

# CH OFFSHORE LTD.

(Co. Reg. No. 197600666D)



## Unaudited Financial Statement And Dividend Announcement for the Year Ended 31 December 2020

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

#### CONSOLIDATED INCOME STATEMENT

	Group					
	6 months ended			12 months ended		
	31/12/20 US\$'000	31/12/19 US\$'000	Change %	31/12/20 US\$'000	31/12/19 US\$'000	Change %
Revenue	7,039	12,323	(42.9)%	18,918	20,956	(9.7)%
Cost of sales	(6,014)	(7,675)	(21.6)%	(14,345)	(13,488)	6.4%
<b>Gross profit before direct depreciation</b>	<b>1,025</b>	<b>4,648</b>	(77.9)%	<b>4,573</b>	<b>7,468</b>	(38.8)%
Direct depreciation	(2,943)	(3,422)	(14.0)%	(6,265)	(7,151)	(12.4)%
<b>Gross profit after direct depreciation</b>	<b>(1,918)</b>	<b>1,226</b>	n.m.	<b>(1,692)</b>	<b>317</b>	n.m.
Other income	167	207	(19.3)%	430	343	25.4%
Other expenses	(14,018)	(1,601)	n.m.	(14,095)	(1,843)	n.m.
Indirect depreciation	(11)	(7)	57.1%	(21)	(13)	61.5%
Administrative expenses	(2,326)	(6,710)	(65.3)%	(4,000)	(8,580)	(53.4)%
<b>Loss from operations</b>	<b>(18,106)</b>	<b>(6,885)</b>	n.m.	<b>(19,378)</b>	<b>(9,776)</b>	98.2%
Finance costs	(189)	(233)	(18.9)%	(400)	(469)	(14.7)%
<b>Loss before income tax and results of associated companies</b>	<b>(18,295)</b>	<b>(7,118)</b>	n.m.	<b>(19,778)</b>	<b>(10,245)</b>	93.0%
Share of results of associated companies	-	-	n.m.	-	(3,651)	n.m.
<b>Loss before taxation</b>	<b>(18,295)</b>	<b>(7,118)</b>	n.m.	<b>(19,778)</b>	<b>(13,896)</b>	42.3%
Income tax expenses	345	(161)	n.m.	351	(166)	n.m.
<b>Loss after taxation</b>	<b>(17,950)</b>	<b>(7,279)</b>	n.m.	<b>(19,427)</b>	<b>(14,062)</b>	38.2%
Total comprehensive income for the period	<b>(17,950)</b>	<b>(7,279)</b>	n.m.	<b>(19,427)</b>	<b>(14,062)</b>	38.2%
<b>Attributed to:</b>						
Shareholders of the company	(17,871)	(7,403)	n.m.	(19,314)	(14,166)	36.3%
Non-controlling interests	(79)	124	n.m.	(113)	104	n.m.
	<b>(17,950)</b>	<b>(7,279)</b>	n.m.	<b>(19,427)</b>	<b>(14,062)</b>	38.2%

Note: "nm" means not meaningful

## 1(a)(ii) Notes to the income statement and statement of comprehensive income

	Group					
	6 months ended			12 months ended		
	31/12/20 US\$'000	31/12/19 US\$'000	Change %	31/12/20 US\$'000	31/12/19 US\$'000	Change %
Interest income	12	204	(94.1)%	76	338	(77.5)%
Foreign exchange loss	(504)	(79)	n.m.	(581)	(174)	n.m.
Impairment loss on vessels	(8,500)	-	n.m.	(8,500)	-	n.m.
Impairment of loan to associated company	(1,165)	-	n.m.	(1,165)	-	n.m.
Loss on disposal of fixed assets	(1,884)	(169)	n.m.	(1,884)	(310)	n.m.
Expected credit loss on trade receivables	(1,945)	(1,355)	43.5%	(1,945)	(1,355)	43.5%
Government subsidies/grants	131	-	n.m.	317	-	n.m.

