

**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 Q3 ended 30 September 2019

|   | Group                |                      |             | Group                |                      |             |
|---|----------------------|----------------------|-------------|----------------------|----------------------|-------------|
|   | Quarter Ended        | Quarter Ended        | Change<br>% | 9 months ended       | 9 months ended       | Change<br>% |
|   | 30-09-19<br>US\$'000 | 30-09-18<br>US\$'000 |             | 30-09-19<br>US\$'000 | 30-09-18<br>US\$'000 |             |
| Revenue   | 5,844                | 2,774                | 110.7       | 14,477               | 6,538                | 121.4       |
| Cost of sales   | (3,769)              | (1,703)              | 121.3       | (9,582)              | (4,737)              | 102.3       |
| <b>Gross profit / (loss) before direct depreciation</b>           | <b>2,075</b>         | <b>1,071</b>         | 93.8        | <b>4,895</b>         | <b>1,801</b>         | 171.8       |
| Direct depreciation   | (1,708)              | (1,588)              | 7.6         | (5,437)              | (5,083)              | 7.0         |
| <b>Gross Profit / (loss) after direct depreciation</b>            | <b>367</b>           | <b>(517)</b>         | nm          | <b>(542)</b>         | <b>(3,282)</b>       | (83.5)      |
| Other income (refer to note below)                                | 60                   | 235                  | (74.5)      | 196                  | 653                  | (70.0)      |
| Other expenses (refer to note below)                              | (706)                | (17)                 | nm          | (948)                | (12,246)             | nm          |
| Indirect depreciation   | (4)                  | (4)                  | nm          | (10)                 | (16)                 | (37.5)      |
| Administrative expenses   | (5,794)              | (999)                | nm          | (7,665)              | (3,239)              | 136.6       |
| <b>Loss from operations</b>                                       | <b>(6,077)</b>       | <b>(1,302)</b>       | nm          | <b>(8,969)</b>       | <b>(18,130)</b>      | (50.5)      |
| Finance costs   | (117)                | (113)                | 3.5         | (353)                | (323)                | 9.3         |
| <b>Loss before income tax and results of associated companies</b> | <b>(6,194)</b>       | <b>(1,415)</b>       | nm          | <b>(9,322)</b>       | <b>(18,453)</b>      | (49.5)      |
| Share of results of associated companies                          | -                    | 36                   | nm          | (3,650)              | (5,248)              | (30.4)      |
| <b>Loss before income tax</b>                                     | <b>(6,194)</b>       | <b>(1,379)</b>       | nm          | <b>(12,972)</b>      | <b>(23,701)</b>      | (45.3)      |
| Income tax  | -                    | -                    | nm          | (5)                  | (122)                | nm          |
| <b>Loss after income tax</b>                                      | <b>(6,194)</b>       | <b>(1,379)</b>       |             | <b>(12,977)</b>      | <b>(23,823)</b>      | (45.5)      |
| <b>Total comprehensive income for the period</b>                  | <b>(6,194)</b>       | <b>(1,379)</b>       | nm          | <b>(12,977)</b>      | <b>(23,823)</b>      | (45.5)      |
| <b>Attributable to:</b>   |                      |                      |             |                      |                      |             |
| Shareholders of the company                                       | (6,288)              | (1,376)              | nm          | (13,051)             | (23,820)             | (45.2)      |
| Non-controlling interests   | 94                   | (3)                  |             | 74                   | (3)                  |             |
|   | <b>(6,194)</b>       | <b>(1,379)</b>       | nm          | <b>(12,977)</b>      | <b>(23,823)</b>      | (45.5)      |

Note : Due to the Group's change in financial year-end from 30 June to 31 December in 2018, the comparatives presented for the 9 months ended 30 September 2018 include 6 months results from the financial year ended 30 June 2018 and 3 months results from the financial period ended 31 December 2018.

