the power to deliver

annual report 2007



CH OFFSHORE LTD

CH OFFSHORE LTD

Our vision is to be one of the leading marine support service providers for the Oil & Gas industry.

Our mission is to be one of the most preferred marine support services companies who:

- Provides a safe working environment and adopts safe practices onboard our vessels in line with the applicable health, safety and environmental standards
- Protects and safeguard the marine environment by adopting anti-pollution control measures to minimize oil discharge, garbage disposal and exhaust emission onboard our vessels
- Is competitive
- Is customer-focused
- Is committed to constantly upgrading the skills of the office and shipboard employees to realize their full potential and maximize their contributions to the Company

Contents

Corporate Profile

Our Company was incorporated on 31 March 1976 as Mico Line Pte Ltd and in April 1976 became a wholly owned subsidiary of Chuan Hup Marine Pte Ltd. The present name was adopted in September 1990.

Under the Chuan Hup Group, our involvement in the oil and gas industry began in the early 1970s in Indonesia, the largest oil producer in South East Asia then. In the early 1970s, oil exploration and production activities started onshore with major customers being Caltex Indonesia in Sumatra, Tesoro in Tarakan and Unocal in Balikpapan. As oil production moved progressively offshore, our involvement increased to meet the demand and requirements of the oil producers. The consequential rise in demand for offshore support services led to an expansion to our offshore fleet. From 1981 to 1983, we acquired a total of 24 units of anchor-handling tug supply (AHTS) and maintenance vessels, and one tender assisted work-over rig.

Since then, in line with the development of the offshore oil and gas industry, our Group has continued to maintain a fleet of offshore support vessels which remain relevant to our customers' need.

In the first half of 2002, Chuan Hup reorganized its business into offshore support services to the oil and gas industry, marine logistics services and transportation for the coal and other aggregate industries and other non-marine investments. CH Offshore became the corporate vehicle to 'house' assets and companies of the Chuan Hup Group that provides offshore support services to the oil and gas industry.

The Company became a public limited company, changed its name to CH Offshore Ltd ("CHO") and was listed on the Singapore Stock Exchange by introduction on 28 February 2003. In October 2005, Habib Corporation Berhad (Habib), a public listed company on the Bursa Malaysia acquired 29.07% stake in CH Offshore from Chuan Hup Holdings Limited. Habib subsequently changed its name to Scomi Marine Berhad, reflecting the change of ownership in the Company.

The CHO Group currently operates a fleet of 16 vessels, comprising fifteen AHTS and one maintenance vessels. It also co-owns two AHTS with Scomi Marine, enabling the Group to operate in Malaysia. The fleet includes one 12,240 brake horse power (bhp) AHTS vessel which was delivered during the financial year and currently operating in Australian waters. The Group has six sister vessels under construction in Japan with expected delivery from March 2008 to February 2010. These vessels are deepwater-capable and with its delivery would provide the Group with the diversity in products and capabilities to better service the customers.

Building on our strength and expertise, the Group has operations in a multitude of areas. Since 1980, we have served most oil majors and other customers in Malaysia, the Philippines, Brunei, Thailand, Vietnam, Australia and most recently the Middle East. With over 30 years of experience in almost every facet of offshore support services, we have forged excellent relationships with our customers through our firm commitment to quality, reliability and high service standards.

Letter to Shareholders

"This buoyant outlook in the oil and gas industry is encouraging as the Group is well positioned to benefit from the favourable market conditions."

Introduction

The Financial Year ended 30 June 2007 marked an outstanding year for CH Offshore Group ("the Group"). Profit after tax (PAT) soared to US$40.2 million, an increase of 210% over Financial Year 2006. The Earnings per share (EPS) rose to 5.7 USD cents, highest ever for the Group. With a relatively strong balance sheet and low gearing the Group is poised for future growth.

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of the Group for the Financial Year ended 30 June 2007.

Economic Environment

The prevailing high crude oil prices have continued to spur strong growth in the oil and gas industry. On the back of high oil prices, the offshore exploration and production (E&P) activities continue to rise as national and international oil companies continue to increase their reserves. The increased E&P activities will drive the demand of offshore support vessels.

Financial Review

The Financial Year 2006/07 saw significant increase in the Group's revenue and PAT over the preceding financial year. Revenue rose 29% year-on-year, but more significantly the PAT of US$40.2 million surpassed the previous financial year by 210%. In addition to the revenue growth and higher operating profit, substantial gain of US$23.2 million from the disposal of vessels also contributed to the record-high PAT.

Revenue rose to US$45.7 million from US$35.3 million in the preceding financial year. Higher charter rates and contributions from a new 12,240 brake horse power (bhp) vessel and a re-chartered third-party vessel boosted the revenue growth. Profit from operation also improved due to higher utilization rate as fewer vessels were off-hired for docking during the financial year.

The Group sold five wholly-owned and two jointly-owned vessels resulting in a combined gain of US$23.2 million. Four of the five wholly-owned vessels sold were above 20 years old and were disposed as part of the Group's fleet renewal program.

Fleet Activities

During the financial year, the Group took delivery of two 12,240 bhp AHTS vessels. One of the vessels was sold to a South

American party and the other is currently operating in Australian waters. Six sister vessels are currently under construction in Japan. These vessels, which are scheduled for delivery between 2008 and 2010, will further enhance the Group's capabilities in meeting our clients' deepwater requirement.

In addition to the disposal of the 12,240 bhp AHTS vessel, the Group sold six smaller vessels during the financial year. Of the six, 'Beryl' and 'Zircon' were sold to a Malaysian associated company, and 'RT Rednet', 'Tanjung Jara', 'Team Works 1' and 'Osam Manila' to third parties. At the end of the financial year, the Group operates a fleet of 17 wholly-owned and 2 jointly-owned vessels, with an average fleet age of 15 years.

Apart from the South East Asia region, the Group has successfully penetrated the Middle East and Australia markets. The Group is currently operating 4 vessels in Middle East and 1 in Australia. For the South East Asia market, 8 are in Indonesia, 4 in Thailand and 2 jointly-owned vessels in Malaysia.

Going forward, the Group is looking at opportunities to expand its geographical presence in new markets such as Latin America, India and West Africa.

Dividend

The Company paid an interim tax-exempt dividend of 0.5 SGD cents per ordinary share in March 2007. For the final dividend, the directors are proposing a tax-exempt dividend of 3.5 SGD cents per ordinary share. This includes a proposed one-off special dividend payout of 2.1 SGD cents per ordinary shares due to substantial gain from the sale of vessels. This will bring the total paid and proposed dividend to 4.0 SGD cents per ordinary shares for the Financial Year ended 30 June 2007, amounting to approximately S$28.2 million (equivalent to US$18.5 million). The dividend payout for Financial Year ended 30 June 2006 was 1.5 SGD cents per share.

Outlook and Prospects

In line with high crude oil prices, the increased E&P activities have spurred the demand for offshore support vessels. This has put the Group in a healthy position as the charter rates should remain firm even for smaller vessels. With the delivery of the six 12,240 bhp AHTS vessels, the Group will be able to meet the demand and compete in the lucrative deepwater segment.

This buoyant outlook in the oil and gas industry is encouraging as the Group is well positioned to benefit from the favourable market conditions.

Acknowledgement

On behalf of the Board, I would like to extend our appreciation to our dedicated staff and management team whose contributions have resulted in another outstanding year. We also would like to acknowledge our shareholders, clients and business partners for their continued support and finally to all the Board members, I thank you for your counsel.

Tan Sri Datuk Asmat Bin Kamaludin
Non-Executive Chairman
20 August 2007

Five Year Group Financial Statistics and Charts

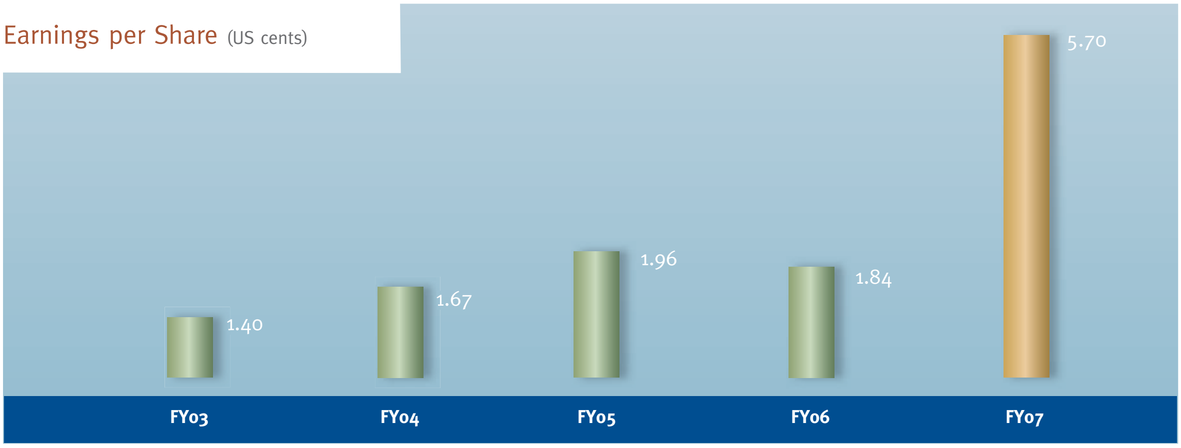
INCOME STATEMENT	FY 2003 US$'000	FY 2004 US$'000	FY 2005 US$'000	FY 2006 US$'000	FY 2007 US$'000
REVENUE	25,770	25,509	28,603	35,316	45,676
Profit before taxation	8,398	11,219	13,868	12,956	40,686
Taxation	(174)	125	(48)	(5)	(513)
Profit after tax	8,225	11,344	13,820	12,951	40,173
Profit attributable to shareholders of the company	8,225	11,344	13,820	12,951	40,173
BALANCE SHEET					
CURRENT ASSETS	9,593	29,741	26,637	18,794	49,089
NON-CURRENT ASSETS					
Fixed assets	40,640	64,309	80,981	95,687	87,867
Other asset	-	-	-	-	17
Investment in associated companies	-	1,410	1,401	3,416	6,659
Total non-current assets	40,640	65,719	82,382	99,103	94,543
Total assets	50,233	95,460	109,019	117,897	143,632
CURRENT LIABILITIES	6,178	20,545	9,788	17,800	14,177
NON-CURRENT LIABILITIES					
Deferred taxation	173	-	-	-	25
Other payables	-	2,029	1,425	1,870	1,786
Bank loans	-	-	15,000	11,000	7,000
Total non-current liabilities	173	2,029	16,425	12,870	8,811
Total liabilities	6,351	22,574	26,213	30,670	22,988
Shareholders' equity	43,882	72,886	82,806	87,227	120,644
Issued capital	16,703	20,497	20,497	55,379	55,379
PER SHARE DATA					
Earnings Per Share (US cents):					
Basic	1.40	1.67	1.96	1.84	5.70
Fully Diluted	1.40	1.67	1.96	1.84	5.70
Dividends Per Share - Tax-exempt (SGD cents)	1.00	1.00	1.50	1.50	4.00
Net assets value per share (US cents)	7.46	10.34	11.74	12.37	17.11

Prior to FY 2005, the financial statements were denominated in SGD, these have been translated into US$ using the exchange rates as follows:

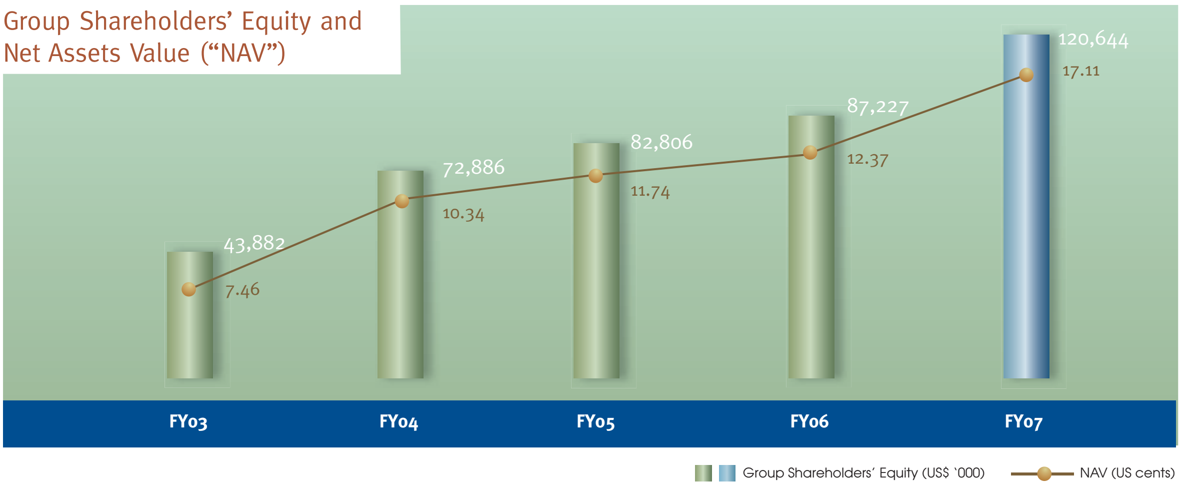
Revenue and expenses - at average rates
Assets, liabilities and equity - at year end rates

	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

Earnings per Share (US cents)

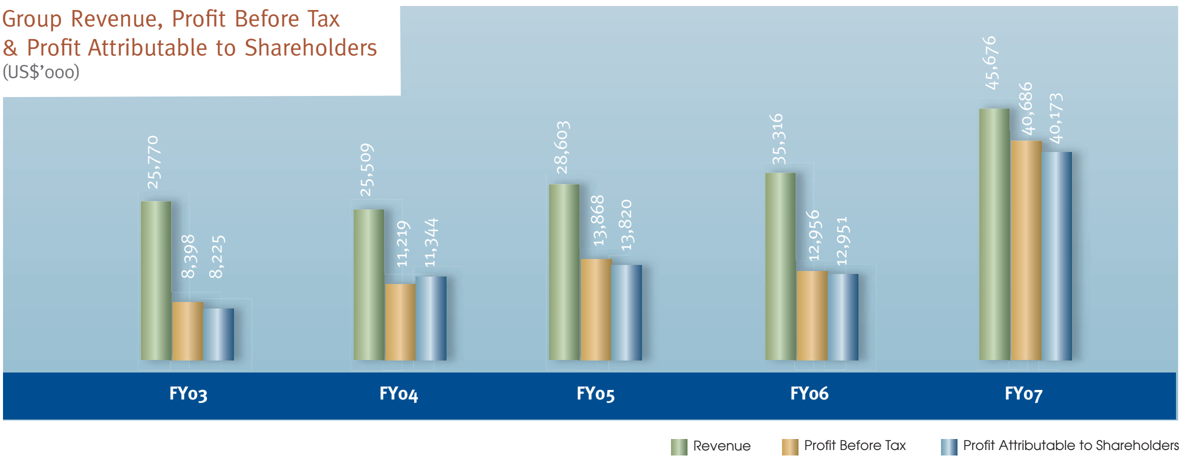


Group Shareholders' Equity and Net Assets Value ("NAV")