Note: "nm" means not meaningful

## 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31/12/20 US\$'000	31/12/19 US\$'000	31/12/20 US\$'000	31/12/19 US\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	3,190	8,323	1,373	3,481
Trade and other receivables	7,020	8,756	23,183	33,599
Inventories	232	353	35	30
Loan to associated company	4,372	5,537	-	-
Prepayments	152	178	41	39
Assets held for sale	1,322	-	-	-
Total current assets	16,288	23,147	24,632	37,149
<b>Non-current assets</b>				
Other receivables	-	-	525	6,902
Subsidiary companies	-	-	9,168	8,751
Fixed assets	60,848	76,272	29,749	37,425
Total non-current assets	60,848	76,272	39,442	53,078
<b>Total assets</b>	<b>77,136</b>	<b>99,419</b>	<b>64,074</b>	<b>90,227</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	5,895	10,216	40,158	46,132
Borrowings	6,929	6,468	6,929	6,468
Income tax payable	452	129	349	111
Total current liabilities	13,276	16,813	47,436	52,711
<b>Non-current liabilities</b>				
Borrowings	3,701	2,263	3,701	2,263
Deferred taxation	3,340	4,097	2,321	2,900
Total non-current liabilities	7,041	6,360	6,022	5,163
<b>Capital and reserves</b>				
Issued capital	55,379	55,379	55,379	55,379
Treasury shares	(46)	(46)	(46)	(46)
Accumulated profits/(losses)	1,481	20,795	(44,717)	(22,980)
	56,814	76,128	10,616	32,353
<b>Non-controlling interests</b>				
	5	118	-	-
<b>Total equity</b>	<b>56,819</b>	<b>76,246</b>	<b>10,616</b>	<b>32,353</b>
<b>Total liabilities and equity</b>	<b>77,136</b>	<b>99,419</b>	<b>64,074</b>	<b>90,227</b>

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

**Amount repayable in one year or less, or on demand**

As at 31/12/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
6,631	298	6,468	-

**Amount repayable after one year**

As at 31/12/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
1,351	2,350	2,263	-

**Details of any collateral**

The secured borrowing is secured by a 12,000 BHP vessel.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	6 months ended		12 months ended	
	31/12/20 US\$'000	31/12/19 US\$'000	31/12/20 US\$'000	31/12/19 US\$'000
<b>Operating activities:</b>				
Loss before income tax	(18,295)	(7,118)	(19,778)	(13,896)
Adjustments for:				
Depreciation	2,953	3,429	6,286	7,164
Impairment loss on vessels	8,500	-	8,500	-
Share of results of associates	-	-	-	3,651
Loss on disposal of fixed assets	1,884	169	1,884	310
Interest income	(12)	(204)	(76)	(338)
Interest expense	189	233	400	469
Expected credit loss on trade receivables	1,945	1,355	1,945	1,355
Net foreign exchange loss – unrealised	376	130	201	166
Waiver of debts to associated companies	-	(6)	-	-
Impairment of loan to associated company	1,165	-	1,165	-
Operating cashflows before working capital changes	(1,295)	(2,012)	527	(1,119)
Trade receivables and other receivables	(1,320)	(2,625)	(210)	(4,490)
Prepayments	228	(70)	27	6
Inventories	287	(14)	121	(52)
Trade payables and other payables	(4,486)	5,648	(4,160)	6,235
Cash (used in)/generated from operations	(6,586)	927	(3,695)	580
Interest received	1	142	23	318
Interest paid	(224)	(230)	(448)	(459)
Income tax paid	(70)	(4)	(82)	(9)
Net cash (used in)/generated from operating activities	(6,879)	835	(4,202)	430
<b>Investing activities:</b>				
Proceeds from disposal of fixed assets	1,650	1,050	1,650	1,890
Purchase of fixed assets	(2,291)	(391)	(4,174)	(402)
Repayment from associated companies	-	-	-	1,258
Net cash (used in)/generated from investing activities	(641)	659	(2,524)	2,746
<b>Financing activities:</b>				
Proceeds from bank loan	2,549	-	2,549	-
Repayment of bank loans	(442)	(416)	(864)	(553)
Net cash generated from/(used in) financing activities	2,107	(416)	1,685	(553)
Net (decrease)/increase in cash and cash equivalents	(5,413)	1,078	(5,041)	2,623
Cash and cash equivalents at beginning of period	8,489	7,225	8,323	5,700
Effects of exchange rate changes on the balance of cash held in foreign currencies	114	20	(92)	-
<b>Cash and cash equivalents at end of period</b>	<b>3,190</b>	<b>8,323</b>	<b>3,190</b>	<b>8,323</b>

