

CH OFFSHORE LTD.
(Company Registration No.: 197600666D)
(Incorporated in the Republic of Singapore)

**DESPATCH OF SUPPLEMENTAL LETTER IN RELATION TO THE REVISED VOLUNTARY
CONDITIONAL CASH OFFER BY CIMB BANK BERHAD, SINGAPORE BRANCH FOR AND ON
BEHALF OF ENERGIAN PTE. LTD. FOR CH OFFSHORE LTD.**

1. Introduction

The board of directors (the “**Board**” or the “**Directors**”) of CH Offshore Ltd. (the “**Company**”) refers to:

- (a) the announcement dated 11 December 2014 (the “**Offer Announcement**”) that CIMB Bank Berhad, Singapore Branch (“**CIMB**”) made for and on behalf of Energian Pte. Ltd. (the “**Offeror**”) relating to the voluntary conditional cash offer (the “**Offer**”) for 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 the Offeror;
- (b) the offer document dated 29 December 2014 (the “**Offer Document**”) issued by the Offeror in connection with the Offer;
- (c) the offeree circular dated 8 January 2015 (the “**Offeree Circular**”) issued by the Company in connection with the Offer;
- (d) the announcement released by CIMB for and on behalf of the Offeror on 26 January 2015 informing shareholders of the Company (the “**Shareholders**”) on, *inter alia*, the extension of the Closing Date of the Offer;
- (e) the announcement released by CIMB for and on behalf of the Offeror on 9 February 2015 (the “**Revision Announcement**”) informing the Shareholders on, *inter alia*, the revised terms and conditions of the Offer (the “**Revised Offer**”); and
- (f) the written notification to Shareholders dated 13 February 2015 despatched by the Offeror (“**Revision Notification**”) setting out, *inter alia*, the revisions to the Offer.

Capitalised terms used and not defined herein shall have the same meanings given to them in the Offeree Circular.

2. Despatch of Supplemental Letter

- 2.1** Following the Revision Announcement and the Revision Notification, the Board wishes to announce that the Company has today despatched to Shareholders, a supplemental letter dated 16 February 2015 (the “**Supplemental Letter**”) containing, *inter alia*, the advice of Provenance Capital Pte. Ltd., the independent financial adviser (the “**IFA**”) to the Directors of the Company who are considered independent for the purpose of making recommendations to the Shareholders in respect of the Revised Offer (the “**Independent Directors**”), and the recommendations of the Independent Directors in respect of the Revised Offer. A copy of the Supplemental Letter is attached as the Appendix to this announcement.

- 2.2 The Supplemental Letter requires the immediate attention of Shareholders. Shareholders are advised to read and carefully consider the recommendations of the Independent Directors and the advice of the IFA set out in the Supplemental Letter. If any shareholder is in any doubt in relation to the Supplemental Letter or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.**
- 2.3** Shareholders who do not receive the Supplemental Letter within a week from the date hereof may obtain a copy of it from the office of the share registrar of the Company, at the following address during normal business hours on any day (other than a public holiday, Saturday or Sunday) up to the closing date of the Revised Offer:

**Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898**

3. Closing Date

Shareholders should note that the Revision Announcement and the Revision Notification state that the closing date of the Revised Offer has been extended from 5.30 p.m. (Singapore time) on 9 February 2015 to **5.30 p.m. (Singapore time) on 27 February 2015**, or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

4. Responsibility Statement

The Directors of the Company (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources (including, without limitation, the Revision Notification, the Revision Announcement, the Offer Document and the Offer Announcement), the sole responsibility of the Directors of the Company has been to ensure through reasonable enquires that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

By Order of the Board

Valerie Tan May Wei
Company Secretary

Singapore, 18 February 2015



CH OFFSHORE LTD.
(Incorporated in the Republic of Singapore)
(Company Reg. No.: 197600666D)

Directors

Tan Pong Tyea (*Non-Executive Chairman*)
Peh Kwee Chim (*Non-Executive Director*)
John Cheak Boon Heng (*Non-Executive Director*)
Joanna Young Sau Kwan (*Non-Executive, Independent Director*)
Goh Boon Kiat (*Non-Executive, Independent Director*)
Gan Wah Kwang @ Guan Wah Kwang (*Non-Executive Director*)
Peh Siong Woon Terence (*Alternate Director to Peh Kwee Chim*)

Registered Address

388 Jalan Ahmad Ibrahim
Singapore 629157

16 February 2015

To: The Shareholders of CH Offshore Ltd.

Dear Sir / Madam

REVISED VOLUNTARY CONDITIONAL CASH OFFER BY CIMB FOR AND ON BEHALF OF THE OFFEROR FOR THE OFFER SHARES

1. BACKGROUND

1.1 Offer

On 11 December 2014, CIMB Bank Berhad, Singapore Branch ("**CIMB**"), for and behalf of Energian Pte. Ltd. (the "**Offeror**"), announced that the Offeror intends to make a voluntary conditional cash offer (the "**Offer**") for all the issued and paid-up ordinary shares in the capital of CH Offshore Ltd. (the "**Company**") other than those already owned, controlled or agreed to be acquired by the Offeror (the "**Offer Shares**").

1.2 Revision of the Offer

On 9 February 2015, CIMB, for and on behalf of the Offeror, issued an announcement on the revision of the Offer (the "**Revision Announcement**"). In the Revision Announcement, the Offeror announced, *inter alia*, that it was increasing the Offer Price from S\$0.495 for each Offer Share to S\$0.550 for each Offer Share (the "**Revised Offer**").

This supplemental letter ("Supplemental Letter") is important as it contains the recommendation of the directors of the Company who are considered independent for the purpose of the Revised Offer ("Independent Directors") and the advice of Provenance Capital Pte. Ltd. (the "IFA" or "Provenance Capital") to the Independent Directors in relation to the Revised Offer. This Supplemental Letter requires the immediate attention of shareholders of the Company ("Shareholders") and Shareholders should read it carefully.

1.3 Revision Notification

Shareholders should by now have received a copy of the written notification to Shareholders dated 13 February 2015 despatched by the Offeror ("**Revision Notification**") setting out, *inter alia*, the revisions to the Offer. Shareholders are advised to read the terms and conditions of the Revised Offer set out in the Revision Notification carefully.

LETTER TO SHAREHOLDERS

1.4 Definitions

Unless otherwise stated, all terms and expressions used in this Supplemental Letter shall have the meanings given to them in the circular to Shareholders dated 8 January 2015 (the “**Offeree Circular**”) issued by the Company in relation to the Offer.

References to the “**Latest Practicable Date**” shall mean 11 February 2015, being the latest practicable date prior to the printing of this Supplemental Letter.

1.5 Purpose of this Supplemental Letter

The purpose of this Supplemental Letter is to provide Shareholders with relevant information pertaining to the Revised Offer and to set out the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors with regard to the Revised Offer. Shareholders should carefully consider the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors set out in this Supplemental Letter before deciding whether or not to accept the Revised Offer.

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

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Supplemental Letter.

2. THE REVISED OFFER

The Offeror has offered to acquire the Offer Shares on the terms and subject to the conditions set out in the Revision Notification, the Revision Announcement, the Offer Document, the FAA and/or the FAT. The principal terms and conditions of the Revised Offer, as extracted from the Revision Notification, are set out below.

2.1 Final Offer Price

As stated in the Revision Notification, the Offeror is making the Revised Offer on the following basis:

For each Offer Share: S\$0.550 in cash (“Final Offer Price”).

Section 2 of the Revision Notification further states that **the Offeror does not intend to further revise the Final Offer Price save that the Offeror reserves the right to do so in a competitive situation.**

The Final Offer Price of S\$0.550 in cash for each Offer Share is S\$0.055 higher than the preceding offer price from the Offeror of S\$0.495 in cash for each Offer Share.

Pursuant to Rule 20.4 of the Code and as stated in the Revision Notification, **Shareholders who have earlier accepted the Offer are entitled to receive the Final Offer Price, subject to the Offer becoming unconditional in all respects in accordance with its terms. Accordingly, no further action in respect of the Offer is required to be taken by Shareholders who have already accepted the Offer.**

LETTER TO SHAREHOLDERS

2.2 No Encumbrances

As stated in the Revision Announcement, the Offer Shares are to be acquired (i) fully paid, (ii) free from all Encumbrances, and (iii) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.

In the event of any such Distributions on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Final Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer by the amount of such Distribution.

2.3 Other terms

As stated in the Revision Notification, save as disclosed in the Revision Announcement, all other terms and conditions of the Offer as set out in the Offer Document remain unchanged.

2.4 Final Closing Date and Shut-Off Notice

Shareholders should note that the closing date for the Revised Offer has been extended from 5.30 p.m. (Singapore time) on 9 February 2015 to **5.30 p.m. (Singapore time) on 27 February 2015** (the “**Final Closing Date**”).

As stated in the Revision Notification, **the Offeror does not intend to extend the Offer beyond 5.30 p.m. (Singapore time) on the Final Closing Date, save that the Offeror reserves the right to do so in a competitive situation.**

The Offeror has given notice in the Revision Notification that the Offer will not be open for acceptances beyond 5.30 p.m. (Singapore time) on the Final Closing Date, notwithstanding that the Offer may have become or been declared unconditional as to acceptances by then, except that such notice shall not be capable of being enforced in a competitive situation. This means that, save in a competitive situation, if the Offer becomes unconditional as to acceptances before the Final Closing Date or even if the Offer becomes unconditional as to acceptances on the Final Closing Date itself, there will NOT be any further extension of the Final Closing Date and Shareholders who do not accept the Offer by the Final Closing Date will not be able to do so after the Final Closing Date. Acceptances of the Offer received after 5.30 p.m. (Singapore time) on the Final Closing Date will be rejected.

3 IRREVOCABLE UNDERTAKINGS

3.1 Irrevocable Undertakings in relation to the Offer

As stated in the Revision Announcement, as at the date of the Revision Announcement, each of Chuan Hup Holdings Limited (“**Chuan Hup**”) and Mr. Peh Kwee Chim (“**Mr. Peh**”) (collectively, the “**Undertaking Shareholders**”) has given an irrevocable undertaking to the Offeror (the “**Irrevocable Undertakings**”), *inter alia*:

- (a) to accept, or procure the acceptance of, the Offer in respect of:
 - (i) an aggregate of 222,223,692 Shares owned by the Undertaking Shareholders, representing approximately 31.52% of the total number of Shares, comprising the following:
 - (A) 173,941,026 Shares owned by Chuan Hup, representing approximately 24.67% of the total number of Shares; and
 - (B) 48,282,666 Shares owned by Mr. Peh, representing approximately 6.85% of the total number of Shares;

LETTER TO SHAREHOLDERS

- (ii) any other Shares which the Undertaking Shareholders may thereafter acquire or become the beneficial owner of; and
- (iii) any Shares deriving from the Shares in sub-paragraphs (i) and (ii) above (whether by way of bonus issue, rights issue, dividend or distribution of Shares or otherwise declared or issued by the Company),

(collectively, the “**Relevant Shares**”), not later than 5.00 p.m. (Singapore time) on 16 February 2015 or in relation to the Relevant Shares falling within paragraphs (ii) or (iii) above, not later than 5.00 p.m. (Singapore time) on the third (3rd) business day after the respective Undertaking Shareholder becomes the registered holder or beneficial owner of such Shares; and

- (b) (in the case of Chuan Hup) to procure the resignations of Messrs Peh Kwee Chim, Peh Siong Woon Terence and John Cheak Boon Heng (collectively, the “**Resigning Directors**”), and (in the case of Mr. Peh) to resign and procure the resignations of the remaining Resigning Directors, as directors of the Company and from all committees of the Company, with immediate effect upon the close of the Offer, together with a waiver of any claims each such director may have against the Company, its subsidiaries or associated companies, arising in connection with each of their office as a director of the Company.

