



**CH Offshore Ltd**

**Annual Report 2005**

*Creating Value, Generating Growth*

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## Mission

The Organization's mission is to be the leading marine support service provider for the Oil & Gas industries in Asia.

## Vision

Our vision is to be Asia's most preferred marine support service provider who:

- Provides a safe working environment and adopts safe practices onboard our vessels.
- Protects the marine environment by adopting tough anti-pollution control measures in the areas of oily discharge, garbage disposal and exhaust emission onboard our vessels.
- Is competitive
- Is customer-focused
- Constantly upgrades the skills of the shore and shipboard employees to realize their full potential and maximize their contributions to the Organization.

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## 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 the year 2002. During the financial year ("FY") 2004, we have disposed of 3 older vessels and have a total of 6 units of new vessels under construction. Of the 6 units, we took delivery of 3 units in FY2005. All 3 vessels are currently operating in the Middle East. We expect to take delivery of the remaining 3 units in FY2006. In FY2005, we have disposed of 2 older vessels and entered into a contract to construct 2 units of 12,240 bhp AHTS vessels with option to build another 2. The option was exercised towards the end of July 2005. With this, we have a total of 4 units of 12,240 bhp AHTS vessels under construction. We expect to take delivery of the first 2 units in year 2006 and the remaining 2 units in year 2008.

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 recently in 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 over 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.



## Jasper

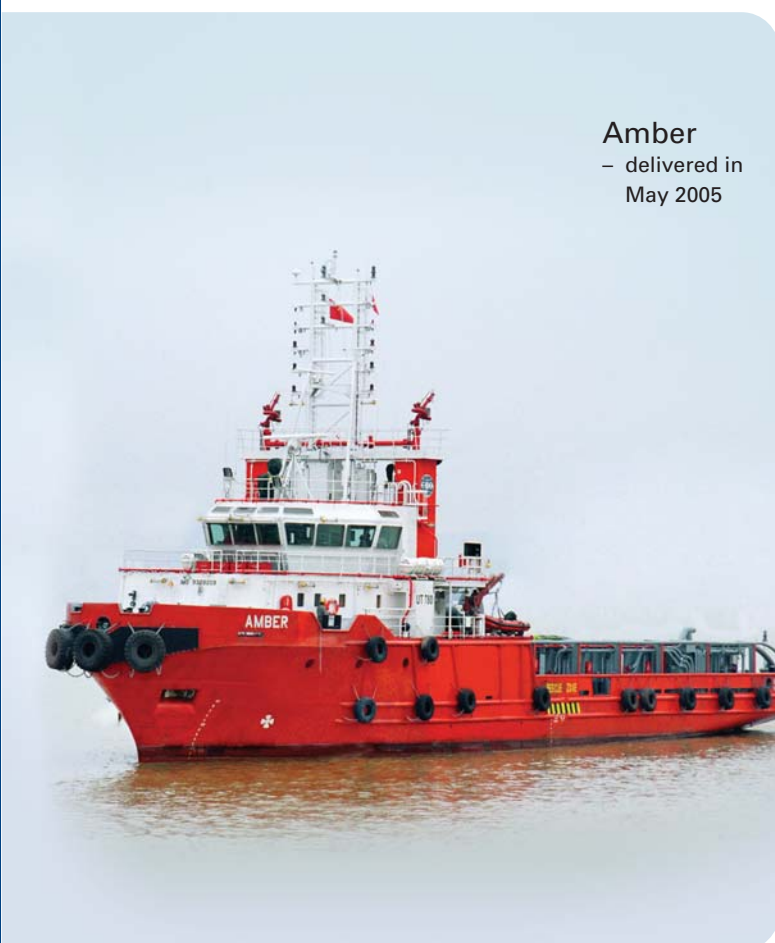
– delivered in  
September 2004

With over 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.



## Amber

– delivered in  
May 2005



## Zircon

– delivered in  
November 2004



## Letter to Shareholders

The financial year ended 30 June 2005 ("FY2005") had been an eventful year for CH Offshore Group of companies. Amidst the buoyant oil and gas market where the price of oil remains at a record high, our Group remains focused and took positive steps to achieve the following milestones:

### **FLEET RENEWAL**

It has always been our Group's objective to operate a younger fleet of vessels so as to maintain our competitive edge in the market. To achieve this, the Group has in place a long term fleet renewal and new building programme. Fleet renewal is achieved through a two-fold programme. Firstly, we target disposal of some of the older tonnages. Secondly, we ensure acquisition of new vessels is on-going. In FY2005, the Group sold two older vessels, took delivery of three new vessels and has five vessels under construction as at 30 June 2005. Of the five vessels under construction, three are expected to be delivered in FY2006 and two in FY2007. This programme will enable the Group to reduce the age of its fleet of vessels from about 18 years to approximately 15 years by the end of FY2007.

### **DIVERSIFY RANGE OF VESSELS**

To meet the various needs of our clients, we see the importance of equipping ourselves with different range of vessels with different capabilities. The focus to diversify into another range of larger vessels capable of supporting deeper waters drilling operations culminated in the signing of an agreement with a Japanese shipyard to build two units of 12,240 bhp AHTS vessels in March 2005. This agreement also provided us with an option to build another two units which we have exercised before end of July 2005. We expect the completion of these two vessels in the year 2008.

### **GEOGRAPHICAL DIVERSIFICATION**

Traditionally, we operate in the South-East Asian countries. Our traditional strongholds include Indonesia, Malaysia and Thailand. At the beginning of this financial year, we stepped up our marketing efforts to network with visits to the various oil & gas service companies operating in the Middle East, with special efforts in Saudi Arabia, Qatar and United Arab Emirates. Our Group's efforts to penetrate into these countries in the Middle East have been successful. At the end of September 2004, we mobilized our first vessel to the United Arab Emirates. As at 30 June 2005, we have four vessels operating in this geographical segment.

### **FINANCIAL REVIEW**

We are pleased with the financial performance for the year ended 30 June 2005. At the end of the financial year, the Group recorded profit after tax of US\$13.82 million compared to US\$11.344 million for the previous year, an increase of 21.8%. The improved performance came on the back of higher revenue and lower operating costs. Revenue rose 12.1% from US\$25.509 million for the previous financial year to US\$28.603 million. The increase in revenue is partly contributed by the addition of three new vessels and also as a result of higher utilisation as none of the vessels were off-hired for mandatory docking. This explained a 19.9% decrease in operating costs from US\$10.669 million to US\$8.549 million. As part of our fleet renewal programme, two vessels were sold during the year. The gain from the sale of these two vessels amounted to US\$1.232 million.





Australia  
Indonesia  
Malaysia  
Qatar  
Saudi Arabia  
Singapore  
Thailand  
United Arab Emirates  
Vietnam







As at 30 June 2005, the Group has gained considerable financial strength as a result of its good operating performance for the year. The Group recorded a profit for the year of US\$13.82 million. Consequently, the total shareholders' funds rose 13.6% to US\$82.806 million for the year just ended from US\$72.886 million for the previous year. Net assets value (NAV) rose to 11.74 US cents as compared to 10.34 US cents. The Group's total assets and liabilities stood at US\$109.019 million and US\$26.213 million respectively.

In view of its long term fleet renewal programme and rising interest rates, the Group deems it prudent to finance its capital expenditure by a combination of cash flows from internally-generated funds and as well as externally from bank borrowings. The Group's working capital strengthened from a ratio of 1.45 times to 2.72 times. As at 30 June 2005, the Group's gearing (bank debts to equity) ratio remains low at 22.9% and cash stood at US\$18.166 million.

## **DIVIDEND**

Given the good operating performance for the year, the Group has benefited from a strong operating cashflow. As such, the directors are recommending the payment of a first and final tax-exempt dividend of 1.5 SGD cents per ordinary share in respect of the financial year just ended, an increase of 50% over the 1 SGD cents paid out for last financial year ended 30 June 2004. Total dividend will amount to SGD 10.576 million (equivalent to US\$6.281 million), representing 45.4% of the Group's net profit after tax.

## **OUTLOOK & PROSPECTS**

With the oil prices at record high and the need to find new sources of oil and gas by the oil and gas companies to replace dwindling reserves, it is expected that capital expenditure to drill more wells will also increase. The high oil prices hence will encourage oil companies to increase its investments as operators gain confidence that exploration and production are worth pursuing with a new emphasis on reserve growth.



On the back of an increase in drilling activities around the region, the supply vessel market is expected to remain buoyant. This augurs well for CHO as demand for our fleet of vessels continues. Besides the addition of three new vessels to our fleet in the financial year just ended, we have five vessels currently under construction and have just exercised the option to build another two vessels in July 2005. CHO is thus, in the position to meet increased market demand.

#### **APPRECIATION**

We would like to place on record our appreciation to our former chairman, the late Mr. Goh Sin Tub, for his invaluable guidance and contributions. Mr. Goh Sin Tub passed away on 16 November 2004. He will be dearly missed and remembered.

On 1 February 2005, the Company appointed Mr. Cheak Boon Heng as its Executive Chairman and Mdm Joanna Young Sau Kwan as its independent, non-executive director and chairman of the Audit Committee. Mdm Young, a practising accountant specialising in audit, brings with her a wealth of expertise and experience in the areas of accounting and finance.

#### **ACKNOWLEDGEMENTS**

To our dedicated management and staff, a big thank-you for the year's good performance. To our valued shareholders, clients, suppliers, business associates, thank you for the support accorded to us. We treasure your contributions and seek your continuous support as we embark on the new financial year.