1(a)(ii) Notes to the statement of profit or loss and other comprehensive income

|  | Group                                 |                                       |        | Group                                  |  |        |
|--|---------------------------------------|---------------------------------------|--------|--|--|--------|
|  | US\$'000                              |                                       | %      | US\$'000                               |  | %      |
|  | Quarter Ended<br>30-09-19<br>US\$'000 | Quarter Ended<br>30-09-18<br>US\$'000 |        | 9 months ended<br>30-09-19<br>US\$'000 | 9 months ended<br>30-09-18<br>US\$'000 |        |
| Interest income  | 57                                    | 91                                    | (37.4) | 191                                    | 213                                    | (10.3) |
| Write back of allowance of doubtful debt                 | -                                     | 99                                    | nm     | -                                      | 99                                     | nm     |
| Foreign exchange gain/(loss)                             | 114                                   | (17)                                  | nm     | 19                                     | 173                                    | (89.0) |
| Impairment loss  | -                                     | -                                     | -      | -                                      | (3,333)                                | nm     |
| Provision for doubtful debt                              | (650)                                 | -                                     | nm     | (650)                                  | (8,657)                                | (92.5) |
| Provision for impairment of investment in associated co. | -                                     | -                                     | -      | -                                      | (239)                                  | nm     |
| Loss on disposal of fixed assets                         | (169)                                 | -                                     | nm     | (310)                                  | -                                      | nm     |

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 immediately preceding financial year.

Statements of financial position as at 30 September 2019

|                                     | Group                |                      | Company              |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | 30-09-19<br>US\$'000 | 31-12-18<br>US\$'000 | 30-09-19<br>US\$'000 | 31-12-18<br>US\$'000 |
| <b>ASSETS</b>                       |                      |                      |                      |                      |
| <b>Current assets</b>               |                      |                      |                      |                      |
| Cash and cash equivalents           | 8,203                | 5,700                | 5,166                | 4,490                |
| Trade and other receivables         | 8,295                | 5,667                | 50,998               | 39,841               |
| Inventories                         | 349                  | 301                  | 30                   | 36                   |
| Loan to associated company          | 5,076                | 4,298                | -                    | -                    |
| Prepayments                         | 243                  | 185                  | 73                   | 62                   |
| Total current assets                | 22,166               | 16,151               | 56,267               | 44,429               |
| <b>Non-current assets</b>           |                      |                      |                      |                      |
| Subsidiary companies                | -                    | -                    | 8,751                | 8,751                |
| Associated companies                | -                    | 3,651                | -                    | -                    |
| Other receivables                   | -                    | -                    | -                    | 7,736                |
| Loan to associated company          | 461                  | 2,497                | -                    | -                    |
| Fixed assets                        | 77,598               | 85,234               | 38,126               | 41,743               |
| Total non-current assets            | 78,059               | 91,382               | 46,877               | 58,230               |
| <b>Total assets</b>                 | <b>100,225</b>       | <b>107,533</b>       | <b>103,144</b>       | <b>102,659</b>       |
| <b>LIABILITIES AND EQUITY</b>       |                      |                      |                      |                      |
| <b>Current liabilities</b>          |                      |                      |                      |                      |
| Trade and other payables            | 10,199               | 3,979                | 43,905               | 40,448               |
| Borrowings                          | 6,253                | 6,194                | 6,321                | 6,194                |
| Income tax payable                  | -                    | 5                    | -                    | -                    |
| Total current liabilities           | 16,452               | 10,178               | 50,226               | 46,642               |
| <b>Non-current Liabilities</b>      |                      |                      |                      |                      |
| Borrowings                          | 2,377                | 2,982                | 2,377                | 2,982                |
| Deferred taxation                   | 4,065                | 4,065                | 2,907                | 2,907                |
| Total non-current liabilities       | 6,442                | 7,047                | 5,284                | 5,889                |
| <b>Capital and reserves</b>         |                      |                      |                      |                      |
| Issued capital                      | 55,379               | 55,379               | 55,379               | 55,379               |
| Treasury stock                      | (46)                 | (46)                 | (46)                 | (46)                 |
| Accumulated profits/(losses)        | 21,910               | 34,961               | (7,699)              | (5,205)              |
|                                     | 77,243               | 90,294               | 47,634               | 50,128               |
| <b>Non-controlling interests</b>    |                      |                      |                      |                      |
|                                     | 88                   | 14                   | -                    | -                    |
| <b>Total equity</b>                 | <b>77,331</b>        | <b>90,308</b>        | <b>47,634</b>        | <b>50,128</b>        |
| <b>Total liabilities and equity</b> | <b>100,225</b>       | <b>107,533</b>       | <b>103,144</b>       | <b>102,659</b>       |