As stated in the Revision Announcement, save as disclosed in the Revision Announcement, neither the Offeror nor the parties acting in concert with the Offeror has received any irrevocable undertaking from any party to accept or reject the Offer as at the date of the Revision Announcement.

3.2 Lapse

As stated in the Revision Announcement, the obligations of the Undertaking Shareholders under the Irrevocable Undertakings shall lapse on the date on which the Offer lapses or is withdrawn or fails to become or be declared unconditional for any reason other than a breach of the Undertaking Shareholders’ obligations under the Irrevocable Undertakings.

3.3 Status of the Offer upon the acceptance by the Undertaking Shareholders

As stated in the Revision Announcement, upon the acceptance of the Offer by the Undertaking Shareholders, the Offeror would have received valid acceptances in respect of such number of Offer Shares, which when taken together with the Shares owned, controlled or agreed to be acquired by the Offeror and the parties acting in concert with the Offeror (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and the parties acting in concert with the Offeror holding such number of Shares carrying more than 50% of the voting rights attributable to the Shares and accordingly, the Offer will then become and be declared unconditional as to acceptances.

3.4 Inspection

As stated in the Revision Announcement, copies of the Irrevocable Undertakings will be made available for inspection during normal business hours at the registered office of the Offeror at 10 Anson Road, #33-15 International Plaza, Singapore 079903 for the period during which the Offer remains open for acceptance.

3.5 Offer Unconditional in All Respects

On 11 February 2015, CIMB, for and on behalf of the Offeror, announced that, *inter alia*, the minimum acceptance condition of the Offer has been satisfied and the Offer has therefore become unconditional in all respects.

LETTER TO SHAREHOLDERS

4. ADVICE AND RECOMMENDATIONS

4.1 General

Provenance Capital, the independent financial adviser to the Independent Directors in respect of the Revised Offer, has issued an advice in respect of the Revised Offer. Shareholders should read and consider carefully the recommendations of the Independent Directors and the advice of the IFA to the Independent Directors dated 16 February 2015 (“**Supplemental IFA Letter**”).

4.2 Independent Directors

Save for Tan Pong Tyea and Gan Wah Kwang @ Guan Wah Kwang, all of the Directors consider themselves to be independent for the purpose of making a recommendation on the Revised Offer.

4.3 Advice of the IFA

Unless otherwise defined or the context otherwise requires, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Supplemental IFA Letter.

After carefully considering all available information and based on Provenance Capital's assessment of the financial terms of the Revised Offer, Provenance Capital has advised the Independent Directors to make the following recommendations to Shareholders in relation to the Revised Offer:

“Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the view that the financial terms of the Revised Offer are fair and reasonable. Accordingly, we advise the Independent Directors to recommend Shareholders to ACCEPT the Revised Offer or to sell their CHO Shares in the open market if they can obtain a price higher than the Final Offer Price (after deducting transaction costs).”

Shareholders should read the extracts in paragraph 4.3 above in conjunction with, and in the context of, the full text of the Supplemental IFA Letter which is set out in Appendix 1 to this Supplemental Letter.

4.4 Recommendation of the Independent Directors in respect of the Revised Offer

The Independent Directors, having considered carefully the terms of the Revised Offer and the advice given by Provenance Capital in the Supplemental IFA Letter, concur with the advice given by Provenance Capital in respect of the Revised Offer as extracted from the Supplemental IFA Letter and reproduced in paragraph 4.3 above.

Accordingly, the Independent Directors recommend that:

“Shareholders to ACCEPT the Revised Offer or to sell their CHO Shares in the open market if they can obtain a price higher than the Final Offer Price (after deducting transaction costs).”

4.5 No Regard to Specific Objectives

In rendering the advice and making their recommendations above, both Provenance Capital and the Independent Directors have not had regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. Accordingly, the Independent Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Shareholders are advised to read the full text of the Supplemental IFA Letter set out in Appendix 1 to this Supplemental Letter carefully before deciding whether to accept or reject the Revised Offer. Shareholders should note that the IFA's opinions should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Revised Offer.

LETTER TO SHAREHOLDERS

5. OVERSEAS SHAREHOLDERS

This Supplemental Letter may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nevertheless, attend in person and obtain a copy of this Supplemental Letter during business hours and up to the Final Closing Date, from the office of the Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #02-00, Singapore 068898, download a copy of this Supplemental Letter from SGXNET, or make a request to the Registrar for this Supplemental Letter to be sent to an address in Singapore by ordinary post at his own risk, up to five Market Days prior to the Final Closing Date.

6. INFORMATION PERTAINING TO CPFIS INVESTORS

CPFIS Investors should refer to Section 14 of the Offer Document, the relevant portion of which is reproduced in *italics* below. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the Offer Document.

“14. INFORMATION PERTAINING TO CPFIS INVESTORS

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

CPFIS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks. Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors who accept the Offer will receive the Offer Price in respect of their Offer Shares, in their CPF investment accounts.”

7. ACTION TO BE TAKEN BY SHAREHOLDERS

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

Shareholders who wish to accept the Revised Offer must do so not later than **5.30 p.m. on 27 February 2015**. The Directors would like to draw the attention of Shareholders who wish to accept the Revised Offer to the “Procedures for Acceptance of the Offer” as set out in Appendix 2 to the Offer Document and in the accompanying FAA and/or FAT.

Acceptances should be completed and returned as soon as possible to the Offeror and, in any event, so as to be received by CDP (in respect of the FAA) or the Registrar (in respect of the FAT), as the case may be, not later than 5.30 p.m. on 27 February 2015.

8. RESPONSIBILITY STATEMENT

The Directors (including any who may have delegated detailed supervision of this Supplemental Letter) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Supplemental Letter (other than the Supplemental IFA Letter for which the IFA has taken responsibility) are fair and accurate and that no material facts have been omitted the omission of which would make any statement in this Supplemental Letter (other than the Supplemental IFA Letter for which the IFA has taken responsibility) misleading, and they jointly and severally accept responsibility accordingly.

The recommendation of the Independent Directors to Shareholders set out in paragraph 4.4 of the letter to Shareholders in this Supplemental Letter is the sole responsibility of the Independent Directors.

LETTER TO SHAREHOLDERS

In respect of the Supplemental IFA Letter, 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 in this Supplemental Letter has been extracted or reproduced from published or publicly available sources (including, without limitation, information extracted from the Revision Notification, Revision Announcement and the Supplemental IFA Letter), the sole responsibility of the Directors 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 Supplemental Letter.

Yours faithfully
For and on behalf of the Board of Directors of
CH Offshore Ltd.

Peh Kwee Chim
Non-Executive Director

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

LETTER FROM PROVENANCE CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

PROVENANCE CAPITAL PTE. LTD.

(Company Registration Number: 200309056E)

(Incorporated in the Republic of Singapore)

96 Robinson Road #13-01 SIF Building

Singapore 068899

16 February 2015

To: The Independent Directors of CH Offshore Ltd.
(deemed to be independent in respect of the Revised Offer)

Mr Peh Kwee Chim	(Non-Executive Director)
Mr John Cheak Boon Heng	(Non-Executive Director)
Mdm Joanna Young Sau Kwan	(Non-Executive, Independent Director)
Mr Goh Boon Kiat	(Non-Executive, Independent Director)
Mr Peh Siong Woon Terence	(Alternate Director to Mr Peh Kwee Chim)

Dear Sirs / Madam,

VOLUNTARY CONDITIONAL CASH OFFER BY CIMB BANK BERHAD, SINGAPORE BRANCH, FOR AND ON BEHALF OF ENERGIAN PTE. LTD. (“OFFEROR”) FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF CH OFFSHORE LTD. (“COMPANY”) OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR

REVISION OF OFFER – FINAL OFFER PRICE AND FINAL CLOSING DATE (“REVISED OFFER”)

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to the shareholders of the Company (“Shareholders”) dated 8 January 2015 (“Circular”, our Letter dated 8 January 2015 attached as Appendix 1 to the Circular (“IFA Letter”) and the Revised Offer Announcement dated 9 February 2015.

For the purpose of this Supplemental IFA Letter, where applicable, we have used the foreign exchange rate of US\$1.00:S\$1.3537 on 9 February 2015, being the date of the Revised Offer, as compared to the foreign exchange rate of US\$1.00:S\$1.313 being used in our IFA Letter to assess the Original Offer Price. The above foreign exchange rates are extracted from published information by Bloomberg L.P. and are provided solely for information only.

1. INTRODUCTION

On 11 December 2014 (“**Offer Announcement Date**”), CIMB Bank Berhad, Singapore Branch (“**CIMB**”) announced, for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer (“**Offer**”) for all the issued and paid-up ordinary shares (“**CHO Shares**”) in the capital of the Company other than those already owned, controlled or agreed to be acquired by the Offeror (“**Offer Shares**”) in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (“**Code**”) at a price of S\$0.495 in cash for each Offer Share (“**Original Offer Price**”).

The formal Offer is set out in the Offer Document which was despatched to Shareholders on 29 December 2014.

On 9 February 2015 (“**Revised Offer Announcement Date**”), CIMB announced, for and on behalf of the Offeror, that:

- (i) The Offeror is revising the Original Offer Price of S\$0.495 to S\$0.550 (“**Final Offer Price**”) in cash for each Offer Share.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

The Offeror does not intend to further revise the Final Offer Price save that the Offeror reserves the right to do so in a competitive situation.

Shareholders who have earlier accepted the Offer are entitled to receive the Final Offer Price and need not take any further action in respect of the Offer.

- (ii) The Closing Date for the Revised Offer will be extended from 5.30 p.m. (Singapore time) on 9 February 2015 to 5.30 p.m. (Singapore time) on 27 February 2015 ("**Final Closing Date**") ("**Extension**").

The Offeror does not intend to extend the Revised Offer beyond 5.30 p.m. (Singapore time) on the Final Closing Date, save that the Offeror reserves the right to do so in a competitive situation,

("Revised Offer Announcement").

In connection with the Revised Offer, the Company has retained Provenance Capital Pte. Ltd. ("**Provenance Capital**") as the independent financial adviser ("**IFA**") to the Directors who are considered independent in respect of the Revised Offer ("**Independent Directors**"), for the purpose of making their recommendation to the Shareholders in relation to the Revised Offer.

This letter ("**Supplemental IFA Letter**") is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and advice on the financial terms of the Revised Offer and our recommendation thereon. This Supplemental IFA Letter forms part of the supplemental letter to Shareholders dated 16 February 2015 issued by the Company setting out, *inter alia*, the details of the Revised Offer and the recommendation of the Independent Directors thereon ("**Supplemental Letter**").

2. TERMS OF REFERENCE

Provenance Capital has been retained as the IFA to advise the Independent Directors in respect of their recommendation to the Shareholders in relation to the Revised Offer.

The terms of reference of this Supplemental IFA Letter are similar to the terms of reference of our IFA Letter.

Accordingly, for the purpose of the Revised Offer, we have confined our evaluation and assessment to the financial terms of the Revised Offer and have not taken into account the commercial risks or commercial merits of the Revised Offer. Our opinion sets out in this Supplemental IFA Letter is based solely on publicly available information as well as information provided by Management and Directors, and is predicated upon the economic and market conditions prevailing as at 11 February 2015, being the Latest Practicable Date as referred to in the Supplemental Letter.

