CH OFFSHORE LTD Co. Reg. No. 197600666D

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Broadening Our Horizons

Annual Report 2008

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 minimise 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 realise their full potential and maximise 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 at the company.

The CHO Group currently operates a fleet of 13 AHTS vessels. It also co-owns two AHTS with Scomi Marine, enabling the Group to operate in Malaysia. The fleet includes three 12,240 brake horse power (bhp) AHTS vessels, two of which were delivered during the financial year and currently operating in Latin America. The Group has four sister vessels under construction in Japan with expected delivery from September 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, the Middle East and most recently in Latin America. 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.

CHAIRMAN'S STATEMENT

Pearl will be delivered in September 2008

Introduction

The Financial Year 2008 marked another outstanding year for CH Offshore Group ("the Group") as it continues to deliver strong results despite the reduction in fleet size. The Group registered Profit after tax (PAT) of US$39.7 million, almost equaled the performance of Financial Year 2007 of US$40.2 million. With the delivery of bigger deepwater-capable anchor-handling tug supply ("AHTS") vessels and the completion of its fleet renewal program, the Group is now well positioned to embark on its long term growth plan.

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 June 30, 2008.

Financial Review

The Group recorded revenue of US$43.1 million for Financial Year 2008, a reduction of 5.6% from the preceding year. However, PAT at US$39.7 million was only 1.2% lower as compared with Financial Year 2007. As the Group continues with its fleet renewal program, the Group recorded a one-off gain of US$19.0 million mainly from the disposal of vessels during the financial year. The gain was lower than US$23.2 million recorded last year. Excluding the one-off gain, the Group's operating profit is better this year at US$20.7 million compared with US$17.0 million last year. Better operating margin as a result of higher charter rates and lower docking costs contributed to the 21.7% increase in operating profit.

The slight drop in revenue was attributed to the reduction in fleet size. At the end of the current financial year the Group was operating 13 vessels compared with 17 at the end of the preceding year. Despite the smaller fleet size, higher charter rates and higher contributions from the two new 12,240 brake horse power (bhp) vessels mitigated the impact on revenue.

During the financial year the Group also sold six old vessels resulting in a combined gain of US$17.8 million under the Group's fleet renewal programme.

Fleet Activities

In March and May this year, the Group took delivery of a further two 12,240 bhp AHTS vessels bringing the number of deepwater-capable vessels in its fleet to three. The latest additions to the fleet are currently operating on multi-years charters in Latin America. Another four sister vessels are currently under construction in Japan and are scheduled for delivery between 2008 and 2010.

The Group sold six old vessels to third parties during the financial year. By end of Financial Year 2009 the Group is expected to complete the disposal of the remaining four old vessels in its fleet. With the completion of the disposal and the delivery of all the deepwater-

Coral will be delivered in November 2008

capable vessels, the Group will operate a fleet with an average age of below 5 years.

Apart from having strong presence in South East Asia and the Middle East, the Group has successfully penetrated the Australia and Latin America markets and expands its geographical presence, in line with its long term strategy.

Dividend

In addition to the interim tax-exempt dividend of 0.5 SGD cents per ordinary share paid in March 2008, the directors are proposing a final tax-exempt dividend of 1.5 SGD cents per ordinary share. This will bring the total paid and proposed dividend to 2.0 SGD cents per ordinary shares for the Financial Year ended June 30, 2008, amounting to approximately S$14.1 million (equivalent to US$10.2 million). The dividend payout for Financial Year ended June 30, 2007 was at 4.0 SGD cents per share.

Outlook and Prospects

The high level of oil and gas exploration and production activities due to high crude oil prices have resulted in high global demand for offshore support vessels. The positive outlook for the industry will benefit the Group with increased charter rates, high vessel utilization and improved operating margins. Upon completion of its fleet renewal program the Group's competitiveness will also be enhanced as it will be operating a fleet of newer vessels.

With the delivery of the remaining four deepwater-capable vessels, the Group will also be able to venture into new markets internationally and exploit the strong growth in the deepwater segment.

