,530 | 3,843,450 | | 3,843,450 | 1,190,810 | 0.291 | 346,795 |
| 12 Sep 34 | 27 | 350 | 14,733 | 4,963,179 | 10,715 | 3,910,975 | | 3,910,975 | 1,052,204 | 0.270 | 283,964 |
| 12 Sep 35 | 28 | 335 | 14,526 | 4,683,727 | 10,902 | 3,979,230 | 745,437 | 4,724,667 | -40,940 | 0.250 | -10,239 |
| 12 Sep 36 | 29 | 350 | 14,321 | 4,824,387 | 11,094 | 4,049,310 | | 4,049,310 | 775,077 | 0.232 | 179,629 |
| 12 Sep 37 | 30 | 350 | 14,119 | 4,756,338 | 11,288 | 4,120,120 | | 4,120,120 | 636,218 | 0.215 | 136,638 |

**Total disc cash flow $**
14,241,936

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 12 Sep 38 | 1,207,372 | 0.215 | 259,302 |

**DCF Value $**
14,501,238

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$16.03m** | **Peridot** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Large) | **LOA / Beam / Draft** | 68.0m / 16.4m / 6.0m |
| **IMO** | 9427885 | **Main Engine** | 2 × Wartsila 9L32 5,220 kW @ 750 RPM Medium Speed Diesel |
| **Flag** | Singapore | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 2,500 MT | | |
| **LDT** | 2,337 MT sister (2,300 LT) | | |
| **Built** | 23 Mar 2010 Keihin Japan | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 12,240 | VesselsValue |
| Built date | 23 Mar 2010 | VesselsValue |
| Age at valuation | 8.271 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 21.729 Yrs | VesselsValue |
| Stop date | 23 Mar 2040 | VesselsValue |
| Discount rate pa | 7.920 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 10,270* | VesselsValue |
| Long-term charter rate $pd | 19,394** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 7,915 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 2,337 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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# APPENDIX 10: VALUATION CERTIFICATES

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 9 | 255 | 11,257 | 2,762,890 | 8,016 | 2,132,256 | | 2,132,256 | 630,634 | 0.946 | 596,558 |
| 23 Mar 19 | 10 | 335 | 13,663 | 4,405,464 | 8,156 | 2,976,940 | 954,486 | 3,931,426 | 474,038 | 0.877 | 415,513 |
| 23 Mar 20 | 11 | 350 | 16,397 | 5,523,739 | 8,299 | 3,029,135 | | 3,029,135 | 2,494,604 | 0.812 | 2,026,143 |
| 23 Mar 21 | 12 | 350 | 18,288 | 6,160,770 | 8,445 | 3,082,425 | | 3,082,425 | 3,078,345 | 0.753 | 2,316,767 |
| 23 Mar 22 | 13 | 340 | 18,135 | 5,934,679 | 8,593 | 3,136,445 | 443,593 | 3,580,038 | 2,354,641 | 0.697 | 1,642,050 |
| 23 Mar 23 | 14 | 350 | 17,880 | 6,023,325 | 8,744 | 3,191,560 | | 3,191,560 | 2,831,765 | 0.646 | 1,829,850 |
| 23 Mar 24 | 15 | 330 | 17,628 | 5,599,094 | 8,897 | 3,247,405 | 1,371,003 | 4,618,408 | 980,686 | 0.599 | 587,198 |
| 23 Mar 25 | 16 | 350 | 17,379 | 5,854,551 | 9,053 | 3,304,345 | | 3,304,345 | 2,550,206 | 0.555 | 1,414,903 |
| 23 Mar 26 | 17 | 350 | 17,134 | 5,772,016 | 9,212 | 3,362,380 | | 3,362,380 | 2,409,636 | 0.514 | 1,238,795 |
| 23 Mar 27 | 18 | 335 | 16,892 | 5,446,614 | 9,374 | 3,421,510 | 597,345 | 4,018,855 | 1,427,759 | 0.476 | 680,142 |
| 23 Mar 28 | 19 | 350 | 16,655 | 5,610,653 | 9,538 | 3,481,370 | | 3,481,370 | 2,129,283 | 0.441 | 939,884 |
| 23 Mar 29 | 20 | 325 | 16,420 | 5,136,381 | 9,705 | 3,542,325 | 1,846,199 | 5,388,524 | -252,143 | 0.409 | -103,130 |
| 23 Mar 30 | 21 | 350 | 16,188 | 5,453,333 | 9,876 | 3,604,740 | | 3,604,740 | 1,848,593 | 0.379 | 700,609 |
| 23 Mar 31 | 22 | 350 | 15,960 | 5,376,525 | 10,049 | 3,667,885 | | 3,667,885 | 1,708,640 | 0.351 | 600,042 |
| 23 Mar 32 | 23 | 335 | 15,734 | 5,073,232 | 10,226 | 3,732,490 | 707,861 | 4,440,351 | 632,881 | 0.325 | 205,944 |
| 23 Mar 33 | 24 | 350 | 15,513 | 5,225,942 | 10,404 | 3,797,460 | | 3,797,460 | 1,428,482 | 0.302 | 430,724 |
| 23 Mar 34 | 25 | 320 | 15,294 | 4,710,552 | 10,587 | 3,864,255 | 2,651,841 | 6,516,096 | -1,805,544 | 0.279 | -504,462 |
| 23 Mar 35 | 26 | 350 | 15,079 | 5,079,738 | 10,772 | 3,931,780 | | 3,931,780 | 1,147,958 | 0.259 | 297,196 |
| 23 Mar 36 | 27 | 350 | 14,867 | 5,008,321 | 10,961 | 4,000,765 | | 4,000,765 | 1,007,556 | 0.240 | 241,703 |
| 23 Mar 37 | 28 | 335 | 14,656 | 4,725,644 | 11,154 | 4,071,210 | 762,568 | 4,833,778 | -108,134 | 0.222 | -24,037 |
| 23 Mar 38 | 29 | 350 | 14,450 | 4,867,844 | 11,349 | 4,142,385 | | 4,142,385 | 725,459 | 0.206 | 149,424 |
| 23 Mar 39 | 30 | 350 | 14,246 | 4,799,121 | 11,548 | 4,215,020 | | 4,215,020 | 584,101 | 0.191 | 111,479 |