No further updates on the valuation of the 15 vessels owned and/or co-owned by the Group were carried out for the purpose of the Revised Offer as the valuation of these vessels was last carried out recently as at 15 December 2014 in connection with the Offer.

The Directors have confirmed, having made all reasonable enquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Revised Offer, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Circular to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

In rendering our advice and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Shareholder. As each Shareholder may have different investment profiles and objectives, we advise the Directors to recommend that any Shareholder who may require specific advice in relation to his investment 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 professional adviser(s) in the preparation of the Supplemental Letter. We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Supplemental Letter. Accordingly, we take no responsibility for and express no view, whether expressed or implied, on the contents of the Supplemental Letter.

Whilst a copy of this Supplemental IFA Letter may be reproduced in the Supplemental Letter, neither the Company nor the Directors may reproduce, disseminate or quote this Supplemental IFA Letter (or any part thereof) for any other purposes at any time and in any manner, without the prior written consent of Provenance Capital in each specific case.

Our opinion is addressed to the Independent Directors for their benefit and deliberation of the Revised Offer. The recommendation made to the Shareholders in relation to the Revised Offer, as the case may be, shall remain the sole responsibility of the Independent Directors.

Our recommendation to the Independent Directors in relation to the Revised Offer should be considered in the context of the entirety of this Supplemental IFA Letter and the Supplemental Letter.

As the Supplemental IFA Letter may make reference to our IFA Letter and information may be summarised or extracted from our IFA Letter instead of being replicated or reproduced in detail in this Supplemental IFA Letter, we recommend that the Independent Directors advise the Shareholders to read these contextual references and summaries with due care.

3. THE REVISED OFFER

The detailed terms of the Revised Offer are set out in the Revised Offer Announcement. The key terms of the Revised Offer are set out below for your reference.

3.1 Final Offer Price

The Offeror is revising the Original Offer Price as follows:

For each Offer Share: S\$0.550 in cash ("Final Offer Price").

The Offeror does not intend to further revise the Final Offer Price save that the Offeror reserves the right to do so in a competitive situation.

Shareholders who have earlier accepted the Offer are entitled to receive the Final Offer Price, subject to the Revised Offer becoming unconditional in all respects in accordance with its terms. Accordingly, no further action in respect of the Offer is required to be taken by Shareholders who have already accepted the Offer.

3.2 Final Closing Date and Shut-off Notice

The Closing Date for the Revised Offer has been extended from 5.30 p.m. (Singapore time) on 9 February 2015 to **5.30 p.m. (Singapore time) on 27 February 2015**, being the **Final Closing Date**.

The Offeror does not intend to extend the Revised Offer beyond 5.30 p.m. (Singapore time) on the Final Closing Date, save that the Offeror reserves the right to do so in a competitive situation.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Shut-Off Notice has been given that the Offer will not be open for acceptances beyond 5.30 p.m. (Singapore time) on the Final Closing Date, notwithstanding that the Offer may have become or been declared unconditional as to acceptances by then, except that such notice shall not be capable of being enforced in a competitive situation. This means that, save in a competitive situation, if the Offer becomes unconditional as to acceptances on the Final Closing Date itself, there will NOT be any further extension of the Final Closing Date and Shareholders who do not accept the Offer by the Final Closing Date will not be able to do so after the Final Closing Date. Acceptances of the Offer received after 5.30 p.m. (Singapore time) on the Final Closing Date will be rejected.

3.3 Other terms

Save for the revision of the Original Offer Price to the Final Offer Price, the Extension and the inclusion of the Shut-Off Notice, all the other terms and conditions of the Offer as set out in the Offer Document remain unchanged.

4. IRREVOCABLE UNDERTAKINGS FROM CHUAN HUP HOLDINGS LIMITED AND MR PEH KWEE CHIM

4.1 Irrevocable Undertakings in relation to the Offer

As at the Revised Offer Announcement Date, each of Chuan Hup Holdings Limited ("**Chuan Hup**") and Mr Peh Kwee Chim ("**Mr Peh**") (collectively, "**Undertaking Shareholders**") has given an irrevocable undertaking to the Offeror ("**Irrevocable Undertakings**"), *inter alia*:

- (a) to accept, or procure the acceptance of, the Offer in respect of:
 - (i) an aggregate of 222,223,692 CHO Shares owned by the Undertaking Shareholders, representing approximately 31.52% of the total number of issued CHO Shares, comprising the following:
 - (A) 173,941,026 CHO Shares owned by Chuan Hup, representing approximately 24.67% of the total number of issued CHO Shares; and
 - (B) 48,282,666 CHO Shares owned by Mr Peh, representing approximately 6.85% of the total number of issued CHO Shares;
 - (ii) any other CHO Shares which the Undertaking Shareholders may thereafter acquire or become the beneficial owner of; and
 - (iii) any CHO Shares deriving from the CHO Shares in sub-paragraphs (i) and (ii) above (whether by way of bonus issue, rights issue, dividend or distribution of CHO Shares or otherwise declared or issued by the Company),(collectively, the "**Relevant CHO Shares**"), not later than 5.00 p.m. (Singapore time) on 16 February 2015 or in relation to the Relevant CHO Shares falling within sub-paragraphs (ii) and (iii) above, not later than 5.00 p.m. (Singapore time) on the third (3rd) business day after the respective Undertaking Shareholder becomes the registered holder or beneficial owner of such CHO Shares; and
- (b) (in the case of Chuan Hup) to procure the resignations of Mr Peh, Mr Peh Siong Woon Terence and Mr John Cheak Boon Heng (collectively, "**Resigning Directors**"), and (in the case of Mr Peh) to resign and procure the resignations of the remaining Resigning Directors, as directors of the Company and from all committees of the Company, with immediate effect upon the close of the Offer, together with a waiver of any claims each such director may have against the Company, its subsidiaries or associated companies, arising in connection with each of their office as a director of the Company.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Save as disclosed in the Revised Offer Announcement, neither the Offeror nor its Concert Parties has received any irrevocable undertaking from any party to accept or reject the Offer as at the Revised Offer Announcement Date.

4.2 Lapse

The obligations of the Undertaking Shareholders under the Irrevocable Undertakings shall lapse on the date on which the Offer lapses or is withdrawn or fails to become or be declared unconditional for any reason other than a breach of the Undertaking Shareholders' obligations under the Irrevocable Undertakings.

4.3 Status of the Offer upon the acceptance by the Undertaking Shareholders

Upon the acceptance of the Revised Offer by the Undertaking Shareholders, the Offeror would have received valid acceptances in respect of such number of Offer Shares, which when taken together with the CHO Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties (either before or during the Offer and pursuant to the Offer or otherwise), will result in the Offeror and its Concert Parties holding such number of CHO Shares carrying more than 50.0% of the voting rights attributable to the issued CHO Shares and accordingly, the Offer will then become and be declared unconditional as to acceptances.

The Offeror had disclosed that based on information available to the Offeror, as at 5.00 p.m. (Singapore time) on the Revised Offer Announcement Date, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 215,069,057 CHO Shares, representing approximately 30.50% of the total number of issued CHO Shares. As such, the Offer has not become unconditional as to acceptances as at the Revised Offer Announcement Date.

As at 5.00 p.m. on the Latest Practicable Date, CIMB announced, for and on behalf of the Offeror, that the Offeror had received, pursuant to the Offer, valid acceptances in respect of 233,741,199 CHO Shares, representing approximately 33.15% of the total number of issued CHO Shares. This includes 222,223,692 CHO Shares tendered in acceptance of the Offer by Chuan Hup and Mr Peh pursuant to the Irrevocable Undertakings.

Thus, as at the Latest Practicable Date, the Offeror and the Concert Parties owned, controlled, or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 439,028,999 CHO Shares, representing approximately 62.27% of the total number of issued CHO Shares.

Accordingly, the Minimum Acceptance Condition of the Offer has been satisfied and the Offer has therefore become unconditional in all respects.

5. ASSESSMENT OF THE FINANCIAL TERMS OF THE REVISED OFFER

In evaluating and assessing the financial terms of the Revised Offer, we have taken into account the pertinent factors set out below which we consider to have a significant bearing on our assessment:

- (a) Market share price performance of the CHO Shares;
- (b) Latest published interim financial results of the Group for the 6 months ended 31 December 2014 ("**6M2015**");
- (c) Latest published interim financial position of the Group as at 31 December 2014;
- (d) Comparison with recently completed non-privatisation take-over offers of companies listed on the SGX-ST and SGX-Catalist;

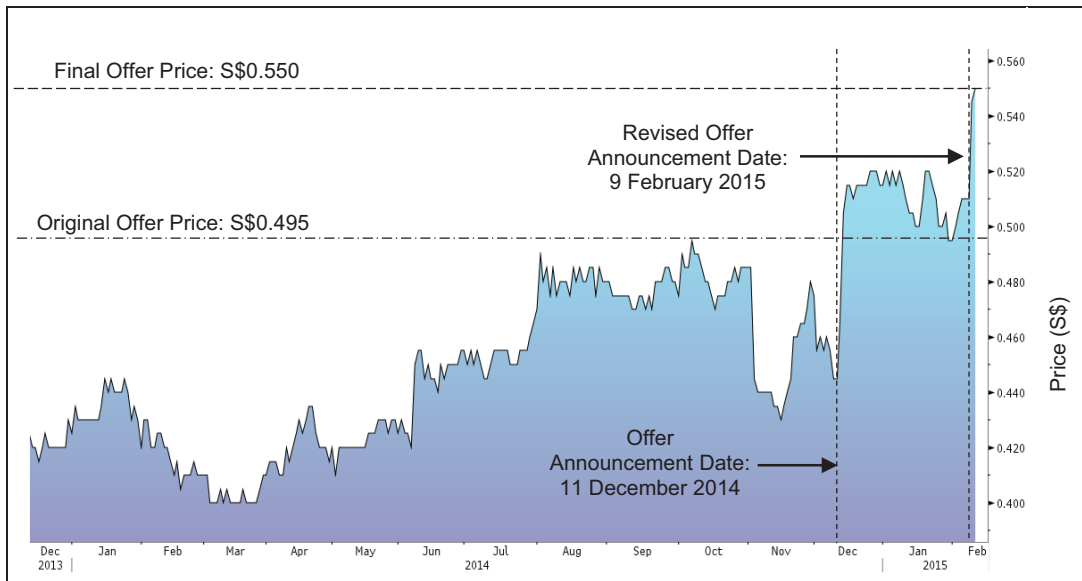
APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

- (e) Comparison of valuation ratios of selected companies listed on the SGX-ST and SGX-Catalist which are broadly comparable with the Group; and
- (f) Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment.

5.1 Market share price performance of the CHO Shares

We have evaluated the Final Offer Price against the Original Offer Price and the historical market price performance of the CHO Shares from 12 December 2013, being the 1-year period prior to the Offer Announcement Date and up to the Latest Practicable Date:

**Price movement of the CHO Shares from
12 December 2013 to the Latest Practicable Date**



Source: Bloomberg L.P.

Overview

As can be observed from the chart above, the Final Offer Price is a better offer in comparison with the Original Offer Price and represents a higher premium above the historical market share price of the CHO Shares for the period under review. In particular, we note that the CHO Shares had traded above the Original Offer Price following the Offer Announcement which would make acceptance of the Offer at the Original Offer Price an unattractive option for Shareholders who wish to exit from their investment in the CHO Shares. Following the Revised Offer and up to the Latest Practicable Date, we note that the CHO Shares have not traded above the Final Offer Price.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

For your reference, we have set out below a comparison of the Original Offer Price and the Final Offer Price against the relevant selected market statistics:

	CHO Share price (S\$)	Original Offer Price as a premium/(discount) above/(to) the CHO Share price (%)	Final Offer Price as a premium/(discount) above/(to) the CHO Share price (%)
VWAP for the one-year period prior to the Offer Announcement Date	0.459	7.9	19.8
VWAP for the 6-month period prior to the Offer Announcement Date	0.471	5.1	16.8
VWAP for the 3-month period prior to the Offer Announcement Date	0.470	5.4	17.0
VWAP for the 1-month period prior to the Offer Announcement Date	0.458	8.1	20.1
VWAP for the period after the Offer Announcement Date but prior to the Revised Offer Announcement Date	0.511	(3.1)	7.7
Last transacted price as at the Latest Practicable Date	0.550	n.m. ⁽¹⁾	nil

Source: Bloomberg L.P.