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

(a) Amount repayable in one year or less, or on demand

SS\$8.648 million (US equivalent of US\$6.253 million) as at 30 Sep 2019  
SS\$8.438 million (US equivalent of US\$6.194million) as at 31 Dec 2018

(b) Amount repayable after one year

SS\$3.287 million (US equivalent of US\$2.377 million) as at 30 Sep 2019  
SS\$4.063 million (US equivalent of US\$2.982million) as at 31 Dec 2018

(c) Details of any collaterals.

Borrowing is secured by a 12,000 BHP vessel.

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**

|  | <b>Q3</b>           | <b>Q3</b>           | <b>9 months</b>     | <b>9 months</b>     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | <b>30-09-19</b>     | <b>30-09-18</b>     | <b>30-09-19</b>     | <b>30-09-18</b>     |
|  | US\$'000            | US\$'000            | US\$'000            | US\$'000            |
| <b>Operating activities :</b>  |                     |                     |                     |                     |
| Net Losses before income tax   | (6,194)             | (1,379)             | (12,972)            | (23,701)            |
| Adjustments for :  |                     |                     |                     |                     |
| Share of loss/(profit) of associates   | -                   | (36)                | 3,650               | 5,248               |
| Depreciation   | 1,712               | 1,592               | 5,447               | 5,099               |
| Provision for doubtful debt  | 650                 | -                   | 650                 | 8,657               |
| Impairment loss  | -                   | -                   | -                   | 3,333               |
| Impairment of investment in associated company                                     | -                   | -                   | -                   | 239                 |
| Loss on disposal of fixed assets   | 169                 | -                   | 310                 | -                   |
| Interest income  | (57)                | (91)                | (191)               | (213)               |
| Interest expense   | 117                 | 113                 | 353                 | 323                 |
| Net foreign exchange loss / (gain) - unrealized                                    | (218)               | 15                  | (177)               | (202)               |
| Operating cash flows before working capital changes                                | <u>(3,821)</u>      | <u>214</u>          | <u>(2,930)</u>      | <u>(1,217)</u>      |
| Trade receivables and other receivables  | (746)               | (755)               | (2,611)             | (1,552)             |
| Withholding tax accruals   | -                   | -                   | -                   | 182                 |
| Prepayments  | (134)               | (156)               | (58)                | (122)               |
| Inventories  | (10)                | (15)                | (48)                | (47)                |
| Trade and other payables   | 5,076               | (100)               | 5,663               | 828                 |
| Cash generated/(used in) operations  | <u>365</u>          | <u>(812)</u>        | <u>16</u>           | <u>(1,928)</u>      |
| Interest received  | 11                  | 153                 | 187                 | 243                 |
| Interest paid  | (186)               | (163)               | (415)               | (379)               |
| Income tax paid  | -                   | -                   | (5)                 | -                   |
| Net cash from/(used in) operating activities                                       | <u>190</u>          | <u>(822)</u>        | <u>(217)</u>        | <u>(2,064)</u>      |
| <b>Investing activities :</b>  |                     |                     |                     |                     |
| Proceeds on disposal of fixed assets   | 1,050               | 22                  | 1,890               | 22                  |
| Purchase of fixed assets   | -                   | -                   | (11)                | (987)               |
| Repayment by associated companies  | -                   | 206                 | 1,258               | 558                 |
| Net cash from / (used in) investing activities                                     | <u>1,050</u>        | <u>228</u>          | <u>3,137</u>        | <u>(407)</u>        |
| <b>Financing activities :</b>  |                     |                     |                     |                     |
| Proceeds from share issuance by subsidiary   | -                   | 30                  | -                   | 30                  |
| Repayment of bank loans  | (207)               | -                   | (343)               | -                   |
| Net cash (used in)/from financing activities                                       | <u>(207)</u>        | <u>30</u>           | <u>(343)</u>        | <u>30</u>           |
| Net increase / (decrease) in cash and cash equivalents                             | 1,033               | (564)               | 2,577               | (2,441)             |
| Cash and cash equivalents at the beginning of the period                           | 7,225               | 4,249               | 5,700               | 6,090               |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (55)                | (5)                 | (74)                | 31                  |
| <b>Cash and cash equivalents at end of the period</b>                              | <u><u>8,203</u></u> | <u><u>3,680</u></u> | <u><u>8,203</u></u> | <u><u>3,680</u></u> |