**Total disc cash flow $**
15,793,295

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 23 Mar 40 | 1,234,044 | 0.191 | 235,523 |

**DCF Value $**
16,028,818

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*(e) For glossary of terms please visit www.vesselsvalue.com/glossary.*

*(f) See also Terms and Conditions set forth at www.vesselsvalue.com/terms.*

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

**DCF Value**
**$15.52m**

**Vessel**
**PTSC Ha Long** Ex Aquamarine

**Ship Status**
**Live**

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Large) | **LOA / Beam / Draft** | 68.0m / 16.4m / 6.0m |
| **IMO** | 9427873 | **Main Engine** | 2 × Wartsila 9L32 5,220 kW @ 750 RPM Medium Speed Diesel |
| **Flag** | Vietnam | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 2,500 MT | | |
| **LDT** | 2,334 MT reported (2,297 LT) | | |
| **Built** | 20 Nov 2009 Keihin Japan | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 12,240 | VesselsValue |
| Built date | 20 Nov 2009 | VesselsValue |
| Age at valuation | 8.608 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 21.392 Yrs | VesselsValue |
| Stop date | 20 Nov 2039 | VesselsValue |
| Discount rate pa | 7.918 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 10,202* | VesselsValue |
| Long-term charter rate $pd | 19,266** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 7,921 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 2,334 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 9 | 137 | 10,730 | 1,414,885 | 7,975 | 1,140,425 | | 1,140,425 | 274,460 | 0.971 | 266,387 |
| 20 Nov 18 | 10 | 335 | 12,639 | 4,075,288 | 8,115 | 2,961,975 | 949,709 | 3,911,684 | 163,604 | 0.899 | 147,141 |
| 20 Nov 19 | 11 | 350 | 15,382 | 5,181,811 | 8,257 | 3,013,805 | | 3,013,805 | 2,168,006 | 0.833 | 1,806,774 |
| 20 Nov 20 | 12 | 350 | 17,827 | 6,005,471 | 8,402 | 3,066,730 | | 3,066,730 | 2,938,741 | 0.772 | 2,269,391 |
| 20 Nov 21 | 13 | 340 | 18,101 | 5,923,552 | 8,549 | 3,120,385 | 441,373 | 3,561,758 | 2,361,794 | 0.716 | 1,690,031 |
| 20 Nov 22 | 14 | 350 | 17,847 | 6,012,208 | 8,699 | 3,175,135 | | 3,175,135 | 2,837,073 | 0.663 | 1,881,169 |
| 20 Nov 23 | 15 | 330 | 17,595 | 5,588,612 | 8,852 | 3,230,980 | 1,364,141 | 4,595,121 | 993,491 | 0.614 | 610,416 |
| 20 Nov 24 | 16 | 350 | 17,347 | 5,843,771 | 9,008 | 3,287,920 | | 3,287,920 | 2,555,851 | 0.569 | 1,455,132 |
| 20 Nov 25 | 17 | 350 | 17,102 | 5,761,236 | 9,166 | 3,345,590 | | 3,345,590 | 2,415,646 | 0.528 | 1,274,397 |
| 20 Nov 26 | 18 | 335 | 16,862 | 5,436,941 | 9,326 | 3,403,990 | 594,355 | 3,998,345 | 1,438,596 | 0.489 | 703,259 |
| 20 Nov 27 | 19 | 350 | 16,624 | 5,600,210 | 9,489 | 3,463,485 | | 3,463,485 | 2,136,725 | 0.453 | 967,898 |
| 20 Nov 28 | 20 | 325 | 16,389 | 5,126,684 | 9,656 | 3,524,440 | 1,836,959 | 5,361,399 | -234,715 | 0.420 | -98,520 |
| 20 Nov 29 | 21 | 350 | 16,158 | 5,443,226 | 9,825 | 3,586,125 | | 3,586,125 | 1,857,101 | 0.389 | 722,314 |
| 20 Nov 30 | 22 | 350 | 15,930 | 5,366,419 | 9,997 | 3,648,905 | | 3,648,905 | 1,717,514 | 0.360 | 619,007 |
| 20 Nov 31 | 23 | 335 | 15,706 | 5,064,203 | 10,173 | 3,713,145 | 704,319 | 4,417,464 | 646,739 | 0.334 | 215,988 |
| 20 Nov 32 | 24 | 350 | 15,484 | 5,216,173 | 10,351 | 3,778,115 | | 3,778,115 | 1,438,058 | 0.309 | 445,021 |
| 20 Nov 33 | 25 | 320 | 15,266 | 4,701,928 | 10,533 | 3,844,545 | 2,638,569 | 6,483,114 | -1,781,186 | 0.287 | -510,762 |
| 20 Nov 34 | 26 | 350 | 15,052 | 5,070,643 | 10,718 | 3,912,070 | | 3,912,070 | 1,158,573 | 0.266 | 307,849 |
| 20 Nov 35 | 27 | 350 | 14,839 | 4,998,888 | 10,905 | 3,980,325 | | 3,980,325 | 1,018,563 | 0.246 | 250,788 |
| 20 Nov 36 | 28 | 335 | 14,630 | 4,717,261 | 11,097 | 4,050,405 | 758,751 | 4,809,156 | -91,895 | 0.228 | -20,966 |
| 20 Nov 37 | 29 | 350 | 14,424 | 4,859,085 | 11,292 | 4,121,580 | | 4,121,580 | 737,505 | 0.211 | 155,917 |
| 20 Nov 38 | 30 | 350 | 14,220 | 4,790,363 | 11,490 | 4,193,850 | | 4,193,850 | 596,513 | 0.196 | 116,856 |