Note:

(1) Not a meaningful comparison.

We note the following:

- (a) The Final Offer Price represents higher premia above the market share prices of the CHO Shares compared to the Original Offer Price across all the relevant benchmark period for the 1-year, 6-month, 3-month and 1-month periods prior to the Offer Announcement Date;
- (b) During the period following the Offer Announcement but prior to the Revised Offer Announcement Date, the CHO Shares had traded above the Original Offer Price which makes the Original Offer an unattractive option for Shareholders who wish to exit from their investment in the CHO Shares. The Final Offer Price represents a premium of 7.7% above the VWAP of the CHO Shares during this period;
- (c) The Final Offer Price is approximately 11.1% higher than the Original Offer Price of S\$0.495; and
- (d) Since the Revised Offer Announcement Date and up to the Latest Practicable Date, the CHO Shares had traded up to the Final Offer Price but not higher than the Final Offer Price. As at the Latest Practicable Date, the CHO Shares were last transacted at S\$0.550 which is at the Final Offer Price.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

5.2 Latest published interim financial results of the Group for 6M2015

The Group had announced its latest interim financial results for 6M2015 on 16 January 2015. For the purpose of evaluating the Revised Offer, we have reviewed the operating results for 6M2015 and evaluated the historical PER implied by the Final Offer Price based on the trailing 12-months (“**T12M**”) earnings of the Group which takes into consideration the financial results of the Group for 6M2015.

For your reference, we set out below a summary of the audited profit and loss statements of the Group for the financial year ended 30 June 2014 (“**FY2014**”) and the unaudited interim financial results for the six-month period ended 31 December 2013 (“**6M2014**”) and 31 December 2014 (“**6M2015**”):

US\$'000	Audited FY2014	← 6M2014	Unaudited 6M2015 →
Revenue	35,137	17,067	17,860
Gross profit	23,315	11,870	11,423
Share of results of associated companies	5,370	3,970	1,758
Profit after tax	25,081	14,099	11,008

Source: The Company's annual report for FY2014 and the Company's announcement of its unaudited financial results for 6M2015

Review of Operating Results

6M2015 vs. 6M2014

Revenue for the Group increased by US\$0.79 million (4.6%) from US\$17.07 million in 6M2014 to US\$17.86 million in 6M2015 primarily due to higher fleet utilisation.

Gross profit, however, decreased by US\$0.45 million (3.8%) from US\$11.87 million in 6M2014 to US\$11.42 million in 6M2015 due mainly to the absence of a reversal of provisions for demobilisation of two vessels which occurred in 6M2014, resulting in higher gross profit achieved in 6M2014 as compared to 6M2015, as well as higher advisory and legal fees incurred in relation to the Offer.

Share of results of associated companies for 6M2015 decreased significantly by US\$2.21 million (55.7%) from US\$3.97 million in 6M2014 to US\$1.76 million in 6M2015 due mainly to lower fleet utilisation by its Indonesian and Malaysian associated companies.

As a result, profit after tax declined by US\$3.09 million (21.9%) from US\$14.10 million in 6M2014 to US\$11.01 million in 6M2015.

Historical Price-earnings Ratio (“PER”) implied by the Final Offer Price

We have evaluated the implied PER of the Group as ascribed by the Final Offer Price based on the Group's T12M earnings which takes into consideration the Group's unaudited profit after tax for 6M2015. The Group's T12M earnings ended 31 December 2014 is approximately US\$21.99 million (S\$29.77 million).

Based on the Final Offer Price of S\$0.550 and 705,090,514 issued CHO Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is approximately S\$387.80 million.

The Offer Price thus values the Group on a PER of approximately **13.03 times** based on the Group's T12M earnings.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

5.3 Latest published interim financial position of the Group as at 31 December 2014

A summary of the unaudited financial position of the Group as at 31 December 2014 is set out below:

US\$'000	Unaudited as at 31 December 2014
<u>Current assets</u>	
Cash and cash equivalents	69,470
Trade receivables	7,206
Other receivables and prepayments	577
<u>Non-current assets</u>	
Associated companies	35,064
Club membership	3
Fixed assets	135,607
Total assets	247,927
<u>Current liabilities</u>	
Trade payables	9,937
Other payables	3,000
Other payables – deferred gain	403
<u>Non-current liabilities</u>	
Other payables – deferred gain	6,049
Total liabilities	19,389
Total Equity / net asset value (“NAV”) / net tangible asset (“NTA”)	228,538
NAV / NTA per Share (US\$)	0.324

Source: The Company's announcement of its unaudited financial results of the Group for 6M2015

The profile of the Group's financial position as at 31 December 2014 is similar to the Group's financial position as at 30 September 2014 except for the overall decrease in the NTA and NTA per CHO Share of the Group due mainly to the payment of dividend in November 2014. NTA per CHO Share was US\$0.324 as at 31 December 2014 compared to US\$0.348 as at 30 September 2014.

Revaluation surplus of the Group's vessels as at 31 December 2014

With the published interim financial position of the Group as at 31 December 2014, we have re-assessed the revaluation surplus of the Group's vessels based on the net book value of these vessels as at 31 December 2014 as set out below:

	Aggregate net book value as at 31 December 2014 (US\$'million)	Aggregate market valuation as at 15 December 2014 (US\$'million)	Revaluation surplus / (deficit) attributable to the Group (US\$'million)
9 wholly-owned vessels	129.94	192.50 ⁽¹⁾	62.56
6 co-owned vessels	67.09	67.00 ⁽²⁾	(0.04) ⁽³⁾
Total			62.52

Notes:

- (1) Of the 9 wholly-owned vessels valued by the Valuer, one of the vessels was ascribed a valuation range of between US\$7.0 million and US\$8.0 million. We have used the average valuation of US\$7.5 million for this vessel for the purpose of the computation of revaluation surplus;

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

- (2) Of the 6 co-owned vessels valued by the Valuer, 3 of the vessels were each ascribed a valuation range of between US\$7.0 million and US\$8.0 million. We have used the average valuation of US\$7.5 million for each of these 3 vessels for the purpose of the computation of revaluation surplus / (deficit); and
- (3) The revaluation surplus / (deficit) for the 6 co-owned vessels is based on the 49.0% proportionate share of such revaluation surplus / (deficit) attributable to the Group.

The above total revaluation surplus on the vessels of US\$62.52 million (or S\$84.63 million) represents approximately S\$0.120 per CHO Share as compared to US\$60.94 million (S\$80.01 million) or S\$0.114 per CHO Share in our previous analysis. The higher revaluation surplus in US\$ is due to the lower net book value of the vessels as at 31 December 2014 compared to 30 September 2014 due mainly to depreciation charges on the vessels. The higher revaluation surplus in S\$ equivalent is also attributable to the stronger US\$ against S\$ as at the Revised Offer Announcement Date compared to the US\$/S\$ foreign exchange rate as at the Offer Announcement Date.

In assessing the revaluation surplus arising from the fair value of the vessels, we have also considered whether there is any potential tax liability on the revaluation surplus which may affect the NTA per CHO Share for the purpose of evaluating against the Final Offer Price. In this respect, the Company has confirmed that the vessels are the core assets of the Group and are held for the purpose of Group's principal business as owners and operators of the vessels and are not intended to be sold in the near future (save for a bareboat charter agreement dated 16 February 2011 with a charterer which has an option for the charterer to purchase the vessel at an agreed price at the end of the charter period in February 2018). After taking the above into consideration, the potential tax liability which may arise from the revaluation surplus is considered to be insignificant to affect the assessment of the RNTA per CHO Share for the purpose of evaluating against the Final Offer Price.

RNTA of the Group as at 31 December 2014

Accordingly, the RNTA of the Group as at 31 December 2014 is assessed as follows:

	US\$'million	S\$'million
Unaudited NTA as at 31 December 2014	228.54	309.37
Add: Revaluation surplus	62.52	84.63
RNTA	291.06	394.00
NTA per CHO Share	US\$0.324	S\$0.439
RNTA per CHO Share	US\$0.413	S\$0.559

Litigation

As disclosed in our IFA Letter in respect of the Offer, with regard to the claim on the Group's outstanding trade receivable which is the subject of litigation, if the Company is successful in recovering its full claim, the Group will be able to recognise a significant reversal for the allowance on the doubtful trade receivable of US\$43.95 million, representing approximately US\$0.062 per CHO Share. Taking into account the prevailing US\$/S\$ foreign exchange rate as at the Revised Offer Announcement Date, the above reversal for the allowance on the doubtful trade receivable could amount to S\$59.50 million, representing approximately S\$0.084 per CHO Share.

The trial for the court case has been fixed on 20 April 2015. As such, the outcome is not known as at the Latest Practicable Date.

In the best case scenario where the Company is successful in recovering the trade receivable in full, before taking into account any related costs, the Best Case NTA or BNTA of the Group

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

as at 31 December 2014 could potentially increase to up to US\$0.475 or S\$0.643 per CHO Share.

Price-to-NTA (“P/NTA”), Price-to-RNTA (“P/RNTA”) and Price-to-BNTA (“P/BNTA”) ratios of the Group implied by the Final Offer Price

We have evaluated the implied P/NTA ratio of the Group as ascribed by the Final Offer Price based on the Group's: (i) latest unaudited NTA as at 31 December 2014; (ii) RNTA as at 31 December 2014; and (iii) the BNTA as at 31 December 2014.

Based on the Group's unaudited NTA as at 31 December 2014 of US\$228.54 million (S\$309.37 million), the Final Offer Price values the Group on a P/NTA ratio of approximately **1.25 times**, that is, the Final Offer Price is at a premium of 25.4% above the NTA per CHO Share.

Based on the Group's RNTA as at 31 December 2014 of US\$291.06 million (S\$394.00 million), the Final Offer Price values the Group on a P/RNTA ratio of approximately **0.98 times**, that is, the Final Offer Price is at a slight discount of 1.6% to the RNTA per CHO Share.

Based on the Group's BNTA as at 31 December 2014 of US\$335.01 million (S\$453.50 million), the Final Offer Price values the Group on a P/BNTA ratio of approximately **0.86 times**, that is, the Final Offer Price is at a discount of 14.5% to the BNTA per CHO Share.

In our evaluation of the financial terms of the Revised Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 December 2014, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NTA as at 31 December 2014.

In respect of the above, we have sought the following confirmation from the Board of Directors and the Management, and they have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief:

- (a) save as disclosed above, there are no material differences between the realisable values of the Group's assets and their respective book values as at 31 December 2014 which would have a material impact on the NTA of the Group;
- (b) other than that already provided for or disclosed in the Group's financial statements as at 31 December 2014 and the related notes thereto, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NTA of the Group as at the Latest Practicable Date;
- (c) save as disclosed above, there is 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 proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole;
- (d) save as disclosed in the unaudited statement of financial position of the Group as at 31 December 2014, 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
- (e) there are no material acquisitions or disposals of assets by the Group between 31 December 2014 and the Latest Practicable Date, and the Group does not have any plans for any such impending material acquisition or disposal of assets and conversion of the use of its material assets that will lead to a material change in the nature of the Group's business.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities (including without limitation, real properties) of the Group. We note that the Group does not own any real properties as the Group operates from rented premises. We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the Valuation Certificates for the vessels appraisals and have not made any independent verification of the contents thereof.

