




CH Offshore Ltd
Annual Report 2004

from strength to strength 

Corporate Profile

Our Company was incorporated on 31 March 1976 and was formerly known as Mico Line Pte Ltd. In April 1976, we became a wholly-owned subsidiary of Chuan Hup Holdings Limited (then known as Chuan Hup Marine Pte Ltd). We adopted our present name on 11 September 1990.

Our parent company, Chuan Hup Holdings Limited ("Chuan Hup"), a company listed on the SGX Main Board, is an investment holding company with subsidiaries engaged in the business of providing

- i offshore support services to the oil and gas industry;
- ii marine logistics services and transportation of bulk aggregates; and
- iii other non-marine investments.

During the second half of 2002, Chuan Hup decided to reorganise its marine business into two separate and distinct operations according to industry focus, namely offshore support services to the oil and gas industry, and marine logistics services and transportation for the coal and other aggregate industries and other non-marine investments. Accordingly, our Company was made the corporate vehicle to own all the assets including vessels and companies of the Chuan Hup Group that provide offshore support services to the oil and gas industry. Our Company was converted into a public limited company on 13 February 2003 and adopted the name of CH Offshore Ltd. On 28 February 2003, CH Offshore Ltd was admitted to the Official List of the Singapore Exchange Securities Trading Limited by introduction.

While we may have become the Chuan Hup Group's representative for the offshore business officially only in 2002, the history and experience of the Chuan Hup Group's involvement in the oil and gas industry goes well-back into the early 1970s. Our earliest involvement with the oil and gas industry began in Indonesia, the largest oil producer in South East Asia. In the early 1970s, oil exploration and production activities started onshore. Major customers

served then were Caltex Indonesia in Sumatra, Tesoro in Tarakan and Unocal in Balikpapan.

As oil production moved offshore progressively, we stepped up our involvement to meet the increased demand and requirements of the oil customers. The consequential rise in demand for offshore support services led us to launch an expansion of our offshore fleet. From 1981 to 1983, we acquired a total of 24 units of AHTS and maintenance vessels and one unit of tender assisted work-over rig.

Since then, in line with the development in the oil and gas industry, our Group has proactively continued to maintain an offshore support fleet which remains relevant to our customers' need through upgrading, acquisition and renewal until today. In 2002, we have commissioned two units of Rolls Royce designed UT-719 AHTS vessels rated at 5,500 bhp incorporating many of the latest industry standards and specific requirements capable of deep water operations. These vessels were delivered in year 2002 and are now operating in the new West Seno area of East Kalimantan, Indonesia. During the financial year ("FY") 2004, we have disposed 3 older vessels and had placed orders for total of 6 units of new vessels, which are currently under construction. We expect to take delivery of 4 new vessels in FY2005 and 2 units in FY2006.

In the process, we have also expanded geographically, building on our strength, with operations in all the oil producing countries in South East Asia. Since 1980, we had served most oil majors and other customers in Malaysia, the Philippines, Brunei, Thailand, Vietnam, Australia and the Middle East. Our major customers now include Unocal, Conoco Phillips, CNOOC, Premier Oil in Indonesia, Petronas Carigali and Exxonmobil in Malaysia, Unocal in Thailand and Vietnam. With nearly 30 years of experience in nearly all facets of offshore support services, we have built an excellent relationship with our customers through our commitment to reliability, responsiveness and safety standards.

Letter to Shareholders

The continuous efforts to groom the younger management staff to move up to take position of leadership in the organisation has been prioritised to facilitate a smooth succession by younger leaders to ensure continuity and stability as we venture into the next stage of growth of the company.



We are pleased to report that the Group has recorded an increase of 34.9% in profit after tax from \$14.4 million for the previous financial year ended 30 June 2003 ("FY 2003") to \$19.5million for the financial year ended 30 June 2004 ("FY 2004")

In FY 2004, we set out to achieve our objectives of fleet renewal and expansion and strengthening of our financial position. Our fleet renewal programme includes the disposal of older vessels and the acquisition of new vessels. In FY 2004, we sold three older vessels and placed orders for the construction of four new vessels to meet the expected growth in demand for offshore support services to the oil and gas industry in South East Asia. We had earlier placed an order for building of two new vessels with a Chinese yard in October 2002. In all, the Company has placed orders with various shipyards in China, Singapore and Malaysia for a total of 6 new vessels, which are currently in various stages of completion.

To strengthen our financial position, the Company entered into a placement agreement in September 2003 with BNP Paribas Peregrine (Singapore) Ltd ("BNP") where BNP agreed to subscribe for 88 million new ordinary shares of \$0.05 each in the Company at \$0.3183 each. The Company also granted BNP an option to take up an additional 29 million new shares. Due to strong demand for the shares, BNP exercised the option subsequent to the signing of the agreement. In total, the Company placed out 117 million new shares, representing approximately 19.89 per cent of its existing

issued share capital, which were fully subscribed for.

The net proceeds from the issue of the new shares of approximately \$35.8 million have been earmarked to finance the Group's fleet renewal and acquisition programme to strengthen its fleet of offshore service vessels.

While embarking on programmes to strengthen our position, we are mindful of the rising threats from terrorists in recent times. Hence, on the operational level, we have spared no efforts to enhance the security of our vessels. All our vessels achieved compliance with the International Ship and Port Facility Security Code (ISPS Code) before 1 July 2004, the date of mandatory implementation. The ISPS Code is a comprehensive set of measures to enhance the security of ships and port facilities, developed in response to the perceived threats to ships and port facilities in the wake of the 9/11 attacks in the United States.

FINANCIAL REVIEW

The Group has achieved a profit after tax of \$19.5million for FY 2004 compared to \$14.4 million for FY 2003. The surge in profit was primarily due to the sale of 3 older vessels during the year, which resulted in a gain of approximately \$6.4 million. This is in line with our objective to renew our fleet. Despite a

reduction in the number of our fleet from 21 at the beginning of the financial year to 18 at the end of the financial year, our operating profits level from the chartering of the vessels was sustained. This is attributable to higher charter rates as a result of increasing demand for our vessels. The increase in demand for our vessels is mainly due to the high oil price, which encourage more oil exploration and production activities.

The Group's balance sheet as at 30 June 2004 has been strengthened considerably due to its good operating performance and also the Share Placement in September 2003. Our total assets and liabilities stood at \$164.2 million and \$38.8 million respectively. The Group's total shareholders' funds increased 62.3% to \$125.4 million compared to \$77.3 million for FY2003. Correspondingly, the Group's net assets value ("NAV") per share rose to 17.78 cents from 13.14 cents for the previous year. Our working capital recorded a 163.0% increase from \$6.0 million to \$15.8 million for FY2004.



DIVIDEND

In view of the good performance, the directors are recommending payment of a first and final dividend of 1 cent per ordinary share (tax exempt) in respect of the financial year just ended.

OUTLOOK & PROSPECTS

The oil and gas industry continues to look promising as the crude oil prices are at record-high due to the Iraqi turmoil, turbulent political climate in Venezuela, uncertainty about Russia and OPEC (Organisation of Petroleum Exporting Countries) output level and growing demand in the US and in Asia especially China. This augurs well for our business, which renders marine support services to the oil and gas industry.

In the wake of discovery of huge deposits by Murphy Oil and Shell off Sabah, the oil producing nations in South East Asia, especially Malaysia are spending more in oil and gas exploration and production ("E & P"). The development of these oil fields will take a few years. As we are in the business of supporting such activities, we expect to benefit from the increase in demand for our vessels. We will continue to intensify our marketing efforts in these countries.

We are well positioned to meet such demand as we expect to take delivery of four new vessels in FY2005 and two units in FY2006. The delivery of the new vessels will increase our tonnages and capabilities. This will enable us to meet the increasing demand for offshore support vessels.



Our growth strategies of broadening our geographical reaches have not been neglected either. We continue to have in place strategic alliances with various partners in Malaysia, Middle East and also with a UK group operating in the North Sea. The Marketing Agreement with the UK group allows us access to their vessels when we have capacity constraints.

Human resource is also critical to the growth of our business. We will ensure that our management trainees and staff are trained on the job to meet the growing demands of our fleet expansion.

On 1 July 2004, the Company appointed Mr. Ong Kok Wah as its Chief Executive Officer and Mr. Cheak Boon Heng as Executive Vice-Chairman. The continuous efforts to groom the younger management staff to move up to take position of leadership

in the organisation has been prioritised to facilitate a smooth succession by younger leaders to ensure continuity and stability as we venture into the next stage of growth of the Company.

ACKNOWLEDGEMENTS

We wish to thank everyone for the concerted efforts to bring yet another year of good performance to fruition. Many thanks to our dedicated management and staff, our valued shareholders, clients, suppliers and business associates. We value your continued support as we move into the next stage of development.

A stylized, handwritten signature in black ink, consisting of several fluid, connected strokes.

Mr. Goh Sin Tub
CHAIRMAN

A handwritten signature in black ink, featuring a large, sweeping loop at the top and several smaller, more intricate strokes below.

Mr. Cheak Boon Heng
EXECUTIVE VICE-CHAIRMAN

31 August 2004

Customer-focus

We are proactive in understanding our customers' businesses and needs and will do our utmost to fulfill their needs.



Board of Directors

Goh Sin Tub

Non-Executive Chairman

Mr Goh Sin Tub is a non-executive, independent Director of CH Offshore Ltd ("CHO"). He was appointed as Chairman in February 2003. He is also the Chairman of the Audit, Remuneration and Nominating Committees.

Mr Goh brings with him valuable financial and management experience in both the public and private sectors. He served as a senior civil servant in the Singapore Administrative Service (1951-1969), as Assistant General Manager in Oversea-Chinese Banking Corporation Limited (1969-1978), as Consultant in CK Tang Ltd (1978-1980) and as General Manager in United Overseas Bank Ltd (1980-1986). Since his retirement, he has been involved in full-time voluntary work with the Christian Brothers Schools (fund-raising, school management and building development) for which the Brothers' head office in Rome honoured him by making him an associate Christian Brother. Mr Goh is also a bestselling author with a track record of 20 books published in the past 20 years. He is also currently a director with Tang Holdings Pte Ltd and a part-time adviser to Takesago Thermal Engineering (S) Pte Ltd.

Mr Goh holds a degree of Bachelor of Arts (Honours) from the then University of Malaya, Singapore. He is a recipient of a Public Service Star for his contribution to education advancement.

Cheak Boon Heng

Executive Vice-Chairman

Mr Cheak Boon Heng is the Executive Vice-Chairman of CHO. He was appointed as a Director of the Company in 1991 and as Executive Vice-Chairman in July 2004. He is also a member of the Remuneration Committee. As Executive Vice-Chairman, Mr Cheak is responsible for chartering the strategic development and long-term direction of the Group.

Mr Cheak joined the Chuan Hup Holdings Limited ("CHH") Group in 1973 and was a Director of CHH from 1981 to February 2003. As Director of CHH, he was responsible for the marketing and business development of the CHH Group.

Mr Cheak holds a degree of Bachelor of Economics from the University of Western Australia.

Ong Kok Wah

Chief Executive Officer

Mr Ong Kok Wah is the Chief Executive Officer of CHO. He was appointed as a Director of CHO in 1987 and as Chief Executive Officer in July 2004. As Chief Executive Officer, he is responsible for the day-to-day running of the business and for the overall performance of the CHO Group.

Mr Ong Kok Wah is also an executive Director of Chuan Hup Holdings Limited ("CHH"). He joined the CHH Group in 1976 and was appointed as a Director of CHH in September 1986. He is responsible for the operation, maintenance, sale and acquisition and insurance of the fleet of vessels of the CHH Group.

Mr Ong has had 39 years' working experience in the marine and offshore industry. He did Nautical Studies at the Singapore Polytechnic and holds a Second-Mate (FG) certificate. He started his career in the Merchant Navy working with Shell Eastern Fleet, Maple Hill Shipping and Guan Guan Shipping. In 1968, he joined the Port Authority of Singapore ("PSA"). In 1975, he left the PSA as a Controller of Shipping to take up a marine project management appointment with Sealand (IRAN) Shipping Co. in the Middle East.

Mr Ong is an elected member of the American Bureau of Shipping and a member of the Det Norske Veritas Singapore Shipping Forum. He was a Council Member of Singapore Shipping Association ("SSA") since its inception in 1985 till 1997 when he held the position of First Vice-President. In 2003, he was again elected onto the SSA Council and is now serving as Treasurer and Chairman of the Domestic Committee. Mr Ong has also been a director of the Board of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) since 1993.