Group Revenue, Profit Before Tax & Profit Attributable to Shareholders

(US$'000)



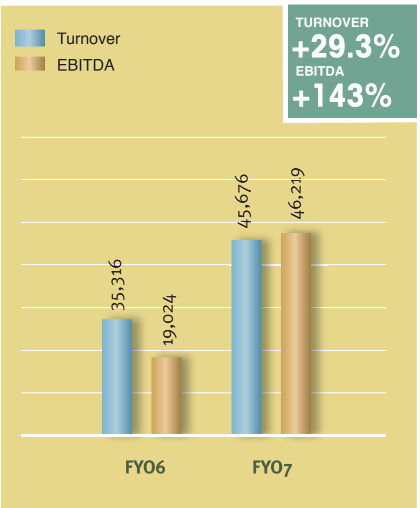
Review of Operations and Results

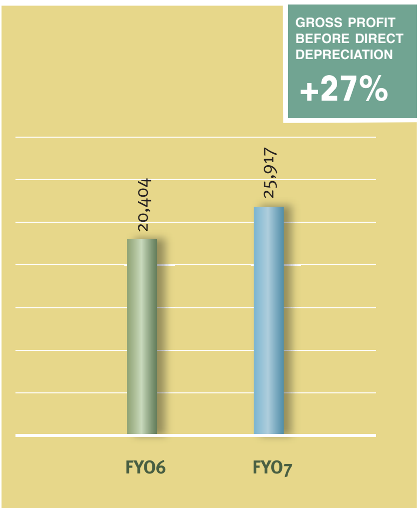
TURNOVER AND EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION ("EBITDA") (US$'000)			
	FY06	FY07	Change
Turnover	35,316	45,676	29.3%
EBITDA	19,024	46,219	143.0%

GROSS PROFIT BEFORE DIRECT DEPRECIATION (US$'000)		
FY06	FY07	Change
20,404	25,917	27.0%

The Group's turnover increased 29.3% from US$35.316 million for FY06 to US$45.676 million for FY07. This was due to higher charter rates, the rechartering of a third party vessel during the last quarter of FY06 and additional tonnage from a new 12,240 bhp vessel which commenced its operations in February 2007. The higher operating contribution was also due to higher utilisation as fewer vessels were offhired for docking as compared with the previous financial year. In addition to this, the Group recorded a substantial gain from the disposal of five vessels and the reversal of deferred gains from the sale of two jointly-owned vessels amounting to US$23.232 million during the current financial year. Consequently, the Group's EBITDA rose 143.0% from US$19.024 million to US$46.219 million.

Despite a 32.5% increase in the operating costs from US$14.912 million for FY06 to US$19.759 million for FY07, the gross profit before direct depreciation rose 27.0% from US$20.404 million for FY06 to US$25.917 million for FY07. This was due to additional revenue contributed by a new vessel, higher charter rates and higher utilisation of vessels.





INCOME TAX (US$'000)		
FY06	FY07	Change
5	513	10,160%

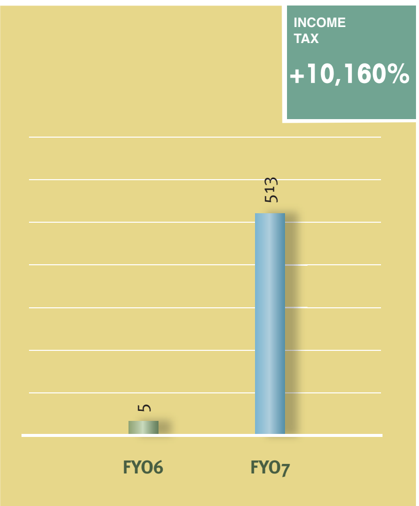
The Group derived its income mainly from the chartering of its vessels which is substantially tax-exempt under Sec 13A of the Singapore Income Tax Act. However, during FY07, the Group disposed of a non-Singapore registered vessel. The profit on sale of a foreign-flagged vessel is subject to tax in Singapore. As a result, the income tax for FY07 rose to US$0.513 million from US$0.005 million.

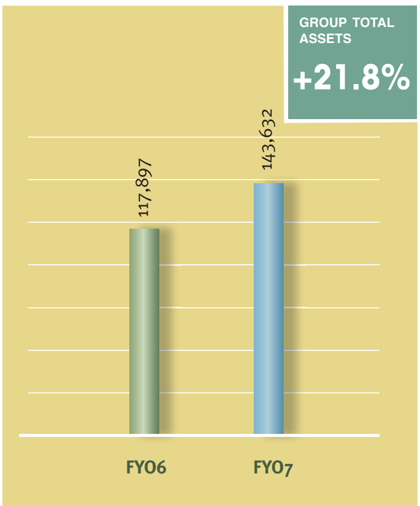
GROUP TOTAL ASSETS (US$'000)		
FY06	FY07	Change
117,897	143,632	21.8%

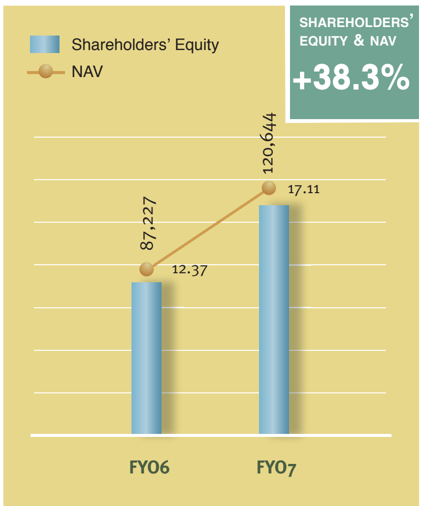
During FY07, the Group achieved a record high profit from its operations and the sale of vessels. As a result, cash and cash equivalents increased 428.0% to US$37.827 million from US$7.164 million and Group's total assets rose 21.8% to US$143.632 million from US$117.897 million.

SHAREHOLDERS' EQUITY AND NET ASSETS VALUE ("NAV")			
	FY06	FY07	Change
Shareholders' Equity (US$'000)	87,227	120,644	38.3%
NAV (US cents)	12.37	17.11	38.3%

The Group's shareholders' equity rose 38.3% from US$87.227 million as at 30 June 2006 to US$120.644 million as at 30 June 2007. As the total number of ordinary shares issued for both years remained unchanged, the net assets value (NAV) per share similarly increased by 38.3% from 12.37 US cents to 17.11 US cents.





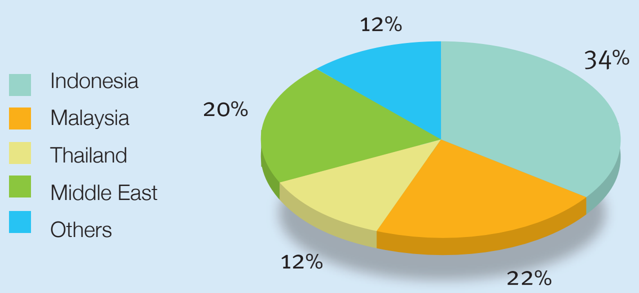


Review of Operations and Results (by Geographical Segments)

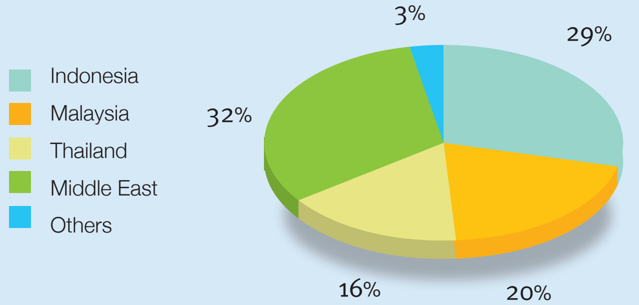
	INDONESIA	MALAYSIA	THAILAND	MIDDLE EAST	OTHERS*	TOTAL
As at 30 June 2007 (FY07)	(US$'000)	(US$'000)	(US$'000)	(US$'000)	(US$'000)	(US$'000)
Revenue	15,436	9,793	5,666	9,180	5,601	45,676
Gross profit after direct depreciation	7,263	2,258	3,299	3,453	4,390	20,663
As at 30 June 2006 (FY06)						
Revenue	10,179	7,064	5,693	11,410	970	35,316
Gross profit after direct depreciation	4,256	2,063	2,038	5,717	806	14,880

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

FY07 REVENUE CONTRIBUTIONS BY GEOGRAPHICAL SEGMENTS



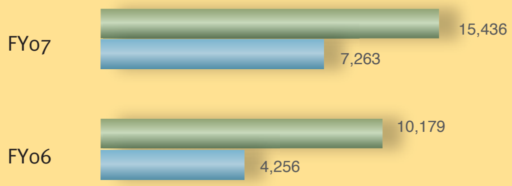
FY06 REVENUE CONTRIBUTIONS BY GEOGRAPHICAL SEGMENTS



INDONESIA

	FY06 (US$'000)	FY07 (US$'000)	Change
Revenue	10,179	15,436	51.6%
Gross Profit after Direct Depreciation	4,256	7,263	70.7%

Earnings From Indonesia

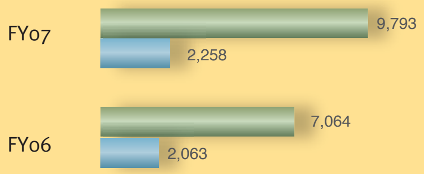


Despite the sale of one vessel from this segment in April 07, there was no negative impact on the earnings generated. On the contrary, revenue and gross profit after direct depreciation rose 51.6% and 70.7% from US$10.179 million for FY06 to US$15.436 million for FY07 and from US$4.256 million for FY06 to US$7.263 million for FY07 respectively due to several contributing factors. The re-deployment of vessels from the other segments increased the average number of vessels operating here to ten for FY07 compared with average of nine for FY06. Other contributors are the increase in charter rates secured and fewer vessels docked in FY07.

MALAYSIA

	FY06 (US$'000)	FY07 (US$'000)	Change
Revenue	7,064	9,793	38.6%
Gross Profit after Direct Depreciation	2,063	2,258	9.5%

Earnings From Malaysia

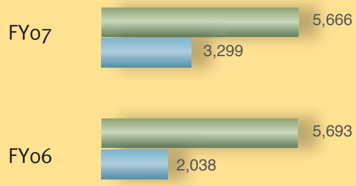


The average number of vessels operating in Malaysia reduced from six for FY06 to three for FY07. One of the vessels was re-deployed to other area and two were sold in FY07 to a Malaysian associated company. In spite of fewer vessels operating here, the gross profit after direct depreciation rose 9.5% from US$2.063 million for FY06 to US$2.258 million for FY07. This is mainly due to the addition of a rechartered vessel here as well as increase in earnings from commission and agency fees earned.

THAILAND

	FY06 (US$'000)	FY07 (US$'000)	Change
Revenue	5,693	5,666	-0.5%
Gross Profit after Direct Depreciation	2,038	3,299	61.9%

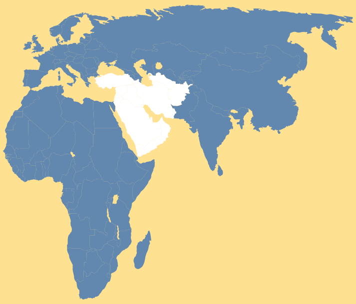
Earnings From Thailand



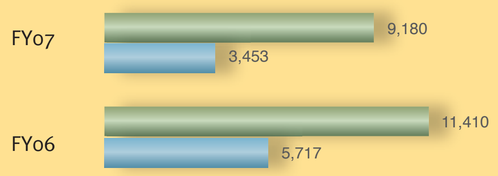
In April 06, the sale of one of the older vessels brought down the average number of vessels operating in Thailand from five for FY06 to four for FY07. Notwithstanding this, revenue dropped only marginally by 0.5% to US$5.666 million for FY07 from US$5.693 million for FY06 due to an increase in charter rates during FY07 and higher utilisation rate as two vessels completed their docking in FY06. These factors together with lower repair costs contributed to a 61.9% increase in gross profit after direct depreciation from US$2.038 million for FY06 to US$3.299 million for FY07.

MIDDLE EAST

	FY06 (US$'000)	FY07 (US$'000)	Change
Revenue	11,410	9,180	-19.5%
Gross Profit after Direct Depreciation	5,717	3,453	-39.6%



Earnings From Middle East

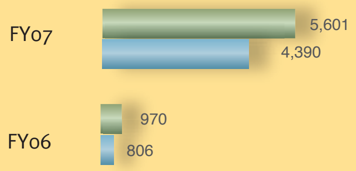


Operations in the Middle East for FY07 were impacted by the reduction of vessels from six to four as two vessels were re-deployed to the other segments towards the 4th quarter of FY06. Consequently, both the revenue and the gross profit after direct depreciation decreased 19.5% from US$11.41 million for FY06 and 39.6% from US$5.717 million for FY06 to US$9.18 million for FY07 and US$3.453 million for FY07 respectively.

OTHERS

	FY06 (US$'000)	FY07 (US$'000)	Change
Revenue	970	5,601	477.4%
Gross Profit after Direct Depreciation	806	4,390	444.7%

Earnings From Others



Other areas of operations include other Asia-Pacific countries such as Australia and Vietnam. There were no vessels operating in this segment in FY06. In FY06, the income was primarily from management fees, interest income and other services rendered. However, in the current financial year ended 30 June 07, there were two vessels operating in this segment. One was a newly delivered vessel which commenced its operations in February 07 whilst the other vessel operated here until it was sold in January 2007 to a third party. Consequently, both revenue and gross profit after direct depreciation rose significantly by 477.4% and 444.7% from US$0.97 million to US$5.601 million for FY07 and US$0.806 million to US$4.39 million for FY07 respectively.

progress

The 210% increase in our net profit and the expected delivery of six new 12,240 bhp AHTS vessels will chart the route to the further growth and success of our business.