Acknowledgement

The Group's outstanding performance is the direct result of the staff and management team dedication and hard work, and on behalf of the Board, I wish to extend our appreciation and gratitude. We also would like to acknowledge and extend our gratitude to the shareholders, clients and business partners for their continued support and finally to all the Board members for their counsel and insights.

Tan Sri Datuk Asmat Bin Kamaludin
Non-Executive Chairman
August 18, 2008

FIVE YEAR GROUP FINANCIAL

STATISTICS AND CHARTS

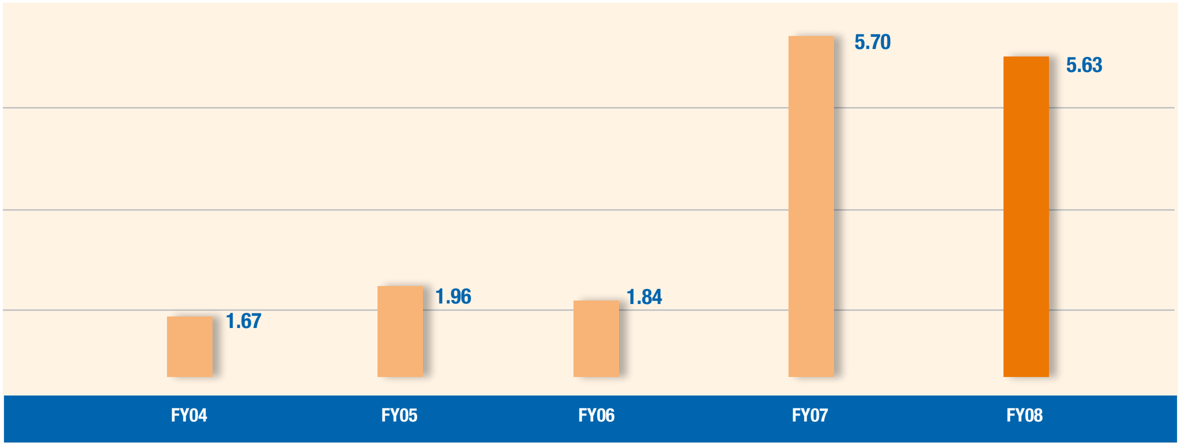
INCOME STATEMENT	FY 2004 US$'000	FY 2005 US$'000	FY 2006 US$'000	FY 2007 US$'000	FY 2008 US$'000
REVENUE	25,509	28,603	35,316	45,676	**43,131**
Profit before income tax	11,219	13,868	12,956	40,686	**39,884**
Income tax	125	(48)	(5)	(513)	**(205)**
Profit for the year	11,344	13,820	12,951	40,173	**39,679**
Profit attributable to shareholders of the company	11,344	13,820	12,951	40,173	**39,679**
BALANCE SHEET					
CURRENT ASSETS	29,741	26,637	18,794	49,089	**20,955**
NON-CURRENT ASSETS					
Fixed assets	64,309	80,981	95,687	87,867	**132,367**
Club membership	-	-	-	17	**17**
Associated companies	1,410	1,401	3,416	6,659	**5,756**
Total non-current assets	65,719	82,382	99,103	94,543	**138,140**
Total assets	95,460	109,019	117,897	143,632	**159,095**
CURRENT LIABILITIES	20,545	9,788	17,800	14,177	**13,027**
NON-CURRENT LIABILITIES					
Deferred taxation	-	-	-	25	**-**
Other payables	2,029	1,425	1,870	1,786	**1,704**
Bank loans	-	15,000	11,000	7,000	**3,000**
Total non-current liabilities	2,029	16,425	12,870	8,811	**4,704**
Total liabilities	22,574	26,213	30,670	22,988	**17,731**
Shareholders' equity	72,886	82,806	87,227	120,644	**141,364**
Issued capital	20,497	20,497	55,379	55,379	**55,379**
PER SHARE DATA					
Earnings Per Share (US cents):					
Basic	1.67	1.96	1.84	5.70	**5.63**
Fully Diluted	1.67	1.96	1.84	5.70	**5.63**
Dividends Per Share - Tax-exempt (SGD cents)	1.00	1.50	1.50	4.00	**2.00**
Net Assets Value Per Share (US cents)	10.34	11.74	12.37	17.11	**20.05**