Loh Kee Kong

Executive Director

Mr Loh Kee Kong is an executive Director and was appointed to this position in July 2002. He is also a director of Chuan Hup Holdings Limited ("CHH") and PCI Limited.

He joined the CHH Group in 1977 and was appointed General Manager of Corporate Finance in CHH in 1986 and Executive Director in 1987. Since his appointment as Director, he has been responsible for the investments and corporate finance aspects of the CHH Group. Mr Loh is also involved in developing the

business and management strategies of the CHH Group and oversees some of the CHH Group's non-marine investments.

Mr Loh holds a degree of Bachelor of Accountancy from the then University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

Lim Kwee Siah

Non-Executive Director

Mr Lim Kwee Siah is a non-executive Director and was appointed to this position in February 2003. He is a member of the Audit and Nominating Committees. He is also a Director of Chuan Hup Holdings Limited ("CHH") and PCI Limited.

Mr Lim graduated from the then University of Singapore with a Bachelor of Accountancy degree and is a member of the Institute of Certified Public Accountants of Singapore.

Billy Lee Beng Cheng

Non-Executive Director

Mr Billy Lee Beng Cheng is a non-executive, independent Director and was appointed to this position in February 2003. He is also a member of the Audit, Remuneration and Nominating Committees.

Mr Lee has extensive experience in the oil and gas and marine industries having spent more than 25 years in both industries' upstream and downstream segments. Mr Lee started his career in 1973 as a Project Engineer in a major oil-refinery in Singapore before moving on to head the Economic Development Board's Marine, Transportation and Offshore Oil Industry Division in 1975. Mr Lee later joined the Promet Group of companies in 1979 and was made the Managing Director (Energy Division) of both Promet Bhd Malaysia and Promet Petroleum Ltd in Hong Kong in 1984 and subsequently a Board Member. In 1987, he joined Sembawang Holdings Pte Ltd and was appointed as its Director of Business Development for the Sembawang Group before being made the Managing Director and President of Sembawang Maritime Ltd (now known as SemCorp Logistics Ltd) in 1994 and 1999 respectively. Mr Lee retired in 2000 to pursue his personal interests but remains active in the industry.

Mr Lee holds a degree of Bachelor of Science (First Class Honours) and a Master of Science (with distinction) from the University of Leeds, England.



Top row, left to right:
Goh Sin Tub
Cheak Boon Heng
Ong Kok Wah

Bottom row, left to right:
Loh Kee Kong
Lim Kwee Siah
Billy Lee Beng Cheng

Key Executives

Koh Kok Leong is the General Manager of CHO and was appointed to this position in 2000. He joined Chuan Hup Agencies (Private) Limited in 1989 as an Assistant General Manager and was responsible for its operations. As General Manager of CHO, Mr Koh is the head of the Operations Department and is responsible for the chartering, sale and purchase of vessels and crewing. He is also in charge of shipbuilding projects of the CHO Group. Mr Koh holds a Diploma in Marine Engineering and a Certificate of Competency as a First Class Marine Engineer.

Terence Peh Siong Woon is the Chief Financial Officer of CHO and was appointed to this position in July 2002. As Chief Financial Officer, he oversees the financial affairs of CHO. Mr Peh was also appointed as Deputy Financial Controller of Chuan Hup Holdings Limited ("CHH") in July 2002. From July 2000 to June 2002, Mr Peh worked at CHH as Finance Manager and was responsible for its cash management, treasury functions, account payables and banking relations. Prior to his appointment with CHH, he was a Finance Executive at PCI Limited and was responsible for its cash management and treasury functions. Mr Peh holds a degree of Bachelor of Commerce in Marketing from Curtin University of Technology, Australia and a Masters of Commerce in Finance from the University of New South Wales, Australia.

Teo Peck Bee is the Deputy Chief Financial Officer of CHO and was appointed to this position in July 2002. As Deputy Chief Financial Officer, Ms Teo oversees the accounts department and ensures its smooth operation. She also reviews monthly management accounts and prepares them for management review. In addition, she is in charge of the consolidation of CHO's Group accounts and is the liaison person with the CHO's auditors and various regulatory bodies. She joined CHH as a senior accountant in 1994 and was appointed as its Assistant Financial Controller in 1996. Ms Teo holds a degree of Bachelor of Accountancy from the National University of Singapore.

Winston Kwan Chun Khuen is the Engineering Manager of Chuan Hup Agencies Pte Ltd ("CHA"). He joined CHA in 1988 as Engineering Superintendent and was appointed to the position of Engineering Manager in 1989. He oversees the maintenance and repair of vessels ensuring that they meet regulatory requirements and is in charge of any modifications of vessels required for charter for the CHO Group. Mr Kwan holds a Diploma in Marine Engineering and a Certificate of Competency as a First Class Marine Engineer.

Rosalind Yeo Hock Neo is the Marketing Manager of CHO. She joined Asia Pacific Shipyard Pte Ltd in 1984 as a Senior Draughtswoman. In 1988, she was appointed as a Marketing Executive of Chuan Hup Agencies Pte Ltd. In 2002, she was appointed Marketing Manager of CHO. Ms Yeo holds a GCE 'A' Levels Certificate, a Diploma in Shipbuilding and a Certificate in Naval Architecture.

Corporate Data

Board of Directors

Goh Sin Tub (Chairman)
Cheak Boon Heng (Executive Vice-Chairman)
Ong Kok Wah (Chief Executive Officer)
Loh Kee Kong
Lim Kwee Siah
Billy Lee Beng Cheng

Audit Committee

Goh Sin Tub (Chairman)
Lim Kwee Siah
Billy Lee Beng Cheng

Remuneration Committee

Goh Sin Tub (Chairman)
Cheak Boon Heng
Billy Lee Beng Cheng

Nominating Committee

Goh Sin Tub (Chairman)
Lim Kwee Siah
Billy Lee Beng Cheng

Company Secretary

Valerie Tan May Wei

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Website: www.choffshore.com.sg
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Share Registrar

Barbinder & Co Pte Ltd
8 Cross Street #11-00
PWC Building
Singapore 048424

Auditors

Deloitte & Touche
6 Shenton Way
#32-00 DBS Building Tower Two
Singapore 068809
Partner-In-Charge: Ng Peck Hoon
Date of Appointment: 1 July 2002

Financial Calendar

Financial Year End

30 June 2004

Announcement of First Quarter

Financial Results

14 November 2003

Announcement of Half-Year

Financial Results

27 February 2004

Announcement of Third Quarter

Financial Results

7 May 2004

Announcement of Full-Year Financial Results

16 August 2004

Dispatch of Annual Report to Shareholders

27 September 2004

Annual General Meeting

20 October 2004

Book Closure to Register Members for Dividend Payment

28 October 2004

Proposed Payment of First and Final Dividend

8 November 2004

Corporate Governance Report

INTRODUCTION

CH Offshore Ltd ("CHO") is committed to achieving high standards of corporate governance to ensure greater transparency and maximise long-term shareholder value.

This report describes CHO's corporate governance practices with specific reference to the Code of Corporate Governance (the "Code") issued by the Corporate Governance Committee.

Board Matters

THE BOARD'S CONDUCT OF ITS AFFAIRS

The Board oversees the business affairs of CHO and therefore every director is expected to act in good faith and always in the interests of the Company. The principal functions of the Board includes the approval of the Company's strategic plans, the approval of major investments, divestments and fund-raising, overseeing processes for evaluating the adequacy of internal controls and risk management and being responsible for corporate governance practices. CHO has in place financial authorisation and approval limits for operating and capital expenditure, as well as acquisitions and disposal of investments. The Board and the Audit Committee also approve the CHO Group's financial results.

The Board meets on a regular basis. Where necessary, additional Board meetings are held to deliberate on urgent substantive matters. An aggregate of 12 Board meetings were held for the financial year ended 30 June 2004. Details of the attendance of

Board members at Board meetings and meetings of the various Board committees for the financial year ended 30 June 2004 are set out on page 15 of this Annual Report.

All new directors appointed to the Board are briefed on the business activities of the Group and its strategic directions, as well as their statutory and other duties and responsibilities as directors. Where appropriate, directors are sent for courses, conferences and seminars in relevant fields.

BOARD COMPOSITION AND BALANCE

The Board currently comprises 6 directors, 2 of whom are non-executive independent directors and 1 of whom is a non-executive director. The non-executive independent directors are Mr Goh Sin Tub and Mr Billy Lee Beng Cheng. The non-executive director is Mr Lim Kwee Siah

The directors bring with them a broad range of expertise and experience in areas such as accounting or finance, business or management experience, industry knowledge and customer-based experience or knowledge. The diversity of the directors' experience allows for the useful exchange of ideas and views. Profiles of the directors and other relevant information are set out on pages 6 to 7 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Different individuals assume the Chairman, the Executive Vice-Chairman and the Chief Executive Officer functions in CHO. There

is a clear separation of the roles and responsibilities between the Chairman, the Executive Vice-Chairman and the Chief Executive Officer. The Chairman's role includes ensuring that Board meetings are held when necessary, preparing the meeting agenda in consultation with the Chief Executive Officer and assisting in ensuring compliance with the Company's corporate governance practices. The Executive Vice-Chairman is responsible for chartering the strategic development and long-term direction of the Group. The Chief Executive Officer is responsible for the day-to-day management of the business and the overall performance of the Group.

BOARD MEMBERSHIP

The Nominating Committee comprises Mr Goh Sin Tub (Committee Chairman), Mr Lim Kwee Siah and Mr Billy Lee Beng Cheng, the majority of whom, including the Chairman, are independent non-executive directors.

The Nominating Committee reviews and assesses candidates for directorships before making recommendations to the Board. In recommending new directors to the Board, the Nominating Committee takes into consideration the skills and experience required and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent directors as well as directors with the right profile of expertise, skills, attributes and ability.

In evaluating a director's contribution and performance for the purpose of re-



nomination, the Nominating Committee takes into consideration a variety of factors such as attendance, preparedness, participation and candour.

Recommendations for nominations of new directors and retirement of directors are made by the Nominating Committee and considered by the Board as a whole. At each Annual General Meeting ("AGM") of CHO, not less than one third of the directors for the time being (being those who have been longest in office since their last re-election) are required to retire from office by rotation. A retiring director is eligible for re-election by the shareholders of CHO at the AGM. Also, all newly appointed directors during the year will hold office only until the next AGM and will be eligible for re-election.

BOARD PERFORMANCE

CHO believes that the Board's performance is ultimately reflected in the performance of CHO. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interests of CHO and its shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities: setting strategic directions and ensuring that CHO is ably led. The measure of a board's performance is also tested through its ability to lend support to management especially in times of crisis and to steer CHO in the right direction,

CHO is of the opinion that the financial indicators set out in the Code as guides for the evaluation of directors are more of a

measure of management's performance and hence are less applicable to directors. In any case, such financial indicators provide a snapshot of a Company's performance, and do not fully measure the sustainable long term wealth and value creation of CHO.

The Board through the delegation of its authority to the Nominating Committee, has used its best efforts to ensure that directors appointed to the Board possess the background, experience, knowledge and skills critical to the Company's business and that each director with his special contributions brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

Informal reviews of the Board's performance are undertaken on a continual basis by the Nominating Committee with inputs from the other board members and the Chief Executive Officer.

The Board and the Nominating Committee have strived to ensure that directors appointed to the Board possess the background, experience, knowledge and skills critical to the Company's business, so as to enable the Board to make balanced and well-considered decisions.

ACCESS TO INFORMATION

Prior to each Board meeting, the Board is supplied with relevant information by the management pertaining to matters to be brought before the Board for decision as well as ongoing reports relating to operational

and financial performance of the Group. The Board also has separate and independent access to senior management and the Company Secretary at all times. The Board also has access to independent professional advice, where appropriate, at the expense of CHO.

Remuneration Matters

REMUNERATION COMMITTEE

The Remuneration Committee comprises Mr Goh Sin Tub (Committee Chairman), Mr Cheak Boon Heng and Mr Billy Lee Beng Cheng, the majority of whom are independent non-executive directors. The role of the Remuneration Committee is to review and approve the remuneration and the aggregate variable cash bonuses of the employees of CHO including the executive directors.