**Cheak Boon Heng**

Executive Chairman

8 September 2005



## Board of Directors

### **Cheak Boon Heng**

Executive Chairman

Mr Cheak Boon Heng is the Executive Chairman of CH Offshore Ltd ("CHO"). He was appointed as a Director of the Company in 1991 and as Executive Chairman in February 2005. He is also a member of the Remuneration Committee. As Executive Chairman, Mr Cheak is responsible for charting 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 until 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 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 40 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 Honorary Secretary and Chairman, General Affairs 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 CHH and PCI Limited ("PCI").

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 of CHH, 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 CHH and PCI.

Mr Lim graduated from the then University of Singapore with a Bachelor of Accountancy degree and is a Fellow 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 the Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee.

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.

### **Mdm Joanna Young Sau Kwan**

Non-Executive Director

Mdm Joanna Young Sau Kwan is a non-executive, independent Director and was appointed to this position in February 2005. She is also the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. Mdm Young is also a non-executive, independent Director of CHH

Mdm Young brings with her a wealth of experience in accounting, auditing and financial management. Mdm Young runs her own accounting firm. From 1969 to 1978, she gained extensive experience in the accounting profession during her employment with Evan Wong & Co and Turquand Youngs & Co. In 1978, she joined a garment manufacturing company taking charge of financial, administration and production duties before setting up her own practice in 1980. Mdm Young has been the Honorary Auditor of the Chinese Women's Association since 1972.

Mdm Young studied Accountancy in Sydney Technological College and obtained her Accountancy Certificate in 1968. She was admitted to membership of the Australian Society of Accountants and the Singapore Society of Accountants in 1969 and is a Fellow (Practising) Member of the Institute of Certified Public Accountants of Singapore.

**from left to right:**

**Cheak Boon Heng, Ong Kok Wah,  
Loh Kee Kong, Lim Kwee Siah,  
Billy Lee Beng Cheng,  
Joanna Young Sau Kwan**



## Key Executives

**Koh Kok Leong** is the General Manager of CH Offshore Ltd ("CHO") and was appointed to this position in 2000. He joined Chuan Hup Agencies (Private) Limited ("CHA") 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** was appointed as Deputy Financial Controller of Chuan Hup Holdings Limited ("CHH") in July 2002 and seconded to CHO as the Chief Financial Officer in July 2002. As Chief Financial Officer of CHO, he oversees its financial affairs. From July 2000 to June 2002, Mr Peh worked in 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 Manager 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 the 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 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 1998, 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

Cheak Boon Heng (Executive Chairman)  
Ong Kok Wah (Chief Executive Officer)  
Loh Kee Kong  
Lim Kwee Siah  
Billy Lee Beng Cheng  
Joanna Young Sau Kwan

### Audit Committee

Joanna Young Sau Kwan (Chairman)  
Lim Kwee Siah  
Billy Lee Beng Cheng

### Remuneration Committee

Billy Lee Beng Cheng (Chairman)  
Cheak Boon Heng  
Joanna Young Sau Kwan

### Nominating Committee

Billy Lee Beng Cheng (Chairman)  
Lim Kwee Siah  
Joanna Young Sau Kwan

### Company Secretary

Valerie Tan May Wei

### Registered Office

388 Jalan Ahmad Ibrahim  
Singapore 629157  
Telephone : (65) 6861 1711  
Facsimile : (65) 6862 2336  
Website : [www.choffshore.com.sg](http://www.choffshore.com.sg)  
Email : [investor@chuanhup.com.sg](mailto:investor@chuanhup.com.sg)

### 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 2005

### Announcement of First Quarter Financial Results

5 November 2004

### Announcement of Half-Year Financial Results

4 February 2005

### Announcement of Third Quarter Financial Results

6 May 2005

### Announcement of Full-Year Financial Results

5 August 2005

### Dispatch of Annual Report to Shareholders

23 September 2005

### Annual General Meeting

12 October 2005

### Book Closure to Register Members for Dividend Payment

21 October 2005

### Proposed Payment of First and Final Dividend

4 November 2005

# 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 7 Board meetings were held for the financial year ended 30 June 2005. Details of the attendance of Board members at Board meetings and meetings of the various Board committees for the financial year ended 30 June 2005 are set out on page 17 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 Billy Lee Beng Cheng and Mdm Joanna Young Sau Kwan. 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 8 to 9 of this Annual Report.

### Chairman and Chief Executive Officer

Different individuals assume the Chairman and the Chief Executive Officer functions in CHO. There is a clear separation of the roles and responsibilities between the 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 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 Billy Lee Beng Cheng (Committee Chairman), Mr Lim Kwee Siah and Mdm Joanna Young Sau Kwan, 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 Billy Lee Beng Cheng (Committee Chairman), Mr Cheak Boon Heng and Mdm Joanna Young Sau Kwan, 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.

The remuneration package generally comprises two components. One component is fixed in the form of a base salary that includes the 13th month based Annual Wage Supplement ("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 directors' remuneration in bands of US\$150,000 is disclosed below. The remuneration of the top five executives who are not also directors is shown by number in bands of US\$150,000.

The names of the top five executives who are not also directors have not been disclosed for competitive reasons and to maintain confidentiality of staff remuneration matters.

### Audit Committee

The Audit Committee comprises Mdm Joanna Young Sau Kwan (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 Mdm Joanna Young Sau Kwan have 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.

## DIRECTORS' REMUNERATION PAID IN RESPECT OF FINANCIAL YEAR ENDED 30 JUNE 2005

Directors of Company	Base Salary	Variable Payments	Directors' Fees	Total	Share Option Granted
<b>US\$450,000 to US\$599,999</b>					
Mr Cheak Boon Heng	51.9%	48.1%	0.0%	100.0%	Nil
Mr Ong Kok Wah	48.0%	52.0%	0.0%	100.0%	Nil
<b>US\$150,000 to US\$299,999</b>					
Mr Loh Kee Kong	50.2%	49.8%	0.0%	100.0%	Nil
<b>Below US\$150,000</b>					
The late Mr Goh Sin Tub	0.0%	0.0%	100.0%	100.0%	Nil
Mr Billy Lee Beng Cheng	0.0%	0.0%	100.0%	100.0%	Nil
Mr Lim Kwee Siah	0.0%	0.0%	100.0%	100.0%	Nil
Mdm Joanna Young Sau Kwan	0.0%	0.0%	100.0%	100.0%	Nil

### Notes:

1. Base salary includes the 13th month AWS, allowances, employer's CPF and benefits in kind such as the use of Company cars.
2. Variable payments are subject to financial performance of the Company and the Group.
3. Mr Goh Sin Tub passed away on 16 November 2004.
4. Mdm Joanna Young Sau Kwan was appointed to the Board on 1 February 2005

### REMUNERATION OF TOP FIVE EXECUTIVES WHO ARE NOT ALSO DIRECTORS OF THE COMPANY IN RESPECT OF FINANCIAL YEAR ENDED 30 JUNE 2005

US\$150,000 to US\$300,000	1
Below US\$150,000	4

Functions performed by the Audit Committee include the following:

- (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 scope and results of the internal audit procedures;
- (d) 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;
- (e) 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;
- (f) reviewing the co-operation and assistance given by the management to the Group's external auditors;
- (g) reviewing internal audit plan and findings;
- (h) evaluating the cost effectiveness, independence and objectivity of the external auditors and the nature and extent of the non-audit services provided by them;
- (i) reviewing the re-appointment of the external auditors of the Company; and
- (j) 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 recognizes 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.com IR 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 two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the announcement of the Company's financial statements for the financial year, and ending on the date of the announcement of the relevant financial statements, or if they are in possession of unpublished price-sensitive information on the Group.

### Interested Person 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:

- business units have been notified of the provisions of Chapter 9 and are aware of their obligations;
- new subsidiaries on incorporation or acquisition are informed of their obligations under Chapter 9;
- 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 2005:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year ended 2005 (excluding transactions less than S\$100,000)
	S\$'000 / US\$'000
PT Rig Tenders Indonesia	478 / 287
Chuan Hup Holdings Ltd Group of Companies	892 / 521
Quijul Pte Ltd	200 / 117

### 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 2005 is as follows:

### BOARD MEETINGS

Director	Notes	Regular Board Meetings		Ad Hoc Board Meetings	
		No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
The late Goh Sin Tub	(1)	3	2	–	–
Cheak Boon Heng		7	7	–	–
Ong Kok Wah		7	7	–	–
Loh Kee Kong		7	7	–	–
Lim Kwee Siah		7	7	–	–
Billy Lee Beng Cheng (Independent)		7	7	–	–
Joanna Young Sau Kwan (Independent)	(2)	4	4	–	–

### BOARD COMMITTEE MEETINGS

Director	Notes	Nominating Committee Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
		No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
The late Goh Sin Tub	(1)	–	–	2	1	–	–
Lim Kwee Siah		1	1	4	4	–	–
Billy Lee Beng Cheng		1	1	4	4	1	1
Cheak Boon Heng		–	–	–	–	1	1
Joanna Young Sau Kwan	(2)	1	1	2	2	1	1

#### Notes:

(1) Mr Goh Sin Tub passed away on 16 November 2004.

(2) Mdm Joanna Young Sau Kwan was appointed to the Board on 1 February 2005.

## Review of Operations and Results

### Turnover and Earnings before Interest, Tax and Depreciation

("EBITDA") (US\$'000)

The Group's turnover increased 12.1% from US\$25.509 million for FY2004 to US\$28.603 million for FY 2005. The increase was due to the delivery of 3 new vessels and higher utilisation of the fleet as none of the vessels was docked during the current financial year.