The financial statements for FY 2004 were denominated in SGD, these have been translated into US$ using the exchange rates as follows:

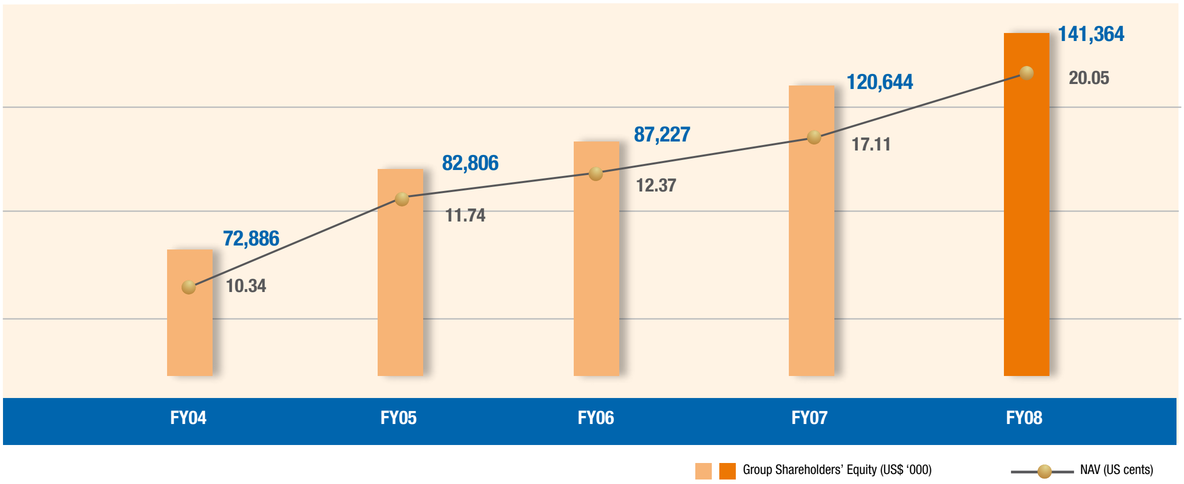
Revenue and expenses - at average rate: US$1.00 : SGD 1.7171

Assets, liabilities and equity - at year end rate: US$1.00 : SGD 1.7200

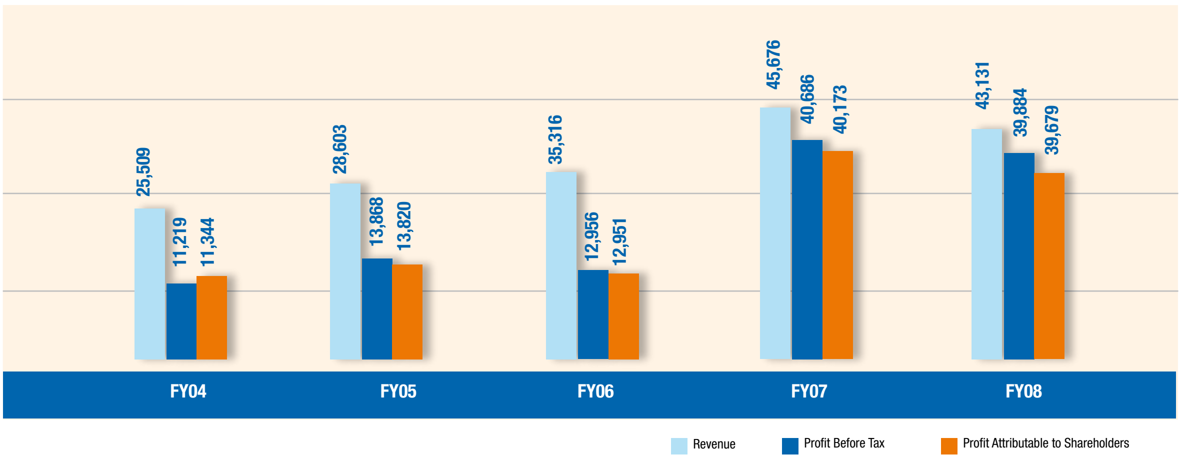
Earnings per Share (US cents)