While the Chief Executive Officer is in attendance at Remuneration Committee meetings, he does not attend discussions relating to the review of his performance and compensation.

The Remuneration Committee in establishing the framework of remuneration policies for its directors and senior executives is largely guided by the financial performance of the Company. In this respect, it believes that remuneration should be competitive and sufficient to attract, retain and motivate executive directors and senior executives to manage the Company well. Pay levels, benefits and incentives are structured to focus them to achieve corporate objectives.

Safety

We place strong emphasis on adopting safe working practices and providing safe working environment onboard our vessels as we understand that safety is one of our customers' top priorities.

The remuneration package generally comprises two components. One component is fixed in the form of a base salary that includes the 13th month based AWS. The other component is variable consisting of performance and incentive bonuses. The variable portion is largely dependent on the financial performance of the Company as the Remuneration Committee strongly supports and endorses the flexible wage system because it gives the Company more flexibility to ride through economic downturns. The Remuneration Committee has adopted set profitability levels to be achieved before performance bonuses are payable. The level of performance bonuses is also subject to how shareholders value is enhanced such as through the returns on their investment in the form of dividend paid.

Non-executive directors are paid directors' fees which are subject to approval at AGMs. The non-executive Chairman of the Board is paid more than the other non-executive directors due to the nature of his position.

The directors' remuneration in bands of \$250,000 is disclosed on this page. The remuneration of the top five executives who are not also directors is shown by number in bands of \$250,000.

AUDIT COMMITTEE

The Audit Committee comprises Mr Goh Sin Tub (Committee Chairman) Mr Lim Kwee Siah and Mr Billy Lee Beng Cheng, the majority of whom, including the Chairman, are independent non-executive directors. Mr Lim Kwee Siah and Mr Goh Sin Tub have

DIRECTORS' REMUNERATION PAID IN FINANCIAL YEAR ENDED 30 JUNE 2004

Directors of Company	Base Salary	Variable Payments	Directors' Fees	Total	Share Options Granted
\$750,000 to \$999,999					
Cheak Boon Heng	52.3%	47.7%	0.0%	100.0%	Nil
\$250,000 to \$499,999					
Loh Kee Kong	45.3%	54.7%	0.0%	100.0%	Nil
Ong Kok Wah	45.3%	54.7%	0.0%	100.0%	Nil
Below \$250,000					
Goh Sin Tub	0.0%	0.0%	100.0%	100.0%	Nil
Billy Lee Beng Cheng	0.0%	0.0%	100.0%	100.0%	Nil
Lim Kwee Siah	0.0%	0.0%	100.0%	100.0%	Nil

Notes:

1. Base salary includes the 13th month AWS, allowances and benefits in kind such as the use of company cars.
2. Variable payments are subject to financial performance of the Company.

TOP FIVE EXECUTIVES WHO ARE ALSO NOT DIRECTORS OF THE COMPANY

\$250,000 to \$499,999	1
Below \$250,000	4

accounting and related financial management expertise and experience. The Board considers Mr Billy Lee Beng Cheng as having sufficient financial knowledge and experience to discharge his responsibility as a member of the Committee.

The Audit Committee meets at least four times a year to carry out its role of reviewing the financial reporting process, the systems

of internal control, management of financial risks and the audit process.

The Audit Committee performs the following functions:

- (a) reviewing the audit plans and results of the external auditors' examination and evaluation of the group's systems of internal accounting controls;



- (b) reviewing the Group's financial and operating results and accounting policies;
- (c) reviewing the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditors' report on those financial statements;
- (d) reviewing the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Group and of the Company;
- (e) reviewing the co-operation and assistance given by the management to the Group's external auditors;
- (f) evaluating the cost effectiveness, independence and objectivity of the external auditors and the nature and extent of the non-audit services provided by them;
- (g) reviewing the re-appointment of the external auditors of the Company; and
- (h) reviewing interested person transactions.

The Audit Committee has authority to investigate any matters within its terms of reference and has full access to and cooperation from management, in addition to its direct access to the external auditors.

Accountability and Audit

ACCOUNTABILITY

CHO recognises the importance of providing the Board with a continual flow of relevant

information on an accurate and timely basis in order that it may effectively discharge its duties. On a regular basis, Board members are provided with business and financial reports comparing actual performance with budget with highlights on key business indicators and major issues.

CHO has implemented quarterly reporting of its financial results from Financial Year ended 30 June 2004.

INTERNAL CONTROLS

The Board has ultimate responsibility for the system of internal controls maintained by the Company to safeguard the shareholders' investments and the Company's assets and for reviewing their effectiveness. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

CHO's external auditors, Deloitte & Touche ("Deloitte"), have also, in the course of their statutory audit, carried out a review of the Company's system of internal controls to the extent of their planned reliance as laid out in their audit plan. Any material non-compliance and internal control weaknesses noted during their audit and their recommendations to address such non-compliance and weaknesses are reported to the Audit Committee. The Audit Committee

Chairman also sets aside time during the year to meet with the external auditors to discuss internal controls and various accounting issues, in the absence of management. The management follows up on Deloitte's recommendations as part of its role in the review of the Group's internal control systems. The Audit Committee is of the opinion that there are adequate internal controls in the Company.

The Audit Committee also reviewed the non-audit services provided by the external auditors and was satisfied that the independence of the external auditors would not be impaired. The Audit Committee has recommended to the Board that Deloitte be nominated for reappointment as auditors at the forthcoming AGM of the Company.

The Company has established an internal audit function that is independent of the activities it audits. The Head of Internal Audit reports primarily to the Chairman of the Audit Committee and administratively to the Chief Executive Officer. The Internal Auditors meet the standards set by recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Audit Committee has reviewed the adequacy of the internal audit function and is satisfied that the Company's internal audit function is adequately resourced.

RISK MANAGEMENT

Risk management is essential to the Company's business. The Company has established risk management policies,

guidelines and control procedures to identify operational risks and monitor and manage these risks.

CHO has implemented a Group insurance program and has in place a Business Continuity Planning Program. The Group also has in place a system for financial monitoring and control.

COMMUNICATION WITH SHAREHOLDERS

CHO believes in regular and timely communication with investors. The Company is open to meetings with investors and analysts.

CHO subscribes to WallStraits Gallery, an investor relations website which publishes copies of all publicly disclosed financial information, annual reports, news releases and announcements.

CHO is in full support of the Code's principle to encourage shareholder participation. CHO's Articles of Association allow a member entitled to attend and vote to appoint a proxy to attend and vote instead of the member and also provide that a proxy need not be a member of CHO. Voting in absentia by fax or email may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders are not compromised.

SECURITIES TRADING

The Group has adopted the SGX Best Practices Guide with respect to the dealings

in securities for the guidance of directors and officers. CHO's directors and officers are prohibited from dealing in CHO's shares on short-term considerations, during the period commencing one month before the announcement of CHO's annual, half-year or, as the case may be, quarterly results and ending on the date of the announcement of the relevant results, or if they are in possession of unpublished price-sensitive information on the Group.

INTERESTED PARTY TRANSACTIONS POLICY

As a listed company on the SGX, CHO is required to comply with Chapter 9 of the SGX Listing Manual on interested person transactions. To ensure compliance with Chapter 9, CHO has taken the following steps:

- (a) business units have been notified of the provisions of Chapter 9 and are aware of their obligations;
- (b) new subsidiaries on incorporation or acquisition are informed of their obligations under Chapter 9;
- (c) CHO writes to its directors once a year for an update on their personal particulars for Chapter 9 monitoring.

The following are details of the interested person transactions entered into by CHO in Financial Year ended 30 June 2004:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year ended 2004 (excluding transactions less than S\$100,000)
	S\$'000
PT Rig Tenders Indonesia	488
CH Logistics Pte Ltd	422
Quijul Pte Ltd	199

CONCLUSION

CHO recognizes the importance of good corporate governance practices for maintaining and promoting investor confidence. CHO will continue to review and improve its corporate governance practices on an ongoing basis.



Attendance at Board and Committee Meetings

The attendance of each Director at Board meetings and Board committee meetings during the financial year ended 30 June 2004 is as follows:

Board Meetings

Director	Regular Board Meetings		Ad Hoc Board Meetings	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Goh Sin Tub (Independent)	12	12	-	-
Cheak Boon Heng	12	12	-	-
Ong Kok Wah	12	9	-	-
Loh Kee Kong	12	12	-	-
Lim Kwee Siah	12	11	-	-
Billy Lee Beng Cheng (Independent)	12	12	-	-

Board Committee Meetings

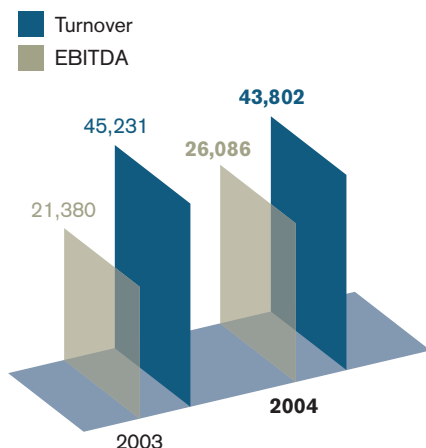
Director	Nominating Committee		Audit Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Goh Sin Tub	1	1	5	5	1	1
Lim Kwee Siah	1	1	5	5	-	-
Billy Lee Beng Cheng	1	1	5	5	1	1
Cheak Boon Heng	-	-	-	-	1	1

Integrity

All our employees must always act with uncompromising integrity towards our customers, fellow colleagues, suppliers and shareholders.

Review of Operations and Results

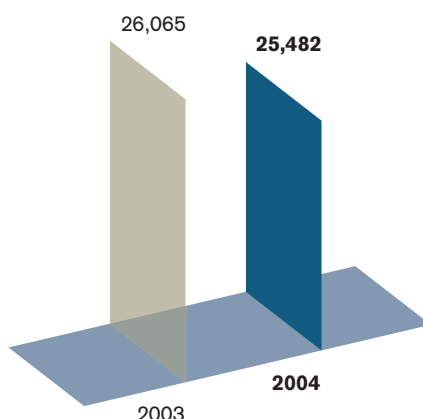
TURNOVER AND EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION ("EBITDA") (\$'000)



FY2003	FY2004	Change
45,231	43,802	-3.2%
21,380	26,086	22.0%

The Group's turnover dropped 3.2% from \$45.231 million for FY2003 to \$43.802 million for FY 2004. The decrease was due to the sale of 3 vessels. However, EBITDA rose 22.0% from \$21.380 million to \$26.086 million. The main factors for this increase were lower operating costs and gain from the sale of the vessels.

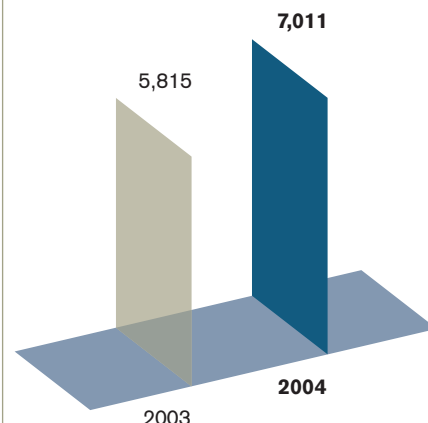
GROSS PROFIT BEFORE DIRECT DEPRECIATION (\$'000)



FY2003	FY2004	Change
26,065	25,482	-2.2%

Although turnover dropped by 3.2%, gross profit after direct depreciation decreased 2.2% from \$26.065 million for FY 2003 to \$25.482 million for FY2004. This was as a result of lower operating costs due to less vessels undergoing mandatory docking compared to the previous financial year.

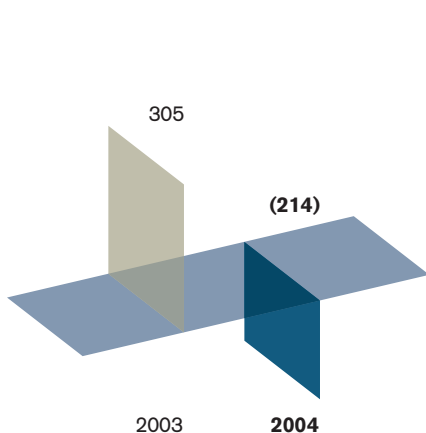
ADMINISTRATIVE EXPENSES (\$'000)



FY2003	FY2004	Change
5,815	7,011	20.6%

Administrative expenses increased from \$5.815 million for FY2003 to \$7.011 million for FY2004 which is consistent with our policy of performance-based wage structure.