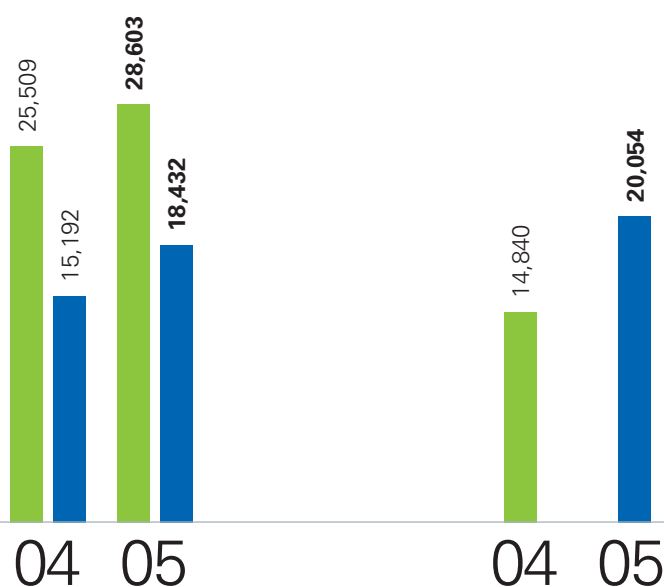
As a result of an increase in revenue and decrease in operating costs, EBITDA rose 21.3% from US\$15.192 million to US\$18.432 million.

### Gross Profit before Direct Depreciation

(US\$'000)

Gross profit before direct depreciation increased 35.1% from US\$14.840 million for FY 2004 to US\$20.054 million for FY2005. This was due to higher revenue and lower operating costs which resulted from no vessel was off-chartered for docking in the current financial year.

Turnover ■  
EBITDA ■



FY2004	FY2005	Change
25,509	28,603	12.1%
15,192	18,432	21.3%

FY2004	FY2005	Change
14,840	20,054	35.1%



### Income Tax

(US\$'000)

The group's income tax for the previous financial year comprised primarily deferred tax written back. The Group derived its income mainly from the chartering of its vessels which is substantially tax-exempt under Sec 13A of the Singapore Income Act.

### Group Total Assets

(US\$'000)

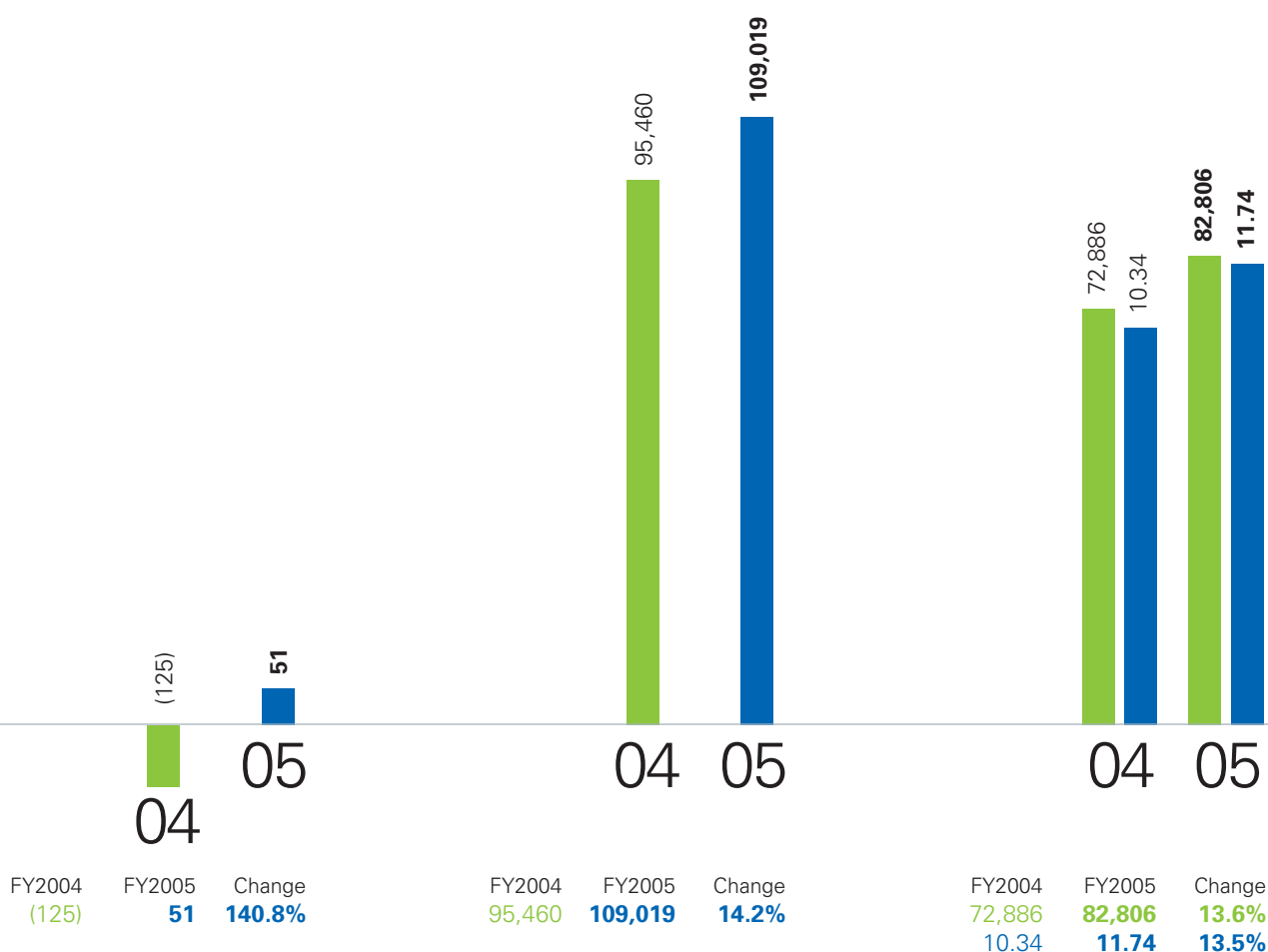
The group's total assets increased by 14.2% for FY 2005. The Group has in place an on-going fleet renewal programme. In FY 2005, the Group took delivery of three new vessels and has another five vessels under construction as at 30 June 2005.

### Shareholders' Equity and Net Assets Value

(US\$'000) (US Cents)

The group's shareholders' equity rose 13.6% to US\$82.806 million for FY2005. Similarly, this led to an increase in net assets value ("NAV") per share from 10.34 US cents to 11.74 US cents.

Shareholders' Equity (US\$'000) ■  
NAV (US Cents) ■

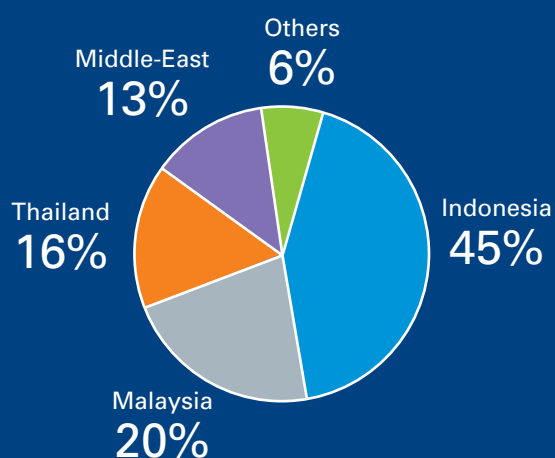


## Review of Operations and Results By Geographical Segments

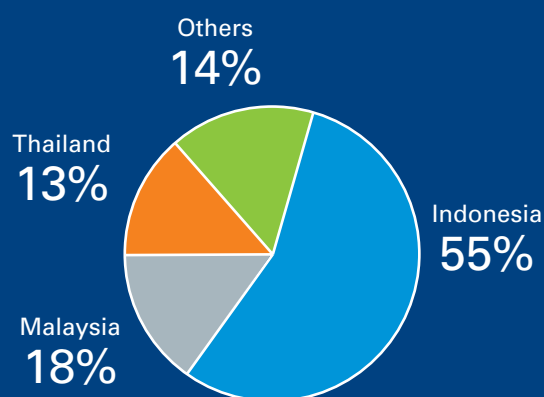
	Indonesia US\$'000	Malaysia US\$'000	Thailand US\$'000	Middle-East US\$'000	Others* US\$'000	Total US\$'000
<b>As at 30 June 2005 ("FY2005")</b>						
Revenue	12,964	5,808	4,474	3,773	1,584	<b>28,603</b>
Gross profit after direct depreciation	7,507	2,838	2,381	1,835	1,189	<b>15,750</b>
<b>As at 30 June 2004 ("FY2004")</b>						
Revenue	14,028	4,539	3,436	–	3,506	<b>25,509</b>
Gross profit after direct depreciation	7,036	634	1,606	–	1,744	<b>11,020</b>

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

**FY2005 Revenue Contribution  
by Geographical Segments**



**FY2004 Revenue Contribution  
by Geographical Segments**

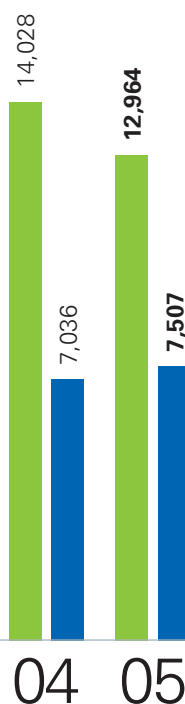


## Earnings From Indonesia

(US\$'000)

Revenue from the Indonesian segment fell 7.6% from US\$14.028 million for previous corresponding year to US\$12.964 million for current year respectively. However, gross profit after direct depreciation increased to US\$7.507 million from US\$7.036 million for FY2004. The main contributing factor for the decrease in revenue for this year was due to the deployment of two vessels to other countries. One of the vessels was mobilised to Middle East and another to Malaysia. In addition, one of the vessels in this segment was sold during the last financial year. The increase in gross profit for FY2005 was due to lower operating costs as a result of no vessel was scheduled for mandatory docking compared to one vessel in this segment was docked in the previous financial year.