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

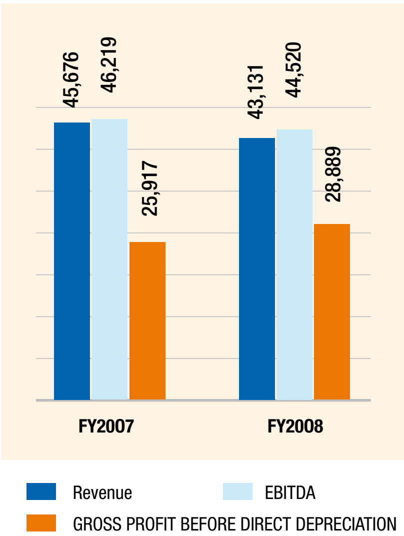


Group Revenue, Profit Before Tax & Profit Attributable to Shareholders
(US$'000)



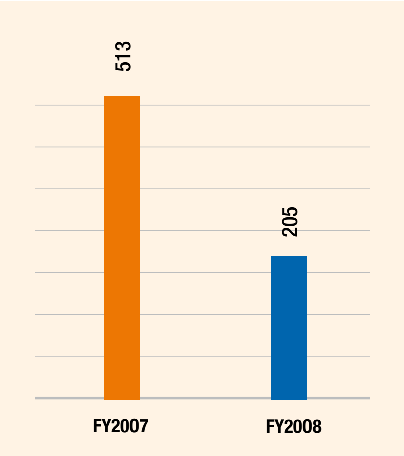
REVIEW OF OPERATIONS AND RESULTS

REVENUE, EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION ("EBITDA") AND GROSS PROFIT BEFORE DIRECT DEPRECIATION (US$'000)			
	FY2007	FY2008	Change
REVENUE	45,676	43,131	-5.6%
EBITDA	46,219	44,520	-3.7%
GROSS PROFIT BEFORE DIRECT DEPRECIATION	25,917	28,889	11.5%



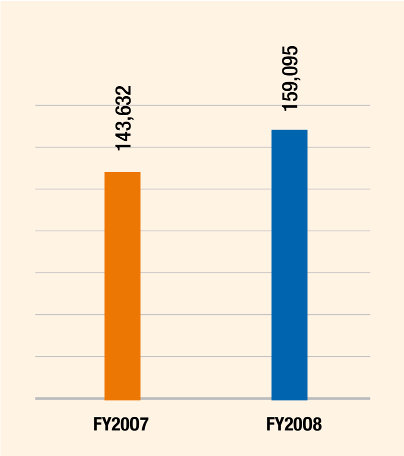
The Group's revenue decreased 5.6%. This is primarily due to the reduced number of vessels operated as the older vessels were disposed of in line with the Group's renewal programme. As at June 30, 2008, the fleet size was 13 vessels compared with 17 vessels as at June 30, 2007. In addition, a rechartered vessel contributed approximately three months to the FY08 revenue but full year for FY07 as its contract expired at the end of September 2007. Notwithstanding this, the gross profit before direct depreciation improved 11.5% to US$28.889 million. This was due to the timely delivery of two newly-constructed 12,240 bhp AHTS vessels in March and May 2008, higher charter rates for some of the vessels and lower operating costs.

The Group's EBITDA decreased 3.7% from US$46.219 million for FY07 to US$44.52 million for FY08. This is primarily due to lower other income earned for FY08 compared with FY07. The other income for FY08 comprised mainly gain from the sale of six older vessels, gain on liquidation of an associated company and unrealised gain in exchange. These gains added up to a total of US$18.96 million. All the six vessels were sold to third parties. In FY07, the other income was derived from the sale of five wholly-owned vessels and the reversal of the deferred gains due to the sale of two jointly-owned vessels to third parties. Together, they contributed a gain of US$23.232 million.