**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**

<b>GROUP</b>	<b>Issued Capital US\$'000</b>	<b>Treasury Shares US\$'000</b>	<b>Retained Profits US\$'000</b>	<b>Total US\$'000</b>	<b>NCI US\$'000</b>	<b>Total Equity US\$'000</b>
Balance at 1 January 2019	55,379	(46)	34,961	90,294	14	90,308
Loss for the period, representing total comprehensive income for the period	-	-	(6,763)	(6,763)	(20)	(6,783)
<b>Balance at 30 June 2019</b>	<b>55,379</b>	<b>(46)</b>	<b>28,198</b>	<b>83,531</b>	<b>(6)</b>	<b>83,525</b>
Loss for the period, representing total comprehensive income for the period	-	-	(7,403)	(7,403)	124	(7,279)
<b>Balance at 31 December 2019</b>	<b>55,379</b>	<b>(46)</b>	<b>20,795</b>	<b>76,128</b>	<b>118</b>	<b>76,246</b>
Balance at 1 January 2020	55,379	(46)	20,795	76,128	118	76,246
Loss for the period, representing total comprehensive income for the period	-	-	(1,443)	(1,443)	(34)	(1,477)
<b>Balance at 30 June 2020</b>	<b>55,379</b>	<b>(46)</b>	<b>19,352</b>	<b>74,685</b>	<b>84</b>	<b>74,769</b>
Loss for the period, representing total comprehensive income for the period	-	-	(17,871)	(17,871)	(79)	(17,950)
<b>Balance at 31 December 2020</b>	<b>55,379</b>	<b>(46)</b>	<b>1,481</b>	<b>56,814</b>	<b>5</b>	<b>56,819</b>
<b><u>COMPANY</u></b>						
Balance at 1 January 2019	55,379	(46)	(5,205)	50,128	-	50,128
Loss for the period, representing total comprehensive income for the period	-	-	(2,381)	(2,381)	-	(2,381)
<b>Balance at 30 June 2019</b>	<b>55,379</b>	<b>(46)</b>	<b>(7,586)</b>	<b>47,747</b>	<b>-</b>	<b>47,747</b>
Loss for the period, representing total comprehensive income for the period	-	-	(15,394)	(15,394)	-	(15,394)
<b>Balance at 31 December 2019</b>	<b>55,379</b>	<b>(46)</b>	<b>(22,980)</b>	<b>32,353</b>	<b>-</b>	<b>32,353</b>
Balance at 1 January 2020	55,379	(46)	(22,980)	32,353	-	32,353
Profit for the period, representing total comprehensive income for the period	-	-	139	139	-	139
<b>Balance at 30 June 2020</b>	<b>55,379</b>	<b>(46)</b>	<b>(22,841)</b>	<b>32,492</b>	<b>-</b>	<b>32,492</b>
Loss for the period, representing total comprehensive income for the period	-	-	(21,876)	(21,876)	-	(21,876)
<b>Balance at 31 December 2020</b>	<b>55,379</b>	<b>(46)</b>	<b>(44,717)</b>	<b>10,616</b>	<b>-</b>	<b>10,616</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

**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**

	<b>Number of shares as at</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
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	<u>704,892,514</u>	<u>704,892,514</u>

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

There was no sale, transfer, cancellation and/or use of treasury shares during the current reported financial period.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

There was no sale, transfer, cancellation and/or use of subsidiary holdings 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 modifications or emphasis of matter)**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: (a) updates on the efforts taken to resolve each outstanding audit issue; (b) confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed**

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 31 December 2019 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**

Nil.

**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 loss attributable to shareholders:

	Group		Group	
	6 months ended		12 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
(i) Based on weighted average number of ordinary shares on issue (US cents)	(2.54)	(1.05)	(2.74)	(2.01)
(ii) On a fully diluted basis (US cents)	(2.54)	(1.05)	(2.74)	(2.01)

**7. Net asset value (for the issuer and group) per ordinary share based on the 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	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net asset value per ordinary share based on the number of issued shares excluding treasury shares as at the end of the period reported on (US cents)	8.06	10.80	1.51	4.59

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) Financial year ended 31 December 2020 ("FY2020") vs Financial year ended 31 December 2019 ("FY2019")**

The Group incurred a loss after income tax of \$19.43 million in FY2020, 38.2% higher than the net loss of \$14.06 million incurred in FY2019. The higher losses in FY2020 was mainly due to lower utilisation of the vessels, higher impairment losses, provision of trade receivables and losses from disposal of vessels.

**Revenue**

Revenue decreased by 9.7% from \$20.96 million for FY2019 to \$18.92 million for FY2020. The lower revenue was due to a decrease in the utilisation rate from 71% for FY2019 to 61% for FY2020 from CHO-owned vessels.