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**

**Q3 Ended 30 September 2018**

|   | Issued capital<br>US\$'000 | Treasury Shares<br>US\$'000 | Retained profits<br>US\$'000 | Total<br>US\$'000 | NCI<br>US\$'000 | Total equity<br>US\$'000 |
|---|----------------------------|-----------------------------|------------------------------|-------------------|-----------------|--------------------------|
| Balance at 1 July 2018  | 55,379                     | (46)                        | 41,291                       | 96,624            | -               | 96,624                   |
| Increase in investment by non-controlling interest                          | -                          | -                           | -                            | -                 | 30              | 30                       |
| Loss for the period, representing total comprehensive income for the period | -                          | -                           | (1,376)                      | (1,376)           | (3)             | (1,379)                  |
| <b>Balance at 30 September 2018</b>   | <b>55,379</b>              | <b>(46)</b>                 | <b>39,915</b>                | <b>95,248</b>     | <b>27</b>       | <b>95,275</b>            |

**Q3 ENDED 30 September 2019**

|   |               |             |               |               |           |               |
|---|---------------|-------------|---------------|---------------|-----------|---------------|
| Balance at 1 July 2019  | 55,379        | (46)        | 28,198        | 83,531        | (6)       | 83,525        |
| Loss for the period, representing total comprehensive income for the period | -             | -           | (6,288)       | (6,288)       | 94        | (6,194)       |
| <b>Balance at 30 September 2019</b>   | <b>55,379</b> | <b>(46)</b> | <b>21,910</b> | <b>77,243</b> | <b>88</b> | <b>77,331</b> |

**COMPANY**

**Q3 Ended 30 September 2018**

|   | Issued capital<br>US\$'000 | Treasury Shares<br>US\$'000 | Retained profits<br>US\$'000 | Total<br>US\$'000 | NCI<br>US\$'000 | Total equity<br>US\$'000 |
|---|----------------------------|-----------------------------|------------------------------|-------------------|-----------------|--------------------------|
| Balance at 1 July 2018  | 55,379                     | (46)                        | (3,304)                      | 52,029            | -               | 52,029                   |
| Loss for the period, representing total comprehensive income for the period | -                          | -                           | (745)                        | (745)             | -               | (745)                    |
| <b>Balance at 30 September 2018</b>   | <b>55,379</b>              | <b>(46)</b>                 | <b>(4,049)</b>               | <b>51,284</b>     | <b>-</b>        | <b>51,284</b>            |

**Q3 Ended 30 September 2019**

|   |               |             |                |               |          |               |
|---|---------------|-------------|----------------|---------------|----------|---------------|
| Balance at 1 July 2019  | 55,379        | (46)        | (7,586)        | 47,747        | -        | 47,747        |
| Loss for the period, representing total comprehensive income for the period | -             | -           | (113)          | (113)         | -        | (113)         |
| <b>Balance at 30 September 2019</b>   | <b>55,379</b> | <b>(46)</b> | <b>(7,699)</b> | <b>47,634</b> | <b>-</b> | <b>47,634</b> |