The stated values of the vessels of the Group are based on the valuations performed by the Valuer. We do not assume any responsibility to inquire about the basis of such valuations or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements including Rule 26 of the Code.

5.4 Comparison with recently completed non-privatisation take-over offers of companies listed on the SGX-ST and SGX-Catalist

In view of the Revised Offer, we have reassessed the Final Offer Price-to-market price premium and the Final Offer Price-to-NTA ratios against the Precedent Non-privatisation Take-overs statistics. The list of completed Precedent Non-privatisation Take-overs as set out in our IFA Letter remains unchanged as at the Latest Practicable Date.

For your reference, we have set out below the summary of the Precedent Non-privatisation Take-overs statistics and compared it against the Original Offer Price and the Final Offer Price.

Premium / (Discount) of Offer Price over / (to):					
	Date of announcement	Last transacted price prior to announcement (%)	VWAP for 1-month period prior to announcement (%)	VWAP for 3-month period prior to announcement (%)	P/NAV ratio (times)
<u>Summary of the Precedent Non-privatisation Take-overs statistics</u>					
Maximum		29.4	39.2	41.2	5.2
Minimum		(34.2)	(34.2)	(19.5)	0.5
Mean		10.8	15.8	16.7	1.1
Median		11.1	16.6	14.3	0.8
The Company (implied by the Original Offer Price)	11 Dec 14 ⁽¹⁾	6.5	8.1	5.4	1.08 (P/NTA)
					0.87 (P/RNTA)
					0.76 (P/BNTA)
The Company (implied by the Final Offer Price)	9 Feb 2015 ⁽²⁾	18.3	20.1	17.0	1.25 (P/NTA)
					0.98 (P/RNTA)
					0.86 (P/BNTA)

Source: IFA Letter on the summary statistics in relation to the Precedent Non-privatisation Take-overs

Notes:

- (1) In evaluating the Original Offer Price, the reference to the announcement date is 11 December 2014 and the NTA, RNTA and BNTA are based on the financial position of the Group as at 30 September 2014; and
- (2) In evaluating the Final Offer Price, even though the Revised Offer was announced on 9 February 2015, the appropriate reference date to evaluate the offer price-to-market share price premium is 11 December 2014, being the date when the Offer was first announced, while the NTA, RNTA and BNTA are based on the latest available financial position of the Group as at 31 December 2014.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Based on the above, we note that:

- (a) The premia implied by the Final Offer Price over the last transacted price, VWAP for 1-month period and 3-month period prior to the Offer Announcement Date are within the range and higher than the mean and median of the corresponding premia of the Precedent Non-privatisation Take-overs;
- (b) The P/NTA ratio of 1.25 times as implied by the Final Offer Price is within range of the corresponding P/NAV ratios of the Precedent Non-privatisation Take-overs and higher than the mean and median of the corresponding P/NAV ratios of the Precedent Non-privatisation Take-overs;
- (c) The P/RNTA ratio of 0.98 times as implied by the Final Offer Price is within range of the corresponding P/NAV ratios of the Precedent Non-privatisation Take-overs, close to the mean and higher than the median of the corresponding P/NAV ratios of the Precedent Non-privatisation Take-overs; and
- (d) The P/BNTA ratio of 0.86 times as implied by the Final Offer Price is within range, higher than the median, but below the mean of the corresponding P/NAV ratios of the Precedent Non-privatisation Take-overs. It should be noted that BNTA is on the assumption that the Company is successful in recovering the trade receivable in full pursuant to the court proceeding. The trial for the court case has been fixed on 20 April 2015 and as such, the outcome is not known as at the Latest Practicable Date.

Shareholders should note that the above comparison with the Precedent Non-privatisation Take-overs is purely for illustrative purposes only.

5.5 Comparison of valuation ratios of selected companies listed on the SGX-ST and SGX-Catalist which are broadly comparable with the Group

The list of Comparable Companies set out in our IFA Letter remains unchanged as at the Latest Practicable Date, except that we have excluded EMAS Offshore as a Comparable Company for the purpose of this Supplemental IFA Letter, as EMAS Offshore's latest published financial results for its first quarter ended 30 November 2014 were affected by a very substantial acquisition which were accounted for as reverse acquisition accounting.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

We have re-assessed the Final Offer price against the updated statistics of the Comparable Companies below:

Company name	Last financial year end	Market capitalisation as at Revised Offer Announcement Date (S\$'million)	Historical PER ⁽¹⁾ (times)	Historical P/NTA ratio ⁽²⁾ (times)
POSH	31 Dec 13	964.6	10.57	0.77
Pacific Radiance	31 Dec 13	558.8	5.18	0.98
Vallianz	31 Dec 13	220.7	9.19	0.97
Atlantic Navigation	31 Dec 13	86.0	4.97	0.80
Marco Polo Marine	30 Sep 14	94.5	6.88	0.43

High	10.57	0.98
Low	4.97	0.43
Mean	7.36	0.79
Median	6.88	0.80

The Company (implied by the Final Offer Price)	30 Jun 14	387.8	13.03	1.25 (P/NTA)
				0.98 (P/RNTA)
				0.86 (P/BNTA)

Source: Bloomberg L.P., annual reports and latest publicly available financial information on the Comparable Companies

Notes:

- (1) The historical PERs of the selected Comparable Companies are computed based on their respective latest published full year earnings or T12M earnings, where applicable, as at the Revised Offer Announcement Date; and
- (2) The P/NTA ratios of the Comparable Companies are computed based on their respective NTA values as set out in their latest published financial statements as at the Revised Offer Announcement Date.

Based on the above, we note that:

- (a) The T12M PER of the Group of 13.03 times as implied by the Final Offer Price is above the higher end of the range of corresponding PERs of the Comparable Companies and hence higher than the mean and median PERs of the Comparable Companies;
- (b) The P/NTA ratio of the Group of 1.25 times as implied by the Final Offer Price is above the upper end of the range of the historical P/NTA ratios of the Comparable Companies and hence higher than the mean and median of the historical P/NTA ratios of the Comparable Companies;
- (c) The P/RNTA ratio of the Group of 0.98 times as implied by the Final Offer Price is at the upper end of the range of the historical P/NTA ratios of the Comparable Companies and hence higher than the mean and median of the historical P/NTA ratios of the Comparable Companies; and
- (d) The P/BNTA ratio of the Group of 0.86 times as implied by the Final Offer Price is within the range of the historical P/NTA ratios of the Comparable Companies and higher than the mean and median P/NTA ratios of the Comparable Companies. It should be noted

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

that BNTA is on the assumption that the Company is successful in recovering the trade receivable in full pursuant to the court proceeding. The trial for the court case has been fixed on 20 April 2015 and as such, the outcome is not known as at the Latest Practicable Date.

5.6 Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment

5.6.1 Final Closing Price and Final Closing Date

Pursuant to the Revised Offer Announcement, we note that the Offeror has given notice of the Final Closing Price and that it will not be revised, save that the Offeror reserves the right to do so in a competitive situation.

The Offeror has also given the Shut-Off Notice for the Revised Offer to close on the Final Closing Date at 5.30 p.m. (Singapore time) on 27 February 2015 and there will be no further Extension, notwithstanding that the Offer may have become or been declared unconditional as to acceptances by then, except that such notice shall not be capable of being enforced in a competitive situation.

We note that as at the Latest Practicable Date, the Offer has become unconditional in all respects and there will NOT be any further extension of the Final Closing Date. Acceptances of the Offer received after 5.30 p.m. (Singapore time) on the Final Closing Date will be rejected.

5.6.2 Likelihood of competing offers is remote

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

As the Offer has become unconditional in all respects, the likelihood of a competing offer is remote.

5.6.3 Intention of the Offeror regarding listing status and trading suspension

Under Rule 723 of the Listing Manual, the Company must ensure that at least 10.0% of the total issued CHO Shares is at all times held by the public Shareholders ("**Free Float Requirement**"). Pursuant to Rule 724(1) of the Listing Manual, if the percentage of the CHO Shares held in public hands falls below 10.0%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the CHO Shares on the SGX-ST. Pursuant to Rule 724(2) of the Listing Manual, the SGX-ST may allow the Company a period of three months, or such longer period as the SGX-ST may agree, to raise the percentage of the CHO Shares held in public hands to at least 10.0%, failing which the Company may be delisted from the SGX-ST.

In addition, Under Rule 1105 of the Listing Manual, in the event the Offeror and parties acting in concert with the Offeror should, as a result of the Offer or otherwise, own or control more than 90.0% of the CHO Shares (excluding any CHO Shares held in treasury), the SGX-ST may suspend the trading of the CHO Shares on the SGX-ST until such time when the SGX-ST is satisfied that at least 10.0% of the CHO Shares (excluding any CHO Shares held in treasury) are held by at least 500 shareholders of the Company who are members of the public.

As disclosed in Section 9 of the Offer Document and paragraph 6 of our IFA Letter, it is the present intention of the Offeror to maintain the listing status of the Company on the SGX-ST following the completion of the Offer. However, in the event the percentage of CHO Shares held in public hands falls below 10.0% and the SGX-ST suspends trading of the CHO Shares, the Offeror reserves the right to re-evaluate its position, taking into account, *inter alia*, the level of acceptances received by the Offeror, the views of CIMB (as lender) pursuant to the Offeror's facility agreement with CIMB and the prevailing market conditions at the relevant time.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

In the event that the free float of the Company falls below the Free Float Requirement and the Offeror does not take steps to increase the free float, the CHO Shares may eventually be delisted from the SGX-ST.

5.6.4 Compulsory Acquisition

Pursuant to Section 215(1) of the Companies Act, Chapter 50 of Singapore (“**Companies Act**”), if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires CHO Shares during the period when the Offer is open for acceptances) in respect of not less than 90.0% of the total number of issued CHO Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any CHO Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the CHO Shares from Shareholders who have not accepted the Offer (“**Dissenting Shareholders**”), at a price equal to the Final Offer Price.

In the event the Offeror is entitled to exercise its right of compulsory acquisition under Section 215(1) of the Companies Act as described above, the Offeror reserves the right to re-evaluate its position, including exercising its right of compulsory acquisition under Section 215(1) of the Companies Act, taking into account, *inter alia*, the level of acceptances received by the Offeror, the views of CIMB (as lender) pursuant to the Offeror’s facility agreement with CIMB and the prevailing market conditions at the relevant time.

Pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of CHO Shares which, together with the Shares held by it, its related corporations and their respective nominees, comprise 90.0% or more of the total number of issued CHO Shares, Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their CHO Shares at the Final Offer Price. Dissenting Shareholders who wish to exercise such a right are advised to seek their own independent professional advice.

5.6.5 Changes to the Board of Directors

The present Board of Directors of the Company comprises all non-executive directors, of which two directors are representatives of the Offeror, two directors are representatives of Chuan Hup and the remaining two are independent directors.

Pursuant to the Irrevocable Undertakings, Chuan Hup and Mr Peh are to procure the resignations of Mr Peh, Mr John Cheak Boon Heng and Mr Peh Siong Woon Terence (being an alternate Director to Mr Peh) as directors of the Company and from all committees of the Company, with immediate effect upon the close of the Offer.

Following from the above and with the imminent change in the statutory control of the Company to the Offeror and its Concert Parties, the composition of the Board of Directors is expected to change.