**Cost of Sales and Direct Depreciation**

Vessel operating expenses for FY2020 of \$14.35 million was 6.4% higher than FY2019 mainly due to higher bunker costs and crew costs. Direct depreciation decreased from FY2019 of \$7.15 million to \$6.27 million for FY2020 due to sale of vessels in 2020.

**Corporate Overheads & Other expenses**

Administrative expenses decreased by 53.4% from \$8.58 million in FY2019 to US\$4.0 million in FY2020 mainly due to a lower provision for brokers' commission in FY2020.

Other expenses increased from FY2019 of \$1.84 million to \$14.10 million for FY2020 due to vessel impairment losses of \$8.50 million and impairment of loan to associated company of \$1.17 million, provision of trade receivables of \$1.95 million and losses from disposal of vessels of \$1.88 million. These provisions and losses were incurred in 2H2020.

**Share of results of associated companies**

There was no further share of losses of associated companies in FY2020 as it was capped at \$3.65 million in FY2019.

**(b) 2nd Half year ended 31 December 2020 ("2H2020") vs 2nd Half year ended 31 December 2019 ("2H2019")**

**Revenue**

Revenue decreased by 42.9% from \$12.32 million in 2H2019 to \$7.04 million in 2H2020. The lower revenue was due to a decrease in the utilisation rate in 2H2020 from CHO-owned vessels.

**Cost of Sales and Direct Depreciation**

Vessel operating expenses for 2H2020 decreased by 21.6% in line with the lower revenue. Direct depreciation for 2H2020 decreased by 14.0% due to sale of vessels in 2H2020.

**(c) A Review of Financial Position and Cash Flow**

The Group's shareholders' equity decreased from \$76.13 million as at 31 December 2019 to \$56.82 million as at 31 December 2020, mainly due to the losses of \$19.31 million incurred in FY2020.

Cash and cash equivalents decreased from \$8.32 million as at 31 December 2019 to \$3.19 million as at 31 December 2020. The negative cash flow was mainly due to the settlement of brokers' commission case and vessels' dry-docking costs but was partially offset by the cash generated from the sale of vessels and proceeds from bank loan.



**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

The Group's unaudited results for the financial year ended 31 December 2020 are broadly in line with the Company's profit guidance announcement on 9 February 2021.

**10. A commentary at the date of the 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**

The global situation due to the COVID-19 pandemic remains uncertain. Although vaccination programmes have been rolled out across various countries, the slow pace and uneven distribution of vaccinations globally is likely to delay the recovery process.

The outlook for global oil demand therefore remains extremely challenging for the foreseeable future. We will continue to be conservative and prudent in managing our operations while building on our strengths and staying quick to adapt to remain sustainable and relevant in the long term.

**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) Record date                   | Not applicable |

**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision**

No dividend has been declared or recommended in view of the Group's operational and financial cash needs.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The Company has obtained a general mandate from shareholders for interested person transactions with Baker Technology Group of Companies during the Annual General Meeting held on 18 June 2020.

The following are details of the interested person transactions entered into by the Group in FY2020:

	Nature of Relationship	Aggregate value of all interested person transactions 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)
Baker Technology Group of Companies	Associates of Company's Controlling Shareholder	(US\$'000) 104	(US\$'000) 195
Falcon Energy Group of Companies	Associates of Company's Substantial Shareholder	207	-

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**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		
		Latest Year 31.12.20 (US\$'000)	Previous Year 31.12.19 (US\$'000)	Change (%)
(a)	Sales reported for first half year	11,879	8,633	37.6
(b)	Loss after tax before deducting non-controlling interests for first half year	(1,477)	(6,783)	(78.2)
(c)	Sales reported for second half year	7,039	12,323	(42.9)
(d)	Loss after tax before deducting non-controlling interests for second half year	(17,950)	(7,279)	n.m.

**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 principal 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.

**20. Additional Information on Change of Shareholdings in the Company's Subsidiary**

On 31 Dec 2020, High Majestic Sdn Bhd ("HMSD"), an indirect subsidiary of the Company, has increased its issued and paid-up share capital from RM100.00 to RM204.00 through the issuance and allotment of additional 104 ordinary shares at an issue price of RM1.00 each to unaffiliated third parties. The Company's shareholdings in HMSD had been diluted from 100% to 49%. HMSD remains a subsidiary of the Group pursuant to Section 5 of the Companies Act, Cap 50.

**BY ORDER OF THE BOARD**

Lim Mee Fun  
Company Secretary  
26 February 2021