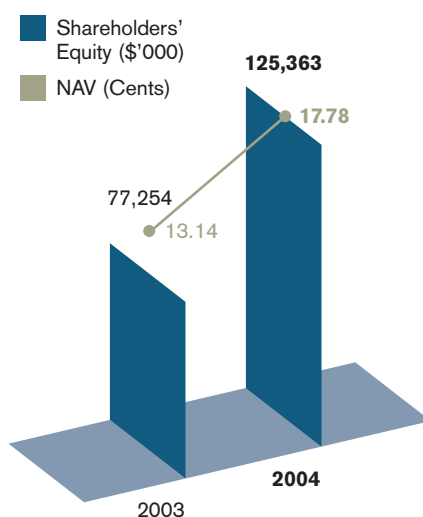
INCOME TAX (\$'000)



FY2003	FY2004	Change
305	(214)	-170.2%

The group's income tax for FY2004 comprised primarily deferred tax written back. Deferred tax is written back as the group has sufficient unutilised tax loss carryforwards, capital allowances and other timing differences available to offset.

SHAREHOLDERS' EQUITY AND NET ASSETS VALUE ("NAV") (\$'000)



FY2003	FY2004	Change
77,254	125,363	62.3%
13.14	17.78	35.3%

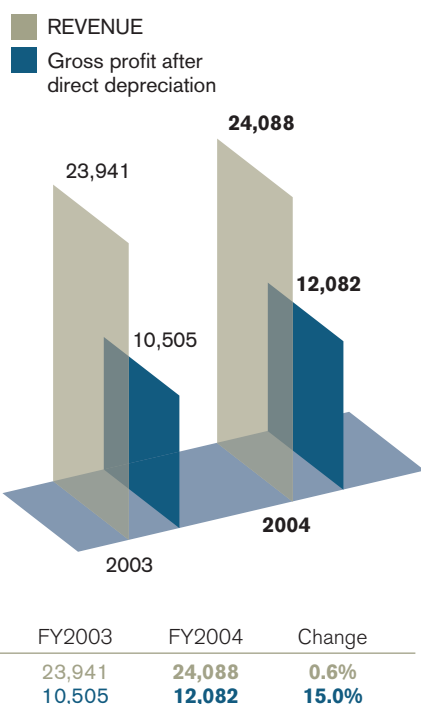
The group's shareholders' equity rose 62.3% to \$125.363 million for FY2004. Consequently, net assets value ("NAV") per share rose from 13.14 cents to 17.78 cents. This is due to good operating performance for the year and the Share Placement in September 2003.

Review of Operations and Results By Geographical Segments

	Indonesia	Malaysia	Thailand	Others*	Total
2004					
Revenue	24,088	7,795	5,899	6,020	43,802
Gross Profit after direct depreciation	12,082	1,088	2,758	2,995	18,923
Gross Profit (after direct depreciation) margin	50%	14%	47%	50%	43%
2003					
Revenue	23,941	7,810	10,379	3,101	45,231
Gross Profit after direct depreciation	10,505	4,224	2,646	2,168	19,543
Gross Profit (after direct depreciation) margin	44%	54%	25%	70%	43%

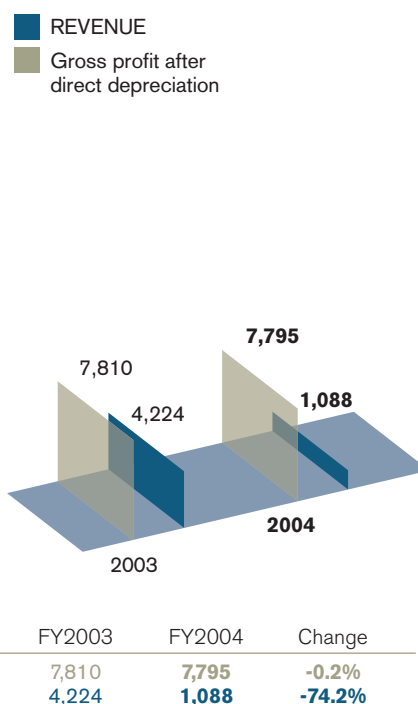
* Others include Australia, Vietnam, Myanmar and other Asia-Pacific countries

EARNINGS FROM INDONESIA (S\$'000)



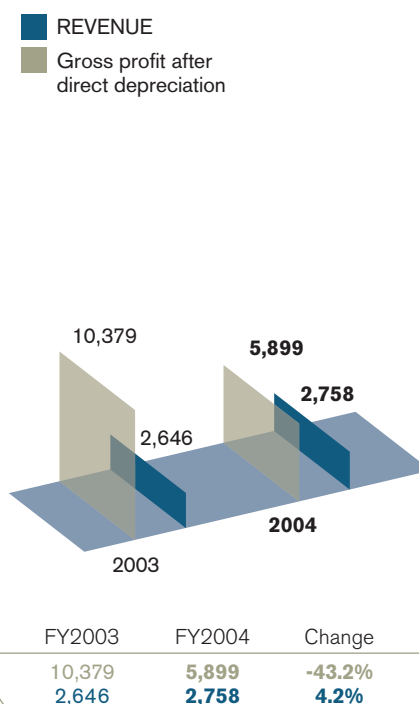
From Indonesia, revenue and gross profit after direct depreciation rose from \$23.941 million and \$10.505 million for FY2003 to \$24.088 million and \$12.082 million for FY2004 respectively. The main contributing factor was a decrease in operation expenses due to less vessels operating in this area were scheduled for special survey for the current year under review.

EARNINGS FROM MALAYSIA (S\$'000)



Although revenue contribution was maintained due to more vessels were on charter in Malaysia during this current year compared to previous corresponding year, gross profit after direct depreciation decreased sharply due to a significant increase in operating costs. Operating costs rose as a result of more vessels undergoing mandatory docking. One of the main revenue contributors was sold to our Malaysian associated company during the first quarter of FY2004. Share of profit from associated company is equity-accounted for. Otherwise, the revenue contributed would have been higher.

EARNINGS FROM THAILAND (S\$'000)



From Thailand, revenue contribution fell from \$10.379 million for previous corresponding year to \$5.899 million for current year. The lower revenue was due to the deployment of vessels to other countries, namely, Myanmar, Vietnam and Malaysia. However, despite the drop in revenue, gross profit after direct depreciation rose from \$2.646 million to \$2.758 million for current year. The earnings rose as a result of lower operating cost for the fleet operating in Thailand as these vessels had already undergone mandatory docking in the previous year.

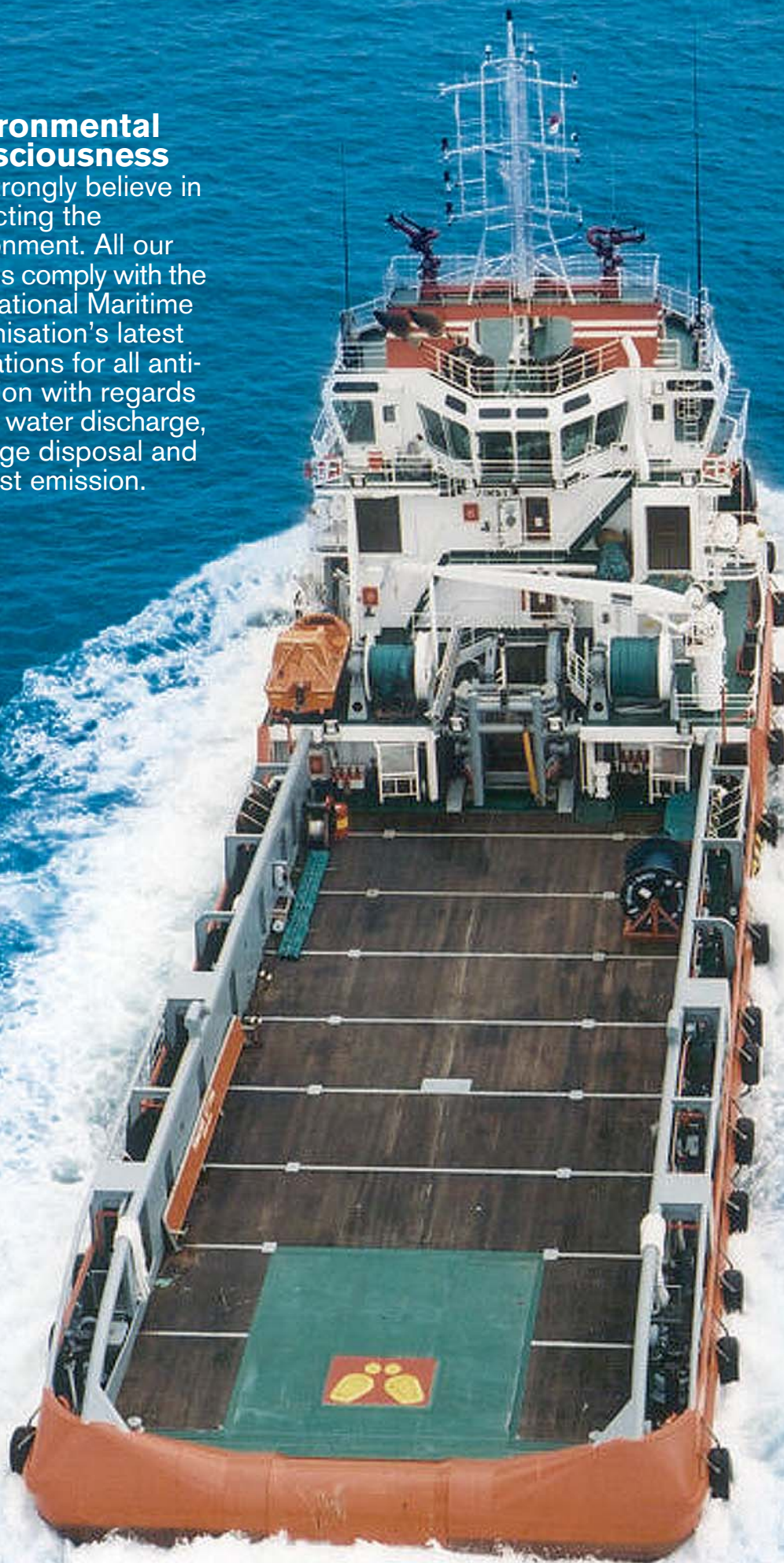
Three Year Group Financial Statistics & Charts

	Proforma FY2002 S\$'000	FY 2003 S\$'000	FY 2004 S\$'000
INCOME STATEMENT			
REVENUE	38,957	45,231	43,802
Profit Before Taxation	13,649	14,741	19,264
Taxation	–	(305)	214
Profit After Tax	13,649	14,436	19,478
Profit Attributable to Shareholders of the Company	13,649	14,436	19,478
BALANCE SHEET			
Current assets	17,515	16,889	51,154
<u>Non-current assets</u>			
Fixed assets	63,853	71,546	110,611
Investment in associated companies	-	-	2,426
Total non-current assets	63,853	71,546	113,037
Total assets	81,368	88,435	164,191
Current liabilities	13,026	10,876	35,338
<u>Non-current liabilities</u>			
Deferred Tax	-	305	-
Other payables	4,910	-	3,490
Total non-current liabilities	4,910	305	3,490
Total liabilities	17,936	11,181	38,828
Shareholders' Equity	63,432	77,254	125,363
Issued & Paid up Capital	29,405	29,405	35,255
PER SHARE DATA			
Earnings per share (cts):			
Basic:	2.32*	2.45*	2.86
Fully diluted:	2.32	2.45	2.86
Dividends per share - tax exempt (%)	–	20.00	20.00
Dividends per share - tax exempt (cents)	–	1.00	1.00
Net asset value per share (cts)	10.79	13.14	17.78

(*) Earnings per share for FY 2002 and FY 2003 were based on proforma weighted average number of ordinary shares on issue

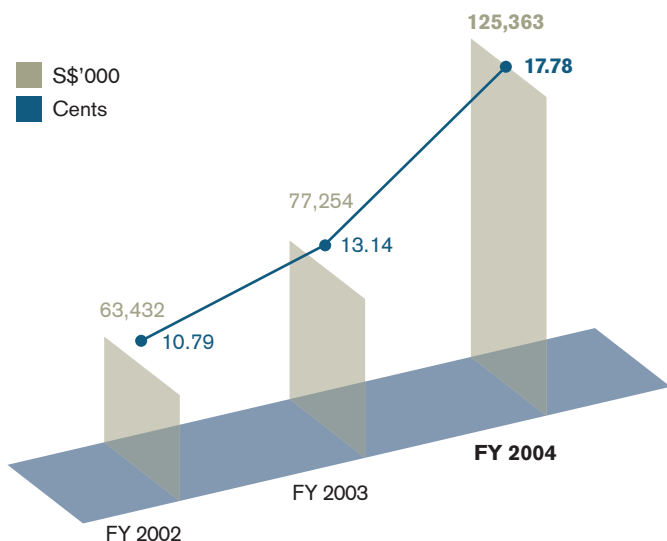
Environmental Consciousness

We strongly believe in protecting the environment. All our vessels comply with the International Maritime Organisation's latest regulations for all anti-pollution with regards to oily water discharge, garbage disposal and exhaust emission.