Our Vessels
(a partial list)

strength

Maintaining a younger and relevant fleet to leverage on the robust demand for Anchor Handling Tug Supply Vessels

TEMASEK ATTAKA

Specifications	
Year Built	2002
Dimension (L x B x D)	52.15 m x 15.0 m x 5.5 m
Main Propulsion	2 x Wartsila, total 5,400 BHP
Bollard Pull	68 MT continuous / 75 MT maximum

TEMASEK SEPINGGAN

Specifications	
Year Built	2002
Dimension (L x B x D)	52.15 m x 15.0 m x 5.5 m
Main Propulsion	2 x Wartsila, total 5,400 BHP
Bollard Pull	65 MT continuous / 75.6 MT maximum

ZIRCON*

Specifications	
Year Built	2004
Dimension (L x B x D)	56.39 m x 16.0 m x 5.5 m
Main Propulsion	2 x Mak, total 5,000 BHP
Bollard Pull	66.7 MT continuous / 67.8 MT maximum

JASPER

Specifications	
Year Built	2004
Dimension (L x B x D)	56.39 m x 16.0 m x 5.5 m
Main Propulsion	2 x Mak, total 5,000 BHP
Bollard Pull	64 MT continuous / 66 MT maximum

AMBER

Specifications	
Year Built	2005
Dimension (L x B x D)	51.73 m x 13.5 m x 6.0 m
Main Propulsion	2 x Bergen, total 4,826 BHP
Bollard Pull	60 MT continuous / 65.3 MT maximum

BERYL*

Specifications	
Year Built	2005
Dimension (L x B x D)	51.79 m x 13.5 m x 6.0 m
Main Propulsion	2 x Bergen, total 4,826 BHP
Bollard Pull	60 MT continuous / 62 MT maximum

GARNET

Specifications	
Year Built	2005
Dimension (L x B x D)	56.39 m x 16.0 m x 5.5 m
Main Propulsion	2 x Wartsila, total 5,400 BHP
Bollard Pull	66.1 MT continuous / 71.5 MT maximum

TOPAZ

Specifications	
Year Built	2005
Dimension (L x B x D)	56.39 m x 16.0 m x 5.5 m
Main Propulsion	2 x Wartsila total, 5,400 BHP
Bollard Pull	72 MT maximum

TOURMALINE

Specifications	
Year Built	2006
Dimension (L x B x D)	61.45 m x 16.4 m x 7.2 m
Main Propulsion	2 x Wartsila, total 12,240 BHP
Bollard Pull	150.6 MT average / 154.8 MT maximum

* Co-owned

Board of Directors

1 Tan Sri Datuk Asmat Bin Kamaludin
2 Peh Kwee Chim
3 Cheak Boon Heng
4 Dato' Kamaluddin Bin Abdullah
5 Billy Lee Beng Cheng
6 Mdm Joanna Young Sau Kwan

Tan Sri Datuk Asmat Bin Kamaludin

Non-Executive Chairman

Tan Sri Datuk Asmat Bin Kamaludin is a Non-Executive, Independent Director and the Chairman of CH Offshore Ltd. He was appointed to the Board on 17 October 2005. Tan Sri Datuk Asmat is also a member of the Nominating Committee.

Tan Sri Datuk Asmat has vast experience in various capacities in the public service and his last position was as the Secretary-General of the Ministry of International Trade and Industry, a position he held from 1992 to 2001. He has served as Economic Counsellor for Malaysia in Brussels and has worked with several international bodies such as ASEAN, World Trade Organisation and the Asia-Pacific Economic Co-operation, representing Malaysia in relevant negotiations and agreements. Tan Sri Datuk Asmat has also been actively involved in several national organizations such as Permodalan Nasional Berhad, Johor Corporation, the Small and Medium Scale Industries Corporation (SMIDEC) and the Malaysia External Trade Development Co-operation (MATRADE) while in the Malaysian Government service.

Tan Sri Datuk Asmat is currently the Chairman of Scomi Group Berhad. Other Malaysian public companies in which he is a director are UMW Holdings Berhad, YTL Cement Berhad, Permodalan Nasional Bhd, Malaysian Pacific Industries Berhad, Carlsberg Brewery Malaysia Berhad, Lion Industries Corporation Berhad, Panasonic Manufacturing Malaysia Berhad (formerly known as Matsushita Electric Company (Malaysia) Berhad), Symphony House Bhd, Salwan Corporation Berhad, Trans-Asia Shipping Corporation Berhad and Compugates Holdings Berhad. He also serves on the Board of JACTIM Foundation.

Tan Sri Datuk Asmat holds a Bachelor of Arts (Honours) degree in Economics from the University of Malaya, and he also holds a Diploma in European Economic Integration from the University of Amsterdam.

Mr Peh Kwee Chim
Non-Executive Director

Mr Peh Kwee Chim is a Non-Executive Director of CHO. He was appointed to the Board of CHO on 17 October 2005. Mr Peh has over 30 years of experience in the marine transportation, marine logistics and offshore support services industries. He was one of the co-founders of Chuan Hup Holdings Limited ("CHH") in 1970 and was the Managing Director of CHH from 1984 to 2005. He is currently an Executive Director of CHH.

Mr Peh is the Executive Chairman of PCI Limited and has been instrumental in building up the PCI Group. He is also a Director of Scomi Marine Bhd, Dredging International Asia Pacific Pte Ltd and Security Land Corporation.

Mr Peh graduated from the University of Western Australia in 1969 with a Bachelor of Engineering (Mechanical) degree.

Mr Cheak Boon Heng
Non-Executive Director

Mr Cheak Boon Heng is a Non-Executive Director of CHO. He was appointed as an Executive Director of the Company on 21 January 1991, Executive Vice-Chairman from 1 July 2004 to 1 February 2005 and Executive Chairman from 1 February 2005 to 17 October 2005. He resigned as Executive Chairman on 17 October 2005 but continued as a Non-Executive Director. He has over 30 years of experience in the marine transportation, marine logistics and offshore support services industries.

He is currently a Director of Zicom Group Limited and Finbar Group Limited, both of which are listed on the Australian Stock Exchange. He is also a Director of Scomi Marine Bhd.

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

Dato' Kamaluddin Bin Abdullah
Non-Executive Director

Dato' Kamaluddin Bin Abdullah is a Non-Executive Director of CHO. He was appointed to the Board on 17 October 2005. He is also a member of the Remuneration Committee.

Dato' Kamaluddin Bin Abdullah, is a graduate of Bachelor of Arts (Hons) in Law from the University of Cambridge. He is also a member of the English Bar and a Barrister-at-Law of the Middle Temple.

Upon returning to Malaysia in 1990, he joined the Sime Darby Group, a major multi-national company, based in Malaysia. During his five-year term with the Group, he served in the tyre manufacturing, plantations and latex products divisions in various positions covering the areas of marketing, corporate affairs, human resources, administration and legal affairs.

After his stint in Sime Darby, he served as Group Executive Director of Dewina Berhad, which is a diversified food group listed on the Kuala Lumpur Stock Exchange from 1994 to 1999.

Dato' Kamaluddin is currently the substantial shareholder of Scomi Group Berhad, an oil and gas field services, transportation and engineering company listed on the KLSE. He is also the Director of Kamarene Capital, a private investment holding company.

Dato' Kamaluddin is also a trustee of Yayasan Budi Penyayang, a charity foundation to help the needy as well as to champion various causes pertaining to family, social, cultural and welfare development. He is also the founder and trustee of the Force of Nature Aid Foundation, whose objectives are to raise funds and awareness to help victims of natural disasters world-wide.

Mr Billy Lee Beng Cheng
Non-Executive, Independent Director

Mr Billy Lee Beng Cheng is a Non-Executive, Independent Director and was appointed to this position on 13 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 (renamed 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. Mr Lee is also a member of the Singapore Institute of Directors, SIngapore Institute of Management and a senior member of the Institution of Engineers, Singapore.

Mdm Joanna Young Sau Kwan
Non-Executive, Independent Director

Mdm Joanna Young Sau Kwan is a Non-Executive, Independent Director and was appointed to this position on 1 February 2005. She is also the Chairman of the Audit Committee and a Member of the Remuneration and Nominating Committees.

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

Board of Directors





7 Encik Aminuddin Yusof Lana
8 Ong Kok Wah
9 Encik Shah Hakim Bin Zain
10 Loh Kee Kong
11 Mdm Loong Chun Nee

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 Technical 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. She is a Fellow (Practising) Member of the Institute of Certified Public Accountants of Singapore and a Fellow Member of CPA Australia.

Encik Aminuddin Yusof Lana

Non-Executive, Independent Director

Encik Aminuddin Yusof Lana is a Non-Executive, Independent Director of CHO. He was appointed to the Board on 31 October 2005. He is also a member of the Audit Committee.

From 1975 to 1989, Encik Aminuddin held various senior management positions in large multi-listed (New Zealand, Australia, New York and London Stock Exchanges) international companies in Australia and New Zealand, reporting to the Executive Director and/or the Chairman of the Board of Directors. He has extensive hands-on experience in managing medium and large international multi-core business companies and has also undertaken several major assignments in London, New York, Zurich and Tokyo.

From 1990 to 1996, he held various Directorship positions in several companies (public and private) within the Renong Group of Companies, including Executive Director of Fleet Group Sdn Bhd (March 1990 to April 1992), Managing Director of Renong Berhad (May 1990 to February 1994), Director and Exco Member of Southern Steel Berhad (1990 to 1994), Director and Group Managing Director of Faber Group Berhad (June 1990 to December 1994), Director of MISC Haulage Berhad, a subsidiary of MISC Berhad (1994 to 1995) and Managing Director of Metacorp Berhad (January 1995 to December 1996).

From March 2000 to November 2003, he was the Managing Director of UEM Builders Bhd (formerly known as Intria Berhad). Encik Aminuddin is also a Director of Malaysia AICA Berhad, ENC Sdn Bhd and KMC Oiltools Bermuda Limited

Encik Aminuddin holds a Bachelor of Commerce & Business Administration (BCA) (Double majors in Business Administration and Accounting) from the Victoria University of Wellington, New Zealand. He is also a Chartered Accountant (ACA) - New Zealand Society of Accountants and an Associate Member of the Institute of Chartered Secretaries and Administrators of London and Wales (ACIS).

Mr Ong Kok Wah

Executive Director

Mr Ong Kok Wah is an Executive Director of CHO. He was appointed as a Director of CHO in 1987 and as Chief Executive Officer in July 2004. He resigned as a Director of CHO on 17 October 2005, but continued as Chief Executive Officer of CHO. He was re-appointed as an Executive Director on 2 May 2006. On 1 January 2007, he resigned as Chief Executive Officer, but continued as an Executive Director.

Mr Ong has over 40 years of 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. He joined the Chuan Hup Holdings Limited ("CHH") Group in 1976 and was a Director of CHH from 1976 to October 2005.

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 the Singapore Shipping Association ("SSA") since its inception in 1985 until 1997 when he held the position of First Vice-President. In 2003 and 2005, he was again elected onto the SSA Council and held the position of Honorary Secretary until 2007, when he stepped down from the SSA Council. Mr Ong has also been a director of the Board of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) since 1993.

Encik Shah Hakim Bin Zain

Executive Director

Encik Shah Hakim Bin Zain is an Executive Director. He was appointed to the Board of CHO on 2 May 2006.

Encik Shah Hakim is the Chief Executive Officer/ Non-Independent Executive Director of Scomi Marine Bhd. Encik Shah Hakim holds a degree of Bachelor of Science (Accounting) from the University of Pacific, USA. He started his career as an auditor with Ernst & Young and was subsequently promoted as Consulting Manager, responsible for servicing large corporations. He went on to be appointed as Executive Director of a regional packaging manufacturer in 1992, with direct operational responsibility. He currently sits on the Board of Sapura Industrial Berhad, Scomi Group Bhd, Scomi Marine Bhd, Scomi Engineering Bhd and KMCOB Capital Berhad.

Mr Loh Kee Kong

Alternate Director to Mr Peh Kwee Chim

Mr Loh Kee Kong was appointed as Alternate Director to Mr Peh Kwee Chim on 2 May 2006. He was a director of CHO from July 2002 to 2 May 2006.

Mr Loh is currently a Director of PCI Limited. He is also Director of Finbar Group Limited which is listed on the Australian Stock Exchange. Mr Loh was a Director of Chuan Hup Holdings Limited ("CHH") from 1987 to 2005. He was involved in developing the business and management strategies of the CHH Group and oversaw 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.

Mdm Loong Chun Nee

Alternate Director to Encik Shah Hakim Bin Zain

Mdm Loong Chun Nee was appointed as Alternate Director to Encik Shah Hakim Bin Zain on 5 May 2006.

Mdm Loong holds a degree of Bachelor of Arts in Economic and Social Studies (majoring in Accounting) from the University of Manchester, England.

Mdm Loong was previously with the Renong Group of Companies for a total of 11 years covering companies such as Projek Lebuhraya Utara-Selatan Berhad (1988-1992), United Engineers (Malaysia) Berhad (1993-1994, 1997-1998), Renong Berhad (1995-1996), HBN Management Office and Renong Group of Companies (1997-1999). She left the Renong Group in late 1999 to join YBhg Tan Sri Dato' (Dr) Rozali Ismail as Financial Advisor under a financial consultancy company, Jendela Permai Sdn Bhd (2000-2004). She then joined Scomi Group Berhad as Senior Vice President - Corporate Finance & Chief Financial Officer of Scomi Marine Bhd since July 2005. Thereafter, she was transferred to Scomi Group Berhad as Group Chief Financial Officer.

Mdm Loong has vast experience in financial advisory matters specializing in the areas of corporate debt restructuring, corporate finance and project financing for privatization projects. She is also an Independent Director of CIMB Principal, a subsidiary of CIMB Berhad, as well as Director of some of Scomi Group Berhad's subsidiaries.

Key Management

Mr Koh Kok Leong

Mr Koh Kok Leong is the **Chief Executive Officer** of CHO and was appointed to this position on 1 January 2007. 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 Koh joined Chuan Hup Agencies (Private) Limited in 1989 as an Assistant General Manager and was appointed General Manager in 2000. In May 2006, he was promoted to Chief Operating Officer of CHO, a position he held until his appointment as Chief Executive Officer. Mr Koh holds a Diploma in Marine Engineering and a Certificate of Competency as a First Class Marine Engineer.

Encik Abdul Razak bin Abd Rahman

Encik Abdul Razak bin Abd Rahman is the **Chief Financial Officer** of CHO and was appointed on 1 January 2007. He has more than 20 years' experience in finance and accounting and has served numerous companies including Scomi Group Berhad, Time dotcom Berhad, PLUS Berhad and Esso Production Malaysia Inc. Encik Abdul Razak is a Fellow of ACCA and a Chartered Accountant of the Malaysian Institute of Accountants.

Ms Teo Peck Bee

Ms Teo Peck Bee is the **Deputy Chief Financial Officer** of CHO and was appointed to this position on 1 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 Chuan Hup Holdings Limited ("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.

presence

In 2007 our Group has been successful in penetrating into the oil & gas market in the Middle East, with special networking efforts in Saudi Arabia, Qatar and United Arab Emirates.