5.6.6 Dividend track record of the Company

As set out in our IFA Letter, the Company had regularly declared annual dividends in the last three financial years ranging from S\$0.0150 to S\$0.0475, representing dividend yields of between 3.2% and 12.1% per annum. The Company also has a dividend policy as disclosed in the Corporate Governance Report in the Company’s Annual Report for FY2014, which we have reproduced below for your reference:

“The Company’s policy on the payment of dividends (excluding special dividends) is to endeavour – barring unforeseen circumstances – to pay up to fifty percent (50%) of net profit after tax. In considering the level of dividend payments, the Board takes into account various factors including the level of available cash, the return on equity and retained earnings and projected level of capital expenditure and other investment plans.”

With the imminent change in the statutory control of the Company and the composition of the Board of Directors of the Company, the current Company’s policy on the payment of dividends

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

may be subject to change. There is therefore no assurance that the Company will continue to pay dividends in future and/or maintain the level of dividends paid in the past periods.

5.6.7 Unaudited 6M2015 results announcement

As disclosed in the announcement dated 16 January 2015 in relation to the Group's 6M2015 financial results, the Company had made the following commentary:

"The current OSV market continues to be challenging and highly competitive due to the sharp decline in global oil price in recent months. In light of this, we expect the charter rates to remain weak. Taking into consideration those vessels which are due for their mandatory major overhaul and barring unforeseen circumstances, we would expect the Group's remaining fleet utilisation to be stable.

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."

5.6.8 Directors' intentions with regard to their CHO Shares

As disclosed in Section 6.9 of Appendix 2 to the Supplemental Letter, as at the date of the Supplemental Letter, the following Directors, namely: Mr Peh, Mr John Cheak Boon Heng and Mr Peh Siong Woon Terence (as the alternate director to Mr Peh), who in aggregate hold 52,440,666 CHO Shares representing 7.44% of the total number of issued CHO Shares, have accepted the Revised Offer in respect of all their direct shareholdings in the CHO Shares. Mdm Joanna Young Sau Kwan, who holds 4,500 CHO Shares, has expressed her intention to accept the Revised Offer in respect of all her direct shareholdings in the CHO Shares.

5.6.9 Transaction costs in connection with the disposal of CHO Shares

As the Offer has become unconditional in all respects, Shareholders who accept the Offer will receive the entire proceeds in cash within 10 days after receipt by the Offeror of their respective valid acceptances. The Offer presents an opportunity for Shareholders to dispose of their CHO Shares for cash without any transaction costs as opposed to the sale of the CHO Shares in the open market which will incur expenses such as brokerage commission and transaction costs.

6. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTORS ON THE REVISED OFFER

In arriving at our recommendation in respect of the Revised Offer, we have taken into account, reviewed and deliberated on the following key considerations which we consider to be pertinent in our assessment of the Revised Offer:

- (a) Market share price performance of the CHO Shares;
- (b) Latest published interim financial results of the Group for the 6 months ended 31 December 2014;
- (c) Latest published interim financial position of the Group as at 31 December 2014;
- (d) Comparison with recently completed non-privatisation take-over offers of companies listed on the SGX-ST and SGX-Catalist;
- (e) Comparison of valuation ratios of selected companies listed on the SGX-ST and SGX-Catalist which are broadly comparable with the Group; and
- (f) Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment.

APPENDIX 1: LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, we are of the view that the financial terms of the Revised Offer are fair and reasonable. Accordingly, we advise the Independent Directors to recommend Shareholders to ACCEPT the Revised Offer or to sell their CHO Shares in the open market if they can obtain a price higher than the Final Offer Price (after deducting transaction costs).

In rendering the above advice, we have not given regard to any general or specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints or other particular circumstances of any individual Shareholder. As each individual 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 stockbroker, bank manager, accountant, legal, financial, tax or other professional adviser immediately. The Independent Directors should advise Shareholders that the opinion and advice of Provenance Capital should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Revised Offer, as the case may be.

Our recommendation is addressed to the Independent Directors for their benefit, in connection with and for the purposes of their consideration of the Revised Offer, as the case may be, and may not be used or relied on for any other purposes (other than for the purpose of the Revised Offer) without the prior written consent of Provenance Capital. The recommendation to be made by the Independent Directors to Shareholders in respect of the Revised Offer, as the case may be, shall remain the sole responsibility of the Independent 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
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

Terence Lim
Director

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out in paragraph 1 of Appendix 2 to the Offeree Circular.

2. HISTORY

The history of the Company is set out in paragraph 2 of Appendix 2 to the Offeree Circular.

3. PRINCIPAL ACTIVITIES

The principal activities of the Company are set out in paragraph 3 of Appendix 2 to the Offeree Circular.

4. SHARE CAPITAL

4.1 Issued Capital

As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$95,251,165.43 comprising 705,090,514 Shares. The Company does not hold any treasury shares as at the Latest Practicable Date.

There is no restriction in the Memorandum or Articles 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.

No new Shares have been issued since the end of FY2014 up to the Latest Practicable Date.

4.2 Rights in Respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Articles. For ease of reference, selected texts of the Articles relating to the rights of Shareholders in respect of capital, dividends and voting have been reproduced and set out in Appendix 6 to the Offeree Circular.

5. 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.

6. DISCLOSURE OF INTERESTS

6.1 Interests of the Company in Offeror and FEG Securities

The disclosures set out in paragraph 6.1 of Appendix 2 to the Offeree Circular are repeated as at and with reference to the Latest Practicable Date.

6.2 Dealings in Offeror and FEG Securities by the Company

The disclosures set out in paragraph 6.2 of Appendix 2 to the Offeree Circular are repeated as at and with reference to the Latest Practicable Date.

6.3 Interests of Directors in Offeror and FEG Securities

Save as disclosed below, the disclosures set out in paragraph 6.3 of Appendix 2 of the Offeree Circular are repeated as at and with reference to the Latest Practicable Date:

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION

(a) FEG Shares

Name	Interest in FEG Shares			
	Direct		Deemed	
	No. of FEG Shares	%	No. of FEG Shares	%
Tan Pong Tyea ⁽¹⁾	417,960,700	51.47	88,393,051	10.89
Gan Wah Kwang @ Guan Wah Kwang ⁽²⁾	–	–	2,700,000	0.33

Notes:

- (1) Tan Pong Tyea, by virtue of Section 7 of the Act, is deemed to be interested in the 88,393,051 FEG Shares held by Ruben Capital Venture Limited, Real Trek Pacific Limited and Camelot Capital Consultants Ltd.
- (2) Gan Wah Kwang @ Guan Wah Kwang, by virtue of Section 164 of the Act, is deemed to be interested in the 2,700,000 FEG Shares held by Loo Wei Bin. Loo Wei Bin is the spouse of Gan Wah Kwang @ Guan Wah Kwang.

6.4 Dealings in Offeror and FEG Securities by Directors

Save as disclosed below, none of the Directors has dealt in the Offeror and FEG Securities during the period commencing six months prior to 11 December 2014, being the Offer Announcement Date, and ending on the Latest Practicable Date.

Name	Date	No. of FEG Shares	Transaction Price Per FEG Share (S\$)	Nature of Transaction
Loo Wei Bin	10 February 2015	200,000	0.2700	Acquisition of FEG Shares through open market purchase
Loo Wei Bin	18 September 2014	400,000	0.3375	Acquisition of FEG Shares through open market purchase
Loo Wei Bin	11 September 2014	200,000	0.3650	Acquisition of FEG Shares through open market purchase
Loo Wei Bin	9 September 2014	150,000	0.3700	Acquisition of FEG Shares through open market purchase
Loo Wei Bin	15 August 2014	350,000	0.4050	Sale of FEG Shares through open market sale
Loo Wei Bin	23 July 2014	200,000	0.4250	Sale of FEG Shares through open market sale
Loo Wei Bin	27 June 2014	300,000	0.3850	Sale of FEG Shares through open market sale

Note:

Gan Wah Kwang @ Guan Wah Kwang, by virtue of Section 164 of the Act, is deemed to be interested in the 2,700,000 FEG Shares held by Loo Wei Bin. Loo Wei Bin is the spouse of Gan Wah Kwang @ Guan Wah Kwang.

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION

6.5 Interests of Directors in Company Securities

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

Name	Interest in Shares			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Pong Tyea ¹	–	–	205,117,800	29.09
Peh Kwee Chim ²	48,282,666	6.85	173,941,026	24.67
John Cheak Boon Heng	3,158,000	0.45	–	–
Joanna Young Sau Kwan	4,500	0.00	–	–
Peh Siong Woon Terence (alternate director to Peh Kwee Chim) ²	1,000,000	0.14	173,941,026	24.67

Notes:

- 1 Tan Pong Tyea, by virtue of Section 7 of the Act, is deemed to be interested in the 205,117,800 Shares held by the Offeror.
- 2 Peh Kwee Chim and Peh Siong Woon Terence, by virtue of Section 7 of the Act, are deemed to be interested in the 173,941,026 Shares held by Chuan Hup.

6.6 Dealings in Company Securities by Directors

The disclosures set out in paragraph 6.6 of Appendix 2 to the Offeree Circular are repeated as at and with reference to the Latest Practicable Date.

6.7 Interests of the IFA in Company Securities

The disclosures set out in paragraph 6.7 of Appendix 2 to the Offeree Circular are repeated as at and with reference to the Latest Practicable Date.

6.8 Dealings in Company Securities by the IFA

The disclosures set out in paragraph 6.8 of Appendix 2 to the Offeree Circular are repeated as at and with reference to the Latest Practicable Date.

6.9 Accepting or Rejecting the Offer

As at the date of this Supplemental Letter, each of the following Directors, being Peh Kwee Chim, John Cheak Boon Heng and Peh Siong Woon Terence, has accepted the Revised Offer, in respect of each of their beneficial shareholdings as set out in paragraph 6.5 above.

Joanna Young Sau Kwan, a Director who directly holds Shares, intends to accept the Revised Offer, in respect of her beneficial shareholding as set out in paragraph 6.5 above.

7. OTHER DISCLOSURES

The disclosures set out in paragraphs 7.1 to 7.4 of Appendix 2 to the Offeree Circular are repeated as at and with reference to the Latest Practicable Date.

8. FINANCIAL INFORMATION FOR THE GROUP

The Company has announced on 16 January 2015 the unaudited consolidated financial statements for the first half ended 31 December 2014 ("1H14/15").

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION

Set out below is certain financial information extracted from the Company's Annual Reports for FY2012, FY2013 and FY2014 respectively and from the unaudited consolidated financial statements for 1H14/15. The unaudited consolidated financial statements for the Group for 1H14/15 are set out in Appendix 3 to this Supplemental Letter.

	Audited FY2012	Audited FY2013	Audited FY2014	Unaudited 1H14/15
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	51,514	47,819	35,137	17,860
Exceptional items	–	–	–	–
Profit/ (loss) before tax	33,454	(7,080)	25,051	11,008
Profit/ (loss) after tax	33,433	(7,108)	25,081	11,008
Minority Interest	–	–	–	–
Profit after tax and minority interest (attributable to equity holders of the Company)	33,433	(7,108)	25,081	11,008
Net earnings per Share (US cents)	4.74	(1.01)	3.56	1.56

The above financial information extracted from the Company's Annual Reports for FY2012, FY2013 and FY2014 respectively and the unaudited consolidated financial statements for 1H14/15 should be read together with the Annual Report for the relevant years, the unaudited consolidated financial statements for 1H14/15 and the related notes thereto, copies of which are available for inspection at the Company's registered office at 388 Jalan Ahmad Ibrahim, Singapore 629157.