**Total disc cash flow $**
15,275,487

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 20 Nov 39 | 1,226,268 | 0.196 | 240,225 |

**DCF Value $**
15,515,712

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## Disclaimer

*(a) The Discounted Cash Flow (DCF) value provided is an estimate of the net amount in US dollars the vessel is expected to earn over its remaining life expressed in today's money, calculated using DCF analysis. Sometimes it is called Value in Use, Long Term Asset Value (LTAV), Net Present Value (NPV) or the Income in Use approach. For the purposes of this DCF value it is assumed that the particulars of the vessel are correct, and that the vessel is in good, sound and seaworthy condition, free of maritime liens and liabilities whatsoever, fully classed to the requirements of her present classification society, free of class recommendations, with clear and valid trading certificates, and where relevant to type and age of vessel with full oil majors, RightShip and any other relevant approvals in place. It should be noted that VesselsValue has neither made a physical inspection of the vessel nor inspected her class records.*

*(b) This DCF value is calculated using assumptions about current and future income and expenses. They may include VesselsValue assumptions or the user's own assumptions. The source is stated on the valuation certificate and indicated on the online page next to each assumption. Regardless whose source, it should be understood that any change to the assumptions may have a large material affect on the DCF value. As examples, increasing expected future earnings or lowering OPEX can give a very significant increase in value. We cannot guarantee the availability of appropriate rates for all ship types or the accuracy of adjustments to allow for the specification of the vessel, especially for specialised or unusual vessels. VesselsValue, therefore, advises caution in using this DCF value without reviewing the assumptions very carefully. The user is invited to input their own assumptions, whether they be from actual experience or from alterative date sources.*

*(c) You should not rely on this valuation to conduct any transactions, as it is not intended to reflect a market-transactable value. Nor should you use or rely upon this valuation as market information, or for gathering such information, related to any prospectus, or bond issue, or other financial offer document. This valuation is not a substitute for independent inspection and advice, which you should obtain.*

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$4.16m** | **Temasek Attaka** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Small) | **LOA / Beam / Draft** | 58.0m / 15.0m / 4.7m |
| **IMO** | 9242780 | **Main Engine** | 2 × Wartsila 6L26A 1,950 kW @ 1000 RPM Medium Speed Diesel |
| **Flag** | Indonesia | | |
| **Class** | DNV GL | | |
| **Ice Class** | | | |
| **DWT** | 1,200 MT | | |
| **LDT** | 1,222 MT estimated (1,203 LT) | | |
| **Built** | 03 May 2002 Pan United Singapore | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 5,400 | VesselsValue |
| Built date | 03 May 2002 | VesselsValue |
| Age at valuation | 16.159 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 13.841 Yrs | VesselsValue |
| Stop date | 03 May 2032 | VesselsValue |
| Discount rate pa | 7.847 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 6,572* | VesselsValue |
| Long-term charter rate $pd | 9,626** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 4,741 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 1,222 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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# APPENDIX 10: VALUATION CERTIFICATES

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 17 | 294 | 6,916 | 1,957,055 | 4,811 | 1,476,977 | | 1,476,977 | 480,078 | 0.938 | 450,524 |
| 03 May 19 | 18 | 335 | 7,732 | 2,493,087 | 4,895 | 1,786,675 | 414,775 | 2,201,450 | 291,637 | 0.870 | 253,771 |
| 03 May 20 | 19 | 350 | 8,600 | 2,897,125 | 4,981 | 1,818,065 | | 1,818,065 | 1,079,060 | 0.807 | 870,636 |
| 03 May 21 | 20 | 325 | 9,103 | 2,847,532 | 5,069 | 1,850,185 | 1,281,934 | 3,132,119 | -284,587 | 0.748 | -212,911 |
| 03 May 22 | 21 | 350 | 8,986 | 3,027,159 | 5,158 | 1,882,670 | | 1,882,670 | 1,144,489 | 0.694 | 793,941 |
| 03 May 23 | 22 | 350 | 8,860 | 2,984,713 | 5,248 | 1,915,520 | | 1,915,520 | 1,069,193 | 0.643 | 687,742 |
| 03 May 24 | 23 | 335 | 8,735 | 2,816,492 | 5,340 | 1,949,100 | 491,514 | 2,440,614 | 375,878 | 0.596 | 224,186 |
| 03 May 25 | 24 | 350 | 8,612 | 2,901,168 | 5,434 | 1,983,410 | | 1,983,410 | 917,758 | 0.553 | 507,554 |
| 03 May 26 | 25 | 320 | 8,490 | 2,614,920 | 5,529 | 2,018,085 | 1,841,343 | 3,859,428 | -1,244,508 | 0.513 | -638,182 |
| 03 May 27 | 26 | 350 | 8,371 | 2,819,981 | 5,626 | 2,053,490 | | 2,053,490 | 766,491 | 0.475 | 364,457 |
| 03 May 28 | 27 | 350 | 8,253 | 2,780,229 | 5,724 | 2,089,260 | | 2,089,260 | 690,969 | 0.441 | 304,643 |
| 03 May 29 | 28 | 335 | 8,137 | 2,623,674 | 5,824 | 2,125,760 | 529,500 | 2,655,260 | -31,586 | 0.409 | -12,913 |
| 03 May 30 | 29 | 350 | 8,022 | 2,702,411 | 5,926 | 2,162,990 | | 2,162,990 | 539,421 | 0.379 | 204,478 |
| 03 May 31 | 30 | 350 | 7,909 | 2,664,344 | 6,031 | 2,201,315 | | 2,201,315 | 463,029 | 0.351 | 162,749 |