Revenue  
Gross Profit After Direct Depreciation



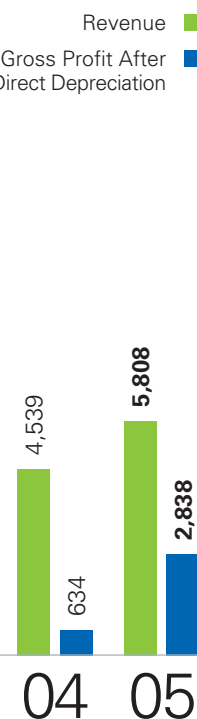
FY2004	FY2005	Change
14,028	12,964	-7.6%
7,036	7,507	6.7%

## Earnings From Malaysia

(US\$'000)

The Malaysian operations recorded an increase in both the revenue and the gross profit after direct depreciation. Revenue rose 28.0% from US\$4.539 million for previous corresponding period to US\$5.808 million for current period, whilst gross profit after direct depreciation for this year surged 347.6% to US\$2.838 million from US\$0.634 million for the previous year. The rise in revenue was due to the deployment of one of the vessels which was operating in Vietnam during the last financial year. In addition, another vessel was mobilised here from Indonesia towards the end of the current financial year on spot charter basis. Higher revenue generated coupled with a lower operating costs as a result of a decrease in docking and maintenance expenses due to no vessel undergoing mandatory docking gave rise to the increase in gross profit after direct depreciation.

Revenue  
Gross Profit After Direct Depreciation



FY2004	FY2005	Change
4,539	5,808	28.0%
634	2,838	347.6%

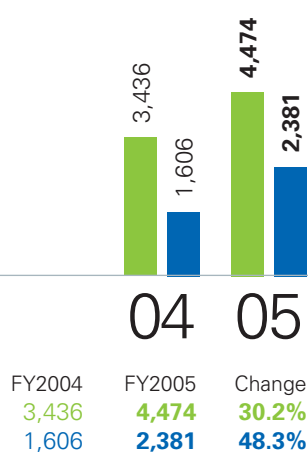


**Earnings From Thailand**

(US\$'000)

From Thailand, both revenue contribution and gross profit after direct depreciation also rose from US\$3.436 million and US\$1.606 million for previous corresponding year to US\$4.474 million and US\$2.381 million respectively for current financial year. The higher revenue and gross profit after direct depreciation was due to an increase in charter rates secured for the vessels operating here and also due to some vessels deployed here from other geographical segment on spot charter basis.

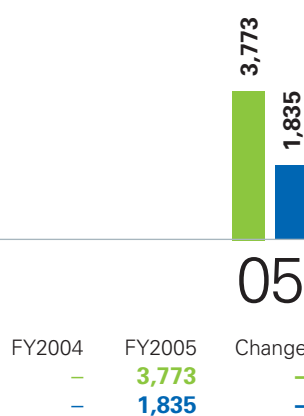
Revenue ■  
Gross Profit After  
Direct Depreciation ■

**Earnings From Middle-East**

(US\$'000)

This is a new geographical segment. None of our vessels were operating in the Middle East in the previous financial year. Due to a strong demand for our vessels from this region, all three new vessels which we took delivery in the current financial year just ended together with an existing vessel were deployed to the Middle East. Altogether as at 30 June 2005, we have four vessels operating there. Operations in this area contributed US\$3.773 million and US\$1.835 million to our Group's revenue and gross profit after direct depreciation respectively.

Revenue ■  
Gross Profit After  
Direct Depreciation ■



## Four Year Group Financial Statistics & Charts

	Proforma <sup>†</sup> FY2002 US\$'000	FY2003 US\$'000	FY 2004 US\$'000	FY 2005 US\$'000
<b>INCOME STATEMENT</b>				
REVENUE	21,576	25,770	25,509	<b>28,603</b>
Profit before taxation	7,559	8,398	11,219	<b>13,871</b>
Taxation	–	(174)	125	<b>(51)</b>
Profit after tax	7,559	8,225	11,344	<b>13,820</b>
Profit attribute to shareholders of the company	7,559	8,225	11,344	<b>13,820</b>
<b>BALANCE SHEET</b>				
Current assets	9,940	9,593	29,741	<b>26,637</b>
Non-current assets				
Fixed assets	36,239	40,640	64,309	<b>80,981</b>
Investment in associated companies	–	–	1,410	<b>1,401</b>
Total non-current assets	36,239	40,640	65,719	<b>82,382</b>
Total assets	46,179	50,233	95,460	<b>109,019</b>
Current liabilities	7,393	6,178	20,545	<b>9,788</b>
Non-current liabilities				
Deferred taxation	–	173	–	–
Other payables	2,786	–	2,029	<b>1,425</b>
Bank loans	–	–	–	<b>15,000</b>
	2,786	173	2,029	<b>16,425</b>
Total liabilities	10,179	6,351	22,574	<b>26,213</b>
Shareholders' equity	36,000	43,882	72,886	<b>82,806</b>
Issued capital	16,688	16,703	20,497	<b>20,497</b>
<b>PER SHARE DATA</b>				
Earnings per share (US cents):*				
Basic:	1.29	1.40	1.67	<b>1.96</b>
Fully Diluted:	1.29	1.40	1.67	<b>1.96</b>
Dividends Per Share - Tax-exempt (%)	–	20.00	20.00	<b>30.00</b>
Dividends Per Share - Tax-exempt (SGD cents)	–	1.00	1.00	<b>1.50</b>
Net asset value per share (US cents)	6.12	7.46	10.34	<b>11.74</b>

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

(†) Proforma FY2002's financial results were prepared based on the assumption that the Proforma Group structure had been in existence throughout the years under review, or since the respective dates of incorporation, whichever is earlier, of the companies in the Proforma Group. However, the proforma financial information of the Group is not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained has the abovementioned Group actually existed earlier.

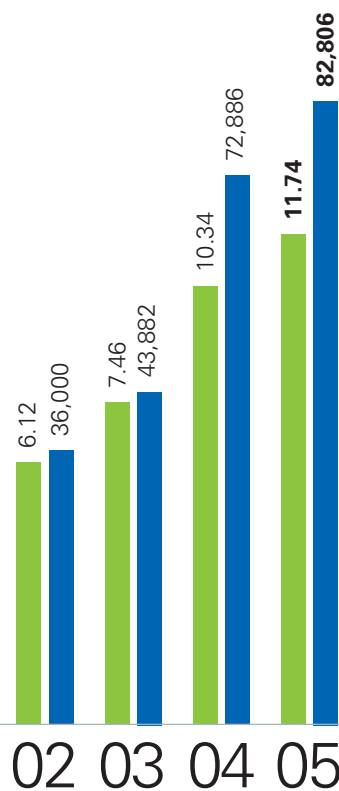
The past years' financial statements which were originally denominated in SGD, have been translated into US\$ using the exchange rates as follows:

Revenue and expenses - at average rates  
Assets, liabilities and equity - at year end rates

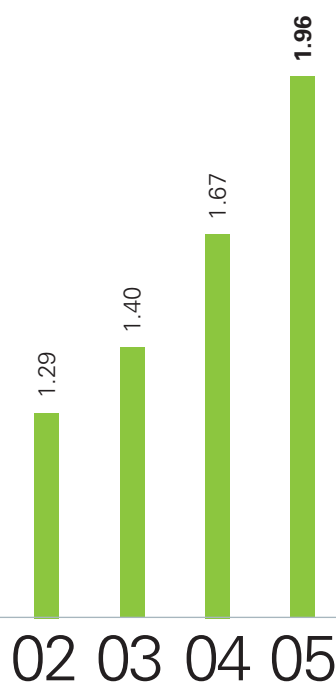
	Year end rates	Average rates
FY 2004	US\$ 1.00 - SGD 1.7200	US\$ 1.00 - SGD 1.7171
FY 2003	US\$ 1.00 - SGD 1.7605	US\$ 1.00 - SGD 1.7552
FY 2002	US\$ 1.00 - SGD 1.7620	US\$ 1.00 - SGD 1.8056

### Group Shareholders' Equity & Net Asset Value

Group Shareholders' Equity (US\$'000) ■  
NAV (US Cents) ■



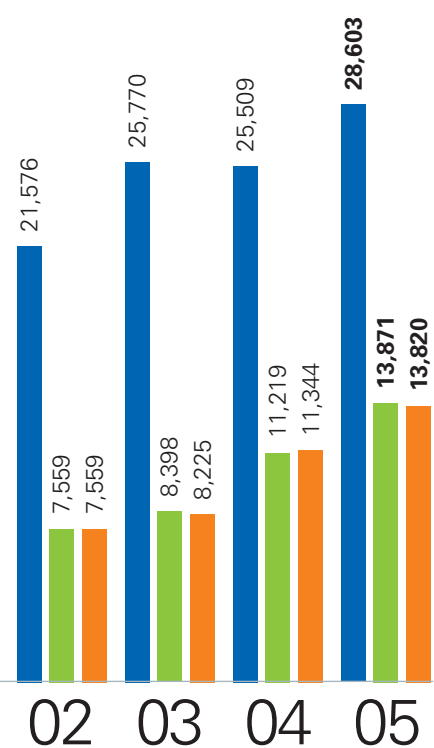
### Earnings Per Share (US Cents)



### Group Revenue, Profit Before Tax & Profit Attributable to Shareholders

(US\$'000)

Revenue ■  
Profit Before Tax ■  
Profit Attributable to Shareholders ■





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52	shareholder information
53	notice of annual general meeting
55	proxy form

# 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 2005.

## 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 Billy Lee Beng Cheng  
Mdm Joanna Young Sau Kwan (Appointed on 1 February 2005)

In accordance with article 88 of the articles of association, Mdm Joanna Young Sau Kwan retires and being eligible, offers herself for re-election.