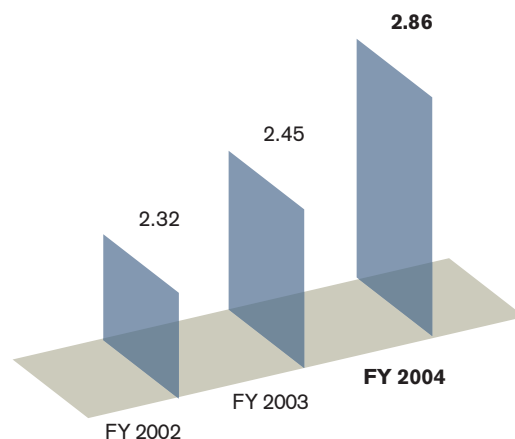


Three Year Group Financial Statistics & Charts

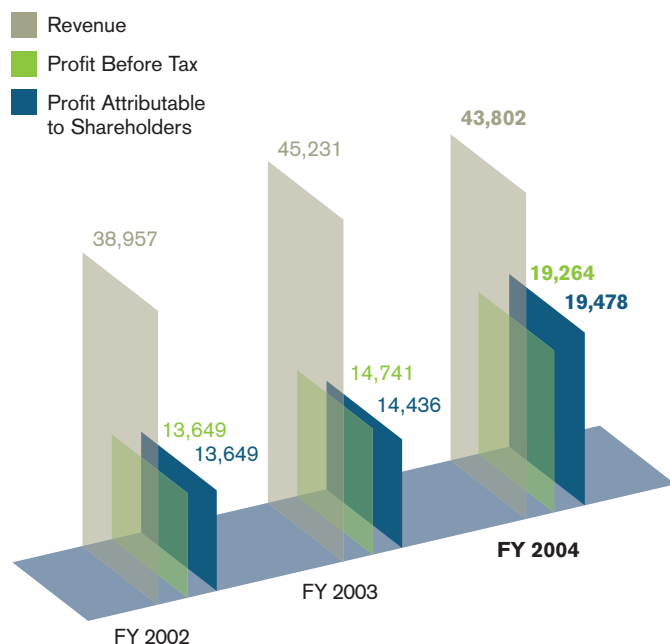
GROUP SHAREHOLDERS' EQUITY & NET ASSET VALUE



EARNINGS PER SHARE (Cents)



GROUP REVENUE, PROFIT BEFORE TAX & PROFIT ATTRIBUTABLE TO SHAREHOLDERS (S\$'000)



Report of the Directors

The directors present their report together with the audited financial statements of the company and the consolidated financial statements of the group for the financial year ended 30 June 2004.

1 DIRECTORS

The directors of the company in office at the date of this report are :

Mr Cheak Boon Heng
Mr Ong Kok Wah
Mr Loh Kee Kong
Mr Lim Kwee Siah
Mr Goh Sin Tub
Mr Billy Lee Beng Cheng

In accordance with article 89 of the articles of association, Mr Cheak Boon Heng retires by rotation. Mr Cheak Boon Heng, being eligible, offers himself for re-election.

Pursuant to Section 153(6) of the Singapore Companies Act, Mr Goh Sin Tub who is over the age of seventy years, retires, and offers himself for re-election.

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES

The directors of the company holding office at the end of the financial year and their interests in the share capital of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act are as follows :

	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have interest		
	At beginning of year	At end of year	At 21 July 2004	At beginning of year	At end of year	At 21 July 2004
Holding company - Chuan Hup Holdings Limited						
			Ordinary shares of \$0.20 each			
Mr Cheak Boon Heng	8,725,000	8,775,000	8,775,000	-	-	-
Mr Ong Kok Wah	6,507,000	6,507,000	6,507,000	-	-	-
Mr Goh Sin Tub	300,000	300,000	300,000	-	-	-
Mr Loh Kee Kong	7,360,000*	7,360,000 *	7,360,000 *	-	-	-
Mr Lim Kwee Siah	3,912,500*	3,912,500 *	3,912,500 *	-	-	-
CH Offshore Ltd						
			Ordinary shares of \$0.05 each			
Mr Cheak Boon Heng	1,745,000	1,850,000	1,850,000	-	-	-
Mr Ong Kok Wah	1,301,400	1,301,400	1,301,400	-	-	-
Mr Loh Kee Kong	1,472,000 *	1,472,000 *	1,472,000 *	-	-	-
Mr Lim Kwee Siah	782,500 *	782,500 *	782,500 *	-	-	-
Mr Goh Sin Tub	60,000	60,000	60,000	-	-	-

* Includes shares registered in the name of nominees.

Report of the Directors (cont'd)

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors of those related companies.

5 OPTION TO TAKE UP UNISSUED SHARES

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

6 OPTION EXERCISED

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

7 UNISSUED SHARES UNDER OPTION

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

8 AUDIT COMMITTEE

The Audit Committee comprises Mr Goh Sin Tub (Committee Chairman), Mr Lim Kwee Siah and Mr Billy Lee Beng Cheng, the majority of whom, including the Chairman, are independent non-executive directors. The Audit Committee has met 4 times since the last Annual General Meeting ("AGM") and has reviewed the following, with the executive directors and the external auditors of the company :

- a) the audit plans and results of the external auditors' examination and evaluation of the group's systems of internal accounting controls;
- b) the group's financial and operating results and accounting policies;
- c) the financial statements of the company and the consolidated financial statements of the group before their submission to the directors of the company and the external auditors' report on those financial statements;
- d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the company and of the group;
- e) the co-operation and assistance, given by the management to the group's external auditors;
- f) the cost effectiveness, independence and objectivity of the external auditors and the nature and extent of the non-audit services provided by them;
- g) the re-appointment of the external auditors of the group; and
- h) interested person transactions.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

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

Report of the Directors (cont'd)

9 AUDITORS

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

ON BEHALF OF THE DIRECTORS

.....
Cheak Boon Heng

.....
Loh Kee Kong

18 August 2004

Auditors' Report to the Members of CH Offshore Ltd

We have audited the accompanying financial statements of CH Offshore Ltd set out on pages 26 to 46 for the year ended 30 June 2004. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the consolidated financial statements of the group and the financial statements of the company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 30 June 2004 and the results and changes in equity of the group and of the company and cash flows of the group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche
Certified Public Accountants

Ng Peck Hoon
Partner

Singapore
18 August 2004

Balance Sheets as at 30 JUNE 2004

		Group		Company	
	Note	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
ASSETS					
Current assets :					
Cash and cash equivalents	5	41,630	4,032	37,462	3,332
Trade receivables	6	8,473	11,696	9,453	9,863
Other receivables and prepayments	7	1,051	1,161	574	734
Total current assets		51,154	16,889	47,489	13,929
Non-current assets :					
Subsidiary companies	8	-	-	15,051	15,051
Associated companies	9	2,426	-	1,549	-
Fixed assets	10	110,611	71,546	106,896	66,494
Total non-current assets		113,037	71,546	123,496	81,545
Total assets		164,191	88,435	170,985	95,474
LIABILITIES AND EQUITY					
Current liabilities :					
Bank loans	11	23,082	-	23,082	-
Trade payables	12	10,962	10,866	9,871	8,290
Other payables		275	-	275	-
Other payables - deferred gain	13	938	-	-	-
Income tax payable		81	10	40	-
Total current liabilities		35,338	10,876	33,268	8,290
Non-current liabilities :					
Other payables-due to subsidiary companies	4	-	-	26,092	16,444
Other payables - deferred gain	13	3,490	-	-	-
Deferred tax	14	-	305	-	-
Total non-current liabilities		3,490	305	26,092	16,444
Capital and reserves :					
Issued capital	15	35,255	29,405	35,255	29,405
Share premium		59,997	29,981	59,997	29,981
Dividend reserve	16	7,051	5,881	7,051	5,881
Hedging reserve		(184)	-	(184)	-
Accumulated profits		23,244	11,987	9,506	5,473
Total equity		125,363	77,254	111,625	70,740
Total liabilities and equity		164,191	88,435	170,985	95,474

See accompanying notes to the financial statements.

Profit and Loss Statements

Year Ended 30 June 2004

	Note	Group		Company	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Revenue	17	43,802	45,231	30,080	28,131
Cost of sales	18	(18,320)	(19,166)	(10,153)	(11,242)
Gross profit before direct depreciation		25,482	26,065	19,927	16,889
Direct depreciation		(6,559)	(6,522)	(5,188)	(5,171)
Gross profit		18,923	19,543	14,739	11,718
Other income	19	6,576	1,168	1,557	8
Indirect depreciation		(240)	(116)	(140)	(51)
Administrative expenses		(7,011)	(5,815)	(3,762)	(3,715)
Profits from operations		18,248	14,780	12,394	7,960
Finance cost :					
Bank charges		(63)	(38)	(63)	(38)
Interest expense to non-related company		(23)	(1)	(23)	-
Profit before income tax and results of associated companies		18,162	14,741	12,308	7,922
Share of results of associated companies	9	1,102	-	-	-
Profit before income tax	20	19,264	14,741	12,308	7,922
Income tax	21	214	(305)	(54)	-
Profit for the year		19,478	14,436	12,254	7,922
Earnings per share :					
Basic and fully diluted	23	2.86 cts	6.90 cts		

See accompanying notes to the financial statements.

Statements of Changes in Equity Year Ended 30 June 2004

	Issued capital \$'000	Share premium \$'000	Hedging reserve \$'000	Dividend reserve \$'000	Accumulated profits \$'000	Total \$'000
The group						
Balance at 1 July 2002	1,000	-	-	-	3,432	4,432
Issue of shares pursuant to restructuring exercise (Note 15)	15,051	-	-	-	-	15,051
Capitalization of non-trade amount owing to holding company (Note 15)	13,354	30,595	-	-	-	43,949
Share issue expenses	-	(614)	-	-	-	(614)
Net profit for the year	-	-	-	-	14,436	14,436
Proposed final tax exempt dividend of \$0.01 per ordinary share (Note 16)	-	-	-	5,881	(5,881)	-
Balance at 30 June 2003	29,405	29,981	-	5,881	11,987	77,254
Issue of placement shares (Note 15)	5,850	31,391	-	-	-	37,241
Share issue expenses	-	(1,375)	-	-	-	(1,375)
Final tax exempt dividend of \$0.01 per new ordinary shares (Note 16)	-	-	-	1,170	(1,170)	-
Payment of dividends (Note 16)	-	-	-	(7,051)	-	(7,051)
Decrease in fair value of hedging derivatives	-	-	(184)	-	-	(184)
Net profit for the year	-	-	-	-	19,478	19,478
Proposed final tax exempt dividend of \$0.01 per ordinary share (Note 16)	-	-	-	7,051	(7,051)	-
Balance at 30 June 2004	35,255	59,997	(184)	7,051	23,244	125,363

See accompanying notes to the financial statements.