| Total disc cash flow $ |
|---|
| 3,960,675 |

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 03 May 32 | 573,940 | 0.351 | 201,733 |

| DCF Value $ |
|---|
| 4,162,408 |

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## Disclaimer

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*(f) See also Terms and Conditions set forth at www.vesselsvalue.com/terms.*

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

**DCF Value**
**$4.38m**

**Vessel**
**Temasek Sepinggan**

**Ship Status**
**Live**

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Small) | **LOA / Beam / Draft** | 58.0m / 15.0m / 4.7m |
| **IMO** | 9246255 | **Main Engine** | 2 × Wartsila 6L26A 1,950 kW @ 1000 RPM Medium Speed Diesel |
| **Flag** | Indonesia | | |
| **Class** | BKI | | |
| **Ice Class** | | | |
| **DWT** | 1,200 MT | | |
| **LDT** | 1,222 MT estimated (1,203 LT) | | |
| **Built** | 26 Aug 2002 Pan United Singapore | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 5,400 | VesselsValue |
| Built date | 26 Aug 2002 | VesselsValue |
| Age at valuation | 15.844 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 14.156 Yrs | VesselsValue |
| Stop date | 26 Aug 2032 | VesselsValue |
| Discount rate pa | 7.853 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 6,519* | VesselsValue |
| Long-term charter rate $pd | 9,549** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 4,667 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 1,222 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 16 | 55 | 6,581 | 348,382 | 4,680 | 266,760 | | 266,760 | 81,622 | 0.988 | 80,664 |
| 26 Aug 18 | 17 | 350 | 7,064 | 2,379,685 | 4,761 | 1,737,765 | | 1,737,765 | 641,920 | 0.916 | 588,194 |
| 26 Aug 19 | 18 | 335 | 7,943 | 2,561,121 | 4,845 | 1,768,425 | 410,474 | 2,178,899 | 382,222 | 0.850 | 324,730 |
| 26 Aug 20 | 19 | 350 | 8,785 | 2,959,447 | 4,930 | 1,799,450 | | 1,799,450 | 1,159,997 | 0.788 | 913,758 |
| 26 Aug 21 | 20 | 325 | 9,002 | 2,815,938 | 5,017 | 1,831,205 | 1,268,642 | 3,099,847 | -283,909 | 0.730 | -207,358 |
| 26 Aug 22 | 21 | 350 | 8,875 | 2,989,766 | 5,104 | 1,862,960 | | 1,862,960 | 1,126,806 | 0.677 | 763,059 |
| 26 Aug 23 | 22 | 350 | 8,750 | 2,947,656 | 5,194 | 1,895,810 | | 1,895,810 | 1,051,846 | 0.628 | 660,433 |
| 26 Aug 24 | 23 | 335 | 8,626 | 2,781,346 | 5,285 | 1,929,025 | 486,417 | 2,415,442 | 365,904 | 0.582 | 213,015 |
| 26 Aug 25 | 24 | 350 | 8,505 | 2,865,122 | 5,378 | 1,962,970 | | 1,962,970 | 902,152 | 0.540 | 486,957 |
| 26 Aug 26 | 25 | 320 | 8,385 | 2,582,580 | 5,472 | 1,997,280 | 1,822,251 | 3,819,531 | -1,236,951 | 0.500 | -619,057 |
| 26 Aug 27 | 26 | 350 | 8,267 | 2,784,946 | 5,568 | 2,032,320 | | 2,032,320 | 752,626 | 0.464 | 349,241 |
| 26 Aug 28 | 27 | 350 | 8,150 | 2,745,531 | 5,666 | 2,068,090 | | 2,068,090 | 677,441 | 0.430 | 291,464 |
| 26 Aug 29 | 28 | 335 | 8,036 | 2,591,108 | 5,766 | 2,104,590 | 524,009 | 2,628,599 | -37,491 | 0.399 | -14,956 |
| 26 Aug 30 | 29 | 350 | 7,922 | 2,668,724 | 5,867 | 2,141,455 | | 2,141,455 | 527,269 | 0.370 | 195,020 |
| 26 Aug 31 | 30 | 350 | 7,810 | 2,630,994 | 5,969 | 2,178,685 | | 2,178,685 | 452,309 | 0.343 | 155,114 |

**Total disc cash flow $**
4,180,278

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 26 Aug 32 | 576,638 | 0.343 | 197,751 |