In accordance with article 89 of the articles of association, Mr Lim Kwee Siah and Mr Billy Lee Beng Cheng retire by rotation and being eligible, offer themselves 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		
	At beginning of year or date of appointment, if later	At end of year	At 21 July 2005
<b>Holding company - Chuan Hup Holdings Limited</b>	<b>Ordinary shares of S\$0.20 each</b>		
Mr Cheak Boon Heng	8,775,000	10,775,000	10,775,000
Mr Ong Kok Wah	6,507,000	7,507,000	7,507,000
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*
Mdm Joanna Young Sau Kwan	22,500	22,500	22,500
<b>CH Offshore Ltd</b>	<b>Ordinary shares of S\$0.05 each</b>		
Mr Cheak Boon Heng	1,850,000	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*
Mdm Joanna Young Sau Kwan	4,500	4,500	4,500

\* 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 OPTIONS 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 OPTIONS EXERCISED**

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

### **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 carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, and the Singapore Exchange Listing Manual. The functions carried out are detailed in the Corporate Governance Report.

### **9 AUDITORS**

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

ON BEHALF OF THE DIRECTORS



.....  
Cheak Boon Heng



.....  
Ong Kok Wah

18 August 2005

## Auditors' Report to the Members of CH Offshore Ltd

We have audited the accompanying financial statements of CH Offshore Ltd and the consolidated financial statements of the group for the year ended 30 June 2005 set out on pages 29 to 50. 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 accompanying 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 2005 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 2005

## Balance Sheets As at 30 June 2005

	Note	Group		Company	
		2005	2004	2005	2004
		US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	18,166	24,203	14,525	21,780
Trade receivables	6	7,726	4,927	8,583	5,496
Other receivables and prepayments	7	745	611	8,407	334
Total current assets		26,637	29,741	31,515	27,610
<b>Non-current assets</b>					
Subsidiary companies	8	-	-	8,751	8,751
Associated companies	9	1,401	1,410	900	900
Fixed assets	10	80,981	64,309	66,313	62,149
Total non-current assets		82,382	65,719	75,964	71,800
<b>Total assets</b>		109,019	95,460	107,479	99,410
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank loans - current portion	11	4,000	13,420	4,000	13,420
Trade payables	12	5,256	6,373	4,337	5,739
Other payables		-	160	14,594	160
Other payables - deferred gain	13	463	545	-	-
Income tax payable		69	47	45	23
Total current liabilities		9,788	20,545	22,976	19,342
<b>Non-current liabilities</b>					
Other payables - due to subsidiary companies	4	-	-	-	15,170
Other payables - deferred gain	13	1,425	2,029	-	-
Bank loans	11	15,000	-	15,000	-
Total non-current liabilities		16,425	2,029	15,000	15,170
<b>Capital and reserves</b>					
Issued capital	15	20,497	20,497	20,497	20,497
Share premium		34,882	34,882	34,882	34,882
Hedging reserve		92	(107)	-	(107)
Dividend reserve	16	6,281	4,099	6,281	4,099
Accumulated profits		21,054	13,515	7,843	5,527
Total equity		82,806	72,886	69,503	64,898
<b>Total liabilities and equity</b>		109,019	95,460	107,479	99,410

See accompanying notes to the financial statements.



## Profit and Loss Statements

Year Ended 30 June 2005

	Note	Group		Company	
		2005 US\$'000	2004 US\$'000	2005 US\$'000	2004 US\$'000
<b>Revenue</b>	17	28,603	25,509	20,239	17,518
<b>Cost of sales</b>	18	(8,549)	(10,669)	(5,728)	(5,913)
<b>Gross profit before direct depreciation</b>		20,054	14,840	14,511	11,605
Direct depreciation		(4,304)	(3,820)	(3,508)	(3,021)
<b>Gross profit</b>		15,750	11,020	11,003	8,584
Other income	19	1,593	3,830	393	907
Other expenses - indirect depreciation		(193)	(140)	(141)	(82)
Administrative expenses		(3,911)	(4,083)	(2,495)	(2,192)
<b>Profits from operations</b>		13,239	10,627	8,760	7,217
Finance cost :					
Bank charges		(52)	(37)	(52)	(37)
Interest expense to non-related company		(64)	(13)	(64)	(13)
<b>Profit before income tax and results of associated companies</b>		13,123	10,577	8,644	7,167
<b>Share of results of associated companies</b>	9	748	642	-	-
<b>Profit before income tax</b>	20	13,871	11,219	8,644	7,167
Income tax	21	(51)	125	(47)	(31)
<b>Profit for the year</b>		13,820	11,344	8,597	7,136
<b>Earnings per share :</b>					
Basic and fully diluted (US cents)	22	1.96	1.67		

See accompanying notes to the financial statements.

## Statements of Changes in Equity Year Ended 30 June 2005

	Issued capital US\$'000	Share premium US\$'000	Hedging reserve US\$'000	Dividend reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
<b>Group</b>						
Balance at 1 July 2003	16,703	17,030	-	3,340	6,809	43,882
Currency translation differences	410	488	-	128	138	1,164
Issue of placement shares (Note 15)	3,384	18,159	-	-	-	21,543
Share issue expenses	-	(795)	-	-	-	(795)
Net profit for the year	-	-	-	-	11,344	11,344
Final tax exempt dividend of S\$0.01 per new ordinary share (Note 16)	-	-	-	677	(677)	-
Payment of dividends (Note 16)	-	-	-	(4,145)	-	(4,145)
Decrease in fair value of hedging derivatives	-	-	(107)	-	-	(107)
Proposed final tax exempt dividend of S\$0.01 per ordinary share (Note 16)	-	-	-	4,099	(4,099)	-
Balance at 30 June 2004	20,497	34,882	(107)	4,099	13,515	72,886
Transfer to fixed assets for capitalisation	-	-	107	-	-	107
Increase in fair value of hedging derivatives	-	-	92	-	-	92
Net profit for the year	-	-	-	-	13,820	13,820
Payment of dividends (Note 16)	-	-	-	(4,099)	-	(4,099)
Proposed final tax exempt dividend of S\$0.015 per ordinary share (Note 16)	-	-	-	6,281	(6,281)	-
<b>Balance at 30 June 2005</b>	<b>20,497</b>	<b>34,882</b>	<b>92</b>	<b>6,281</b>	<b>21,054</b>	<b>82,806</b>

See accompanying notes to the financial statements.

## Statements of Changes in Equity Year Ended 30 June 2005 (cont'd)

	Issued capital US\$'000	Share premium US\$'000	Hedging reserve US\$'000	Dividend reserve US\$'000	Accumulated profits US\$'000	Total US\$'000
<b>Company</b>						
Balance at 1 July 2003	16,703	17,030	-	3,340	3,109	40,182
Currency translation differences	410	488	-	128	58	1,084
Issue of placement shares (Note 15)	3,384	18,159	-	-	-	21,543
Share issue expenses	-	(795)	-	-	-	(795)
Final tax exempt dividend of S\$0.01 per new ordinary share (Note 16)	-	-	-	677	(677)	-
Payment of dividends (Note 16)	-	-	-	(4,145)	-	(4,145)
Decrease in fair value of hedging derivatives	-	-	(107)	-	-	(107)
Net profit for the year	-	-	-	-	7,136	7,136
Proposed final tax exempt dividend of S\$0.01 per ordinary share (Note 16)	-	-	-	4,099	(4,099)	-
Balance at 30 June 2004	20,497	34,882	(107)	4,099	5,527	64,898
Transfer to fixed assets for capitalisation	-	-	107	-	-	107
Net profit for the year	-	-	-	-	8,597	8,597
Payment of dividends (Note 16)	-	-	-	(4,099)	-	(4,099)
Proposed final tax exempt dividend of S\$0.015 per ordinary share (Note 16)	-	-	-	6,281	(6,281)	-
<b>Balance at 30 June 2005</b>	<b>20,497</b>	<b>34,882</b>	<b>-</b>	<b>6,281</b>	<b>7,843</b>	<b>69,503</b>

See accompanying notes to the financial statements.

## Consolidated Cash Flow Statement Year Ended 30 June 2005

	<b>2005</b>	<b>2004</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities :</b>		
Profit before income tax and results of associated companies	13,123	10,577
Adjustments for :		
Depreciation	4,497	3,960
Interest income	(363)	(240)
Interest expense	64	13
Gain on disposal of associated company	(361)	-
Gain on disposal of fixed assets	(1,232)	(3,723)
Operating profit before working capital changes	15,728	10,587
Trade receivables	(2,799)	1,874
Other receivables and prepayments	(118)	87
Trade payables	(1,284)	55
Cash generated from operations	11,527	12,603
Interest paid	(57)	(13)
Interest received	347	217
Income tax paid	(27)	(8)
Net cash from operating activities	11,790	12,799
<b>Cash flows used in investing activities :</b>		
Disposal of fixed assets	1,556	7,095
Purchase of fixed assets	(21,493)	(26,991)
Disposal of associated company	430	-
Investment in associated companies	-	(1,195)
Net cash used in investing activities	(19,507)	(21,091)
<b>Cash flows from financing activities :</b>		
Proceeds from bank loans	19,000	13,420
Repayment of bank loans	(13,420)	-
Share issue expenses	-	(795)
Proceeds from issue of shares	-	21,543
Dividend paid	(4,099)	(4,145)
Net cash from financing activities	1,481	30,023
<b>Net effect of exchange rate changes in consolidation and remeasurement</b>	199	182
Net (decrease) increase in cash	(6,037)	21,913
Cash at beginning of year	24,203	2,290
<b>Cash at year ended 30 June 2005</b>	18,166	24,203

See accompanying notes to the financial statements.