Statements of the assets and liabilities of the Group as at FY2014 and for the first half ended 31 December 2014, respectively, are set out in the audited consolidated financial statements of the Group for FY2014 and the unaudited consolidated financial statements of the Group for 1H14/15, which are reproduced in Appendix 4 to the Offeree Circular and Appendix 3 to this Supplemental Letter, respectively.

9. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in any information on the Group which is publicly available (including without limitation, the announcements released by the Group on the SGX-ST), as at the Latest Practicable Date, there have been no material changes to the financial position of the Company since 30 June 2014, being the date of the last audited accounts of the Company laid before the Shareholders at the annual general meeting held on 17 October 2014.

10. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Group which are disclosed in Note 2 of the audited consolidated financial statements for the Group for FY2014 are reproduced in Appendix 4 to the Offeree Circular.

11. CHANGES IN ACCOUNTING POLICIES

As at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures disclosed in the Offeree Circular not to be comparable to a material extent.

12. MATERIAL CONTRACTS

The disclosures set out in paragraph 12 of Appendix 2 to the Offeree Circular are repeated as at and with reference to the Latest Practicable Date.

APPENDIX 2 – ADDITIONAL GENERAL INFORMATION

13. MATERIAL LITIGATION

The disclosures set out in paragraph 13 of Appendix 2 to the Offeree Circular are repeated as at and with reference to the Latest Practicable Date.

14. GENERAL

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

- 14.2** (a) Provenance Capital has given and has not withdrawn its written consent to the issue of this Supplemental Letter, with the inclusion of its name, the letter on the examination of the unaudited financial statements for the Group for 1H14/15 dated 16 January 2015, the Supplemental IFA Letter and all references to Provenance Capital in the form and context in which they appear in this Supplemental Letter; and
- (b) Deloitte & Touche LLP, the independent auditors of the Company have given and have not withdrawn their consent to the inclusion of their review report on the unaudited consolidated financial statements for 1H14/15 for the purpose of the issue of this Supplemental Letter and all references to their name in the form and context in which it appears in Appendix 3 of this Supplemental Letter.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 388 Jalan Ahmad Ibrahim, Singapore 629157, during normal business hours (Monday to Friday, from 8.30 a.m. to 5.30 p.m.) for the period which the Offer remains open for acceptance:

- (a) the documents referred to in Section 15 of Appendix 2 to the Offeree Circular;
- (b) the unaudited consolidated financial statements for the Group for 1H14/15;
- (c) the Supplemental IFA Letter; and
- (d) the letters of consent referred to in paragraph 14.2 above.

APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014

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 ("1H1415") ended 31 December 2014

	Group			Group		
	2nd Qtr	2nd Qtr	Change	1st Half	1st Half	Change
	31/12/2014	31/12/2013		31/12/2014	31/12/2013	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	8,793	9,179	(4.2)	17,860	17,067	4.6
Cost of sales	(1,253)	(1,696)	(26.1)	(2,724)	(1,475)	84.7
Gross profit before direct depreciation	7,540	7,483	0.8	15,136	15,592	(2.9)
Direct depreciation	(1,879)	(1,830)	2.7	(3,713)	(3,722)	(0.2)
Gross profit after direct depreciation	5,661	5,653	0.1	11,423	11,870	(3.8)
Other income	-	11	nm	15	44	nm
Other expenses - indirect depreciation	(6)	(15)	(60.0)	(13)	(25)	(48.0)
Administrative expenses	(1,248)	(977)	27.7	(2,175)	(1,768)	23.0
Profit before income tax and results of associated companies	4,407	4,672	(5.7)	9,250	10,121	(8.6)
Share of results of associated companies	1,037	1,992	(47.9)	1,758	3,970	(55.7)
Profit before income tax	5,444	6,664	(18.3)	11,008	14,091	(21.9)
Income tax	-	59	(100.0)	-	8	(100.0)
Profit after income tax	5,444	6,723	(19.0)	11,008	14,099	(21.9)
Other comprehensive (expense) income:	-	-		-	-	
Total comprehensive income for the period	5,444	6,723	(19.0)	11,008	14,099	(21.9)

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

	Group			Group		
	2nd Qtr	2nd Qtr	Change	1st Half	1st Half	Change
	31/12/2014	31/12/2013		31/12/2014	31/12/2013	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Foreign exchange (loss) gain	(54)	(3)	1700.0	(105)	29	(462.1)
Interest income	174	86	102.3	352	202	74.3
Miscellaneous income	-	14	(100.0)	15	15	0.0

APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014

- 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 2014

	Group		Company	
	31/12/2014	30/6/2014	31/12/2014	30/6/2014
	US\$'000	US\$'000	US\$'000	US\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	69,470	79,949	68,873	79,394
Trade receivables	7,206	7,422	4,481	4,493
Other receivables and prepayments	577	302	29,433	34,233
Total current assets	77,253	87,673	102,787	118,120
Non-current assets				
Subsidiary companies	-	-	8,751	8,751
Associated companies	35,064	33,608	4,986	5,083
Club membership	3	3	3	3
Fixed assets	135,607	137,333	78,250	78,413
Total non-current assets	170,674	170,944	91,990	92,250
Total assets	247,927	258,617	194,777	210,370
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	9,937	8,981	13,472	14,175
Other payables	3,000	3,000	60,315	57,936
Other payables - deferred gain	403	403	-	-
Total current liabilities	13,340	12,384	73,787	72,111
Non-current Liabilities				
Other payables - deferred gain	6,049	6,252	-	-
Total non-current liabilities	6,049	6,252	-	-
Capital and reserves				
Issued capital	55,379	55,379	55,379	55,379
Accumulated profits	173,159	184,602	65,611	82,880
Total equity	228,538	239,981	120,990	138,259
Total liabilities and equity	247,927	258,617	194,777	210,370

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

- (a) **Amount repayable in one year or less, or on demand** NIL
- (b) **Amount repayable after one year** NIL
- (c) **Details of any collaterals.** Not applicable.

APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014

- 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 31/12/2014 US\$'000	2nd Qtr 31/12/2013 US\$'000	1st Half 31/12/2014 US\$'000	1st Half 31/12/2013 US\$'000
Operating activities :				
Profit before income tax and results of associated companies	4,407	4,672	9,250	10,121
Adjustments for :				
Depreciation	1,885	1,845	3,726	3,747
Interest income	(174)	(86)	(352)	(202)
Net foreign exchange loss (gain)	37	7	88	(25)
Operating cashflows before working capital changes	6,155	6,438	12,712	13,641
Trade receivables	(1,448)	(513)	203	343
Other receivables and prepayments	68	(1)	(227)	350
Trade payables	3,418	1,128	988	(1,365)
Cash generated from operations	8,193	7,052	13,676	12,969
Interest received	154	58	304	168
Income tax paid	-	(56)	-	(49)
Net cash from operating activities	8,347	7,054	13,980	13,088
Investing activities :				
Purchase of fixed assets	(1,376)	(154)	(2,000)	(1,073)
Repayment by an associated company	98	353	98	353
Net cash (used in) from investing activities	(1,278)	199	(1,902)	(720)
Financing activities :				
Dividends paid	(22,451)	(8,333)	(22,451)	(8,333)
Net cash used in financing activities	(22,451)	(8,333)	(22,451)	(8,333)
Net (decrease) increase in cash and cash equivalents	(15,382)	(1,080)	(10,373)	4,035
Cash and cash equivalents at the beginning of the period	84,911	70,804	79,949	65,655
Effects of exchange rate changes on the balance of cash held in foreign currencies	(59)	(10)	(106)	24
Cash and cash equivalents at half year ended 31 December	69,470	69,714	69,470	69,714

APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014

- 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

2nd QUARTER ENDED 31 DECEMBER 2013

Balance at 1 October 2013	
Profit for the period representing total comprehensive income for the period	
Payment of dividends	
Balance at 31 December 2013	

Issued capital US\$'000	Accumulated profits US\$'000	Total US\$'000
55,379	177,987	233,366
-	6,723	6,723
-	(8,333)	(8,333)
55,379	176,377	231,756

2nd QUARTER ENDED 31 DECEMBER 2014

Balance at 1 October 2014	
Profit for the period representing total comprehensive income for the period	
Payment of dividends	
Balance at 31 December 2014	

55,379	190,166	245,545
-	5,444	5,444
-	(22,451)	(22,451)
55,379	173,159	228,538

COMPANY

2nd QUARTER ENDED 31 DECEMBER 2013

Balance at 1 October 2013	
Profit for the period representing total comprehensive income for the period	
Payment of dividends	
Balance at 31 December 2013	

Issued capital US\$'000	Accumulated profits US\$'000	Total US\$'000
55,379	85,898	141,277
-	2,961	2,961
-	(8,333)	(8,333)
55,379	80,526	135,905

2nd QUARTER ENDED 31 DECEMBER 2014

Balance at 1 October 2014	
Profit for the period representing total comprehensive income for the period	
Payment of dividends	
Balance at 31 December 2014	

55,379	85,925	141,304
-	2,137	2,137
-	(22,451)	(22,451)
55,379	65,611	120,990

GROUP

1st HALF ENDED 31 DECEMBER 2013

Balance at 1 July 2013	
Profit for the period representing total comprehensive income for the period	
Payment of dividends	
Balance at 31 December 2013	

Issued capital US\$'000	Accumulated profits US\$'000	Total US\$'000
55,379	170,611	225,990
-	14,099	14,099
-	(8,333)	(8,333)
55,379	176,377	231,756

1st HALF ENDED 31 DECEMBER 2014

Balance at 1 July 2014	
Profit for the period representing total comprehensive income for the period	
Payment of dividends	
Balance at 31 December 2014	

55,379	184,602	239,981
-	11,008	11,008
-	(22,451)	(22,451)
55,379	173,159	228,538

COMPANY

1st HALF ENDED 31 DECEMBER 2013

Balance at 1 July 2013	
Profit for the period representing total comprehensive income for the period	
Payment of dividends	
Balance at 31 December 2013	

Issued capital US\$'000	Accumulated profits US\$'000	Total US\$'000
55,379	82,324	137,703
-	6,535	6,535
-	(8,333)	(8,333)
55,379	80,526	135,905

1st HALF ENDED 31 DECEMBER 2014

Balance at 1 July 2014	
Profit for the period representing total comprehensive income for the period	
Payment of dividends	
Balance at 31 December 2014	

55,379	82,880	138,259
-	5,182	5,182
-	(22,451)	(22,451)
55,379	65,611	120,990

APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014

- 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 has been no change in the company's share capital since the end of the previous period reported on.

There were no treasury shares as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding year.

- 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.**

As at 31 December 2014 and 30 June 2014, the total number of issued shares excluding treasury shares was 705,090,514.

- 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.**

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The statements of financial position of the Group and the Company as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the six month period then ended have not been audited, but have been reviewed by Deloitte & Touche LLP in accordance with the Singapore Standard on Review Engagements (SSRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

The interim condensed consolidated financial statements for the three month period ended 31 December 2014, and comparative interim condensed consolidated financial statements for the three month period ended 31 December 2013 and six month period ended 31 December 2013 have not been audited or reviewed. Accordingly, the auditors do not express any assurance on the comparative financial information.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Please refer to the Independent Auditor's review report dated 16 January 2015, as set out in Annexure I.

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 interim condensed consolidated financial statements for the current reporting period as compared with the most recently audited financial statements for the year ended 30 June 2014 except as disclosed in paragraph 5 below.

This interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 30 June 2014.

This announcement has been presented in accordance with Singapore Financial Reporting Standard 34, Interim Financial Reporting (FRS 34).