Statements of Changes in Equity Year Ended 30 June 2004

	Issued capital \$'000	Share premium \$'000	Hedging reserve \$'000	Dividend reserve \$'000	Accumulated profits \$'000	Total \$'000
The company						
Balance at 1 July 2002	1,000	-	-	-	3,432	4,432
Issue of shares pursuant to restructuring exercise (Note 15)	15,051	-	-	-	-	15,051
Capitalization of non-trade amount owing to holding company (Note 15)	13,354	30,595	-	-	-	43,949
Share issue expenses	-	(614)	-	-	-	(614)
Net profit for the year	-	-	-	-	7,922	7,922
Proposed final tax exempt dividend of \$0.01 per ordinary share (Note 16)	-	-	-	5,881	(5,881)	-
Balance at 30 June 2003	29,405	29,981	-	5,881	5,473	70,740
Issue of placement shares (Note 15)	5,850	31,391	-	-	-	37,241
Share issue expenses	-	(1,375)	-	-	-	(1,375)
Final tax exempt dividend of \$0.01 per new ordinary shares (Note 16)	-	-	-	1,170	(1,170)	-
Payment of dividends (Note 16)	-	-	-	(7,051)	-	(7,051)
Decrease in fair value of hedging derivatives	-	-	(184)	-	-	(184)
Net profit for the year	-	-	-	-	12,254	12,254
Proposed final tax exempt dividend of \$0.01 per ordinary share (Note 16)	-	-	-	7,051	(7,051)	-
Balance at 30 June 2004	35,255	59,997	(184)	7,051	9,506	111,625

See accompanying notes to the financial statements.

Consolidated Cash Flow Statement Year Ended 30 June 2004

	2004 \$'000	2003 \$'000
Cash flows from operating activities :		
Profit before income tax and share of associated companies' results	18,162	14,741
Adjustments for :		
Depreciation	6,799	6,638
Interest income	(412)	(42)
Interest expense	23	1
Gain on disposal of fixed assets	(6,393)	(1,164)
Operating profit before working capital changes	18,179	20,174
Changes in working capital:		
Trade receivables	3,223	232
Other receivables and prepayments	146	(83)
Trade payables	96	(3,506)
Cash generated from operations	21,644	16,817
Interest paid	(23)	(1)
Interest received	372	42
Income tax paid	(13)	-
Dividend paid	(7,051)	-
Net cash from operating activities	14,929	16,858
Cash flows from investing activities :		
Disposal of fixed assets	12,203	1,466
Purchase of fixed assets	(46,425)	(15,070)
Cash flow on acquisition of subsidiary companies (Note A)	-	1,829
Investment in associated companies	(2,057)	-
Net cash used in investing activities	(36,279)	(11,775)
Cash flows from financing activities :		
Due to holding company - non-trade	-	(5,472)
Short-term bank loans	23,082	-
Proceeds from issue of shares	37,241	-
Share issue expense	(1,375)	(614)
Net cash from (used in) financing activities	58,948	(6,086)
Net increase (decrease) in cash	37,598	(1,003)
Cash at beginning of year	4,032	5,035
Cash at year ended 30 June 2004	41,630	4,032

A. Summary of the effects of the acquisition of subsidiary companies

	2004 \$'000	2003 \$'000
Cash flows from operating activities :		
Current assets	-	19,507
Non-current assets	-	6,173
Current liabilities	-	(10,629)
Net assets acquired	-	15,051
Less: Shares issued	-	(15,051)
Purchase consideration	-	-
Less: Cash on acquisition of subsidiary companies	-	(1,829)
Cash flow on acquisition, net of cash acquired	-	(1,829)

See accompanying notes to the financial statements.

Notes to the Financial Statements Year Ended 30 June 2004

1 GENERAL

The company is listed on the Singapore Exchange Securities Trading Limited and is incorporated in the Republic of Singapore with its registered office and principal place of business at 388 Jalan Ahmad Ibrahim, Singapore 629157. The financial statements are expressed in Singapore dollars.

The principal activities of the company are investment holding, ship owning and chartering of vessels.

The principal activities of the subsidiary and associated companies are set out in Notes 8 and 9 to the financial statements.

The financial statements of the company and the consolidated financial statements of the group for the year ended 30 June 2004 were authorised for issue by the board of directors on 18 August 2004.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention.

Pursuant to the Singapore Companies (Amendment) Act 2002, with effect from the financial year commencing on or after January 1, 2003, Singapore-incorporated companies are required to prepare and present their financial statements in accordance with the Singapore Financial Reporting Standards ("FRS"), including related interpretations ("INT FRS") promulgated by the Council on Corporate Disclosure and Governance ("CCDG").

Previously, the company and the group prepared their financial statements in accordance with Singapore Statements of Accounting Standard ("SAS"). The adoption of FRS does not have any material impact on the accounting policies and figures presented in the financial statements for the financial year ended 30 June 2003.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiary companies) made up to 30 June each year. Control is achieved when the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The results of subsidiary companies acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiary companies to bring the accounting policies used in line with those used by other members of the group. All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

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

Where a group enterprise transacts with an associated company of the group, unrealised profits and losses are eliminated to the extent of the group's interest in the relevant associated company.

ASSOCIATED COMPANIES - Associated companies are entities over which the group exercise significant influence, through participation in the financial and operating policy decisions of the investee. The equity method of accounting is used.

FINANCIAL ASSETS - Financial assets include cash and trade and other receivables. Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

FINANCIAL LIABILITIES AND EQUITY - Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities include trade and other payables. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the fair value of the consideration received, net of direct issue costs. Dividends on ordinary shares are recognised in shareholders' equity in the period in which they are declared.

Significant financial liabilities include interest-bearing bank loans, which are recorded at the proceeds received, net of direct costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FIXED ASSETS - Fixed assets are carried at cost, less accumulated depreciation and any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

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

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

Vessels	-	4% to 39%
Furniture, fittings and equipment	-	10% to 100%
Motor vehicles	-	24% to 38%

Depreciation is not provided on construction-in-progress.

Fully depreciated assets still in use are retained in the financial statements.

IMPAIRMENT OF ASSETS - At each balance sheet date, the company and the group reviews the carrying amounts of their assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

LEASES - Rentals payable under operating leases are charged to profit and loss statement on a straight-line basis over the term of the relevant lease.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS - Transactions in foreign currencies are recorded using the rate ruling on the date of the transaction. At each balance sheet date, recorded monetary balances and balances carried at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet date. All realised and unrealised exchange adjustment profits and losses are dealt with in the profit and loss statement.

For inclusion in the consolidated financial statements, assets and liabilities of the foreign entities (subsidiary companies and associated companies) are translated at the rates of exchange approximating those ruling at the balance sheet date. The profit and loss statements are translated at the average rates of exchange for the year, and the opening net investment in the foreign entities are translated at the historical rates. The resulting currency translation differences are taken to the exchange fluctuation reserve. On disposal of a foreign entity, the accumulated currency translation differences are recognised in the profit and loss statement as part of the profit or loss on disposal.

DERIVATIVE FINANCIAL INSTRUMENTS - The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The group uses foreign exchange forward contracts to hedge these exposures. The group does not use derivative financial instruments for speculative purposes.

The board of directors govern and approve the use of financial derivatives. Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the profit and loss statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the profit and loss statement in the same period in which the hedged item affects net profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

REVENUE RECOGNITION

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

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

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

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans (including state-managed retirement benefit schemes, such as the Singapore Central Provident Fund) are charged as an expense when incurred.

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

INCOME TAX - Tax expense is determined on the basis of tax effect accounting, using the liability method, and it is applied to all significant temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, except that a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of realisation in the foreseeable future.

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

CASH - Cash for the cash flow statement includes cash and cash equivalents.

3 FINANCIAL RISK MANAGEMENT

The group is exposed to various common financial risks arising in the normal course of business. It has adopted risk management policies and utilises a variety of techniques and instruments to manage its exposure to these risks.

a) *Foreign currency risk*

The group is exposed to foreign currency risk on revenue, purchases and borrowings that are denominated in a currency other than Singapore dollars. The currency giving rise to this risk is primarily US Dollars.

The group uses natural hedging opportunities like denominating the liabilities or cost in the same currency as the assets or revenue when there are currency exposures in the transactions whenever practicable.

Forward foreign exchange transactions are only arranged in respect of committed or forecasted currency exposures. Committed exposures such as trade receivables, capital expenditure and borrowings denominated in a foreign currency are hedged as soon as they are identified.

3 FINANCIAL RISK MANAGEMENT (cont'd)

a) *Foreign currency risk* (cont'd)

The group enters into forward foreign currency exchange contracts and options via the company to hedge this risk. These financial instruments are utilised to provide a degree of certainty on revenue and cash flows. The group is prohibited from entering into speculative transactions.

b) *Interest rate risk*

The group is exposed to interest rate risk through the impact of rate changes on interest-bearing assets and liabilities. The majority of these assets and liabilities are, however, short term in nature and with the current interest rate level, any future variation in interest rates are not expected to have a material impact on net profit.

c) *Liquidity risk*

The group closely monitors its working capital requirements and funds available. It attempts to ensure sufficient liquidity through efficient cash management. The company centrally manages the liquidity of the group and maintains adequate lines of credit.

d) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its obligations resulting in a financial loss to the group.

The group has adopted a pro-active approach in the extension of credit terms to trade customers, monitors its exposure to credit risk on an ongoing basis and only transacts with credit worthy institutions. The maximum exposure to credit risk is represented by the net carrying amount of financial assets recorded in the financial statements.

e) *Concentration of credit risk*

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the group's total credit exposure.

The group's credit exposure is concentrated mainly in Indonesia, Malaysia and Thailand and centralised on oil majors. It adopts a pro-active approach in its credit evaluation process, credit policies and credit control as well as collection procedures to manage the risk arising from the concentration of its credit exposure.

f) *Fair value of financial instruments*

In assessing the fair values of forward foreign exchange contracts, the group uses a variety of methods and makes assumptions based on market prices, market conditions and quotes from independent institutions at each balance sheet date.

The non-current payables due to subsidiary companies are non-interest bearing and have no fixed terms of repayment. Their carrying amounts approximate the fair values.

The fair value of the other financial assets and liabilities approximate their carrying amount due to their short-term maturity except for the outstanding forward foreign exchange contracts as disclosed in Note 26(c).

4 HOLDING COMPANY, ASSOCIATED COMPANIES AND RELATED COMPANIES TRANSACTIONS

The company is a subsidiary of Chuan Hup Holdings Limited, incorporated in Singapore, which is also the company's ultimate holding company. Related companies in these financial statements refer to members of Chuan Hup Holdings Limited group of companies.

An associated company is one in which the group or the ultimate holding company have a long term equity interest of between 20% and 50% and in which the group or the ultimate holding company exercise significant influence over the financial and operating policies.

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

4 HOLDING COMPANY, ASSOCIATED COMPANIES AND RELATED COMPANIES TRANSACTIONS (cont'd)

Some of the group's and company's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest free, without fixed repayment terms unless otherwise stated.

The non-current other payables to subsidiary companies are not repayable within the next twelve months.

Significant intercompany transactions, other than those disclosed elsewhere in the notes to profit and loss statement are as follow :

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Charter hire income earned from :				
related companies	(47)	(128)	-	-
associated company ^(a)	(23,322)	(23,307)	(21,380)	(21,845)
Management fee earned from related companies	(480)	(480)	-	-
Service income earned from associated company	(2)	-	-	-
Other income earned from associated company	(6)	(44)	-	-
Rental paid to :				
related company	-	158	-	46
associated company	199	33	64	13

^(a) The revenue from associated company arises from charter contracts entered into by an associated company, who acted as an agent with various third party charterers on behalf of the group and company. The associated company earns an agency fee of 2% on the charter hire income for such services rendered, which is netted against revenue of the group and company.

5 CASH AND CASH EQUIVALENTS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Cash on hand and bank balances	1,548	4,032	702	3,332
Fixed deposits	40,082	-	36,760	-
Cash and cash equivalents at end of year	41,630	4,032	37,462	3,332

The cash and bank balances and fixed deposits bear interest at rates ranging from 0.24% to 8.25% (2003 : 0.4375% to 1.6875%) per annum.