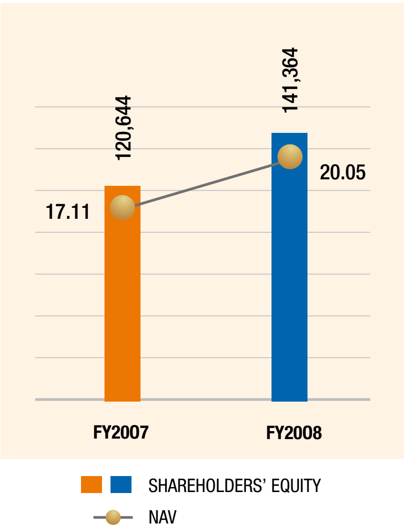
INCOME TAX (US$'000)			
	FY2007	FY2008	Change
INCOME TAX	513	205	-60.0%

In FY08, the Group derived its income mainly from the chartering of its Singapore-flagged vessels which is tax-exempt under Sec 13A of the Singapore Income Tax Act. The higher tax provision of US$0.513 million for FY07 was largely due to the sale of a non-Singapore registered vessel. The profit on sale of a foreign-flagged vessel is subject to tax in Singapore.



GROUP TOTAL ASSETS (US$'000)			
	FY2007	FY2008	Change
GROUP TOTAL ASSETS	143,632	159,095	10.8%

The Group's total assets rose 10.8% from US$143.632 million to US$159.095 million mainly due to the delivery of two newly-constructed 12,240 bhp AHTS vessels in March and May 2008.



SHAREHOLDERS' EQUITY AND NET ASSETS VALUE ("NAV")			
	FY2007	FY2008	Change
SHAREHOLDERS' EQUITY (US$'000)	120,644	141,364	17.2%
NAV (US Cents)	17.11	20.05	17.2%

The Group's shareholders' equity rose 17.2% from US$120.644 million as at June 30, 2007 to US$141.364 million as at June 30, 2008. Correspondingly, the net assets value (NAV) per share rose 17.2% to 20.05 US cents from 17.11 US cents.

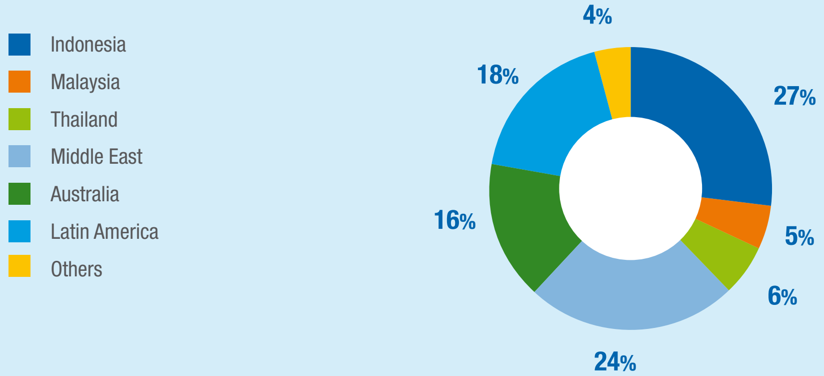
REVIEW OF OPERATIONS AND RESULTS

(BY GEOGRAPHICAL SEGMENTS)

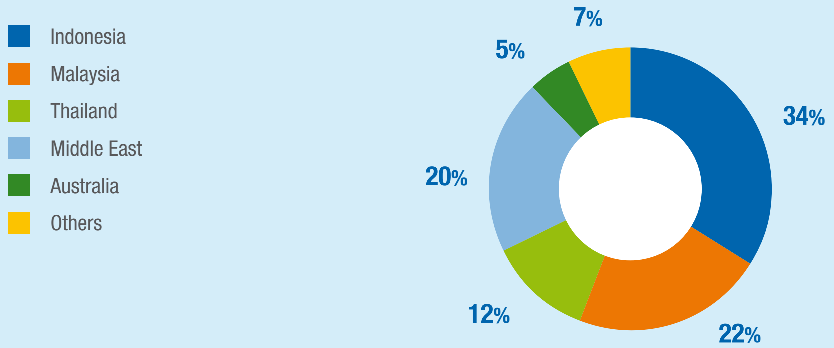
	INDONESIA	MALAYSIA	THAILAND	MIDDLE EAST	AUSTRALIA	LATIN AMERICA	OTHERS[1]	TOTAL
FY ended 30/6/2008 ("FY2008")	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	11,601	1,985	2,669	10,396	6,954	7,745	1,781	43,131
Gross profit after direct depreciation	5,247	601	1,752	5,885	4,698	4,757	1,419	24,359
FY ended 30/6/2007 ("FY2007")								
Revenue	15,436	9,793	5,666	9,180	2,266	-	3,335	45,676
Gross profit after direct depreciation	7,263	2,258	3,299	3,453	1,575	-	2,815	20,663