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 and Company have adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 July 2014. The adoption of the above new/revised FRSs and amendments to FRSs resulted in changes to the Group's accounting policies but does not have material effect on the amounts reported for current or prior periods.

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:

- (i) Based on weighted average number of ordinary shares on issue

US cents

- (ii) On a fully diluted basis

US cents

Group	
1st Half ended 31 December	
2014	2013
1.56	2.00
1.56	2.00

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 issued as follows:

Group	
1st Half ended 31 December	
2014	2013
11,008	14,099
705,090,514	705,090,514

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 31 December 2014 and 31 December 2013.

APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014

- 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

US cents

Group		Company	
31/12/2014	30/6/2014	31/12/2014	30/6/2014
32.41	34.04	17.16	19.61

- 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 2014 ("1H1415") vs 1st Half ended 31 December 2013 ("1H1314")

For the first half ended 31 December 2014 ("1H1415"), the Group achieved profit after income tax of US\$11.008 million. This was 21.9% lower than the profit after income tax of US\$14.099 million for the previous corresponding first half ended 31 December 2013 ("1H1314").

Revenue

For the current 1H1415, revenue increased 4.6% to US\$17.860 million from US\$17.067 million in 1H1314 primarily due to higher fleet utilisation for the current first half.

Cost of Sales

Cost of sales rose 84.7% to US\$2.724 million from US\$1.475 million and gross profit after direct depreciation decreased 3.8% to US\$11.423 million from US\$11.87 million. During 1H1314, provisions of US\$2.68 million for demobilisation of two vessels which were made in the prior year were reversed as they were no longer required as both vessels secured charters at location and no longer needed to be redeployed. Due to the reversal of provisions in 1H1314, cost of sales in 1H1314 was lower than 1H1415. This resulted in higher gross profit after direct depreciation recorded in 1H1314. Direct depreciation remained consistent for both periods under review.

Administrative Expenses

Administrative expenses increased 23% to US\$2.175 million for 1H1415 from US\$ 1.768 million mainly as a result of higher advisory and legal fees of US\$0.377 million incurred. The Group had also provided for unrealised loss in exchange of approximately US\$0.088 million due to the strong United States Dollars.

Share of Results of Associated Companies

Share of results of associated companies dipped 55.7% to US\$1.758 million from US\$3.97 million in 1H1314. These were derived from its three associated companies. The decrease in contributions was primarily due to both the Malaysian and Indonesian fleets recorded lower utilisation.

Profit after Income Tax

Profit after income tax in 1H1415 decreased by US\$3.091million or 21.9% million to US\$11.008 million from US\$14.099 million mainly due to lower contributions from its associated companies.

(b) 2nd Quarter ended 31 December 2014 ("2Q1415") vs 2nd Quarter ended 31 December 2013 ("2Q1314")

For 2Q1415, the Group recorded profit after income tax of US\$5.444 million. This was 19% lower than profit after income tax of US\$6.723 million for the previous corresponding 2Q1314.

Revenue

Group revenue declined 4.2% to US\$8.793 million in 2Q1415 as compared to US\$9.179 million generated during 2Q1314. The lower revenue was due to one vessel was off-hired for its mandatory overhaul in early-September 2014 and resumed its operation on 1st December 2014. As a result, the fleet's utilisation for 2Q1415 was lower than 2Q1314.

Cost of Sales

Although revenue for 2Q1415 declined 4.2% and direct depreciation increased 2.7% to US\$1.879 million in 2Q1415, gross profit after direct depreciation rose marginally by 0.1% to US\$5.661 million from US\$5.653 million in 2Q1314. This was due to cost of sales dipped 26.1% to US\$1.253 million in 2Q1415 from US\$1.696 million as operating costs were lower.

Administrative Expenses

Administrative expenses for 2Q1415 increased 27.7% to US\$1.248 million from US\$0.977 million in 2Q1314. This was primarily due to higher advisory and legal fees incurred in 2Q1415, which together amounted to US\$0.294 million.

Share of Results of Associated Companies

Share of results of associated companies for 2Q1415 declined 47.9% to US\$1.037 million from US\$1.992 million in 2Q1314. One of the vessels was off-hired for mandatory docking for major overhaul since November 2014 and another vessel was off-hired for repair.

Profit after Income Tax

Profit after income tax in 2Q1415 decreased by 19% to US\$5.444 million from US\$6.723 million mainly due to lower contributions from its associated companies and higher administrative expenses.

APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014

FINANCIAL POSITION

The financial position of the Group as at 31 December 2014 remained strong as the Group continued to see positive cash generated from operations. Cash generated from operating activities rose to US\$13.98 million in 1H1415 from US\$13.088 million in 1H1314. However, net assets value as at 31 December 2014 decreased 4.79% to 32.41 US cents from 34.04 US cents as the Group's shareholders' funds reduced to US\$228.538 million as at 31 December 2014 from US\$239.981 million as at 30 June 2014. This was mainly attributed by the payment of final dividend of S\$0.02 per ordinary share and a special dividend of S\$0.02 per ordinary share in November 2014. Total dividend paid was equivalent to US\$22.451 million.

As a result of the final and special dividend payouts in November 2014, cash and cash equivalent also decreased 13.11% to US\$69.47 million from US\$79.949 million. As at 31 December 2014 and 30 June 2014, the Group has no bank borrowings.

Other receivables and prepayments comprised mainly prepaid insurance, bunker purchased, deposits, interest receivable, and other prepayments rose 91.06% to US\$0.577 million from US\$0.302 million. As at 30 June 2014, there were less prepayments as most have been recognised and expensed off to profit and loss.

Trade payables rose 10.64% to US\$9.937 million from US\$8.981 million due mainly to purchase of spare parts, supplies and works carried out onboard one co-owned vessel which is currently docked for mandatory major overhaul. The vessel is managed by a subsidiary of the Company.

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.

The current OSV market continues to be challenging and highly competitive due to the sharp decline in global oil price in recent months. In light of this, we expect the charter rates to remain weak. Taking into consideration those vessels which are due for their mandatory major overhaul and barring unforeseen circumstances, we would expect the Group's remaining fleet utilisation to be stable.

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

YES

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	0.5 SGD cents per ordinary share (one-tier tax-exempt)
Tax Rate	0%

(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.

As the Company is regarded to be in an "offer period" under the Singapore Code on Take-overs and Mergers (the "Code"), the Board of Directors did not consider whether to recommend a dividend for the period just ended.

13 Interested Person Transactions

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014

14 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\$17.86 million (six month ended 31 December 2013 : US\$17.067 million) are revenues of approximately US\$6.33 million (six month ended 31 December 2013 : US\$5.922 million) which arose from the chartering of vessels to the group's largest customer.

15 Commitments

Guarantees - associated companies^(a)

Guarantees - third parties

Group	
As at 31/12/2014 US\$'000	As at 30/6/2014 US\$'000
6,334	8,580
30	260
6,364	8,840

The guarantees are unsecured.

^(a) To provide corporate guarantees to an associated company to obtain bank loans. The fair value of the financial guarantees are assessed to be insignificant.

16 Subsequent Events

On 11 December 2014, CIMB Bank Berhad, Singapore Branch announced, for and behalf of Energian Pte. Ltd. (the "Offeror") that the Offeror intends to make a voluntary conditional cash offer for all the issued and paid-up ordinary shares of the Company other than those already owned, controlled or agreed to be acquired by the Offeror

In relation to the above offer, the Board of Directors had issued a circular (Offeree Circular) dated 8 January 2015 to provide shareholders with the advice of Provenance Capital Pte. Ltd. ("Provenance"), the independent financial adviser to the independent directors and the recommendations of the independent directors with regard to the Offer.

In accordance with Rule 25 of the Singapore Code on Take-overs and Mergers, the unaudited financial statements of the Group for the second quarter and the half year ended 31 December 2014 have been examined by Provenance. A copy of the letter by Provenance is set out in Annexure II.

17 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 2014 to be false or misleading in any material respect.

18 Responsibility Statement

The Directors of the Company (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors of the Company has been to ensure through reasonable enquires that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

BY ORDER OF THE BOARD

Valerie Tan
Company Secretary
16 January 2015

APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014



Deloitte & Touche LLP
Unique Entity No. T08LL0721A
6 Shenton Way, OUE Downtown 2
#32-00
Singapore 068809
Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com/sg

January 16, 2015

Annexure I

The Board of Directors
CH Offshore Ltd
388 Jalan Ahmad Ibrahim
Singapore 629157

AUDITORS' REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CH OFFSHORE LTD AND ITS SUBSIDIARIES FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2014

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of CH Offshore Ltd (the "Company") and its subsidiaries (collectively known as the "Group") which comprise the statements of financial position of the Group and the Company as at December 31, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the six month period then ended and the related condensed explanatory notes.

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with Singapore Financial Reporting Standard 34, *Interim Financial Reporting* ("FRS 34"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements (SSRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).



APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014



AUDITORS' REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CH OFFSHORE LTD AND ITS SUBSIDIARIES FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2014

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements for the six month period ended December 31, 2014 are not prepared, in all material respects, in accordance with FRS 34.

Other matters

The interim condensed consolidated financial statements for the three month period ended December 31, 2014, and comparative interim condensed consolidated financial statements for the three month period ended December 31, 2013 and six month period ended December 31, 2013 have not been audited or reviewed. Accordingly, we do not express any assurance on the comparative financial information.

Restriction on use

This report has been prepared solely in connection with the proposed announcement for the six month period ended December 31, 2014 by the Company on the Singapore Exchange which would contain the interim condensed consolidated financial statements. This report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore



APPENDIX 3 – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST HALF ENDED 31 DECEMBER 2014



16 January 2015

Annexure II

CH Offshore Ltd.
388 Jalan Ahmad Ibrahim
Singapore 629157

Attn: The Board of Directors

Dear Sirs,

VOLUNTARY CONDITIONAL CASH OFFER BY CIMB BANK BERHAD, SINGAPORE BRANCH, FOR AND ON BEHALF OF ENERGAN PTE. LTD. ("OFFEROR") FOR ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF CH OFFSHORE LTD. ("COMPANY") OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR ("OFFER")

This letter has been prepared in relation to the announcement dated 16 January 2015 by the Company on its unaudited financial statements for the six months ended 31 December 2014 ("**HY2015 Results**") of the Company and its subsidiaries ("**Group**").

This Letter has been prepared in connection with the Offer pursuant to Rule 25 of the Singapore Code on Take-over and Mergers.

We have examined and held discussions with the management and the Company's directors ("**Directors**") on the HY2015 Results. The HY2015 Results are solely the responsibility of the Directors. We have also considered the Independent Auditor's Report to the Board of Directors of the Company dated 16 January 2015 issued by Deloitte & Touche LLP ("**Deloitte**") in relation to their review of the HY2015 Results. Deloitte had conducted their review in accordance with Singapore Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.

For the purpose of rendering our opinion on the HY2015 Results, we have relied upon and assumed the accuracy and completeness of all financial and other information provided to and/or discussed with us. Save as provided in this letter, we do not express any other opinion on the HY2015 Results.

Based on the foregoing, we are of the opinion that the HY2015 Results had been made by the Directors after due and careful enquiry.

This letter is addressed to the Directors for the sole purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person (other than the Directors of the Company) in respect of, arising out of, or in connection with this letter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

Terence Lim
Director

Provenance Capital Pte. Ltd.
Co. Reg. No: 200309056E

96 Robinson Road, #13-01 SIF Building, Singapore 068899 | Tel : [65] 6227 1580/5810 | Fax : [65] 6224 3116/6316