Corporate Data

Board of Directors

Tan Sri Datuk Asmat Bin Kamaludin	(Non-Executive Chairman)
Mr Peh Kwee Chim	(Non-Executive Director)
Mr Cheak Boon Heng	(Non-Executive Director)
Dato' Kamaluddin Bin Abdullah	(Non-Executive Director)
Mr Billy Lee Beng Cheng	(Non-Executive, Independent Director)
Mdm Joanna Young Sau Kwan	(Non-Executive, Independent Director)
Encik Aminuddin Yusof Lana	(Non-Executive, Independent Director)
Encik Shah Hakim Bin Zain	(Executive Director)
Mr Ong Kok Wah	(Executive Director)
Mr Loh Kee Kong	(Alternate Director to Mr Peh Kwee Chim)
Mdm Loong Chun Nee	(Alternate Director to Encik Shah Hakim Bin Zain)

Audit Committee

Mdm Joanna Young Sau Kwan	(Chairman)
Mr Billy Lee Beng Cheng	
Encik Aminuddin Yusof Lana	

Remuneration Committee

Mr Billy Lee Beng Cheng	(Chairman)
Mdm Joanna Young Sau Kwan	
Dato' Kamaluddin Bin Abdullah	

Nominating Committee

Mr Billy Lee Beng Cheng	(Chairman)
Mdm Joanna Young Sau Kwan	
Tan Sri Datuk Asmat Bin Kamaludin	

Company Secretary

Ms 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
Email: investor@choffshore.com.sg

Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore 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: Ms Ng Peck Hoon
Date of Appointment: 1 July 2002

Financial Calendar

Financial Year End	30 June 2007
Announcement of First Quarter Financial Results	2 November 2006
Announcement of Half-Year Financial Results	12 February 2007
Payment of Interim Dividend	20 March 2007
Announcement of Third Quarter Financial Results	8 May 2007
Announcement of Full-Year Financial Results	10 August 2007
Despatch of Annual Report to Shareholders	28 September 2007
Annual General Meeting	17 October 2007
Book Closure to Register Members for Dividend Payment	26 October 2007
Proposed Payment of Final Dividend	12 November 2007

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 main corporate governance practices with reference to the Singapore Code of Corporate Governance (the "Code").

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 4 Board meetings were held for the financial year ended 30 June 2007. Details of the attendance of Board members at Board meetings and meetings of the various Board committees for the financial year ended 30 June 2007 are set out on page 28 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 9 directors, 3 of whom are non-executive independent directors and 4 of whom are non-executive directors. The non-executive independent directors are Mr Billy Lee Beng Cheng, Mdm Joanna Young Sau Kwan and Encik Aminuddin Yusof Lana. The non-executive directors are Tan Sri Datuk Asmat Bin Kamaludin, Mr Peh Kwee Chim, Mr Cheak Boon Heng and Dato' Kamaluddin Bin Abdullah.

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 14 to 17 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, Tan Sri Datuk Asmat Bin Kamaludin, chairs the Board meetings and guides the Board on its discussion on significant issues. The Chief Executive Officer is responsible for the day-to-day management of the business and the overall performance of the Group. The Chairman and the Chief Executive Officer are not related.

Board Membership

The Nominating Committee comprises Mr Billy Lee Beng Cheng (Committee Chairman), Mdm Joanna Young Sau Kwan and Tan Sri Datuk Asmat Bin Kamaludin, 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 appointments and re-appointments of directors and appointments of the member of the various Board Committees 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.

Corporate Governance Report

REMUNERATION MATTERS

Remuneration Committee

The Remuneration Committee comprises Mr Billy Lee Beng Cheng (Committee Chairman), Mdm Joanna Young Sau Kwan and Dato' Kamaluddin Bin Abdullah, all of whom are non-executive directors and the majority of whom, including the Chairman, are independent directors. The role of the Remuneration Committee is to review and approve the remuneration and the aggregate variable cash bonuses of the directors and the senior management of CHO.

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 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.

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 key executives who are not also directors is shown by number in bands of US$150,000.

DIRECTORS' REMUNERATION PAID OR PAYABLE IN FINANCIAL YEAR ENDED 30 JUNE 2007

Directors of Company	Base Salary	Variable Payment	Directors' Fees	Total	Share Options Granted
US$450,000 to US$599,000					
Mr Ong Kok Wah	48.0%	52.0%	0.0%	100.0%	Nil
Below US$150,000					
Tan Sri Datuk Asmat Bin Kamaludin	0.0%	0.0%	100.0%	100.0%	Nil
Mr Peh Kwee Chim	0.0%	0.0%	100.0%	100.0%	Nil
Mr Cheak Boon Heng	0.0%	0.0%	100.0%	100.0%	Nil
Dato' Kamaluddin Bin Abdullah	0.0%	0.0%	100.0%	100.0%	Nil
Mr Billy Lee Beng Cheng	0.0%	0.0%	100.0%	100.0%	Nil
Mdm Joanna Young Sau Kwan	0.0%	0.0%	100.0%	100.0%	Nil
Encik Aminuddin Yusof Lana	0.0%	0.0%	100.0%	100.0%	Nil
Encik Shah Hakim Bin Zain	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.

REMUNERATION OF THE TOP FIVE KEY EXECUTIVES WHO ARE NOT ALSO DIRECTORS OF THE COMPANY IN FINANCIAL YEAR ENDED 30 JUNE 2007

US$$300,000 to US$449,000	1
Below US$150,000	4

Audit Committee

The Audit Committee comprises Mdm Joanna Young Sau Kwan (Committee Chairman), Mr Billy Lee Beng Cheng and Encik Aminuddin Yusof Lana, all of whom, including the Chairman, are non-executive and independent. Mdm Joanna Young Sau Kwan and Encik Aminuddin Yusof Lana 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.

The Audit Committee's duties include:

(a) reviewing the audit plans and results of the external auditors' examination and evaluation of the group's systems of internal accounting controls and any matters which the external auditors wish to discuss (in the absence of management where necessary);
(b) reviewing the scope and results of the internal audit procedures;
(c) reviewing the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and the external auditors' report on those financial statements;
(d) reviewing the quarterly and annual announcements on the results and financial position of the Group and of the Company;
(e) reviewing the co-operation and assistance given by the management to the Group's external auditors;
(f) evaluating the cost effectiveness, independence and objectivity of the external auditors and the nature and extent of the non-audit services provided by them;
(g) making recommendation to the Board on the appointment, re-appointment and remuneration of the external auditors of the Company; and
(h) monitoring interested person transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity. The Audit Committee is also required to ensure that Directors report such transactions quarterly via SGX-ST announcements and annually to shareholders via the Annual Report.

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.

During the course of the year, the Group adopted a Whistle-Blowing Policy with the objective of providing a process for staff to raise in confidence and without fear of retaliation, incidents of possible wrongdoing or breach of applicable laws, regulations or policies to the Chairman of the Audit Committee.

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.

Corporate Governance Report

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.

With the exception of Jubilant Meridian Sdn Bhd and Forsayth Offshore Pte Ltd, all the subsidiaries and associated companies listed on pages 50 and 52 of this Annual Report are audited by Deloitte & Touche, Singapore and overseas practices of Deloitte & Touche Tohmatsu. Jubilant Meridian Sdn Bhd is audited by Gomez & Co. Forsayth Offshore Pte Ltd was not audited for the year ended 30 June 2007, as it is in the process of applying for strike-off.

The Board and the Audit Committee are satisfied that the appointment of Gomez & Co. would not compromise the standard and effectiveness of the audit of the Group.

The internal audit function is outsourced to international public accounting firm, Moore Stephens. The internal auditors will report to the Chairman of the Audit Committee on any material weakness and risks identified in the course of the audit, which will also be communicated to Management. Management will accordingly update the Audit Committee on the status of the remedial action plans.

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's website was recently enhanced to better serve shareholders. The website now serves as a comprehensive and easy-to use source of information for shareholders. It contains the Company's 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 facsimile or email is not currently permitted to ensure proper authentication of the identity of shareholders and their voting intentions.

CHO's external auditors are invited to attend its AGMs and will assist the directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

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, and 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

The Company has also put in place an internal procedure to track interested person transactions ("IPTs") of the Company. The Finance Department is in charge of keeping a register of the Company's IPTs.

The aggregate value of interested person transactions entered into the financial year under review is as follows:

Interested Person Transactions	Aggregate value of all IPTs under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual during the financial period under review (excluding transactions less than S$100,000)
	(US$'000)
Scomi Group Berhad & associates and Scomi Marine Bhd & associates	11,110

	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
	(US$'000)
Scomi Group Berhad & associates and Scomi Marine Bhd & associates (transacted pursuant to specific approval obtained at the EGM on 10 August 2006)	23,101
Chuan Hup Holdings Limited Group of Companies	526

The Company is seeking a renewal of the shareholders' mandate for Interested Person Transactions with Scomi Group Berhad and its associates and Scomi Marine Bhd and its associates at the forthcoming AGM.

Corporate
Governance Report

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 2007 is as follows:

Board Meetings

Director	Notes	Board Meetings No of Meetings Held	Board Meetings No of Meetings Attended
Tan Sri Datuk Asmat Bin Kamaludin		4	4
Mr Peh Kwee Chim	(1)	4	3
Mr Cheak Boon Heng		4	4
Dato' Kamaluddin Bin Abdullah		4	1
Mr Billy Lee Beng Cheng		4	4
Mdm Joanna Young Sau Kwan		4	4
Encik Aminuddin Yusof Lana		4	4
Encik Shah Hakim Bin Zain	(2)	4	3
Mr Ong Kok Wah		4	4

Board Committee Meetings

	Nominating Committee		Audit Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Tan Sri Datuk Asmat Bin Kamaludin	1	1	–	–	–	–
Dato' Kamaluddin Bin Abdullah	–	–	–	–	1	1
Mr Billy Lee Beng Cheng	1	1	4	4	1	1
Mdm Joanna Young Sau Kwan	1	1	4	4	1	1
Encik Aminuddin Yusof Lana	–	–	4	4	–	–

Notes:

1. Mr Peh Kwee Chim attended 1 out of the 4 Board Meetings held during the financial year. 2 of the Board Meetings were attended by Mr Loh Kee Kong, Alternate Director to Mr Peh.

2. Encik Shah Hakim Bin Zain attended 2 out of the 4 Board Meetings held during the financial year. 1 of the Board Meetings was attended by Mdm Loong Chun Nee, Alternate Director to Encik Shah.

Financial Contents

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 June 30, 2007.

1 DIRECTORS

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

Tan Sri Datuk Asmat Bin Kamaludin	
Mr Peh Kwee Chim	
Mr Cheak Boon Heng	
Dato' Kamaluddin Bin Abdullah	
Mr Billy Lee Beng Cheng	
Mdm Joanna Young Sau Kwan	
Encik Aminuddin Yusof Lana	
Encik Shah Hakim Bin Zain	
Mr Ong Kok Wah	
Mr Loh Kee Kong	(Alternate director to Mr Peh Kwee Chim)
Mdm Loong Chun Nee	(Alternate director to Encik Shah Hakim Bin Zain)

In accordance with article 89 of the articles of association, Mdm Joanna Young Sau Kwan, Mr Billy Lee Beng Cheng and Mr Peh Kwee Chim 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 to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

Report Of The Directors

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 the director			Shareholdings in which directors are deemed to have an interest		
Name of director and companies in which interests are held	At beginning of year	At end of year	At July 21, 2007	At beginning of year	At end of year	At July 21, 2007
CH Offshore Ltd Ordinary shares						
Mr Peh Kwee Chim	35,319,666*	35,319,666*	35,319,666*	167,197,026#	167,197,026#	167,197,026#
Mr Cheak Boon Heng	1,900,000	1,900,000	1,900,000	–	–	–
Mdm Joanna Young Sau Kwan	4,500	4,500	4,500	–	–	–
Mr Ong Kok Wah	1,301,400	1,551,400	1,551,400	–	–	–
Mr Loh Kee Kong (Alternate director to Mr Peh Kwee Chim)	1,472,000*	1,472,000*	1,472,000*	–	–	–

* Includes shares registered in the name of nominees.

Mr Peh Kwee Chim has a deemed interest in 167,197,026 shares by virtue of Section 7(4) of the Companies Act.

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 for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5 OPTION TO TAKE UP UNISSUED SHARES

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

6 OPTION EXERCISED

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

7 UNISSUED SHARES UNDER OPTION

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

Report Of The Directors

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

Mr Ong Kok Wah

Encik Shah Hakim Bin Zain

August 20, 2007

Independent Auditors' Report

To The Members Of CH Offshore Ltd

We have audited the accompanying financial statements of CH Offshore Ltd ("the company") and its subsidiaries ("the group") which comprise the balance sheets of the group and the company as at June 30, 2007, the profit and loss statements, and statements of changes in equity of the group and the company and the consolidated cash flow statement of the group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 64.

Directors' Responsibility

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

a) the consolidated financial statements of the group and the financial statements of the company are properly drawn up in accordance with the provisions of the 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 June 30, 2007 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

Deloitte & Touche

Ng Peck Hoon
Partner

Singapore
August 20, 2007

Balance Sheets

As At June 30, 2007

	Note	Group 2007	Group 2006	Company 2007	Company 2006
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	37,827	7,164	37,139	6,890
Trade receivables	8	9,742	9,932	9,131	9,175
Other receivables and prepayments	9	1,520	1,698	5,615	9,938
Total current assets		49,089	18,794	51,885	26,003
Non-current assets					
Subsidiary companies	10	–	–	8,751	8,751
Associated companies	11	6,659	3,416	4,753	900
Other asset	12	17	–	–	–
Fixed assets	13	87,867	95,687	71,138	78,031
Total non-current assets		94,543	99,103	84,642	87,682
Total assets		143,632	117,897	136,527	113,685
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans - current portion	14	4,000	8,760	4,000	8,760
Trade payables	15	7,067	6,893	8,104	5,318
Other payables	16	2,509	1,173	27,743	19,477
Other payables - deferred gain	17	82	940	–	–
Income tax payable		519	34	272	10
Total current liabilities		14,177	17,800	40,119	33,565
Non-current liabilities					
Other payables - deferred gain	17	1,786	1,870	–	–
Bank loans	14	7,000	11,000	7,000	11,000
Deferred taxation	18	25	–	–	–
Total non-current liabilities		8,811	12,870	7,000	11,000
Capital and reserves					
Issued capital	19	55,379	55,379	55,379	55,379
Translation reserve		32	6	–	–
Accumulated profits		65,233	31,842	34,029	13,741
Total equity		120,644	87,227	89,408	69,120
Total liabilities and equity		143,632	117,897	136,527	113,685

See accompanying notes to the financial statements.