[1] Others include Vietnam and other Asia-Pacific countries

FY2008 REVENUE CONTRIBUTIONS BY GEOGRAPHICAL SEGMENTS

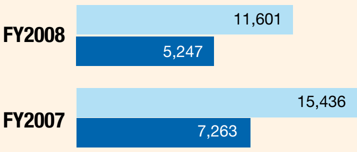


FY2007 REVENUE CONTRIBUTIONS BY GEOGRAPHICAL SEGMENTS



INDONESIA

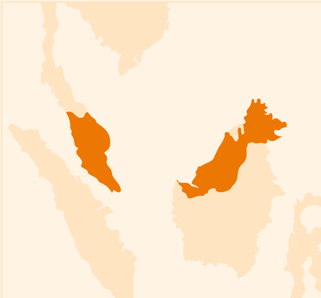
Earnings From Indonesia	FY2007 (US$'000)	FY2008 (US$'000)	Change
	15,436	11,601	-24.8%
	7,263	5,247	-27.8%



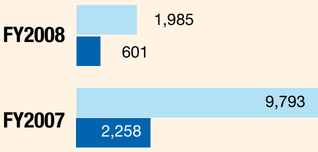
Revenue   Gross Profit after Direct Depreciation

The sale of older vessels, one in April 2007 and three during FY08 resulted in the decrease of both revenue and gross profit after direct depreciation. Revenue dipped 24.8% from US$15.436 million for FY07 to US$11.601 million for FY08. Correspondingly, gross profit after direct depreciation decreased 27.8% from US$7.263 million for FY07 to US$5.247 million for the financial year just ended.

MALAYSIA



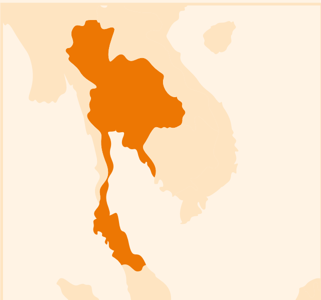
Earnings From Malaysia	FY2007 (US$'000)	FY2008 (US$'000)	Change
	9,793	1,985	-79.7%
	2,258	601	-73.4%



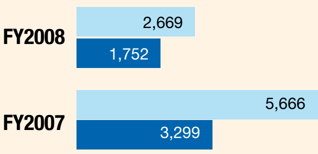
Revenue   Gross Profit after Direct Depreciation

Revenue and gross profit after direct depreciation declined 79.7% and 73.4% from US$9.793 million for FY07 to US$1.985 million for FY08 and from US$2.258 million for FY07 to US$0.601 million for FY08 respectively. For both FY08 and FY07, the sources of revenue were from rechartering, commission and agency fees earned. However, in FY08, revenue from rechartering was only from the first quarter of the financial year as the contract expired in September 2007; whereas FY07 benefitted from the rechartering for the full year.

THAILAND



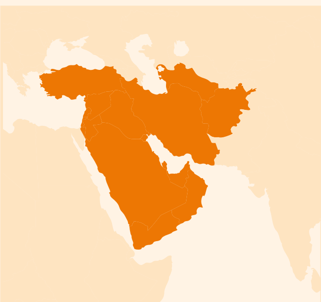
Earnings From Thailand	FY2007 (US$'000)	FY2008 (US$'000)	Change
	5,666	2,669	-52.9%
	3,299	1,752	-46.9%



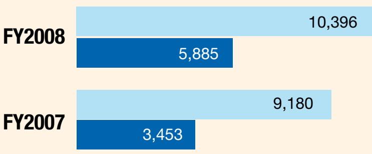
Revenue   Gross Profit after Direct Depreciation

At the end of FY07 there were four vessels operating here. However, all these four vessels were older vessels and were sold during FY08 in line with the Group's renewal plan. One vessel was sold in September 2007 and three vessels in January 2008. Thereafter, operations in Thailand came to a halt. As a result, both revenue and gross profit after direct depreciation declined 52.9% and 46.9% respectively.