# Notes to the Financial Statements

Year Ended 30 June 2005

## 1 GENERAL

The company (Registration No. 197600666D) is listed on the Singapore Exchange Securities Trading Limited and is incorporated in the Republic of Singapore with its registered office and principal place of business at 388 Jalan Ahmad Ibrahim, Singapore 629157. The financial statements are expressed in United States Dollars. The measurement currency is the United States Dollar as majority of the company's and the group's transactions are denominated in United States 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 2005 were authorised for issue by the board of directors on 18 August 2005.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** – The financial statements are prepared in accordance with the historical cost convention, modified to include the revaluation of certain financial instruments and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

With effect from 1 July 2004, the Group adopted the requirements of FRS 103 Business Combinations, together with those of the revised standards FRS 36 Impairment of Assets and FRS 38 Intangible Assets.

In accordance with the transitional provisions of the new/revised standards, the Group applied the new/revised requirements prospectively from 1 July 2004, and accordingly, there is no effect on the Group's financial statements for year ended 30 June 2004.

**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 fully eliminated on consolidation. 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.

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.

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.



## Notes to the Financial Statements Year Ended 30 June 2005 (cont'd)

### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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.

**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. Finance costs that are directly attributable to the construction of an asset are capitalised as part of the cost of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as income.

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	-	21% 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 review 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). Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 that 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.

**PROVISION** – Provisions are recognised when the group has a present obligation as a result of a past event where it is probable that the obligation will result in an outflow of economic benefits that can be reasonably estimated.

**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

## Notes to the Financial Statements Year Ended 30 June 2005 (cont'd)

### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

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 and loss on disposal.

**HEDGING RESERVE** – Some of the group's activities expose it to the financial risks of changes in foreign currency exchange rates. The group purchased foreign currencies in anticipation of forecasted transactions and placed them in fixed deposit via a related company to hedge these exposures. Gain and losses arising from remeasuring the foreign currencies are recognised in the hedging reserve until such time the forecasted transactions occur. If the forecast transactions result in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the related gains or losses that had previously been recognised in the hedging reserve are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in the hedging reserve are recognised in the profit and loss statement in the same period in which the hedge transaction affects net profit or loss. 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.

Management fee earned from rendering of services to related companies is recognised over the service period.

Agency fee earned is recognised on an accrual basis and is computed based on a percentage of sales to certain customers.

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. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority.

**CASH** – Cash for the cash flow statement includes cash and cash equivalents.

## Notes to the Financial Statements Year Ended 30 June 2005 (cont'd)

### **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 purchases that are denominated in a currency other than United States Dollars. The currencies giving rise to this risk are primarily Singapore Dollars and Malaysia Ringgit.

The group uses natural hedging opportunities like denominating the liabilities or costs 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 forecast currency exposures. Committed exposures such as capital expenditure and borrowings denominated in a foreign currency are hedged as soon as they are identified.

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 and as disclosed in Notes 5 and 11. The majority of these assets and liabilities are short term in nature except for the long-term bank loan totalling US\$19,000,000 of which US\$9,500,000 bear fixed interest rate of 5.015% per annum and the remaining US\$9,500,000 bear floating interest rate. With the current interest rate level, any future variation in interest rates is 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.

## Notes to the Financial Statements Year Ended 30 June 2005 (cont'd)

### 3 FINANCIAL RISK MANAGEMENT (cont'd)

#### e) Concentration of credit risk (cont'd)

The group's credit exposure is concentrated mainly in Indonesia, Malaysia, Middle East 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

The carrying amount of the financial assets and liabilities, except for a long-term bank loan, approximate their fair value due to their short-term maturity. The long-term bank loan bears interest rates approximating market rates as at year end, and hence the carrying amount approximates its fair value.

### 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.

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.

In 2004, the non-current payables to subsidiary companies were 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 follows :

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Charter hire income earned from :				
related companies	-	(27)	-	-
associated company <sup>(a)</sup>	(12,767)	(13,582)	(11,494)	(12,451)
Management fee earned from related companies	(246)	(280)	-	-
Service income earned from :				
associated company	-	(1)	-	-
related company	(35)	-	-	-
Other income earned from associated company	-	(3)	-	-
Purchase of fixed assets from :				
related company	143	-	143	-
holding company	97	-	97	-
Rental paid to associated company	117	116	38	37

(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.

## Notes to the Financial Statements Year Ended 30 June 2005 (cont'd)

### 5 CASH AND CASH EQUIVALENTS

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Cash on hand and bank balances	686	900	357	408
Fixed deposits	17,480	23,303	14,168	21,372
Cash and cash equivalents at end of year	18,166	24,203	14,525	21,780

The cash and bank balances and fixed deposits bear interest at rates ranging from 0.625% to 6.825% (2004 : 0.24% to 8.25%) per annum. Fixed deposits mature within one to three months from the financial year end.

### 6 TRADE RECEIVABLES

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	4,145	2,036	1,834	518
Subsidiary companies (Note 8)	-	-	3,462	2,131
Associated companies (Note 9)	3,581	2,891	3,287	2,847
	7,726	4,927	8,583	5,496

### 7 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Subsidiary companies (Note 8)	-	-	7,956	-
Prepayments	673	559	412	298
Others	72	52	39	36
	745	611	8,407	334

### 8 SUBSIDIARY COMPANIES

	Company	
	2005	2004
	US\$'000	US\$'000
Unquoted equity shares, at cost	8,751	8,751

	Country of incorporation	Effective interest held by the group		Cost of investment		Principal activities
		2005	2004	2005	2004	
		%	%	US\$'000	US\$'000	
<b>Held by the company</b>						
Chuan Hup Agencies (Private) Limited <sup>(a)</sup>	Singapore	100	100	48	48	Ship owning, chartering and management



# Notes to the Financial Statements

Year Ended 30 June 2005 (cont'd)

## 8 SUBSIDIARY COMPANIES (cont'd)

	Country of incorporation	Effective interest held by the group		Cost of investment		Principal activities
		2005	2004	2005	2004	
		%	%	US\$'000	US\$'000	
<b>Held by the company</b>						
Delaware Marine Pte Ltd <sup>(a)</sup>	Singapore	100	100	837	837	Ship owning and chartering
Sea Glory Pte Ltd <sup>(a) (b)</sup>	Singapore	100	-	-	-	Investment holding
Garo Pte Ltd <sup>(a)</sup>	Singapore	100	100	3,060	3,060	Investment holding
Offshore Gold Shipping Pte Ltd <sup>(a)</sup>	Singapore	100	100	2,304	2,304	Ship owning and chartering
Pembroke Marine Pte Ltd <sup>(a)</sup>	Singapore	100	100	2,502	2,502	Ship owning and chartering
				<u>8,751</u>	<u>8,751</u>	

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

(b) The subsidiary was acquired in July 2004 for a cash consideration of S\$100 (equivalent to US\$58). At the date of acquisition, the subsidiary had nil net tangible assets.

## 9 ASSOCIATED COMPANIES

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Unquoted equity shares, at cost	25	25	25	25
Amounts receivable - non-trade <sup>(i)</sup>	875	1,225	875	875
Share of results of associated companies <sup>(ii)</sup>	501	160	-	-
	<u>1,401</u>	<u>1,410</u>	<u>900</u>	<u>900</u>

(i) The amounts of receivable are unsecured, have no fixed repayment term, and the amount of US\$875,000 (2004 : US\$1,225,000) bears interest of 3.43% (2004 : 2.88%) per annum.

## Notes to the Financial Statements Year Ended 30 June 2005 (cont'd)

### 9 ASSOCIATED COMPANIES (cont'd)

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

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Share of results of associated companies before income tax	285	164
Amortisation of deferred gain from sale of vessels to associated companies (Note 13)	458	478
Exchange differences	5	-
	<b>748</b>	<b>642</b>
Less : Share of tax attributable to associated companies (Note 21)	(3)	(4)
	<b>745</b>	<b>638</b>

Movement of share of net tangible assets of associated companies included :

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<b>US\$'000</b>	<b>US\$'000</b>
At beginning of year	160	-
Current year share of results	282	160
Reversal of deferred gain upon disposal of associated company	54	-
Exchange differences	5	-
	<b>501</b>	<b>160</b>

	Country of incorporation	Effective interest held by the group		Cost of investment		Principal activities
		2005	2004	2005	2004	
		%	%	US\$'000	US\$'000	
Held by the company						
Forsayth Offshore Pte. Ltd. <sup>(a)</sup>	Malaysia	49	49	25	25	Ship chartering
Held by subsidiary company						
Held by Garo Pte Ltd :						
Icon Offshore Incorporated <sup>(b) (c)</sup>	British Virgin Islands	-	50	-	-	Ship chartering
				25	25	

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

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

(c) The associated company was disposed to a third party during the year for a total cash consideration of US\$430,000 resulting in a gain on disposal of US\$361,000.