Profit And Loss Statements

Year Ended June 30, 2007

	Note	Group 2007	Group 2006	Company 2007	Company 2006
		US$'000	US$'000	US$'000	US$'000
Revenue	21	45,676	35,316	33,795	25,249
Cost of sales	22	(19,759)	(14,912)	(16,252)	(10,195)
Gross profit before direct depreciation		25,917	20,404	17,543	15,054
Direct depreciation		(5,254)	(5,524)	(4,329)	(4,420)
Gross profit		20,663	14,880	13,214	10,634
Other income	23	23,232	2,313	16,958	573
Other expenses - indirect depreciation		(122)	(138)	(75)	(86)
Administrative expenses		(4,645)	(4,882)	(2,731)	(2,711)
Profits from operations		39,128	12,173	27,366	8,410
Finance cost:					
Bank charges		(16)	(31)	(16)	(30)
Interest expense to non-related company		(16)	(316)	(16)	(316)
Profit before income tax and results of associated companies		39,096	11,826	27,334	8,064
Share of results of associated companies	11	1,590	1,130	–	–
Profit before income tax	24	40,686	12,956	27,334	8,064
Income tax	25	(513)	(5)	(264)	(3)
Profit for the year		40,173	12,951	27,070	8,061
Earnings per share:					
Basic and fully diluted (US cents)	26	5.70	1.84		

See accompanying notes to the financial statements.

Statements Of Changes In Equity

Year Ended June 30, 2007

	Issued capital	Share premium	Hedging reserve	Dividend reserve	Translation reserve	Accumulated profits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group							
Balance at June 30, 2005	20,497	34,882	92	6,281	–	21,054	82,806
Transfer to fixed assets for capitalisation	–	–	(92)	–	–	–	(92)
Translation difference	–	–	–	–	6	–	6
Profit for the year	–	–	–	–	–	12,951	12,951
Total recognised income and expense for the year	–	–	(92)	–	6	12,951	12,865
Adjustment arising from abolition of par value of shares (Note 19)	34,882	(34,882)	–	–	–	–	–
Payment of dividends (Note 20)	–	–	–	(6,281)	–	–	(6,281)
Interim tax exempt dividend of S$0.005 per ordinary share (Note 20)	–	–	–	–	–	(2,163)	(2,163)
Balance at June 30, 2006	55,379	–	–	–	6	31,842	87,227
Translation difference	–	–	–	–	26	–	26
Profit for the year	–	–	–	–	–	40,173	40,173
Total recognised income and expense for the year	–	–	–	–	26	40,173	40,199
Payment of dividends (Note 20)	–	–	–	–	–	(4,510)	(4,510)
Interim tax exempt dividend of S$0.005 per ordinary share (Note 20)	–	–	–	–	–	(2,272)	(2,272)
Balance at June 30, 2007	55,379	–	–	–	32	65,233	120,644

See accompanying notes to the financial statements.

Statements Of Changes In Equity

Year Ended June 30, 2007

	Issued capital	Share premium	Dividend reserve	Accumulated profits	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Company					
Balance at June 30, 2005	20,497	34,882	6,281	7,843	69,503
Profit for the year	–	–	–	8,061	8,061
Adjustment arising from abolition of par value of shares (Note 19)	34,882	(34,882)	–	–	–
Payment of dividends (Note 20)	–	–	(6,281)	–	(6,281)
Interim tax exempt dividend of S$0.005 per ordinary share (Note 20)	–	–	–	(2,163)	(2,163)
Balance at June 30, 2006	55,379	–	–	13,741	69,120
Profit for the year	–	–	–	27,070	27,070
Payment of dividends (Note 20)	–	–	–	(4,510)	(4,510)
Interim tax exempt dividend of S$0.005 per ordinary share (Note 20)	–	–	–	(2,272)	(2,272)
Balance at June 30, 2007	55,379	–	–	34,029	89,408

See accompanying notes to the financial statements.

Consolidated Cash Flow Statement

Year Ended June 30, 2007

	2007 US$'000	2006 US$'000
Operating activities:		
Profit before income tax and results of associated companies	39,096	11,826
Adjustments for:		
Depreciation	5,376	5,662
Interest income	(1,316)	(346)
Interest expense	16	316
Gain on disposal of fixed assets	(23,232)	(2,212)
Operating profit before working capital changes	19,940	15,246
Trade receivables	190	(2,206)
Other receivables and prepayments	251	(957)
Trade payables	185	1,632
Other payables	1,336	1,173
Cash generated from operations	21,902	14,888
Interest paid	(27)	(311)
Interest received	1,243	350
Income tax paid	(3)	(40)
Net cash from operating activities	23,115	14,887
Investing activities:		
Disposal of fixed assets	60,839	4,338
Purchase of fixed assets	(35,547)	(20,757)
Investment in associated companies	(4,728)	(1,694)
Proceeds from associated companies	2,543	–
Purchase of other asset	(17)	–
Net cash from (used in) investing activities	23,090	(18,113)
Financing activities:		
Proceeds from bank loans	15,328	8,590
Repayment of bank loans	(24,088)	(7,830)
Dividend paid	(6,782)	(8,444)
Net cash used in financing activities	(15,542)	(7,684)
Effect of foreign exchange rate changes	–	(92)
Net increase (decrease) in cash and cash equivalents	30,663	(11,002)
Cash and cash equivalents at the beginning of the year	7,164	18,166
Cash and cash equivalents at the end of the year	37,827	7,164

See accompanying notes to the financial statements.

Notes To The Financial Statements

Year Ended June 30, 2007

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

The principal activities of the subsidiaries and associated companies are set out in Notes 10 and 11 to the financial statements respectively.

The financial statements of the company and the consolidated financial statements of the group for the year ended June 30, 2007 were authorised for issue by the board of directors on August 20, 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the group and the company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on or after July 1, 2006. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior year's financial statements.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS were issued but not effective:

FRS 23	-	Borrowing Costs
FRS 40	-	Investment Property
FRS 107	-	Financial Instruments: Disclosures
FRS 108	-	Operating Segments
INT FRS 107	-	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	-	Scope of FRS 102
INT FRS 109	-	Reassessment of Embedded Derivatives
INT FRS 110	-	Interim Financial Reporting and Impairment
INT FRS 111	-	FRS 102 - Group and Treasury Share Transactions
INT FRS 112	-	Service Concession Arrangements

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The application of FRS 107 and the consequential amendments to other FRS will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the company's and group's financial instruments and the objectives, policies and processes for managing capital.

Other than FRS 107, the directors anticipate that the adoption of the above mentioned FRSs, INT FRSs and amendments to FRSs that were issued but not yet effective until future periods will not have a material impact on the financial statements of the group and of the company in the period of their initial adoption.

Notes To The Financial Statements

Year Ended June 30, 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries) made up to June 30 each year. Control is achieved when the company has the power to govern the financial and operating policies of an invested enterprise so as to obtain benefits from its activities. On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition.

The results of subsidiaries 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 subsidiaries to bring their accounting policies into line with those used by other members of the group.

All significant intercompany transactions, balances, income and expenses are eliminated on consolidation.

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

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial assets

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss statement when there is objective evidence that the asset is impaired.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments other than those financial instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Bank borrowings

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowing is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing cost.

ASSOCIATED COMPANY - An associated company is one in which the group have a long term equity interest of between 20% and 50% and in which the group exercises significant influence over financial and equity policies.

The results and assets and liabilities of associated companies are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associated companies are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the group's share of the net assets of the associated company, less any impairment in the value of individual investments. Losses of an associated company in excess of the group's interest in that associated company (which includes any long-term interests that, in substance, form part of the group's net investment in the associated company) are not recognised.

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

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

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.

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.

Notes To The Financial Statements

Year Ended June 30, 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Construction-in-progress consists of construction costs, related acquisition 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.

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

Vessels	-	4% to 86%
Furniture, fittings and equipment	-	10% to 100%
Motor vehicles	-	20% to 34%

Depreciation is not provided on construction-in-progress.

Subsequent additions to the vessel is stated at cost and depreciated on a straight-line basis over the vessel's remaining useful life at the date on which cost are incurred.

Dry dock cost incurred for vessel undergone a Special Periodic Survey which has extended the useful life of the vessel is stated at cost and depreciated on a straight-line basis over the extended useful life of the vessel.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

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

IMPAIRMENT OF TANGIBLE ASSETS - At each balance sheet date, the company and group reviews the carrying amounts of its tangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement.

OTHER ASSET - Other asset pertains to club membership held on a long term basis, which are stated at purchase cost less accumulated impairment loss.

PROVISIONS - Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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 is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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. Vessel charter income is recognised on a daily basis in accordance to the terms and conditions of the charter agreement.

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

Commission, management fee and agency fee earned from rendering of services is recognised over the service period.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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.

REPAIRS AND MAINTENANCE OF VESSELS - The cost of repairs and maintenance is written off to the profit and loss statement as and when it is incurred.

Notes To The Financial Statements

Year Ended June 30, 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the company are presented in United States Dollars, which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations (including comparatives) are expressed in United States Dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

i) Critical judgements in applying the group's accounting policies

In the application of the group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Depreciation

As described in Note 2, the group reviews the estimated useful lives and residual values of fixed assets at the end of each annual reporting period so as to write off the cost of fixed assets over their estimated useful lives, using the straight-line method.

The depreciation expense and carrying value of fixed assets are disclosed in Note 13.

4 FINANCIAL RISK MANAGEMENT

(i) 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 Dollar, Malaysian Ringgit and Indonesia Rupiah.

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.

(ii) Interest rate risk

The interest rates of the interest bearing financial assets and liabilities, representing cash and bank balances and fixed deposits and bank loans bearing fixed interest rates are disclosed in Notes 7 and 14 respectively.

Notes To The Financial Statements

Year Ended June 30, 2007

4 FINANCIAL RISK MANAGEMENT (cont'd)

(iii) Liquidity risk

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

(iv) 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 creditworthy institutions. The maximum exposure to credit risk is represented by the net carrying amount of financial assets recorded in the financial statements.

Cash and fixed deposits are held with creditworthy financial institutions.

(v) Concentration of credit risk

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

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

(vi) Fair value of financial instruments

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

5 HOLDING COMPANY, ASSOCIATED COMPANIES AND RELATED COMPANIES TRANSACTIONS

Prior to October 1, 2005, the company was a subsidiary of Chuan Hup Holdings Limited, incorporated in Singapore, which is also the ultimate holding company. As at October 1, 2005, Chuan Hup Holdings Limited divested some of its shareholdings in CH Offshore Ltd and consequently Chuan Hup Holdings Limited ceased to be the ultimate holding company. Related companies in these financial statements refer to members of the immediate holding company's group of companies.

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

Some of the group's transactions and arrangements are between members of the group and associated company 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, and repayable on demand unless otherwise stated. Those balances that are not denominated in the functional currency have been disclosed in the respective notes to the financial statements.

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

Significant transactions with holding company, related companies and associated companies, other than those disclosed elsewhere in the notes to profit and loss statement are as follows:

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned from:				
associated company [(a)]	–	(2,344)	–	(2,020)
Sales of fixed assets				
to associated companies	(1,994)	(1,737)	(3,910)	–
Management fee earned from:				
associated companies	(197)	(65)	–	–
related companies	–	(67)	–	–
Service income earned from:				
associated company	–	(7)	–	–
related company	–	(23)	–	–
Other income earned from:				
associated company	–	(6)	–	–
Rental paid to associated company	–	30	–	8
Supervision fees paid to subsidiary company	–	–	58	81

(a) The revenue from a related party (formerly an associated company) arises from charter contracts entered into by a related party (formerly an associated company), who acted as an agent with various third party charterers on behalf of the group and company. The related party (formerly an 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.

6 RELATED PARTIES TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the company's and group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated. Those balances that are not denominated in the functional currency have been disclosed in the respective notes to the financial statements.

Notes To The Financial Statements

Year Ended June 30, 2007

6 RELATED PARTIES TRANSACTIONS (cont'd)

Significant related parties transactions, other than those disclosed elsewhere in the notes to profit and loss statement are as follows:

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned (Note 5 [(a)])	(24,196)	(10,757)	(21,245)	(9,835)
Management fee earned	(310)	(242)	–	–
Service income earned	(50)	(78)	–	–
Sale of fixed assets	–	(110)	–	(110)
Commission earned	(484)	–	–	–
Rental paid	132	89	40	23
Commission expense	174	82	174	82
Management fee paid	337	511	277	511

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Cash on hand and bank balances	591	354	289	162
Fixed deposits	37,236	6,810	36,850	6,728
Cash and cash equivalents at end of year	37,827	7,164	37,139	6,890

Bank balances and cash comprise cash held by the group and short term bank deposits with an original maturity of approximately three months or less. The carrying amounts of these assets approximate their fair values.

The cash and bank balances and fixed deposits bear interest at rates ranging from 2.09% to 11.25% (2006 : 1.813% to 11.25%) per annum.

The group and company's cash and cash equivalents that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	16,290	3,078	16,186	3,033
Indonesia Rupiah	215	162	207	153
Philippines Peso	120	1	–	–
Malaysian Ringgit	310	105	–	–

8 TRADE RECEIVABLES

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Outside parties	2,175	3,837	2,037	2,476
Subsidiary companies (Note 10)	–	–	1	763
Associated companies (Note 11)	296	141	–	–
Related parties (Note 6)	7,271	5,954	7,093	5,936
	9,742	9,932	9,131	9,175

The average credit terms granted to customers ranged from 30 to 90 days (2006 : 30 to 90 days).

The group and company's trade receivables that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	107	90	19	10
Philippines Peso	35	45	–	–

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Subsidiary companies (Note 10)	–	–	4,816	9,142
Prepayments	734	1,130	523	757
Others	786	568	276	39
	1,520	1,698	5,615	9,938

Notes To The Financial Statements

Year Ended June 30, 2007

9 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

The group and company's other receivables and prepayments that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	84	54	69	30
Indonesia Rupiah	3	7	–	1
Thai Baht	5	43	2	4
Malaysian Ringgit	–	1	–	–
Philippines Peso	22	22	–	–
United Arab Emirates Dirham	59	–	–	–
Japanese Yen	27	10	–	–

10 SUBSIDIARY COMPANIES

	Company	
	2007	2006
	US$'000	US$'000
Unquoted equity shares, at cost	8,751	8,751

	Country of incorporation	Effective interest held by the group 2007	Effective interest held by the group 2006	Cost of investment 2007	Cost of investment 2006	Principal activities
		%	%	US$'000	US$'000	
Held by the company						
Chuan Hup Agencies (Private) Limited	Singapore	100	100	48	48	Ship owning, chartering and management
Delaware Marine Pte Ltd	Singapore	100	100	837	837	Ship owning and chartering
Sea Glory Pte Ltd	Singapore	100	100	*	*	Investment holding
Garo Pte Ltd	Singapore	100	100	3,060	3,060	Investment holding
Offshore Gold Shipping Pte Ltd	Singapore	100	100	2,304	2,304	Ship owning and chartering
Pembrooke Marine Pte Ltd	Singapore	100	100	2,502	2,502	Ship owning and chartering
				8,751	8,751	

* The cost of investment is S$100 (which is equivalent to US$58).