MIDDLE EAST



Earnings From Middle East	FY2007 (US$'000)	FY2008 (US$'000)	Change
	9,180	10,396	13.2%
	3,453	5,885	70.4%



Revenue   Gross Profit after Direct Depreciation

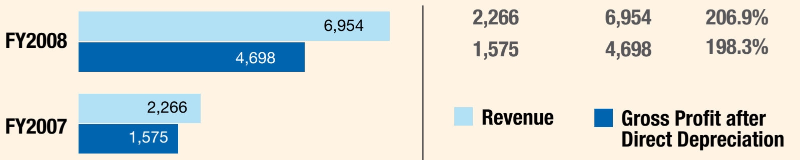
Although revenue rose 13.2% from US$9.18 million for FY07 to US$10.396 million for FY08, gross profit after direct depreciation increased more significantly by 70.4% from US$3.453 million to US$5.885 million. The higher revenue and gross profit after direct depreciation was due to higher charter rate and higher utilisation rate as one vessel was docked in FY07.

REVIEW OF OPERATIONS AND RESULTS

(BY GEOGRAPHICAL SEGMENTS)

AUSTRALIA

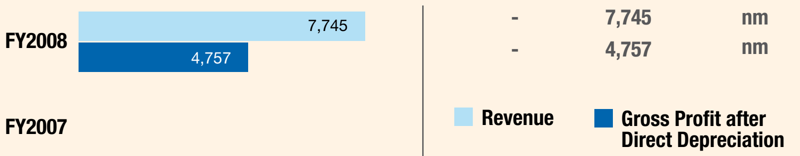
Earnings From Australia	FY2007 (US$'000)	FY2008 (US$'000)	Change
Revenue	2,266	6,954	206.9%
Gross Profit after Direct Depreciation	1,575	4,698	198.3%



In FY07, vessel commenced its charter at the end February 2007 and continued for the full financial year in FY08. Consequently, both revenue and gross profit after direct depreciation rose significantly by 206.9% and 198.3% respectively.

LATIN AMERICA

Earnings From Latin America	FY2007 (US$'000)	FY2008 (US$'000)	Change
Revenue	-	7,745	nm
Gross Profit after Direct Depreciation	-	4,757	nm



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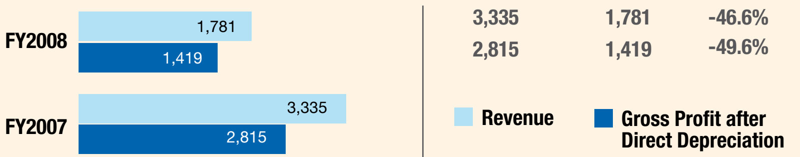
This is the latest geographical segment added as the Group broadens its horizons. The two newly-delivered 12,240 bhp vessels in March and May 2008 were immediately mobilised to this region and commenced their charter. These two vessels contributed approximately 18% of the group's revenue.

OTHERS

Earnings From Others	FY2007 (US$'000)	FY2008 (US$'000)	Change
Revenue	3,335	1,781	-46.6%
Gross Profit after Direct Depreciation	2,815	1,419	-49.6%



Other areas of operations include other Asia-Pacific countries such as Vietnam. In FY07, there was only one vessel operating in this segment. The vessel operated here until it was sold in January 2007 to a third party. In FY08, there was no vessel deployed to this region. This led to the decline in revenue by 46.6% and gross profit after direct depreciation by 49.6%. The income was derived mainly from interest received, management and agency fees.

going beyond BORDER

Already reaching as far as Latin America, we are strategically extending our geographical footprint to boost our performance

OUR VESSELS *(A PARTIAL LIST)*

Moving Forward

With the recent deliveries of two 12,240 bhp DP 2 AHTS and another two more similar vessels to be added in September and November 2008 respectively, the deepwater capabilities of the fleet has been greatly enhanced, enabling us to provide even better and more diverse services to our clients.