**DCF Value $**
4,378,029

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$5.53m** | **Topaz** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Small) | **LOA / Beam / Draft** | 60.0m / 16.0m / 4.2m |
| **IMO** | 9339882 | **Main Engine** | 2 × Wartsila 6L26A 1,950 kW @ 1000 RPM Medium Speed Diesel |
| **Flag** | Singapore | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 1,700 MT | | |
| **LDT** | 1,576 MT estimated (1,551 LT) | | |
| **Built** | 05 Oct 2005 Piasau Slipways Malaysia | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 5,400 | VesselsValue |
| Built date | 05 Oct 2005 | VesselsValue |
| Age at valuation | 12.734 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 17.266 Yrs | VesselsValue |
| Stop date | 05 Oct 2035 | VesselsValue |
| Discount rate pa | 7.888 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 6,948* | VesselsValue |
| Long-term charter rate $pd | 10,177** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 4,724 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 1,576 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

* 3 months historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 13 | 90 | 7,063 | 611,832 | 4,746 | 460,362 | 86,567 | 546,929 | 64,903 | 0.980 | 63,607 |
| 05 Oct 18 | 14 | 350 | 7,633 | 2,571,367 | 4,829 | 1,762,585 | | 1,762,585 | 808,782 | 0.908 | 734,674 |
| 05 Oct 19 | 15 | 330 | 8,567 | 2,721,093 | 4,914 | 1,793,610 | 1,006,757 | 2,800,367 | -79,274 | 0.842 | -66,745 |
| 05 Oct 20 | 16 | 350 | 9,438 | 3,179,426 | 5,000 | 1,825,000 | | 1,825,000 | 1,354,426 | 0.780 | 1,056,991 |
| 05 Oct 21 | 17 | 350 | 9,579 | 3,226,926 | 5,088 | 1,857,120 | | 1,857,120 | 1,369,806 | 0.723 | 990,835 |
| 05 Oct 22 | 18 | 335 | 9,444 | 3,045,100 | 5,177 | 1,889,605 | 438,643 | 2,328,248 | 716,852 | 0.670 | 480,616 |
| 05 Oct 23 | 19 | 350 | 9,310 | 3,136,306 | 5,267 | 1,922,455 | | 1,922,455 | 1,213,851 | 0.621 | 754,329 |
| 05 Oct 24 | 20 | 325 | 9,180 | 2,871,619 | 5,360 | 1,956,400 | 1,355,704 | 3,312,104 | -440,485 | 0.576 | -253,719 |
| 05 Oct 25 | 21 | 350 | 9,051 | 3,049,056 | 5,455 | 1,991,075 | | 1,991,075 | 1,057,981 | 0.534 | 564,840 |
| 05 Oct 26 | 22 | 350 | 8,923 | 3,005,936 | 5,550 | 2,025,750 | | 2,025,750 | 980,186 | 0.495 | 485,046 |
| 05 Oct 27 | 23 | 335 | 8,797 | 2,836,483 | 5,647 | 2,061,155 | 519,798 | 2,580,953 | 255,530 | 0.459 | 117,204 |
| 05 Oct 28 | 24 | 350 | 8,673 | 2,921,717 | 5,746 | 2,097,290 | | 2,097,290 | 824,427 | 0.425 | 350,493 |
| 05 Oct 29 | 25 | 320 | 8,550 | 2,633,400 | 5,847 | 2,134,155 | 1,947,305 | 4,081,460 | -1,448,060 | 0.394 | -570,610 |
| 05 Oct 30 | 26 | 350 | 8,430 | 2,839,856 | 5,949 | 2,171,385 | | 2,171,385 | 668,471 | 0.365 | 244,153 |
| 05 Oct 31 | 27 | 350 | 8,312 | 2,800,105 | 6,053 | 2,209,345 | | 2,209,345 | 590,760 | 0.339 | 199,994 |
| 05 Oct 32 | 28 | 335 | 8,194 | 2,642,053 | 6,160 | 2,248,400 | 559,970 | 2,808,370 | -166,317 | 0.314 | -52,188 |
| 05 Oct 33 | 29 | 350 | 8,078 | 2,721,276 | 6,268 | 2,287,820 | | 2,287,820 | 433,456 | 0.291 | 126,068 |
| 05 Oct 34 | 30 | 350 | 7,965 | 2,683,209 | 6,378 | 2,327,970 | | 2,327,970 | 355,239 | 0.270 | 95,765 |

**Total disc cash flow $**
5,321,353

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 05 Oct 35 | 778,675 | 0.270 | 209,914 |