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

Notes To The Financial Statements

Year Ended June 30, 2007

11 ASSOCIATED COMPANIES

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Unquoted equity shares, at cost	329	51	303	25
Amounts receivable – non-trade [(i)]	–	875	–	875
Amounts receivable – non-trade [(ii)]	4,450	1,668	4,450	–
Share of translation reserve	32	6	–	–
Share of results of associated companies [(iii)]	1,848	816	–	–
	6,659	3,416	4,753	900

(i) The amounts receivable are unsecured, have no fixed repayment term and bears interest of 6.87% (2006 : 5.45%) per annum.

(ii) The amounts receivable are unsecured, interest-free and have no fixed repayment term.

The amounts receivable from the associated companies, in substance, form part of the group's net investment in the associated companies.

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

	Group	
	2007	2006
	US$'000	US$'000
Share of results of associated companies after income tax	1,032	315
Amortisation of deferred gain from sale of vessels to associated companies (Note 17)	558	815
	1,590	1,130

Movement of share of net tangible assets of associated companies is as follows:

	Group	
	2007	2006
	US$'000	US$'000
At beginning of year	816	501
Current year share of results	1,032	315
	1,848	816

Notes To The Financial Statements

Year Ended June 30, 2007

11 ASSOCIATED COMPANIES (cont'd)

Summarised financial information in respect of the group's associated companies is set out below:

	Group 2007	Group 2006
	US$'000	US$'000
Total assets	28,618	9,323
Total liabilities	(24,110)	(7,541)
Net assets	4,508	1,782
Group's share of associated companies' net assets	2,209	873
Revenue	6,457	3,044
Profit for the year	2,106	643
Group's share of associated companies' profit for the year	1,032	315

	Country of incorporation	Effective interest held by the group 2007	Effective interest held by the group 2006	Cost of investment 2007	Cost of investment 2006	Principal activities
		%	%	US$'000	US$'000	
Held by the company						
Forsayth Offshore Pte. Ltd. [(a)]	Malaysia	49	49	25	25	Inactive
MarineCo Limited [(b) (d)]	Malaysia	49	49	245	–	Ship chartering
Gemini Sprint Sdn. Bhd. [(c) (d)]	Malaysia	49	49	33	–	Ship chartering
				303	25	
Held by subsidiary company						
Held by Delaware Marine Pte Ltd:						
Jubilant Meridian Sdn. Bhd.[(d)]	Malaysia	49	49	26	26	Ship chartering
				329	51	

(a) Not audited for the year ended June 30, 2007 as it is in the process of applying for strike-off.

(b) In 2006, the cost of investment is US$49. During the year, the company subscribed for additional 244,951 ordinary shares of US$1 each in the capital of MarineCo Limited on October 20, 2006.

(c) In 2006, the cost of investment is RM49 (which is equivalent to US$13). During the year, the company subscribed for additional 122,451 ordinary shares of RM1 each in the capital of Gemini Sprint Sdn. Bhd. on February 14, 2007.

(d) The audited financial statements are for the financial year ended December 31, 2006. Accordingly, unaudited management accounts for the financial period from January 1, 2007 to June 30, 2007 have been used for the purpose of equity accounting for MarineCo Limited, Gemini Sprint Sdn. Bhd. and Jubilant Meridian Sdn. Bhd.

Notes To The Financial Statements

Year Ended June 30, 2007

12 OTHER ASSET

	Group 2007	Group 2006	Company 2007	Company 2006
	US$'000	US$'000	US$'000	US$'000
Golf club membership, at cost	17	–	–	–

13 FIXED ASSETS

	Vessels	Furniture, fittings and equipment	Motor vehicles	Construction-in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
Cost:					
Balance at July 1, 2005	80,185	529	479	25,934	107,127
Additions	222	42	230	20,263	20,757
Transfer from construction-in-progress	28,243	–	–	(28,243)	–
Disposals	(4,519)	(20)	(302)	–	(4,841)
Balance at June 30, 2006	104,131	551	407	17,954	123,043
Additions	734	58	–	34,755	35,547
Transfer from construction-in-progress	19,701	–	–	(19,701)	–
Disposals	(24,091)	(45)	(177)	(18,810)	(43,123)
Balance at June 30, 2007	100,475	564	230	14,198	115,467
Accumulated depreciation:					
Balance at July 1, 2005	25,612	316	218	–	26,146
Depreciation for the year	5,525	68	69	–	5,662
Disposals	(4,322)	(18)	(112)	–	(4,452)
Balance at June 30, 2006	26,815	366	175	–	27,356
Depreciation	5,254	66	56	–	5,376
Disposals	(4,931)	(42)	(159)	–	(5,132)
Balance at June 30, 2007	27,138	390	72	–	27,600
Carrying amount:					
Balance at June 30, 2007	73,337	174	158	14,198	87,867
Balance at June 30, 2006	77,316	185	232	17,954	95,687

Notes To The Financial Statements

Year Ended June 30, 2007

13 FIXED ASSETS (cont'd)

	Vessels	Furniture, fittings and equipment	Motor vehicles	Construction-in-progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Company					
Cost:					
Balance at July 1, 2005	68,190	102	464	12,591	81,347
Additions	219	3	230	16,129	16,581
Transfer from construction-in-progress	10,766	–	–	(10,766)	–
Disposals	(428)	(2)	(302)	–	(732)
Balance at June 30, 2006	78,747	103	392	17,954	97,196
Additions	730	13	–	34,755	35,498
Transfer from construction-in-progress	19,701	–	–	(19,701)	–
Disposals	(21,563)	(8)	(162)	(18,810)	(40,543)
Balance at June 30, 2007	77,615	108	230	14,198	92,151
Accumulated depreciation:					
Balance at July 1, 2005	14,782	44	208	–	15,034
Depreciation for the year	4,420	21	65	–	4,506
Disposals	(261)	(1)	(113)	–	(375)
Balance at June 30, 2006	18,941	64	160	–	19,165
Depreciation for the year	4,329	19	56	–	4,404
Disposals	(2,405)	(7)	(144)	–	(2,556)
Balance at June 30, 2007	20,865	76	72	–	21,013
Carrying amount:					
Balance at June 30, 2007	56,750	32	158	14,198	71,138
Balance at June 30, 2006	59,806	39	232	17,954	78,031

Interest expense on bank loans obtained for the construction of vessels and bear interest ranging from 5.015% to 5.92% (2006 : 4.12% to 5.92%) were capitalised as part of the cost of construction-in-progress and amounted to US$794,000 (2006 : US$625,000) and US$794,000 (2006 : US$525,000) respectively for the group and the company. Supervision fees paid to a related company which were capitalised amounted to US$58,000 (2006 : US$81,000) for the group and the company.

14 BANK LOANS

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Bank loans	11,000	19,760	11,000	19,760
Current portion	(4,000)	(8,760)	(4,000)	(8,760)
Non-current portion	7,000	11,000	7,000	11,000

The long term bank loans are unsecured, repayable quarterly in 20 equal installments of US$1 million commencing March 2005 to March 2010. Bank loans of US$5.5 and US$5.5 million (2006 : US$7.5 and US$7.5 million) bear interest rate of 5.015% and 5.83% per annum respectively. In 2006, the bank loans of US$7.5 million changed from floating interest rate ranging from 4.35% to 4.88% to fixed rate of 5.83% per annum.

In 2006, the short term bank loan of US$4.76 million at fixed interest rate of 5.92% per annum. This loan has been fully repaid in 2007. During the year, the company obtained two short term loans of US$12.95 and US$2.38 million which bear fixed interest of 5.78% and 5.79% per annum respectively. These have been fully repaid before year end.

The fair values of the bank loans approximate their carrying amounts.

15 TRADE PAYABLES

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Outside parties	7,002	6,890	5,368	3,937
Subsidiary companies (Note 10) [(a)]	–	–	2,720	1,378
Associated company (Note 11)	13	–	13	–
Related parties (Note 6)	52	3	3	3
	7,067	6,893	8,104	5,318

(a) These balances pertain to payables due to Offshore Gold Shipping Pte Ltd, Garo Pte Ltd and Delaware Marine Pte Ltd. The intercompany balances are unsecured, interest-free and repayable on demand.

The group and company's trade payables that are not denominated in the functional currency of the respective entities are as follows:

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	478	1,090	247	50
Indonesia Rupiah	73	50	36	25
Euro	161	20	152	2
Malaysian Ringgit	62	216	–	–

Notes To The Financial Statements

Year Ended June 30, 2007

16 OTHER PAYABLES

	Group 2007	Group 2006	Company 2007	Company 2006
	US$'000	US$'000	US$'000	US$'000
Advance deposit from a related party (Note 6)	–	1,173	–	1,173
Subsidiary companies (Note 10)	–	–	25,684	18,304
Associated companies (Note 11)	2,509	–	2,059	–
	2,509	1,173	27,743	19,477

17 OTHER PAYABLES – DEFERRED GAIN

	Group 2007	Group 2006	Company 2007	Company 2006
	US$'000	US$'000	US$'000	US$'000
Deferred gain	2,810	1,888	–	–
Arising during the year	1,917	1,737	–	–
Reversal of deferred gain on disposal of vessels in associated companies	(2,301)	–	–	–
Amortisation during the year (Note 11)	(558)	(815)	–	–
	1,868	2,810	–	–
Current portion	(82)	(940)	–	–
Non-current portion	1,786	1,870	–	–

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.

18 DEFERRED TAXATION

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Deferred tax liability	25	27	–	–
Deferred tax assets	–	(27)	–	–
	25	–	–	–

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
Balance at July 1, 2006	27
Reversal to profit and loss for the year	(2)
Balance at June 30, 2007	25

Deferred tax assets

	Tax losses
	US$'000
Balance at July 1, 2006	27
Reversal to profit and loss for the year	(27)
Balance at June 30, 2007	–

19 ISSUED CAPITAL

	Group and Company		Group and Company	
	2007	2006	2007	2006
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
Issued and paid-up capital:				
At the beginning of the year	705,091	705,091	55,379	20,497
Transfer from share premium account	–	–	–	34,882
At the end of the year	705,091	705,091	55,379	55,379

As a result of the Companies (Amendment) Act 2005, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of share premium account has been transferred to the share capital in 2006.

Notes To The Financial Statements

Year Ended June 30, 2007

20 DIVIDEND RESERVE

During the financial year ended June 30, 2006, the company:

a) paid 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 June 30, 2005.

b) declared and paid an interim tax exempt dividend of S$0.005 per ordinary share of the company totalling S$3,525,453 (equivalent to US$2,162,589) for the financial year June 30, 2006.

During the financial year ended June 30, 2007, the company:

a) paid a final tax exempt dividend of S$0.01 per ordinary share of the company totalling S$7,050,905 (equivalent to US$4,509,982) for the financial year ended June 30, 2006.

b) declared and paid an interim tax exempt dividend of S$0.005 per ordinary share of the company totalling S$3,525,453 (equivalent to US$2,272,105) for the financial year June 30, 2007.

Subsequent to the financial year ended June 30, 2007, the directors recommended a final tax exempt dividend of S$0.035 per ordinary share of the company totalling S$24,678,168 (equivalent to US$16,235,637) for the financial year ended June 30, 2007.

21 REVENUE

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned	42,973	34,057	32,490	24,937
Rendering of services	137	260	–	–
Commission earned	685	106	–	–
Management and agency fees	565	547	–	–
Interest income	1,316	346	1,305	312
	45,676	35,316	33,795	25,249

22 COST OF SALES

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Vessel operating expenses	19,356	14,378	16,252	10,195
Others	403	534	–	–
	19,759	14,912	16,252	10,195

23 OTHER INCOME

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Foreign exchange adjustment gain	–	101	–	95
Net gain on disposal of fixed assets				
- associated companies	1,994	1,737	3,910	–
- reversal of deferred gain on disposal of vessels in associated companies	2,301	–	–	–
- third parties	18,937	475	13,048	478
	23,232	2,313	16,958	573

24 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	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Directors' remuneration [(a)]	633	529	633	478
Directors' fees	148	159	148	159
Permanent staff (including directors' remuneration)	3,694	3,983	1,908	1,926
Contract based crew	3,530	3,878	2,386	2,711
	7,224	7,861	4,294	4,637
Cost of defined contribution plans included in staff costs	211	243	60	66
Net foreign exchange adjustment loss	157	–	163	–

(a) Directors' remuneration for the group and the company includes depreciation expense of US$35,424 (2006 : US$73,365).

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Auditors' remuneration:				
Audit fee	43	42	20	19
Non-audit fee	4	4	–	–

Notes To The Financial Statements

Year Ended June 30, 2007

24 PROFIT BEFORE INCOME TAX (cont'd)

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	Group	
	2007	2006
	US$'000	US$'000
Short-term benefits	1,140	955
Post-employment benefits	8	9
	1,148	964

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

25 INCOME TAX

a) The income tax charge is as follows:

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Current tax				
Singapore	509	–	261	–
Foreign	3	5	3	3
Deferred tax	25	–	–	–
Overprovision for prior year's tax	(24)	–	–	–
	513	5	264	3

b) The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% (2006 : 20%) to profit before income tax as a result of the following differences:

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Income tax expense at statutory rate	7,037	2,365	4,920	1,613
Tax exempt income	(5,579)	(2,875)	(4,666)	(1,571)
Non-(taxable) deductible items	(624)	359	7	14
Prior years' tax losses (utilised) unrecorded	(295)	151	–	–
Tax benefit transfer to immediate holding company	–	–	–	(56)
Overseas tax	3	5	3	3
Effect of changes in tax rate	(5)	–	–	–
Overprovision for prior year's tax	(24)	–	–	–
Total income tax expense at effective tax rate	513	5	264	3

25 INCOME TAX (cont'd)

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

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Unutilised tax loss carryforwards	33	1,575	–	–
Capital allowances	195	290	–	–
	228	1,865	–	–
Deferred tax benefit on above:				
Unrecorded	41	346	–	–
Recorded	–	27	–	–

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.