**GROUP**

**9 Months Ended 30 September 2018**

|   | Issued capital<br>US\$'000 | Treasury Shares<br>US\$'000 | Retained profits<br>US\$'000 | Total<br>US\$'000 | NCI<br>US\$'000 | Total equity<br>US\$'000 |
|---|----------------------------|-----------------------------|------------------------------|-------------------|-----------------|--------------------------|
| Balance at 1 January 2018   | 55,379                     | (46)                        | 63,735                       | 119,068           | -               | 119,068                  |
| Increase in investment by non-controlling interest                          | -                          | -                           | -                            | -                 | 30              | 30                       |
| Loss for the period, representing total comprehensive income for the period | -                          | -                           | (23,820)                     | (23,820)          | (3)             | (23,823)                 |
| <b>Balance at 30 September 2018</b>   | <b>55,379</b>              | <b>(46)</b>                 | <b>39,915</b>                | <b>95,248</b>     | <b>27</b>       | <b>95,275</b>            |

**9 Months ended 30 September 2019**

|   |               |             |               |               |           |               |
|---|---------------|-------------|---------------|---------------|-----------|---------------|
| 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 | -             | -           | (13,051)      | (13,051)      | 74        | (12,977)      |
| <b>Balance at 30 September 2019</b>   | <b>55,379</b> | <b>(46)</b> | <b>21,910</b> | <b>77,243</b> | <b>88</b> | <b>77,331</b> |

**COMPANY**

**9 Months Ended 30 September 2018**

|   | Issued capital<br>US\$'000 | Treasury Shares<br>US\$'000 | Retained profits<br>US\$'000 | Total<br>US\$'000 | NCI<br>US\$'000 | Total equity<br>US\$'000 |
|---|----------------------------|-----------------------------|------------------------------|-------------------|-----------------|--------------------------|
| Balance at 1 January 2018   | 55,379                     | (46)                        | 9,132                        | 64,465            | -               | 64,465                   |
| Loss for the period, representing total comprehensive income for the period | -                          | -                           | (13,181)                     | (13,181)          | -               | (13,181)                 |
| <b>Balance at 30 September 2018</b>   | <b>55,379</b>              | <b>(46)</b>                 | <b>(4,049)</b>               | <b>51,284</b>     | <b>-</b>        | <b>51,284</b>            |

**9 Months Ended 30 September 2019**

|   |               |             |                |               |          |               |
|---|---------------|-------------|----------------|---------------|----------|---------------|
| 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 | -             | -           | (2,494)        | (2,494)       | -        | (2,494)       |
| <b>Balance at 30 September 2019</b>   | <b>55,379</b> | <b>(46)</b> | <b>(7,699)</b> | <b>47,634</b> | <b>-</b> | <b>47,634</b> |

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 |                    |
|--|------------------------|--------------------|
|  | 30-09-19               | 31-12-18           |
| 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)(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 |                    |
|--|------------------------|--------------------|
|  | 30-09-19               | 31-12-18           |
| 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, 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 31 December 2018 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 SFRS(I)s which are effective for annual financial periods beginning on or after 1 January 2019. The adoption of the new standards did not have any material effect on the Group's and Company's financial statements. Accordingly, there has been no adjustment made to opening retained earnings on the initial adoption of SFRS(I) 16.

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:

- (i) Based on weighted average number of ordinary shares on issue  
(ii) On a fully diluted basis

| Group                       |        |        |
|-----------------------------|--------|--------|
| 9 months ended 30 September |        |        |
|                             | 2019   | 2018   |
| US cents                    | (1.85) | (3.38) |
| US cents                    | (1.85) | (3.38) |

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 30 September                         |             |             |
|   | 2019        | 2018        |
| Net profit attributable to members (US\$'000)       | (13,051)    | (23,820)    |
| Weighted average number of ordinary shares on issue | 704,892,514 | 704,892,514 |

Net profit attributable to members (US\$'000)

Weighted average number of ordinary shares on issue

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 Sep 2019 and 30 Sep 2018.