# Notes to the Financial Statements

Year Ended 30 June 2005 (cont'd)

## 10 FIXED ASSETS

	Vessels	Furniture, fittings and equipment	Motor vehicles	Construction- in-progress	Total
Group	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cost :					
At beginning of year	52,436	555	239	34,094	87,324
Additions	22	36	240	21,195	21,493
Disposals	(1,628)	(62)	-	-	(1,690)
Transfer from construction-in-progress	29,355	-	-	(29,355)	-
At end of year	80,185	529	479	25,934	107,127
Accumulated depreciation :					
At beginning of year	22,613	310	92	-	23,015
Depreciation for the year	4,304	67	126	-	4,497
Disposals	(1,305)	(61)	-	-	(1,366)
At end of year	25,612	316	218	-	26,146
Depreciation for last year	3,820	72	68	-	3,960
Carrying value :					
At beginning of year	29,823	245	147	34,094	64,309
At end of year	54,573	213	261	25,934	80,981
Company					
Cost :					
At beginning of year	39,288	89	225	34,094	73,696
Additions	12	13	239	7,852	8,116
Disposals	(465)	-	-	-	(465)
Transfer from construction-in-progress	29,355	-	-	(29,355)	-
At end of year	68,190	102	464	12,591	81,347
Accumulated depreciation :					
At beginning of year	11,436	24	87	-	11,547
Depreciation for the year	3,508	20	121	-	3,649
Disposals	(162)	-	-	-	(162)
At end of year	14,782	44	208	-	15,034
Depreciation for last year	3,021	19	63	-	3,103
Carrying value :					
At beginning of year	27,852	65	138	34,094	62,149
At end of year	53,408	58	256	12,591	66,313

Included in construction-in-progress are interest expense and management fees paid to a related company. Interest expense capitalised as part of the cost of construction-in-progress ranged from 1.90% to 5.015% (2004 : 1.90% to 2.68%) and amounted to US\$524,000 (2004 : US\$109,000) and US\$335,000 (2004 : US\$109,000) respectively for the group and the company. Management fees paid to a related company amounted to US\$158,000 (2004 : US\$245,000) for the group and the company.

## Notes to the Financial Statements Year Ended 30 June 2005 (cont'd)

### 11 BANK LOANS

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Bank loans	19,000	13,420	19,000	13,420
Current portion	(4,000)	(13,420)	(4,000)	(13,420)
Non-current portion	15,000	-	15,000	-

The bank loans are unsecured, repayable quarterly by equal instalments commencing March 2005 to March 2010. One of the bank loans bear fixed interest rate of 5.015% per annum and the remaining bank loans bear floating interest rate. During the year, interest rate ranged from 4% to 5.015% per annum.

In 2004, the bank loans are unsecured, repayable over 1 to 3 months and bore interest ranging from 1.90% to 2.68% per annum.

### 12 TRADE PAYABLES

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	5,254	6,371	3,114	3,008
Subsidiary companies (Note 8)	-	-	1,221	2,729
Associated company (Note 9)	2	2	2	2
	5,256	6,373	4,337	5,739

### 13 OTHER PAYABLES - DEFERRED GAIN

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Deferred gain	2,574	3,052	-	-
Reversal of deferred gain				
for disposal of associated company	(228)	-	-	-
Amortisation during the year (Note 9)	(458)	(478)	-	-
	1,888	2,574	-	-
Current portion	(463)	(545)	-	-
Non-current portion	1,425	2,029	-	-

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

# Notes to the Financial Statements

Year Ended 30 June 2005 (cont'd)

## 14 DEFERRED TAX

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Deferred tax liability	97	210	-	-
Deferred tax assets	(97)	(210)	-	-
	-	-	-	-

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

	Group	
	2005	2004
	US\$'000	US\$'000
At beginning of year	-	178
Reversal to profit and loss for the year (Note 21)	-	(178)
At end of year	-	-

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

### Deferred tax liability

	Accelerated tax depreciation
	US\$'000
At beginning of year	210
Reversal to profit and loss for the year	(113)
At end of year	97

### Deferred tax assets

	Tax losses	Other temporary differences	Total
	US\$'000	US\$'000	US\$'000
At beginning of year	150	60	210
Credited (reversal) to profit and loss for the year	32	(145)	(113)
At end of year	182	(85)	97



## Notes to the Financial Statements Year Ended 30 June 2005 (cont'd)

### 15 ISSUED CAPITAL

	Group and Company		Group and Company	
	2005	2004	2005	2004
	'000	'000	US\$'000	US\$'000
<b>Number of ordinary shares at S\$0.05 each</b>				
Authorised	5,000,000	5,000,000	145,349	145,349
Issued and fully paid : At beginning of year	705,091	588,091	20,497	17,113
Share issued at a premium of S\$0.2683 per share for placement	-	117,000	-	3,384
At end of year	705,091	705,091	20,497	20,497

### 16 DIVIDEND RESERVE

During the financial year ended 30 June 2004, the company paid a final tax exempt dividend of S\$0.01 per ordinary share of the company totalling S\$7,050,905 (equivalent to US\$4,145,153 including an additional final tax exempt dividend of S\$1,170,000 (equivalent to US\$676,809) on the placement shares issued) for the financial year ended 30 June 2003.

During the financial year ended 30 June 2005, the company paid a final tax exempt dividend of S\$0.01 per ordinary share of the company totalling S\$7,050,905 (equivalent to US\$4,099,363) for the financial year ended 30 June 2004.

Subsequent to the financial year 30 June 2005, the directors recommended a final tax exempt dividend of S\$0.015 per ordinary share of the company totalling S\$10,576,358 (equivalent to US\$6,280,870) for the financial year ended 30 June 2005.

### 17 REVENUE

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Charter hire income earned	27,507	24,429	19,960	17,300
Rendering of services	288	391	-	-
Management and agency fees	445	449	-	-
Interest income	363	240	279	218
	28,603	25,509	20,239	17,518

### 18 COST OF SALES

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Vessel operating expenses	8,220	10,307	5,728	5,913
Others	329	362	-	-
	8,549	10,669	5,728	5,913

# Notes to the Financial Statements

Year Ended 30 June 2005 (cont'd)

## 19 OTHER INCOME

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Foreign exchange adjustment gain	-	107	-	100
Gain on disposal of associated company	361	-	-	-
Gain on disposal of fixed assets				
- associated companies	-	2,916	-	-
- third parties	1,232	807	393	807
	1,593	3,830	393	907

## 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	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Directors' remuneration <sup>(a)</sup>	1,427	1,072	1,170	821
Directors' fees	58	70	58	70
Permanent staff (including directors' remuneration)	3,410	3,706	2,159	1,986
Contract based crew	3,030	2,619	2,121	1,733
	6,440	6,325	4,280	3,719
Cost of defined contribution plans included in staff costs	209	241	77	98

<sup>(a)</sup> Directors' remuneration includes depreciation expense of US\$97,501 (2004 : US\$32,613)

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Auditors' remuneration :				
Audit fee	41	35	18	17
Non-audit fee	3	4	2	2

	Group		Company	
	2005	2004	2005	2004
Number of permanent employees at end of year	55	55	18	18
Number of contract based crew at end of year	280	231	205	153
	335	286	223	171

## Notes to the Financial Statements Year Ended 30 June 2005 (cont'd)

### 21 INCOME TAX

- a) The income tax charge (credit) is as follows :

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Current tax				
Singapore	44	47	44	23
Foreign	4	8	3	8
Deferred tax (Note 14)	-	(178)	-	-
Overprovision in prior years	-	(6)	-	-
	48	(129)	47	31
Share of tax attributable to associated companies (Note 9)	3	4	-	-
	51	(125)	47	31

- b) The income tax expense (credit) varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2004 : 20%) to profit before income tax as a result of the following differences :

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Income tax expense at statutory rate	2,625	2,115	1,729	1,434
Tax exempt income	(2,573)	(2,018)	(1,721)	(1,439)
Non (allowable) deductible items	(8)	42	34	31
Utilisation of deferred tax assets previously not recognised	-	(253)	-	(2)
Utilisation of prior years' tax losses	(2)	-	-	-
Overprovision in prior years	-	(6)	-	-
Change in tax rate of deferred tax	-	(16)	-	-
Share of associated company's tax	3	4	-	-
Overseas tax	4	8	3	8
Others	2	(1)	2	(1)
Total income tax expense (credit) at effective tax rate	51	(125)	47	31

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

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Unutilised tax loss carryforwards	940	751	-	-
Capital allowances	521	391	-	-
Other temporary differences	-	928	-	-
	1,461	2,070	-	-
Deferred tax benefit on above :				
Unrecorded	195	204	-	-
Recorded	97	210	-	-

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 2005 (cont'd)

### 22 EARNINGS PER SHARE

	Group	
	2005	2004
	US\$'000	US\$'000
Profit attributable to shareholders	13,820	11,344
	2005	2004
Number of weighted average ordinary shares used to compute earnings per share ('000)	705,091	680,156
Basic and fully diluted : Earnings per share (US cents)	1.96	1.67

### 23 SEGMENTAL INFORMATION

#### Business Segments

The operations of the group are associated specifically with the support of offshore oil and gas industry which is also the only primary business segment of the group.

#### Geographical Segment

Segment revenue : Segment revenue is analysed based on the location of customers.

Segment assets and capital expenditure : Segment assets and capital expenditure are analysed based on the location of those assets. Capital expenditure includes the total cost incurred to acquire fixed assets.