26 EARNINGS PER SHARE

	Group	
	2007	2006
	US$'000	US$'000
Profit attributable to shareholders	40,173	12,951

	2007	2006
Number of weighted average ordinary shares used to compute earnings per share ('000)	705,091	705,091
Basic and fully diluted:		
Earnings per share (US cents)	5.70	1.84

Notes To The Financial Statements

Year Ended June 30, 2007

27 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[a]	Consolidated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2007							
Revenue	15,436	9,793	5,666	9,180	–	5,601	45,676
Total assets	36,030	17,251	6,907	43,445	2,031	37,968	143,632
Capital expenditure	–	–	–	–	839	34,708	35,547
2006							
Revenue	10,179	7,064	5,693	11,410	–	970	35,316
Total assets	19,201	19,637	3,886	56,288	824	18,061	117,897
Capital expenditure	1	4,137	–	–	809	15,810	20,757

(a) The revenue generated from other geographical location of customers individually contributed to less than 10% of the total revenue. The total assets consist primarily of vessels in construction in Japan of US$14,198,000 (2006 : US$17,954,000) and asset in Australia of US$21,870,000 (2006 : US$Nil). The capital expenditure in China and Japan amounted to US$Nil (2006 : US$1,502,000) and US$34,708,000 (2006 : US$14,308,000) respectively.

Notes To The Financial Statements

Year Ended June 30, 2007

28 CONTINGENT LIABILITIES

	Group and Company	
	2007	2006
	US$'000	US$'000
Guarantees (unsecured)	9,272	1,649

The guarantees provided are as follows:

	Group and Company	
	2007	2006
	US$'000	US$'000
Related party	2,008 (a)	1,644 (c)
Associated company	7,252 (b)	–
Third parties	12	5
	9,272	1,649

(a) To indemnify a related party for any losses or liabilities that may result from the bankers' guarantee it has obtained for the bidding and performances of projects on behalf of the company through standby letter of credit.

(b) To provide corporate guarantee to an associated company to obtain a bank loan.

(c) To indemnify a related party (formerly an associated company) for any losses or liabilities that may result from the bankers' guarantee it has obtained for the bidding and performance of projects on behalf of the company through letter of indemnity provided by the company.

29 COMMITMENTS

a) Operating lease commitments with related party

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Minimum lease payments paid under operating leases included in profit and loss statement	132	119	40	31

Notes To The Financial Statements

Year Ended June 30, 2007

29 COMMITMENTS (cont'd)

a) Operating lease commitments with related party (cont'd)

At the balance sheet date, the group and the company has outstanding commitments under non-cancellable operating leases in respect of office premises, which fall due as follows:

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Within one year	135	131	41	34
In the second to fifth years inclusive	–	130	–	34
	135	261	41	68

Operating lease payments represent rentals payable by the group and the company for certain of its office premises. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

b) Capital commitments

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Amounts contracted for construction of vessels but not accrued	126,290	106,870	126,290	106,870

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:

	2007			2006		
	Contract amount		Fair value gain	Contract amount		Fair value gain
	Sell	Buy	US$	Sell	Buy	US$
	'000	'000	'000	'000	'000	'000
United States Dollars/Singapore Dollars forward foreign exchange contracts	–	–	–	US$3,000	S$4,770	11

30 EVENTS AFTER THE BALANCE SHEET DATE

The company has on July 9, 2007 entered into a memorandum of agreement with a third party to sell an anchor-handling tug supply vessel, the "TSS Pioneer 5" for an aggregate consideration of US$3.25 million. The group and the company is expected to realise a gain of approximately US$3.05 million from the sale of the vessel.

Statement Of Directors

In the opinion of the directors, the consolidated financial statements of the group and the financial statements of the company set out on pages 34 to 64 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 June 30, 2007 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

Mr Ong Kok Wah

Encik Shah Hakim Bin Zain

August 20, 2007

Shareholder Information

As At 7 September 2007

SHARE CAPITAL

Issued and Fully Paid Capital – S$95,251,166.00

BREAKDOWN OF SHAREHOLDINGS BY RANGE

SIZE OF SHAREHOLDINGS	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED SHARE CAPITAL
1 - 999	859	9.77	389,776	0.06
1,000 - 10,000	5,874	66.82	25,183,132	3.57
10,001 - 1,000,000	2,026	23.05	100,834,987	14.30
1,000,001 - and above	32	0.36	578,682,619	82.07
Total	8,791	100.00	705,090,514	100.00

TWENTY LARGEST SHAREHOLDERS

	SHAREHOLDER'S NAME	NUMBER OF SHARES	% OF HOLDINGS
1	OVERSEA CHINESE BANK NOMINEES PTE LTD	205,031,000 [a]	29.08
2	RAFFLES NOMINEES PTE LTD	170,082,026	24.12
3	MAYBAN NOMINEES (SINGAPORE) PTE LTD	22,430,000	3.18
4	PEH KWEE YONG	20,801,866	2.95
5	HSBC (SINGAPORE) NOMINEES PTE LTD	17,148,000	2.43
6	MERRILL LYNCH (SINGAPORE) PTE LTD	13,027,000	1.85
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	12,661,899	1.80
8	CITIBANK NOMINEES SINGAPORE PTE LTD	12,476,100	1.77
9	DBSN SERVICES PTE LTD	11,491,000	1.63
10	PEH KWEE CHIM	10,719,666	1.52
11	KIM ENG SECURITIES PTE. LTD.	9,288,600	1.32
12	DBS NOMINEES PTE LTD	9,069,810	1.29
13	OCBC SECURITIES PRIVATE LTD	7,640,000	1.08
14	RHB BANK NOMINEES PTE LTD	7,020,000	1.00
15	UOB KAY HIAN PTE LTD	6,379,400	0.90
16	UOB NOMINEES (2006) PTE LTD	5,521,000	0.78
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,253,400	0.75
18	LIM & TAN SECURITIES PTE LTD	4,010,500	0.57
19	PHILLIP SECURITIES PTE LTD	3,419,800	0.49
20	CITIBANK CONSUMER NOMINEES PTE LTD	3,012,300	0.43
	Total:	556,483,367	78.94

Shareholder Information

As At 7 September 2007

SUBSTANTIAL SHAREHOLDERS (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Shareholder's Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
SCOMI MARINE SERVICES PTE. LTD.(formerly known as International Marine Services Pte. Ltd.)	–	–	205,000,000 [a]	29.07
CHUAN HUP HOLDINGS LIMITED	167,197,026 [b]	23.71	205,000,000 [c]	29.07
SCOMI MARINE BHD (formerly known as Habib Corporation Berhad)	–	–	205,000,000 [d]	29.07
SCOMI GROUP BERHAD	–	–	205,000,000 [e]	29.07
PEH KWEE CHIM	35,319,666	5.01	167,197,026 [f]	23.71

Notes:

(a) Scomi Marine Services Pte. Ltd. has a deemed interest in 205,000,000 shares, by virtue of Section 7(6)(d) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), as it is the beneficial owner of these shares.

(b) Held in the name of its nominee, Raffles Nominees Pte Ltd.

(c) Chuan Hup Holdings Limited has a deemed interest in 205,000,000 shares, by virtue of Section 7(4) of the Companies Act, as it holds 23.19% of the issued shares of Scomi Marine Bhd.

(d) Scomi Marine Bhd has a deemed interest in 205,000,000 shares by virtue of Section 7(4) of the Companies Act, as it is the sole member of Scomi Marine Services Pte. Ltd.

(e) Scomi Group Berhad has a deemed interest in 205,000,000 shares, by virtue of Section 7(4) of the Companies Act, as it holds 42.75% of the issued shares of Scomi Marine Bhd.

(f) Mr Peh Kwee Chim has a deemed interest in 167,197,026 shares by virtue of Section 7(4) of the Companies Act, as he holds 43.20% of the issued shares of Chuan Hup Holdings Limited.

(g) Based on information available to the Company as at 7 September 2007, approximately 41.5% of the issued 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.

Letter To Shareholders

28 September 2007

To: The Shareholders of
CH Offshore Ltd.

Dear Sir/Madam

RENEWAL OF THE IPT MANDATE

1. **Background.** We refer to (a) the Notice of Annual General Meeting of CH Offshore Ltd. (the "**Company**") dated 28 September 2007 (the "**Notice of AGM**") accompanying the Annual Report 2007, convening the Thirty-First Annual General Meeting (the "**AGM**") of the Company which is scheduled to be held on 17 October 2007, and (b) Resolution 9 in relation to the renewal of the IPT Mandate under the heading "Special Business" set out in the Notice of AGM.

2. **The IPT Mandate.** Shareholders had approved the renewal of the Mandate for Interested Person Transactions at the Thirtieth Annual General Meeting of the Company held on 18 October 2006. Particulars of the Mandate were set out in the Letter to Shareholders dated 29 September 2006 in the Company's 2006 Annual Report.

3. **Proposed Renewal of the IPT Mandate.** The IPT Mandate was expressed to take effect until the conclusion of the next annual general meeting of the Company, being the forthcoming Thirty-First AGM. Accordingly, the directors of the Company (the "Directors") propose that the IPT Mandate be renewed at the forthcoming Thirty-First AGM, to take effect till the Thirty-Second AGM of the Company. The particulars of the interested person transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged.

4. **Details of the IPT Mandate.** Details of the IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining transaction prices with interested persons and other general information in relation to Chapter 9 of the Listing Manual, are set out in the Appendix to this Letter.

5. **Statement of Audit Committee.** Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee of the Company confirms that:

   (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the EGM; and

   (b) the methods or procedures referred to in paragraph 5(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Letter To Shareholders

6. Directors' and Substantial Shareholders' Interests.

6.1 Directors' Interests. As at 19 September 2007, the latest practicable date prior to the printing of this Letter (the "Latest Practicable Date"), the direct and indirect interests of the Directors in the capital of the Company are set out below:

	Direct Interest		Deemed Interest	
Directors	No. of Shares	%	No. of Shares	%
Tan Sri Datuk Asmat Bin Kamaluddin	–	–	–	–
Peh Kwee Chim	35,319,666	5.01	167,197,026	23.71*
Cheak Boon Heng	1,900,000	0.27		
Dato' Kamaluddin Bin Abdullah	–	–	–	–
Billy Lee Beng Cheng	–	–	–	–
Joanna Young Sau Kwan	4,500	nm		
Aminuddin Yusof Lana	–	–	–	–
Shah Hakim Bin Zain	–	–	–	–
Ong Kok Wah	1,551,450	0.22		
Loong Chun Nee (Alternate to Shah Hakim Bin Zain)	–	–	–	–
Loh Kee Kong (Alternate to Peh Kwee Chim)	1,472,000	0.21	–	–

Notes:

* Peh Kwee Chim has a deemed interest in 167,197,026 Shares by virtue of Section 7(4) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), as he holds 43.20% of the issued shares of Chuan Hup Holdings Limited.

nm Not meaningful

6.2 Substantial Shareholders' Interests. The direct and indirect interests of the Substantial Shareholders in the capital of the Company as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
Substantial Shareholders	No. of Shares	%	No. of Shares	%
Scomi Marine Services Pte. Ltd. (formerly known as International Marine Services Pte Ltd)	–	–	205,000,000	29.07
Chuan Hup Holdings Limited	167,197,026	23.71	205,000,000	29.07*
Scomi Marine Bhd (formerly known as Habib Corporation Berhad)	–	–	205,000,000	29.07
Scomi Group Berhad	–	–	205,000,000	29.07
Peh Kwee Chim	35,319,666	5.01	167,197,026	23.71**

Note:

* Chuan Hup Holdings Limited has a deemed interest in 205,000,000 Shares by virtue of Section 7(4) of the Companies Act, as it holds 23.19% of the issued shares of Scomi Marine Bhd.

** Peh Kwee Chim has a deemed interest in 167,197,026 Shares by virtue of Section 7(4) of the Companies Act, as he holds 43.20% of the issued shares of Chuan Hup Holdings Limited.

Save as disclosed above, none of the Directors or the Substantial Shareholders of the Company have any direct or indirect interest in the IPT Mandate.

Letter To Shareholders

7. **Directors' Recommendation.** The Independent Directors (being Mr Billy Lee Beng Cheng, Mdm Joanna Young Sau Kwan and Encik Aminuddin Yusof Lana) are of the opinion that the entry into of the Interested Person Transactions (as described in paragraph 8 of the Appendix to this Letter) between companies in the EAR Group (as described in paragraph 1 of the Appendix to this Letter) and the Interested Persons (as described in paragraph 7 of the Appendix to this Letter) in the ordinary course of its business is in the best interests of the Company, provided they are undertaken on an arm's length basis and on the EAR Group's normal commercial terms and are not be prejudicial to the interests of the Company and its minority Shareholders, and in accordance with the guidelines set out in paragraph 9 of the Appendix to this Letter. For the reasons set out in 4, 6 and 8 of the Appendix to this Letter, the Independent Directors accordingly recommend that Shareholders vote in favour of Resolution 9 set out in the Notice of AGM.

8. **Absention from Voting.** Scomi Group Berhad and its associates will abstain from voting their Shares, if any, on Resolution 9 in relation to the renewal of the IPT Mandate to be proposed at the Thirty-First AGM.

9. **Directors' Responsibility Statement.** This Letter has been reviewed and approved by all the Directors (including those who have delegated detailed supervision of this Letter) and they collectively and individually accept full responsibility for the accuracy of the information contained in this Letter. The Directors also confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Letter are fair and accurate and that there are no material facts the omission of which would make any statement in this Letter misleading.

10. **Advice to Shareholders.** Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

11. **SGX-ST.** The SGX-ST takes no responsibility for the accuracy of any statements or opinions made in this Letter.

Yours faithfully

Tan Sri Datuk Asmat Bin Kamaludin
Non-Executive Chairman
CH Offshore Ltd.

The Appendix

1. **Chapter 9 of the Listing Manual.** Chapter 9 of the listing manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") governs transactions by the CH Offshore Ltd. (the "Company"), as well as transactions by other members of the EAR Group (as defined below), with the Interested Persons (as defined below). When Chapter 9 of the Listing Manual applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the same Interested Person during the financial year reaches, or exceeds, certain materiality thresholds, the Company is required to make an immediate announcement, or to make an immediate announcement and seek the approval of shareholders of the Company (the "Shareholders") for that transaction.