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

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

| Group    |          | Company  |          |
|----------|----------|----------|----------|
| 30-09-19 | 31-12-18 | 30-09-19 | 31-12-18 |
| US cents | 10.96    | 6.76     | 7.11     |
|          | 12.81    |          |          |

- 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) Nine months ended 30 September 2019 ("9M 2019") vs Nine months ended 30 September 2018 ("9M 2018")**

The Group incurred a loss after income tax of US\$12.98 million in 9M 2019, 45.5% lower than 9M 2018 net loss of US\$23.82million. US\$12.23 million of 9M 2018 Group's losses were attributable to one-off adjustments which included impairment provisions for CHO's owned vessels amounting US\$3.33 million, impairment provision for investment in associated company amounting US\$0.24 million and doubtful debt provision amounting US\$8.66million for outstanding debt due from FEG and its related companies. Excluding these one-time adjustments, the Group's 9M 2018 net loss would had been US\$11.59 million, 11.9% lower than 9M 2019. This was mainly attributable to provision for brokers' commission in 2019 following the results of the arbitration proceedings brought by three ship brokers against CHO, partially offsetted by improved vessel operating income in 2019.

**Revenue**

The 121.4% increase in revenue from US\$6.54 million to US\$14.48 million was due to increase in vessel utilization rate, improvement in charter rates and revenue contribution from 2 vessels that were taken over from the Group's associated company in 2018. Furthermore, the Group chartered in third parties' vessels to complement its existing fleet resulting in higher revenue generated.

**Cost of Sales and Direct Depreciation**

9M 2019 operating expenses increased 102.3%, in line with the increase in revenue. Direct depreciation increased 7.0% due to an addition of 2 vessels that the Group took over from its associate's company in 2018.

**Administrative Expenses**

Administrative expenses increased 136.6% to US\$7.67 million in 9M 2019 mainly due to provision for brokers' commission partially offset by reduction in staff cost and office rental expense.

**Share of Results of Associated Companies**

Share of associated companies' losses was capped at US\$3.65 million in 9M 2019, due to the loss on disposal of 3 vessels.

**(b) Three months ended 30 September 2019 ("3Q2019") vs Three months ended 30 September 2018 ("3Q2018")**

**Revenue**

The 110.7% improvement in revenue from US\$2.77 million in 3Q2018 to US\$5.84 million in 3Q2019 was mainly due to higher utilization rate in 3Q2019 and revenue from 2 vessels that were taken over from the Group's associated company in 2018. The chartering in of third parties' vessels also boosted the Group's revenue significantly.

**Cost of Sales and Direct Depreciation**

3Q2019 operating expenses increased 121.3%, which is in line with the increase in revenue. Direct depreciation increased 7.6% due to the addition of the 2 vessels that were taken over from the Group's associated company in 2018.

**Administrative Expenses**

Administrative expenses increased from US\$1.00 million in 3Q2018 to US\$5.79 million in 3Q2019 largely due to provision for brokers' commission.

**A Review of the Financial Position**

Cash and cash equivalents increased by US\$2.50 million from US\$5.70 million as at 31 December 2018 to US\$8.20 million as at 30 September 2019 mainly due to proceeds from disposal of asset amounting US\$1.89 million and repayment from associated company amounting to US\$1.23 million. The cashflow from investing activities were partially offset by negative operating cashflow of US\$0.22 million incurred in 9M 2019. The negative operating cashflow was attributed to slower debt collections.

- 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.**

With the slowdown in the global economy and ongoing changes to the political climate, oil prices are expected to remain volatile. Near-term charter rates are also expected to remain soft owing to the overcapacity and uncertainties in demand for new builds. The Group is focus on its operational efficiency and work towards reducing cost and preserving cash.

**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 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 Interested Person Transactions**

The Company did not obtain a general mandate from shareholders for Interested Person Transactions with Falcon Energy Group of Companies.

The Company has obtained a general mandate from shareholders for IPTs with Baker Tech Group of Companies during the Annual General Meeting held on 28 March 2019.

The following are details of the interested person transactions entered into by the Group in 9 months ended 30 September 2019:

|                                     | 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)<br>(US\$'000) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)<br>(US\$'000) |
|-------------------------------------|--|---|
| Baker Technology Group of Companies | 86   | 188   |
| Falcon Energy Group of Companies    | 404  | NIL   |

**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 quarter ended 30 September 2019 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  
6 November 2019