6 TRADE RECEIVABLES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Outside parties	3,500	4,566	891	1,337
Less : Allowance for doubtful debts	-	(141)	-	-
	3,500	4,425	891	1,337
Subsidiary companies (Note 8)	-	-	3,666	1,905
Associated company (Note 9)	4,973	7,271	4,896	6,621
Total	8,473	11,696	9,453	9,863

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

6 TRADE RECEIVABLES (cont'd)

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Movement in allowance :				
Balance at beginning of year	141	-	-	-
(Write back) charge	(141)	141	-	-
Balance at end of year	-	141	-	-

7 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Prepayments	961	1,101	512	687
Others	90	60	62	47
	1,051	1,161	574	734

8 SUBSIDIARY COMPANIES

	Company	
	2004 \$'000	2003 \$'000
Unquoted equity shares, at cost	15,051	15,051

	Country of incorporation	Effective interest held by the group		Cost of investment		Principal activities
		2004	2003	2004	2003	
		%	%	\$'000	\$'000	
Held by the company						
Chuan Hup Agencies (Private) Limited (a)	Singapore	100	100	82	82	Ship owning, chartering and management
Delaware Marine Pte Ltd (a)	Singapore	100	100	1,439	1,439	Ship owning and chartering
Garo Pte Ltd (a)	Singapore	100	100	5,264	5,264	Investment holding
Offshore Gold Shipping Pte Ltd (a)	Singapore	100	100	3,963	3,963	Ship owning and chartering
Pembroke Marine Pte Ltd (a)	Singapore	100	100	4,303	4,303	Ship owning and chartering
				15,051	15,051	

(a) All of the subsidiary companies are audited by Deloitte & Touche, Singapore.

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

9 ASSOCIATED COMPANIES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Unquoted equity shares, at cost	44	-	44	-
Amounts receivable - non-trade (a)	2,108	-	1,505	-
Share of results of associated companies (b) (c)	274	-	-	-
	<u>2,426</u>	<u>-</u>	<u>1,549</u>	<u>-</u>

(a) The amount of receivables are unsecured, has no fixed repayment term, and an amount of \$1,505,000 bears interest of 2.88% per annum. The balance amount of receivables is non-interest bearing.

(b) Included in the share of results of associated companies is an allowance of \$95,000 for the non-trade receivable balance due from an associated company.

(c) Share of results of associated companies recognised in profit and loss statement includes :

	Group	
	2004 \$'000	2003 \$'000
Share of results of associated companies before income tax	281	-
Amortisation of deferred gain from sale of vessels to associated companies (Note 13)	821	-
	<u>1,102</u>	<u>-</u>
Less : Share of tax attributable to associated companies (Note 21)	(7)	-
	<u>1,095</u>	<u>-</u>

	Country of incorporation	Effective interest held by the group		Cost of investment		Principal activities (country)
		2004	2003	2004	2003	
		%	%	\$'000	\$'000	
Held by the company						
Forsayth Offshore Pte. Ltd. ^(d)	Malaysia	49	-	44	-	Ship chartering (Malaysia)
Held by subsidiary company						
Held by Garo Pte Ltd :						
Icon Offshore Incorporated ^(e)	British Virgin Islands	50	-	-	-	Ship chartering (Middle East)
				44	-	

(d) Audited by overseas practices of Deloitte Touche Tohmatsu.

(e) The associated company is not required to present audited financial statements by the law of its country of incorporation.

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

10 FIXED ASSETS

	Vessels \$'000	Furniture fittings and equipment \$'000	Motor vehicles \$'000	Construction- in-progress \$'000	Total \$'000
Group					
Cost :					
At beginning of year	102,056	944	411	12,794	116,205
Additions	491	14	-	45,920	46,425
Disposals	(12,429)	(4)	-	-	(12,433)
Transfer from construction- in-progress	73	-	-	(73)	-
At end of year	90,191	954	411	58,641	150,197
Accumulated depreciation :					
At beginning of year	44,204	413	42	-	44,659
Depreciation for the year	6,559	124	116	-	6,799
Disposals	(11,868)	(4)	-	-	(11,872)
At end of year	38,895	533	158	-	39,586
Depreciation for last year	6,522	74	42	-	6,638
Net book value :					
At beginning of year	57,852	531	369	12,794	71,546
At end of year	51,296	421	253	58,641	110,611
	Vessels \$'000	Furniture fittings and equipment \$'000	Motor vehicles \$'000	Construction- in-progress \$'000	Total \$'000

Company

Cost :					
At beginning of year	68,210	148	387	12,775	81,520
Additions	122	5	-	45,920	46,047
Disposals	(810)	-	-	-	(810)
Transfer from construction- in-progress	54	-	-	(54)	-
At end of year	67,576	153	387	58,641	126,757
Accumulated depreciation :					
At beginning of year	14,975	9	42	-	15,026
Depreciation for the year	5,188	32	108	-	5,328
Disposals	(493)	-	-	-	(493)
At end of year	19,670	41	150	-	19,861
Depreciation for last year	5,171	9	42	-	5,222
Net book value :					
At beginning of year	53,235	139	345	12,775	66,494
At end of year	47,906	112	237	58,641	106,896

Interest expense and management fees paid to a related company amounting to \$186,446 (2003 : \$70,218) and \$420,000 (2003 : \$195,000) respectively for the group and the company are included in construction-in-progress.

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

11 BANK LOANS

The bank loans are unsecured, repayable over 1 to 3 months and bear interest ranging from 1.90% to 2.68% per annum.

12 TRADE PAYABLES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Outside parties	10,959	10,862	5,174	5,318
Subsidiary companies (Note 8)	-	-	4,694	2,968
Associated company (Note 9)	3	4	3	4
	<u>10,962</u>	<u>10,866</u>	<u>9,871</u>	<u>8,290</u>

13 OTHER PAYABLES - DEFERRED GAIN

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Deferred gain	5,249	-	-	-
Amortisation during the year (Note 9)	(821)	-	-	-
	<u>4,428</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current portion	(938)	-	-	-
Non-current portion	<u>3,490</u>	<u>-</u>	<u>-</u>	<u>-</u>

The deferred gain relate to the group's share of the unrealised profit resulting from the sales of vessels to the associated companies. The deferred gain will be amortised over the remaining useful life of the vessels against the share of results of associated companies in the profit and loss statement.

14 DEFERRED TAX

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Deferred tax liability	361	627	-	-
Deferred tax asset	(361)	(322)	-	-
	<u>-</u>	<u>305</u>	<u>-</u>	<u>-</u>

The movement for the year in deferred tax position was as follows :

At beginning of the year	305	-	-	-
(Reversal) charge to profit and loss for the year (Note 21)	(305)	305	-	-
At end of year	<u>-</u>	<u>305</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

14 DEFERRED TAX (cont'd)

The following are the major deferred tax liability and assets recognised by the group and movements thereon :

Deferred tax liability

	Accelerated tax depreciation \$'000
At beginning of year	627
Reversal to profit and loss for the year	(266)
At end of year	<u>361</u>

Deferred tax assets

	Tax losses \$'000	Other temporary differences \$'000	Total \$'000
At beginning of year	301	21	322
(Reversal) credited to profit and loss for the year	(43)	82	39
At end of year	<u>258</u>	<u>103</u>	<u>361</u>

15 ISSUED CAPITAL

	Group and Company		Group and Company	
	2004 '000	2003 '000	2004 \$'000	2003 \$'000
Authorised :				
5,000,000,000 ordinary shares of \$0.05 each	<u>5,000,000</u>	<u>5,000,000</u>	<u>250,000</u>	<u>250,000</u>
Issued and fully paid :				
At beginning of year				
588,090,514 (2003 : 1,000,000) shares of \$0.05 (2003 : \$1.00) each	588,091	1,000	29,405	1,000
Subdivision of each ordinary share of \$1 each into ordinary shares of \$0.05 each	-	19,000 ^(a)	-	-
Issued during the year				
- Ordinary shares of \$0.05 each to acquire subsidiary companies pursuant to the restructuring exercise (b)	-	301,017	-	15,051
- Ordinary shares of \$0.05 each by way of capitalisation of non-trade balance owing to holding company (b)	-	267,074	-	13,354
- Ordinary shares of \$0.05 each at a premium of \$0.2683 per share for placement	117,000	-	5,850	-
At end of year				
Ordinary shares of \$0.05 each	<u>705,091</u>	<u>588,091</u>	<u>35,255</u>	<u>29,405</u>

Notes to the Financial Statements

Year Ended 30 June 2004 (cont'd)

Note (a) In the prior financial year, every one ordinary share of \$1 each was subdivided into ordinary shares of \$0.02 each, and subdivided into shares of \$0.01 each. Following the subdivision, the share capital of the company was consolidated into one ordinary share of \$0.05 each, such that the paid-up capital was \$1,000,000 divided into 20,000,000 shares of \$0.05 each.

(b) During the prior financial year, the group was formed as a result of the Restructuring Exercise, which was made effective as of 1 July 2002 and involved the following :

1. A transfer of 100% of the holding company, Chuan Hup Holdings Limited's ("CHH") shareholdings in Garo Pte Ltd to the company for \$5,263,630 (being the audited net tangible assets of Garo Pte Ltd as at 30 June 2002) in exchange for an issuance of 105,272,600 new ordinary shares of \$0.05 each at par in the capital of the company to CHH;
2. A transfer of 100% of CHH's shareholdings in Pembroke Marine Pte Ltd to the company for \$4,302,599 (being the audited net tangible assets of Pembroke Marine Pte Ltd as at 30 June 2002) in exchange for an issuance of 86,051,980 new ordinary shares of \$0.05 each at par in the capital of the company to CHH;
3. A transfer of 100% of CHH's shareholdings in Offshore Gold Shipping Pte Ltd to the company for \$3,963,183 (being the audited net tangible assets of Offshore Gold Shipping Pte Ltd as at 30 June 2002) in exchange for an issuance of 79,263,660 new ordinary shares of \$0.05 each at par in the capital of the company to CHH;
4. A transfer of 100% of CHH's shareholdings in Delaware Marine Pte Ltd to the company for \$1,439,182 (being the audited net tangible assets of Delaware Marine Pte Ltd as at 30 June 2002) in exchange for an issuance of 28,783,640 new ordinary shares of \$0.05 each at par in the capital of the company to CHH;
5. A transfer of 100% of CHH's shareholdings in Chuan Hup Agencies (Private) Limited to the company for \$82,230 (being the audited net tangible assets of Chuan Hup Agencies (Private) Limited as at 30 June 2002) in exchange for an issuance of 1,644,600 new ordinary shares of \$0.05 each at par in the capital of the company to CHH; and
6. Capitalisation of the \$43,949,176 outstanding non-trade amount owing by the company to CHH by way of the issuance of 267,074,034 new ordinary shares of \$0.05 each in the capital of the company for a total share premium of \$30,595,474.

All new shares rank *pari passu* in all respects with the then existing shares of the company.

16 DIVIDEND RESERVE

During the financial year ended 30 June 2004, the company paid a final tax exempt dividend of \$0.01 per ordinary share of the company totalling \$7,050,905 (including an additional final tax exempt dividend of \$1,170,000 on the placement shares issued) for the financial year ended 30 June 2003.

Subsequent to the financial year ended 30 June 2004, the directors recommend a final tax exempt dividend of \$0.01 per ordinary share of the company totalling \$7,050,905 for the financial year ended 30 June 2004.

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

17 REVENUE

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Charter hire income earned	41,948	44,269	29,705	28,100
Rendering of services	671	440	-	-
Management and agency fees	771	480	-	-
Interest income	412	42	375	31
	<u>43,802</u>	<u>45,231</u>	<u>30,080</u>	<u>28,131</u>

18 COST OF SALES

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Vessel operating expenses	17,698	18,627	10,153	11,242
Others	622	539	-	-
	<u>18,320</u>	<u>19,166</u>	<u>10,153</u>	<u>11,242</u>

19 OTHER INCOME

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Foreign exchange adjustment gain	183	4	172	8
Gain on disposal of fixed assets				
- associated companies	5,008	-	-	-
- third party	1,385	1,164	1,385	-
	<u>6,576</u>	<u>1,168</u>	<u>1,557</u>	<u>8</u>

20 PROFIT BEFORE INCOME TAX

In addition to charges and credits disclosed elsewhere in the notes to the profit and loss statement, this item includes the following charges :

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Auditors' remuneration :				
Audit fee	60	60	30	30
Non-audit fees	7	3	4	-
Directors' remuneration ^(a)	1,840	1,786	1,409	1,368
Directors' fees	<u>120</u>	<u>45</u>	<u>120</u>	<u>45</u>

Note (a) Directors' remuneration includes depreciation expense of \$56,000 (2003 : \$29,000).