The group's operations are located in Indonesia, Malaysia, Thailand, Middle East 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	Malaysia	Thailand	Middle East	Singapore	Others <sup>(a)</sup>	Consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2005</b>							
Revenue	12,964	5,808	4,474	3,773	-	1,584	28,603
Total assets	31,891	21,574	5,799	35,202	985	13,568	109,019
Capital expenditure	-	6,788	1	-	6,047	8,657	21,493
	Indonesia	Malaysia	Thailand	Singapore	Others <sup>(a)</sup>	Consolidated	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>2004</b>							
Revenue	14,028	4,539	3,436	-	3,506	25,509	
Total assets	41,414	15,417	5,666	14,756	18,207	95,460	
Capital expenditure	1	6,553	-	10,161	10,276	26,991	

(a) The total assets consist primarily of vessels in construction in China and Japan of US\$8,945,000 (2004 : US\$13,998,000) and US\$3,646,000 (2004 : US\$Nil) respectively. The capital expenditure in China and Japan amounted to US\$5,011,000 (2004 : US\$10,276,000) and US\$3,646,000 (2004 : US\$Nil) respectively.

## Notes to the Financial Statements Year Ended 30 June 2005 (cont'd)

### 24 CHANGE IN MEASUREMENT CURRENCY

Prior to 1 July 2004, the accounting records of the company and the group were maintained in Singapore Dollars. With effect from 1 July 2004, the company and the group changed its measurement currency from Singapore Dollars to United States Dollars as the operations of the company and the group are primarily in United States Dollars. To enhance comparability, the comparatives for the financial statements have been translated and presented in United States Dollars in accordance with Interpretations of Financial Reporting Standards ("INT FRS") 30 "Reporting Currency - Translation from Measurement Currency to Presentation Currency". For this purpose, the accounting records of the company and the group previously maintained in Singapore Dollars are translated into United States Dollars using the following rates :

- profit and loss items other than foreign currency adjustment gains or losses are translated into United States Dollars at average rates of exchange for the year ;
- all assets and liabilities are translated into United States Dollars at rates of exchange prevailing on 30 June 2004 ;
- equity items other than the net profit or loss for the year that is included in the accumulated profit are translated at the closing rate existing at the date of each balance sheet presented ; and
- all exchange differences resulting from translation arising from the above is recognised in equity.

A summary of the significant accounts for the year ended 30 June 2004 financial statements before and after translation is as follows :

	<b>Group 30 June 2004</b>		<b>Company 30 June 2004</b>	
	<b>As translated</b>	<b>As previously reported</b>	<b>As translated</b>	<b>As previously reported</b>
	<b>US\$'000</b>	<b>S\$'000</b>	<b>US\$'000</b>	<b>S\$'000</b>
<u>Balance Sheets</u>				
Current assets	29,741	51,154	27,610	47,489
Non-current assets	65,719	113,037	71,800	123,496
Total assets	95,460	164,191	99,410	170,985
Current liabilities	20,545	35,338	19,342	33,268
Non-current liabilities	2,029	3,490	15,170	26,092
Equity	72,886	125,363	64,898	111,625
Total liabilities and equity	95,460	164,191	99,410	170,985
<u>Profit and Loss</u>				
Revenue	25,509	43,802	17,518	30,080
Profit before income tax	11,219	19,264	7,167	12,308
Income tax	125	214	(31)	(54)
Profit for the year	11,344	19,478	7,136	12,254
<u>Accumulated profits :</u>				
At beginning of year	6,809	11,987	3,109	5,473
Currency translation differences	138	-	58	-
Net profit for the year	11,344	19,478	7,136	12,254
Final dividends	(677)	(1,170)	(677)	(1,170)
Proposed dividends	(4,099)	(7,051)	(4,099)	(7,051)
At end of year	13,515	23,244	5,527	9,506

## Notes to the Financial Statements

Year Ended 30 June 2005 (cont'd)

### 25 CONTINGENT LIABILITIES

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Guarantees (unsecured)	2,028	1,773	2,028	1,773

As at 30 June 2005, the company has indemnified an associated company amounting to US\$2,022,000 (2004 : US\$1,768,000) 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.

### 26 COMMITMENTS

#### a) Operating lease commitments :

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Minimum lease payments paid under operating leases included in profit and loss statement	117	116	38	37

At the balance sheet date, commitments in respect of operating leases of office premises were as follows :

#### Payable :

Within 1 year	116	116	37	37
Between 2 to 5 years	-	116	-	37
	116	232	37	74

#### b) Capital commitments :

	Group		Company	
	2005	2004	2005	2004
	US\$'000	US\$'000	US\$'000	US\$'000
Amounts contracted for construction of vessels but not accrued	39,179	19,783	35,389	19,783

#### 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	
	2005	2004
Bought - S\$('000)	-	13,969
Sold - US\$('000)	-	(8,320)
Fair value in S\$('000)	-	(14,244)

The fair value of forward foreign exchange contracts represents the unrealised gains or losses of open contracts which has 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 S\$275,000 (equivalent to US\$159,000) of which S\$226,000 (equivalent to US\$131,000) 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 29 to 50 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 2005 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



.....  
Ong Kok Wah

18 August 2005

## Shareholder Information As at 31 August 2005

### 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	1,014	9.82	470,327	0.07
1,000 - 10,000	6,658	64.46	26,675,130	3.78
10,001 - 1,000,000	2,630	25.46	120,030,467	17.02
1,000,001 - and above	27	0.26	557,914,590	79.13
<b>TOTAL</b>	<b>10,329</b>	<b>100.00</b>	<b>705,090,514</b>	<b>100.00</b>

### 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	22,020,699	3.12
3	PEH KWEE CHIM	21,835,000	3.10
4	DBS NOMINEES PTE LTD	18,781,650	2.66
5	PEH KWEE YONG	18,346,866	2.60
6	MERRILL LYNCH (SINGAPORE) PTE LTD	14,642,333	2.08
7	LIM & TAN SECURITIES PTE LTD	13,629,900	1.93
8	AQUARIUS INVESTMENTS INCORPORATION LIMITED	10,382,200	1.47
9	HSBC (SINGAPORE) NOMINEES PTE LTD	8,059,400	1.14
10	ENVI INVESTMENTS PTE LTD	6,490,666	0.92
11	RAFFLES NOMINEES PTE LTD	5,783,000	0.82
12	OCBC SECURITIES PRIVATE LTD	5,554,200	0.79
13	HONG LEONG FINANCE NOMINEES PTE LTD	4,799,000	0.68
14	OVERSEAS UNION BANK NOMINEES PTE LTD	4,209,000	0.60
15	UOB KAY HIAN PTE LTD	4,069,600	0.58
16	OCBC NOMINEES SINGAPORE PTE LTD	3,615,100	0.51
17	CITIBANK NOMINEES SINGAPORE PTE LTD	3,112,400	0.44
18	FRASER SECURITIES PTE LTD	3,072,100	0.44
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	3,037,050	0.43
20	MAYBAN NOMINEES (SINGAPORE) PTE LTD	2,762,000	0.39
<b>TOTAL</b>		<b>546,399,190</b>	<b>77.49</b>

### 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 31 August 2005, 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 29th ANNUAL GENERAL MEETING of the Company will be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on 12 October 2005 at 2.00 p.m. to transact the following businesses:

### Ordinary Business:

1. To receive and adopt the Audited Accounts for the financial year ended 30 June 2005 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**
2. To declare a first and final dividend of S\$0.015 per share (tax exempt) for the financial year ended 30 June 2005. **(Resolution 2)**
3. To re-elect Mdm Joanna Young Sau Kwan who ceases to hold office in accordance with Article 88 of the Company's Articles of Association and who, being eligible, offers herself for re-election. [See Explanatory Note 1] **(Resolution 3)**
4. To re-elect Mr Lim Kwee Siah, 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 2] **(Resolution 4)**
5. To re-elect Mr Billy Lee Beng Cheng, 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 3] **(Resolution 5)**
6. To approve the payment of fees for Non-Executive Directors for the financial year ended 30 June 2005. **(Resolution 6)**
7. To appoint Auditors and to authorise Directors to fix their remuneration. **(Resolution 7)**
8. To transact any other business of an Annual General Meeting

### Special Business:

9. 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:

- (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);

## Notice of Annual General Meeting (cont'd)

- (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 subparagraph (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 Resolution is passed; and
  - (ii) any subsequent consolidation or subdivision of shares; and
- (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. **(Resolution 8)**

**NOTICE IS ALSO HEREBY GIVEN** that the Transfer Book and Register of Members of the Company will be closed on 21 October 2005 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 20 October 2005 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 20 October 2005 will be entitled to the proposed dividend. The proposed dividend, if approved at the 29th Annual General Meeting, will be paid on 4 November 2005.

Dated this 23rd day of September 2005

By Order of the Board

Valerie Tan May Wei  
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) Mdm Joanna Young Sau Kwan, if re-elected, will continue as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. Mdm Young is considered an independent director.
- 2) Mr Lim Kwee Siah, if re-elected, will continue as a member of the Audit and Nominating Committees. Mr Lim is considered a non-independent director.
- 3) Mr Billy Lee Beng Cheng, if re-elected, will continue as the Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee. Mr Lee is considered an independent director.

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

# 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 2005 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 \_\_\_\_\_

of \_\_\_\_\_

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-Ninth Annual General Meeting of the Company to be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on 12 October 2005 at 2.00 p.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
	<b>Ordinary Business</b>		
1	Adoption of Accounts and Reports		
2	Declaration of First and Final Dividend		
3	Re-election of Director – Mdm Joanna Young Sau Kwan		
4	Re-election of Director – Mr Lim Kwee Siah		
5	Re-election of Director – Mr Billy Lee Beng Cheng		
6	Payment of Fees to Non-Executive Directors		
7	Appointment of Auditors		
	<b>Special Business</b>		
8	Approval of Proposed Share Issue Mandate		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005

\_\_\_\_\_  
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.





[www.choffshore.com.sg](http://www.choffshore.com.sg)

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**CH Offshore Ltd**

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