   For the purposes of Chapter 9 of the Listing Manual:

   (a) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against Interested Person Transactions (as defined below) according to principles which are similar to the principles laid out in Chapter 9 of the Listing Manual;

   (b) an "**associate**" in relation to an interested person who is a director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) includes an immediate family member (that is, the spouse, child, adopted-child, step-child, sibling or parent) of such director, chief executive officer, substantial shareholder or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family, substantial shareholder/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family, substantial shareholder/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30 per cent. or more, and, where a substantial shareholder or controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30 per cent. or more;

   (c) a company is an "**associated company**" of another company if at least 20 per cent. but not more than 50 per cent. of its shares are held by the latter company;

   (d) a "**controlling shareholder**" in relation to a company, means a person who holds directly or indirectly 15 per cent. or more of the nominal amount of all voting shares in the company, or who in fact exercises control over the company;

   (e) "**EAR Group**" refers to:

      (i) the Company;

      (ii) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or

      (iii) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group (as defined in paragraph 2 below), or the Group and the Interested Person(s), has control over the associated company;

   (f) an "**Interested Person**" refers to:

      (i) a director, chief executive officer or controlling shareholder of the Company; or

      (ii) an associate of any such director, chief executive officer or controlling shareholder;

   (g) an "**Interested Person Transaction**" means a transaction between a member of the EAR Group and an Interested Person of the Company; and

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(h) a "transaction" in relation to a transaction with an Interested Person under Chapter 9 of the Listing Manual, includes:

(i) the provision and receipt of financial assistance;

(ii) the acquisition, disposal or leasing of assets;

(iii) the provision or receipt of services;

(iv) the issuance or subscription of securities;

(v) the granting of, or being granted, options; and

(vi) the establishment of joint ventures or joint investments.

2. Shareholders' Approval. Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the Company at risk to the Interested Persons and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and Shareholders' approval would be required in respect of Interested Person Transactions if certain thresholds (which are based on the value of the transactions as compared with the latest audited net tangible assets ("NTA") of the Company and its subsidiaries (the "Group")) are reached or exceeded. In particular, Shareholders' approval is required for an Interested Person Transaction of a value equal to, or which exceeds:

(a) five per cent. of the Group's latest audited NTA; or

(b) five per cent. of the Group's latest audited NTA, when aggregated with other transactions entered into with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Based on the latest audited consolidated accounts of the Group for the financial year ended 30 June 2007, the consolidated NTA of the Group was approximately US$120.64 million. In relation to the Company, for the purposes of Chapter 9 of the Listing Manual, in the current financial year and until such time as the audited consolidated accounts of the Group for the financial year ending 30 June 2008 are published, five per cent. of the latest audited NTA of the Group would be approximately US$6.03 million.

3. General Mandate. Chapter 9 of the Listing Manual permits the Company, however, to seek a mandate from the Shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the Interested Persons.

4. Rationale for the IPT Mandate. It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group and the Interested Persons are likely to occur from time to time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Interested Persons or the obtaining of goods and services from them.

In view of the time-sensitive nature of commercial transactions, the obtaining of a mandate (the "IPT Mandate") pursuant to Chapter 9 of the Listing Manual will enable members of the EAR Group in the ordinary course of their businesses, to enter into the categories of Interested Person Transactions set out in paragraph 8 below with the specified classes of the Interested Persons set out in paragraph 7 below, provided such Interested Person Transactions are undertaken on an arm's length basis and on the EAR Group's normal commercial terms.

5. Scope of the IPT Mandate. The EAR Group engages in a wide range of activities which include the following principal activities for which the IPT Mandate is sought:

   (a) sale and purchase of vessels, chartering of vessels, agency agreements, project management services; and

   (b) ancillary services such as the provision of ship management services and management support services.

   The IPT Mandate will not cover any transaction by a company in the EAR Group with an Interested Person that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

   Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

6. Benefit to Shareholders. The IPT Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Interested Persons, provided they are undertaken on an arm's length basis and on the EAR Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

   The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into Interested Person Transactions within the scope of the IPT Mandate. This will substantially reduce administrative time and expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives, without compromising corporate objectives and adversely affecting the business opportunities available to the EAR Group.

7. Classes of Interested Persons. The IPT Mandate will apply to the Interested Person Transactions (as described in paragraph 8 below) which are carried out with the following classes of Interested Persons:

   (a) Scomi Group Berhad and its associates; and

   (b) Scomi Marine Bhd. ("Scomi") and its associates.

   Transactions with Interested Persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

8. Categories of Interested Person Transactions

   The Interested Person Transactions with the Interested Persons (as described in paragraph 7 above) which will be covered by the IPT Mandate and the benefits to be derived therefrom are set out below:

   (a) General Transactions

      This category relates to general transactions ("General Transactions") in connection with the provision to, or the obtaining from, Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group comprising the following:

      (i) the sale and purchase of vessels;

      (ii) the provision and obtaining of charter of vessels;

      (iii) the entering into of joint ventures, including joint ventures to co-own vessels;

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(iv) the provision or obtaining of agency services including, but not limited to, port clearances, port formalities and immigration services;

(v) the provision or obtaining of project management services;

(vi) the provision or obtaining of ship management services; and

(vii) the provision or obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (i) to (vi) above.

The transactions set out in paragraphs (i) to (vii) above arise in the normal course of business of the Company and are necessary for the day-to-day operations of the Company.

(b) Management Support Services

The EAR Group may, from time to time, receive from or provide to its Interested Persons, management and administrative support services in the areas of finance, treasury, investment risk review, governmental relations, strategic development, management information systems, and human resources management and development ("**Management Support Services**").

(c) Joint Venture Transactions

MarineCo Limited ("**MarineCo**") and Gemini Sprint Sdn Bhd ("**Gemini**") are joint ventures between the Company and Scomi. Joint venture transactions ("**JV Transactions**") comprise the following transactions for the provision of financial resources by the EAR Group to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person:

(i) the extension of loans (including interest-free loans) to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person;

(ii) the capitalisation of loans extended to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person;

(iii) the subscription of shares in MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person; and

(iv) the provision of guarantees or letters of comfort to entities including banks and financial institutions that provide loans to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person.

The value of financial resources provided to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person by the Company, Scomi and/or any Interested Person pursuant to the transactions described in sub-paragraphs (i) to (iv) above shall be in such amounts as are in proportion to the Company's, Scomi's and/or any Interested Person's respective equity interests in MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person and will be made on identical terms and conditions (including terms relating to repayments and set-offs).

Financial resources provided to, or obtained by, MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person from the Company, Scomi and/or any Interested Person may be used for various purposes, including working capital.

9. **Review Procedures for Interested Person Transactions.** The EAR Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders:

9.1 General Transactions

(A) Review Procedures

In general, there are procedures established by the EAR Group to ensure that General Transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place:

(a) *Sale and Purchase of Vessels*

When selling and purchasing vessels from Interested Persons, an independent valuation of the vessels to be purchased or sold shall be obtained. To determine the prevailing market rates or prices for such vessels, quotations or offers from unrelated third parties or brokers shall also be sought, where practicable or available;

(b) *Provision of Services and Chartering of Vessels to Interested Persons*

(i) All contracts entered into or transactions with Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and

(ii) where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account; and

(c) *Obtaining of Services or Chartering of Vessels from Interested Persons*

(i) All contracts entered into or transactions with Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products prior to the entry into of the contract or transaction with the Interested Person, as a basis for comparison to determine whether the price and terms offered by the Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and

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(ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff (including the Chief Executive Officer, the Executive Director, the Chief Operating Officer and the Chief Financial Officer) of the relevant company in the EAR Group (with no interest, direct or indirect, in the Interested Person Transaction) will determine whether the price and terms offered by the Interested Person are fair and reasonable.

(B) Threshold Limits

In addition to the review procedures, the EAR Group will supplement its internal systems to ensure that General Transactions are undertaken with Interested Persons on an arm's length basis and on normal commercial terms as follows:

(i) a Category 1 transaction is one where the EAR Group's proportionate share in a transaction with an Interested Person is in excess of US$500,000, except that in the case of sale and purchase of vessels, the EAR Group's proportionate share in such a transaction with an Interested Person is one in excess of US$1 million; and

(ii) a Category 2 transaction is one where the EAR Group's proportionate share in a transaction with an Interested Person is above S$100,000 but below or equal to US$500,000, except that in the case of sale and purchase of vessels, the EAR Group's proportionate share in such a transaction with an Interested Person is one below or equal to US$1 million.

Category 1 transactions must be approved by the audit committee of the Company ("Audit Committee") prior to being contracted. Category 2 transactions need not have the prior approval of the Audit Committee but shall be reviewed on a quarterly basis by the Audit Committee. The Audit Committee may at its discretion obtain independent advice or valuations from external or professional sources. If a member of the Audit Committee has an interest in the Interested Person Transactions, he will abstain from making any recommendation and any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

9.2 Management Support Services

The EAR Group will satisfy itself that the costs for any Management Support Services provided by or to any Interested Person shall be on an arm's length basis and on normal commercial terms and in accordance with any formula for such cost recovery agreed with such Interested Person. Transactions exceeding the amount of US$500,000 must be approved by the Audit Committee, and transactions equal to or below US$500,000 shall be reviewed on a quarterly basis by the Audit Committee.

If a member of the Audit Committee has an interest in the Interested Person Transactions, he will abstain from making any recommendation and any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

9.3 JV Transactions

The following are the review procedures established by the EAR Group in respect of JV Transactions:

(i) all JV Transactions described in paragraph 8(c) above shall be conditional upon the Company providing financial resources to MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person in an amount which is proportionate to its equity interest in MarineCo, Gemini and/or other joint ventures between the Company and any Interested Person, and will be made on identical terms and conditions (including terms relating to repayments and set-offs); and

(ii) all JV Transactions, before being entered into, will be reviewed and approved by the Audit Committee.

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10. **Register of Interested Person Transactions.** The Company will maintain a register of all transactions carried out with Interested Persons pursuant to the IPT Mandate and shall include all information pertinent to the evaluation of the Interested Person Transactions such as, but not limited to, the identity of the Interested Person, the amount of the Interested Person Transaction, the basis of determining the transaction prices and supporting evidence and quotations obtained to support such basis.

    The register of Interested Person Transactions shall be prepared, maintained and monitored by a personnel of the Company (who shall not be interested in any of the Interested Person Transactions) who is duly delegated to do so by the Audit Committee and reviewed by external auditors.

11. **Internal/External Auditors.** The Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the IPT Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions had been adhered to. Such compliance review will be performed on a half-yearly basis and a half-yearly report on such transactions will be forwarded to the Audit Committee. The Company's internal auditors shall assist the Audit Committee in the review and carry out such tests as they deem necessary on the Interested Person Transactions entered into pursuant to the proposed IPT Mandate. The external auditors shall review all Interested Person Transactions where the EAR Group's proportionate share in a transaction with an Interested Person is above US$500,000. The internal or external auditors, as the case may be, shall report directly to the Audit Committee.

12. **Review by the Audit Committee.** As mentioned under paragraph 11, the Audit Committee shall review these half-yearly internal audit reports on Interested Person Transactions to ascertain that the established review procedures to monitor Interested Person Transactions have been complied with. If during these half-yearly reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, to ensure that the mandated Interested Person Transactions will be conducted based on the EAR Group's normal commercial terms and hence, will not be prejudicial to the interests of the Company and its minority Shareholders, it will in consultation with the board of directors of the Company take such actions as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct the Company to revert to Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons to ensure that Interested Person Transactions will be on an arm's length basis and on normal commercial terms.

13. **Validity Period of the IPT Mandate.** The IPT Mandate will take effect from the passing of the ordinary resolution relating thereto, and will (unless revoked or varied by the Company in general meeting) continue in force until the next Annual General Meeting of the Company. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next Annual General Meeting and at each subsequent Annual General Meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Interested Persons.

14. **Disclosure of Interested Person Transactions pursuant to the IPT Mandate.** The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the quarterly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such reports.

    Disclosure will also be made in the Company's Annual Report of the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year, and in the Annual Reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

Notice Of Annual General Meeting

CH OFFSHORE LTD

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 197600666D)

NOTICE IS HEREBY GIVEN that the Thirty-First ANNUAL GENERAL MEETING of the Company will be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on 17 October 2007 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 2007 together with the reports of the Directors and the Auditors thereon. (Resolution 1)

2. To declare a final (inclusive of a special dividend of 2.1 SGD cents per ordinary share) dividend of 3.5 SGD cents per ordinary share (tax exempt) for the financial year ended 30 June 2007. (Resolution 2)

3. To re-elect Mdm Joanna Young Sau Kwan who retires by rotation in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offers herself for re-election. (Resolution 3)
[See Explanatory Note 1]

4. 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. (Resolution 4)
[See Explanatory Note 2]

5. To re-elect Mr Peh Kwee Chim 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. (Resolution 5)

6. To approve the payment of fees of S$264,932 for Directors for the financial year ended 30 June 2007 (FY2006 : S$ 216,192). (Resolution 6)

7. To re-appoint Deloitte & Touche as 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: (Resolution 8)

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this 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.

10. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution: (Resolution 9)

(a) That approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Letter to Shareholders dated 28 September 2007 (the "Letter') with any party who is of the class of interested persons described in the Appendix to the Letter, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

(b) That approval given in paragraph (a) above (the "IPT Mandate") shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

(c) That the Directors and any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this Resolution.

Notice Of
Annual General Meeting

NOTICE IS ALSO HEREBY GIVEN that the Transfer Book and Register of Members of the Company will be closed on 26 October 2007 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 8 Cross Street #11-00, PWC Building, Singapore 048424, up to 5.00 p.m. on 25 October 2007 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 25 October 2007 will be entitled to the proposed dividend. The proposed dividend, if approved at the 31st Annual General Meeting, will be paid on 12 November 2007.

Dated this 28th day of September 2007

By Order of the Board

Valerie Tan
Company Secretary

Notes:

1. A member of the Company who is entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.

2. The instrument appointing a proxy must be lodged at the registered office of the Company at 388 Jalan Ahmad Ibrahim, Singapore 629157, not less than 48 hours before the time appointed for the Annual General Meeting.

Explanatory Notes:

1) Mdm Joanna Young Sau Kwan, if re-elected, will continue as the Chairman of the Audit Committee and as a member of the Remuneration and Nominating Committees. Mdm Young is considered an independent director.

2) Mr Billy Lee Beng Cheng, if re-elected, will continue as the Chairman of the Remuneration Committee and the Nominating Committee and as a member of the Audit Committee. Mr Lee is considered an independent director.

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CH OFFSHORE LTD

(Incorporated in the Republic of Singapore)
(Co. Reg. 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 2007 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.

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 Thiry-First Annual General Meeting of the Company to be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on 17 October 2007 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
	Ordinary Business		
1	Adoption of Accounts and Reports		
2	Declaration of Final (inclusive of a Special Dividend of 2.1 SGD cents per ordinary share) Dividend		
3	Re-election of Director – Mdm Joanna Young Sau Kwan		
4	Re-election of Director – Mr Billy Lee Beng Cheng		
5	Re-election of Director – Mr Peh Kwee Chim		
6	Payment of Fees to Directors		
7	Re-appointment of Deloitte & Touche as Auditors		
	Special Business		
8	Approval of Proposed Share Issue Mandate		
9	Renewal of IPT Mandate		

Signed this __________ day of __________________ 2007

Total Number of Shares held	

____
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 Thirty-First 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 Thirty-First 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 Thirty-First Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CH OFFSHORE LTD Co. Reg. No. 197600666D

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