**DCF Value $**
5,531,267

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

**DCF Value**
**$12.28m**

**Vessel**
**Tourmaline**

**Ship Status**
**Live**

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Large) | **LOA / Beam / Draft** | 68.0m / 16.4m / 6.0m |
| **IMO** | 9363742 | **Main Engine** | 2 × Wartsila 9L32 5,220 kW @ 750 RPM Medium Speed Diesel |
| **Flag** | Malaysia | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 2,500 MT | | |
| **LDT** | 2,337 MT sister (2,300 LT) | | |
| **Built** | 26 Dec 2006 Keihin Japan | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 12,240 | VesselsValue |
| Built date | 26 Dec 2006 | VesselsValue |
| Age at valuation | 11.510 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 18.490 Yrs | VesselsValue |
| Stop date | 26 Dec 2036 | VesselsValue |
| Discount rate pa | 7.898 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 9,644* | VesselsValue |
| Long-term charter rate $pd | 18,212** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 7,979 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 2,337 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 12 | 172 | 10,268 | 1,699,867 | 8,048 | 1,440,592 | | 1,440,592 | 259,275 | 0.963 | 249,787 |
| 26 Dec 18 | 13 | 340 | 12,208 | 3,995,068 | 8,189 | 2,988,985 | 422,713 | 3,411,698 | 583,370 | 0.893 | 520,884 |
| 26 Dec 19 | 14 | 350 | 14,793 | 4,983,392 | 8,332 | 3,041,180 | | 3,041,180 | 1,942,212 | 0.828 | 1,607,239 |
| 26 Dec 20 | 15 | 330 | 16,978 | 5,392,637 | 8,478 | 3,094,470 | 1,306,469 | 4,400,939 | 991,698 | 0.767 | 760,589 |
| 26 Dec 21 | 16 | 350 | 17,087 | 5,756,183 | 8,627 | 3,148,855 | | 3,148,855 | 2,607,328 | 0.711 | 1,853,333 |
| 26 Dec 22 | 17 | 350 | 16,846 | 5,674,996 | 8,778 | 3,203,970 | | 3,203,970 | 2,471,026 | 0.659 | 1,627,878 |
| 26 Dec 23 | 18 | 335 | 16,609 | 5,355,364 | 8,932 | 3,260,180 | 569,227 | 3,829,407 | 1,525,957 | 0.611 | 931,695 |
| 26 Dec 24 | 19 | 350 | 16,374 | 5,515,991 | 9,089 | 3,317,485 | | 3,317,485 | 2,198,506 | 0.566 | 1,244,074 |
| 26 Dec 25 | 20 | 325 | 16,144 | 5,050,045 | 9,248 | 3,375,520 | 1,759,297 | 5,134,817 | -84,772 | 0.524 | -44,459 |
| 26 Dec 26 | 21 | 350 | 15,917 | 5,362,039 | 9,410 | 3,434,650 | | 3,434,650 | 1,927,389 | 0.486 | 936,832 |
| 26 Dec 27 | 22 | 350 | 15,692 | 5,286,243 | 9,576 | 3,495,240 | | 3,495,240 | 1,791,003 | 0.450 | 806,818 |
| 26 Dec 28 | 23 | 335 | 15,471 | 4,988,431 | 9,743 | 3,556,195 | 674,542 | 4,230,737 | 757,694 | 0.418 | 316,344 |
| 26 Dec 29 | 24 | 350 | 15,253 | 5,138,354 | 9,914 | 3,618,610 | | 3,618,610 | 1,519,744 | 0.387 | 588,063 |
| 26 Dec 30 | 25 | 320 | 15,037 | 4,631,396 | 10,088 | 3,682,120 | 2,527,016 | 6,209,136 | -1,577,740 | 0.359 | -565,816 |
| 26 Dec 31 | 26 | 350 | 14,826 | 4,994,509 | 10,265 | 3,746,725 | | 3,746,725 | 1,247,784 | 0.332 | 414,731 |
| 26 Dec 32 | 27 | 350 | 14,617 | 4,924,102 | 10,445 | 3,812,425 | | 3,812,425 | 1,111,677 | 0.308 | 342,446 |
| 26 Dec 33 | 28 | 335 | 14,411 | 4,646,647 | 10,628 | 3,879,220 | 726,673 | 4,605,893 | 40,754 | 0.285 | 11,635 |
| 26 Dec 34 | 29 | 350 | 14,208 | 4,786,320 | 10,814 | 3,947,110 | | 3,947,110 | 839,210 | 0.265 | 222,054 |
| 26 Dec 35 | 30 | 350 | 14,008 | 4,718,945 | 11,004 | 4,016,460 | | 4,016,460 | 702,485 | 0.245 | 172,271 |

**Total disc cash flow $**
11,996,398

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 26 Dec 36 | 1,175,957 | 0.245 | 288,381 |