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

21 INCOME TAX

a) The income tax (credit) expense is as follows :

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Current tax				
Singapore	80	-	40	-
Foreign	14	-	14	-
Deferred tax (Note 14)	(305)	305	-	-
Overprovision in prior years	(10)	-	-	-
	<u>(221)</u>	<u>305</u>	<u>54</u>	<u>-</u>
Share of tax attributable to associated companies (Note 9)	7	-	-	-
	<u>(214)</u>	<u>305</u>	<u>54</u>	<u>-</u>

b) The income tax (credit) expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2003 : 22%) to profit before income tax as a result of the following differences :

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Income tax expense at statutory rate	3,853	3,243	2,462	1,743
Tax exempt income	(3,730)	(2,936)	(2,471)	(1,749)
Non-deductible items	87	-	67	-
Utilisation of deferred tax assets previously not recognised	(435)	-	(3)	-
Overprovision in prior years	(10)	-	-	-
Difference in tax rates of associated companies	50	-	-	-
Change in tax rate of deferred tax	(28)	-	-	-
Others	(1)	(2)	(1)	6
Total income tax (credit) expense at effective tax rate	<u>(214)</u>	<u>305</u>	<u>54</u>	<u>-</u>

c) Subject to agreement with the Comptroller of Income Tax, the group and company has unutilised tax loss carryforwards, capital allowances, and other temporary differences estimated as follows :

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Unutilised tax loss carryforwards	1,290	1,505	-	8
Capital allowances	671	2,589	-	23
Other temporary differences	1,594	95	-	-
	<u>3,555</u>	<u>4,189</u>	<u>-</u>	<u>31</u>
Deferred tax benefit on above :				
- unrecorded	350	600	-	7
- recorded (Note 14)	361	322	-	-

These future income tax benefits are available for an unlimited future period only if the company and its respective subsidiary companies derive future assessable income of a nature and of sufficient amounts to enable the benefits to be realised and the conditions for deductibility imposed by the law, including the retention of majority shareholders, as defined, are complied with. Deferred tax benefits on certain of the above future income tax benefits are not recorded due to uncertainty of future taxable income stream.

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

22 STAFF COSTS

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Permanent staff (including directors' remuneration)	6,363	5,577	3,411	3,443
Contract based crew	4,498	4,498	2,976	2,815
	10,861	10,075	6,387	6,258
Cost of defined contribution plans included in staff costs	414	582	169	239

	Group		Company	
	2004	2003	2004	2003
Number of permanent employees at end of year	55	54	18	23
Number of contract based crew at end of year	231	248	153	156
	286	302	171	179

Number of directors of the company in remuneration bands is as follows :

	2004	2003
\$500,000 and above	1	1
\$250,000 to \$499,999	2	2
Below \$250,000	3	3
Total	6	6

23 EARNINGS PER SHARE

	Group	
	2004	2003
	\$'000	\$'000
Profit attributable to shareholders	19,478	14,436
Number of weighted average ordinary shares used to compute earnings per share ('000)	680,156	209,364
Basic and fully diluted : Earnings per share	2.86 cts	6.90 cts

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

24 SEGMENTAL INFORMATION

Business Segments

The operations of the group are associated specifically with the offshore oil and gas industry.

Geographical Segment

The group's operations are located in Indonesia, Malaysia, Thailand and other Asia-Pacific countries.

The following is the revenue by location of customers and the total assets and capital expenditure analysed by the geographical area :

	Indonesia \$'000	Malaysia \$'000	Thailand \$'000	Singapore \$'000	Others ^(a) \$'000	Consolidated \$'000
2004						
Revenue	24,088	7,795	5,899	-	6,020	43,802
Total assets	71,232	26,518	9,745	25,381	31,315	164,191
Capital expenditure	2	11,272	-	17,477	17,674	46,425
2003						
Revenue	23,941	7,810	10,379	-	3,101	45,231
Total assets	57,255	5,420	10,250	7,573	7,937	88,435
Capital expenditure	21	-	-	8,648	6,401	15,070

Note (a) The total assets and capital expenditure consists primarily vessels in construction in China of \$24,076,000 (2003 : \$6,401,000) and \$17,674,000 (2003 : \$6,401,000) respectively.

25 CONTINGENT LIABILITIES

	Group		Company	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Guarantees (unsecured)	3,050	4	3,050	4

As at 30 June 2004, the company has indemnified an associated company amounting to \$3,041,000 (2003 : Nil) for any losses or liabilities that may result from the bankers' guarantees it has obtained for the bidding and performance of projects on behalf of the company. The balance of the guarantees are provided to third parties.

Notes to the Financial Statements Year Ended 30 June 2004 (cont'd)

26 COMMITMENTS

a) Operating lease commitments :

	Group		Company	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments paid under operating leases	199	191	64	59

At the balance sheet date, commitments in respect of operating leases of office premises with a term of more than one year were as follows :

Payable :				
Within 1 year	199	199	64	77
Between 2 to 5 years	199	398	64	154

b) Capital commitments :

	Group and Company	
	2004	2003
	\$'000	\$'000
Amounts contracted for construction of vessels but not accrued	34,021	48,600

c) As at the end of the financial year, the aggregate fair value of forward foreign exchange contracts outstanding at year end were as follows :

	Group and Company	
	2004	2003
	\$'000	\$'000
Bought - S\$	13,969	29,716
Sold - US\$	(8,320)	(17,000)
Fair value in S\$	(14,244)	(29,856)

Included in the above forward foreign exchange contracts in 2003 are forward call options to sell US\$18,000,000 equivalent to an amount approximately S\$31,453,500.

The fair value of forward foreign exchange contracts represents the unrealised gains or losses of open contracts which have been accounted for in the financial statements. As at 30 June 2004, the unrealised loss on revaluation to fair value of the outstanding forward foreign exchange contracts of \$275,000 (2003 : \$140,000) of which \$226,000 (2003 : \$Nil) has been deferred and recognised as hedging reserve as the forward contracts were designated for capital expenditure after year end.

Statement of Directors

In the opinion of the directors, the accompanying financial statements set out on pages 26 to 46 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at 30 June 2004 and of the results and changes in equity of the group and of the company and cash flows of the group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE DIRECTORS

.....
Cheak Boon Heng

.....
Loh Kee Kong

18 August 2004

Shareholder Information as at 1 September 2004

SHARE CAPITAL

Authorised Share Capital	- 5,000,000,000	ordinary shares of \$0.05 each
Issued and Fully Paid Capital	- 705,090,514	ordinary shares of \$0.05 each

BREAKDOWN OF SHAREHOLDINGS BY RANGE

SIZE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED SHARE CAPITAL
1 - 999	1,106	9.93	518,877	0.07
1,000 - 10,000	7,269	65.28	28,572,457	4.05
10,001 - 1,000,000	2,730	24.52	116,759,172	16.56
1,000,001 AND ABOVE	30	0.27	559,240,008	79.31
TOTAL	11,135	100.00	705,090,514	100.00

TWENTY LARGEST SHAREHOLDERS

	SHAREHOLDER'S NAME	NUMBER OF SHARES	% OF HOLDINGS
1	CHUAN HUP HOLDINGS LIMITED	372,197,026	52.79
2	UNITED OVERSEAS BANK NOMINEES PTE LTD	24,949,899	3.54
3	PEH KWEE CHIM	16,919,000	2.40
4	DBS NOMINEES PTE LTD	15,428,250	2.19
5	RAFFLES NOMINEES PTE LTD	13,502,400	1.91
6	PEH KWEE YONG	11,146,866	1.58
7	AQUARIUS INVESTMENTS INCORPORATION LIMITED	10,382,200	1.47
8	OCBC SECURITIES PRIVATE LTD	7,538,200	1.07
9	UOB KAY HIAN PTE LTD	6,704,600	0.95
10	ENVI INVESTMENTS PTE LTD	6,490,666	0.92
11	HSBC (SINGAPORE) NOMINEES PTE LTD	6,439,000	0.91
12	CITIBANK NOMINEES SINGAPORE PTE LTD	6,321,900	0.90
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,897,400	0.84
14	MERRILL LYNCH (S'PORE) PTE LTD	5,875,000	0.83
15	LEE YUEN SHIH	5,335,000	0.76
16	G K GOH STOCKBROKERS PTE LTD	5,330,201	0.76
17	MORGAN STANLEY ASIA (S'PORE)	5,000,000	0.71
18	KIM ENG SECURITIES PTE.LTD.	4,751,600	0.67
19	OVERSEA CHINESE BANK NOMINEES PTE LTD	4,053,400	0.57
20	SINGAPORE NOMINEES PTE LTD	3,357,000	0.48
TOTAL:		537,619,608	76.25

SUBSTANTIAL SHAREHOLDERS (as shown in the Register of Substantial Shareholders)

SHAREHOLDER'S NAME	NUMBER OF SHARES	% OF HOLDINGS
CHUAN HUP HOLDINGS LIMITED	372,197,026	52.79

Note:

(a) Based on information available to the Company as at 1 September 2004, approximately 46.44% of the ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 28th ANNUAL GENERAL MEETING of the Company will be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on 20 October 2004 at 10.00 a.m. to transact the following businesses:

Ordinary Business:

1. To receive and adopt the Audited Accounts for the financial year ended 30 June 2004 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**
2. To declare a first and final dividend of 1 cent per share (tax exempt) for the financial year ended 30 June 2004. **(Resolution 2)**
3. To re-elect Mr Cheak Boon Heng, who retires by rotation in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offers himself for re-election. [See Explanatory Note 1] **(Resolution 3)**
4. To consider, and if thought fit, to pass the following resolution:
"Pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Goh Sin Tub be re-appointed a Director of the Company to hold office until the next Annual General Meeting." [See Explanatory Note 2] **(Resolution 4)**
5. To approve the payment of fees for Non-Executive Directors for the financial year ended 30 June 2004. **(Resolution 5)**
6. To re-appoint Auditors and to authorise Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other business of an Annual General Meeting

Special Business:

8. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

That authority be and is hereby given to the Directors of the Company to:

(Resolution 7)

- (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this

Notice of Annual General Meeting (cont'd)

Resolution is passed; and

- (ii) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

NOTICE IS ALSO HEREBY GIVEN that the Transfer Book and Register of Members of the Company will be closed on 28 October 2004 for the preparation of dividend warrants. Duly completed registrable transfers of the ordinary shares of S\$0.05 each in the capital of the Company ("Shares") received by the Company's Registrar, Barbinder & Co Pte Ltd of 8 Cross Street #11-00, PWC Building, Singapore 048424, up to 5.00 p.m. on 27 October 2004 will be registered to determine members' entitlements to the proposed dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 27 October 2004 will be entitled to the proposed dividend. The proposed dividend, if approved at the 28th Annual General Meeting, will be paid on 8 November 2004.

Dated this 27th day of September 2004

By Order of the Board

Valerie Tan
Company Secretary

Notes:

1. A member of the Company who is entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.
2. The instrument appointing a proxy must be lodged at the registered office of the Company at 388 Jalan Ahmad Ibrahim, Singapore 629157, not less than 48 hours before the time appointed for the Annual General Meeting.

Explanatory Notes:

- 1) Mr Cheak Boon Heng, if re-appointed, will continue as a member of the Remuneration Committee. Mr Cheak is considered a non-independent director.
- 2) Mr Goh Sin Tub, if re-appointed, will continue as the Chairman of the Audit, Nominating and Remuneration Committees. Mr Goh is considered an independent director.

Proxy Form

IMPORTANT

1. For investors who have used their CPF moneys to buy shares in the capital of CH Offshore Ltd, this Annual Report 2004 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Total Number of Shares held	
-----------------------------	--

I/We _____ (Name)
of _____ (Address)
being a member/members of CH Offshore Ltd (the "Company") hereby appoint

NAME	ADDRESS	NRIC/ PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)
(a)			
and/or (delete as appropriate)			
(b)			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote on my/our behalf and, if necessary, to demand a poll, at the Twenty-Eighth Annual General Meeting of the Company to be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on 20 October 2004 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any matter arising at the Annual General Meeting).

NO	ORDINARY RESOLUTIONS	FOR	AGAINST
	Ordinary Business		
1	Adoption of Accounts and Reports		
2	Declaration of First and Final Dividend		
3	Re-election of Director – Mr Cheak Boon Heng		
4	Re-appointment of Mr Goh Sin Tub		
5	Payment of Fees to Non-Executive Directors		
6	Appointment of Auditors		
	Special Business		
7	Approval of proposed Share Issue Mandate		

Signed this _____ day of _____ 2004

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 388 Jalan Ahmad Ibrahim, Singapore 629157 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap 50.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CH Offshore Ltd

Co. Reg. No.197600666D

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