**DCF Value $**
12,284,779

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

**DCF Value**
**$14.33m**

**Vessel**
**Turquoise**

**Ship Status**
**Live**

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Large) | **LOA / Beam / Draft** | 68.0m / 16.4m / 6.0m |
| **IMO** | 9380221 | **Main Engine** | 2 × Wartsila 9L32 5,220 kW @ 750 RPM Medium Speed Diesel |
| **Flag** | Mexico | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 2,500 MT | | |
| **LDT** | 2,337 MT sister (2,300 LT) | | |
| **Built** | 26 May 2008 Keihin Japan | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 12,240 | VesselsValue |
| Built date | 26 May 2008 | VesselsValue |
| Age at valuation | 10.096 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 19.904 Yrs | VesselsValue |
| Stop date | 26 May 2038 | VesselsValue |
| Discount rate pa | 7.909 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 9,915* | VesselsValue |
| Long-term charter rate $pd | 18,724** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Lrge AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 7,951 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 2,337 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 11 | 316 | 11,095 | 3,374,544 | 8,077 | 2,665,410 | | 2,665,410 | 709,134 | 0.933 | 661,972 |
| 26 May 19 | 12 | 350 | 13,660 | 4,601,713 | 8,219 | 2,999,935 | | 2,999,935 | 1,601,778 | 0.865 | 1,385,655 |
| 26 May 20 | 13 | 340 | 16,284 | 5,328,939 | 8,363 | 3,052,495 | 431,704 | 3,484,199 | 1,844,740 | 0.802 | 1,478,868 |
| 26 May 21 | 14 | 350 | 17,701 | 5,963,024 | 8,510 | 3,106,150 | | 3,106,150 | 2,856,874 | 0.743 | 2,122,397 |
| 26 May 22 | 15 | 330 | 17,465 | 5,547,321 | 8,659 | 3,160,535 | 1,334,259 | 4,494,794 | 1,052,527 | 0.688 | 724,620 |
| 26 May 23 | 16 | 350 | 17,219 | 5,800,651 | 8,810 | 3,215,650 | | 3,215,650 | 2,585,001 | 0.638 | 1,649,222 |
| 26 May 24 | 17 | 350 | 16,976 | 5,718,790 | 8,965 | 3,272,225 | | 3,272,225 | 2,446,565 | 0.591 | 1,446,494 |
| 26 May 25 | 18 | 335 | 16,737 | 5,396,636 | 9,122 | 3,329,530 | 581,335 | 3,910,865 | 1,485,771 | 0.548 | 814,054 |
| 26 May 26 | 19 | 350 | 16,501 | 5,558,774 | 9,282 | 3,387,930 | | 3,387,930 | 2,170,844 | 0.508 | 1,102,228 |
| 26 May 27 | 20 | 325 | 16,268 | 5,088,834 | 9,445 | 3,447,425 | 1,796,719 | 5,244,144 | -155,310 | 0.471 | -73,077 |
| 26 May 28 | 21 | 350 | 16,039 | 5,403,138 | 9,610 | 3,507,650 | | 3,507,650 | 1,895,488 | 0.436 | 826,507 |
| 26 May 29 | 22 | 350 | 15,812 | 5,326,668 | 9,779 | 3,569,335 | | 3,569,335 | 1,757,333 | 0.404 | 710,102 |
| 26 May 30 | 23 | 335 | 15,590 | 5,026,801 | 9,950 | 3,631,750 | 688,890 | 4,320,640 | 706,161 | 0.374 | 264,431 |
| 26 May 31 | 24 | 350 | 15,370 | 5,177,769 | 10,125 | 3,695,625 | | 3,695,625 | 1,482,144 | 0.347 | 514,328 |
| 26 May 32 | 25 | 320 | 15,154 | 4,667,432 | 10,302 | 3,760,230 | 2,580,769 | 6,340,999 | -1,673,567 | 0.322 | -538,188 |
| 26 May 33 | 26 | 350 | 14,940 | 5,032,913 | 10,483 | 3,826,295 | | 3,826,295 | 1,206,618 | 0.298 | 359,586 |
| 26 May 34 | 27 | 350 | 14,730 | 4,962,169 | 10,668 | 3,893,820 | | 3,893,820 | 1,068,349 | 0.276 | 295,044 |
| 26 May 35 | 28 | 335 | 14,522 | 4,682,437 | 10,855 | 3,962,075 | 742,130 | 4,704,205 | -21,768 | 0.256 | -5,571 |
| 26 May 36 | 29 | 350 | 14,317 | 4,823,039 | 11,044 | 4,031,060 | | 4,031,060 | 791,979 | 0.237 | 187,832 |
| 26 May 37 | 30 | 350 | 14,115 | 4,754,991 | 11,238 | 4,101,870 | | 4,101,870 | 653,121 | 0.220 | 143,546 |

**Total disc cash flow $**
14,070,050

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 26 May 38 | 1,200,971 | 0.220 | 263,955 |

**DCF Value $**
14,334,005

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*(d) The estimated DCF Value is for the valuation date only and no assurance is given that the value will be sustained or is realisable in an actual transaction.*

*(e) For glossary of terms please visit www.vesselsvalue.com/glossary.*

*(f) See also Terms and Conditions set forth at www.vesselsvalue.com/terms.*

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# Discounted Cash Flow Valuation Certificate

| | | | |
|---|---|---|---|
| **Category** | Single Vessel | **Issue Date** | 08 Aug 2018 |
| **Assumptions** | All assumptions from VesselsValue | **Valuation Date** | 30 Jun 2018 |
| | | **Issued To** | Evelyn Wong of CH OFFSHORE LIMITED |

| **DCF Value** | **Vessel** | **Ship Status** |
|---|---|---|
| **$5.09m** | **Zircon** | **Live** |

All valuations in this certificate are subject to the Disclaimer attached.

| | | | |
|---|---|---|---|
| **Type** | AHTS (Small) | **LOA / Beam / Draft** | 60.0m / 16.0m / 4.9m |
| **IMO** | 9300245 | **Main Engine** | 2 × Mak 6M25 1,980 kW @ 750 RPM Medium Speed Diesel |
| **Flag** | Malaysia | | |
| **Class** | ABS | | |
| **Ice Class** | | | |
| **DWT** | 1,600 MT | | |
| **LDT** | 1,503 MT estimated (1,479 LT) | | |
| **Built** | 22 Nov 2004 Keppel Singmarine Singapore | | |

## Assumptions

| **Vessel** | | **Source** |
|---|---|---|
| Size BHP | 5,000 | VesselsValue |
| Built date | 22 Nov 2004 | VesselsValue |
| Age at valuation | 13.603 Yrs | VesselsValue |
| Vessel life | 30 Yrs | VesselsValue |
| Remaining useful life | 16.397 Yrs | VesselsValue |
| Stop date | 22 Nov 2034 | VesselsValue |
| Discount rate pa | 7.881 | VesselsValue |

| **Revenue** | | **Source** |
|---|---|---|
| Charter rate for | Vessel | VesselsValue |
| Short-term charter rate $pd | 6,597* | VesselsValue |
| Long-term charter rate $pd | 9,663** | VesselsValue |
| Transition from short to long-term | 3 years | VesselsValue |
| Charter reduction for age pa | 1.90% | VesselsValue |
| Inflation rate for charter pa | 0.50% | VesselsValue |
| Commission and fees pa | 3.75% | VesselsValue |
| Other fees $pd | 0 | VesselsValue |
| Working days | 350 | VesselsValue |

* 3 months historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

** 8 years historical mean average of the VV_Med AHTS/AHT_North Sea Spot Charter rates adjusted for the specifications of the vessel.

| **Expenditure** | | **Source** |
|---|---|---|
| Charter method | Time charter | VesselsValue |
| OPEX and survey costs for | Vessel | VesselsValue |
| Current OPEX $pd | 4,494 | VesselsValue |
| OPEX increase for age pa | 0.25% | VesselsValue |
| Inflation rate for expenditure pa | 1.50% | VesselsValue |
| Amortise survey costs | No | VesselsValue |

| **Residual** | | **Source** |
|---|---|---|
| LDT mt | 1,503 | VesselsValue |
| Scrap price $plt | 404 | VesselsValue |
| Inflation rate for scrap pa | 1.50% | VesselsValue |
| Demolition commission | 4.00% | VesselsValue |

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Calculations

| Period start | Age | Bkd days | Charter rate $pd | Revenue $pa | OPEX $pd | OPEX costs $pa | Survey costs $pa | Expenditure $pa | Net cash flow $pa | Disc factor | Disc cash flow $pa |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 30 Jun 18 | 14 | 139 | 6,760 | 904,404 | 4,525 | 656,125 | | 656,125 | 248,279 | 0.970 | 240,908 |
| 22 Nov 18 | 15 | 330 | 7,365 | 2,339,308 | 4,605 | 1,680,825 | 938,103 | 2,618,928 | -279,620 | 0.899 | -251,498 |
| 22 Nov 19 | 16 | 350 | 8,249 | 2,778,882 | 4,685 | 1,710,025 | | 1,710,025 | 1,068,857 | 0.834 | 891,128 |
| 22 Nov 20 | 17 | 350 | 9,031 | 3,042,318 | 4,767 | 1,739,955 | | 1,739,955 | 1,302,363 | 0.773 | 1,006,484 |
| 22 Nov 21 | 18 | 335 | 9,078 | 2,927,088 | 4,851 | 1,770,615 | 408,731 | 2,179,346 | 747,742 | 0.716 | 535,650 |
| 22 Nov 22 | 19 | 350 | 8,951 | 3,015,368 | 4,936 | 1,801,640 | | 1,801,640 | 1,213,728 | 0.664 | 805,944 |
| 22 Nov 23 | 20 | 325 | 8,824 | 2,760,258 | 5,022 | 1,833,030 | 1,263,254 | 3,096,284 | -336,026 | 0.616 | -206,829 |
| 22 Nov 24 | 21 | 350 | 8,700 | 2,930,813 | 5,111 | 1,865,515 | | 1,865,515 | 1,065,298 | 0.571 | 607,804 |
| 22 Nov 25 | 22 | 350 | 8,577 | 2,889,377 | 5,200 | 1,898,000 | | 1,898,000 | 991,377 | 0.529 | 524,307 |
| 22 Nov 26 | 23 | 335 | 8,456 | 2,726,532 | 5,292 | 1,931,580 | 484,350 | 2,415,930 | 310,602 | 0.490 | 152,267 |
| 22 Nov 27 | 24 | 350 | 8,337 | 2,808,527 | 5,384 | 1,965,160 | | 1,965,160 | 843,367 | 0.454 | 383,241 |
| 22 Nov 28 | 25 | 320 | 8,219 | 2,531,452 | 5,479 | 1,999,835 | 1,814,510 | 3,814,345 | -1,282,893 | 0.421 | -540,381 |
| 22 Nov 29 | 26 | 350 | 8,104 | 2,730,035 | 5,575 | 2,034,875 | | 2,034,875 | 695,160 | 0.390 | 271,424 |
| 22 Nov 30 | 27 | 350 | 7,989 | 2,691,294 | 5,673 | 2,070,645 | | 2,070,645 | 620,649 | 0.362 | 224,628 |
| 22 Nov 31 | 28 | 335 | 7,877 | 2,539,840 | 5,772 | 2,106,780 | 521,783 | 2,628,563 | -88,723 | 0.335 | -29,765 |
| 22 Nov 32 | 29 | 350 | 7,766 | 2,616,171 | 5,873 | 2,143,645 | | 2,143,645 | 472,526 | 0.311 | 146,944 |
| 22 Nov 33 | 30 | 350 | 7,656 | 2,579,115 | 5,977 | 2,181,605 | | 2,181,605 | 397,510 | 0.288 | 114,585 |

**Total disc cash flow $**
4,876,841

| Interim calculations | Source |
|---|---|
| Booked days | VesselsValue |
| Charter rate | VesselsValue |
| OPEX | VesselsValue |
| Survey costs | VesselsValue |
| Residual value | VesselsValue |

| Demolition date | Residual value $ | Disc factor | Discounted residual $ |
|---|---|---|---|
| 22 Nov 34 | 732,989 | 0.288 | 211,290 |

**DCF Value $**
5,088,131

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