TURQUOISE	Specifications
Year Built	2007
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	153.9 MT continuous / 157.7 MT maximum
Dynamic Positioning System:	Class 2

AMETHYST	Specifications
Year Built	2007
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	153.6 MT continuous / 159.2 MT maximum
Dynamic Positioning System:	Class 2

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 continuous / 154.8 MT maximum
Dynamic Positioning System:	Class 1

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

** Co-owned*

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

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

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

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
Dynamic Positioning System:	Class 1

BOARD OF DIRECTORS


Tan Sri Datuk Asmat Bin Kamaludin


Mr Peh Kwee Chim


Encik Shah Hakim Bin Zain

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 and was last re-elected on 18 October 2006. 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. He represents Malaysia as Governor on the Governing Board of The Economic Research Institute for Asean and East Asia. He held the position of the Secretary-General of the Ministry of International Trade and Industry 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 organisations 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 of 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, Trans-Asia Shipping Corporation Berhad, Compugates Holdings Berhad and Royal Bank of Scotland 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 and was last re-elected on 17 October 2007.

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 also the Executive Chairman of PCI Limited and has been instrumental in building up the PCI Group. He is also a Director of 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.

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 and was last re-elected on 18 October 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.

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 and was last re-elected on 18 October 2006. He is also a member of the Remuneration Committee.


Dato' Kamaluddin Bin Abdullah


Mr Cheak Boon Heng


Mr Ong Kok Wah

Dato' Kamaluddin 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, Dato' Kamaluddin 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, Dato' Kamaluddin 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 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 was last re-elected on 18 October 2006. He has over 35 years of experience in the marine transportation, marine logistics and offshore support services industries.

Mr Cheak is currently a Director of Zicom Group Limited and Finbar Group Limited, both of which are listed on the Australian Securities 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.

Mr Ong Kok Wah
Non-Executive Director

Mr Ong Kok Wah is a Non-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. On 5 December 2007, he was re-designated as a Non-Executive Director. He was last re-elected on 18 October 2006.

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's Southeast Asia Technical Committee 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. SSA in its June 2008 annual general meeting has bestowed an 'Honorary Membership' on Mr. Ong. He has also been a director of the Board of The Shipowners' Mutual Protection and Indemnity Association (Luxembourg) since 1993.

BOARD OF DIRECTORS

Encik Aminuddin Yusof Lana

Mdm Joanna Young Sau Kwan

Mr Billy Lee Beng Cheng

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 and last re-elected on 18 October 2006. 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 Chairman and the Executive Committee of the Board. He has extensive hands-on experience in managing medium and large international multi-core business companies and has also undertaken several major corporate 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 (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. Encik Aminuddin is also a Director of Malaysia AICA Berhad, ENC Sdn Bhd and Scomi Oiltools Bermuda Limited (formerly known as 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).

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 was last re-elected on 17 October 2007. 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 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.

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 was last re-elected on 17 October 2007. 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

Mr Loh Kee Kong

Mdm Loong Chun Nee

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 Hong Kong listed Promet Petroleum Ltd 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.

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 Securities 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 in August 2006. In early 2008, she was redesignated as Group Chief Performance Officer.

Mdm Loong has vast experience in financial advisory matters specialising in the areas of corporate debt restructuring, corporate finance and project financing for privatisation 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** and was appointed to this position on 1 July 2002. She is responsible for the financial, accounting, administrative and taxation matters for the CHO Group. Prior to this, Ms Teo was the Senior Accountant of Chuan Hup Holdings Limited 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.

tapping new OPPORTUNITIES

Increased offshore activity will underpin our success, increasing charter rates and fleet utilisation, and improving profit margins

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	(Non-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 LLP
6 Shenton Way
#32-00 DBS Building Tower Two
Singapore 068809

Partner-in-Charge: Mr. Alan Nisbet
Appointed for the Financial Year ended June 30, 2008

FINANCIAL CALENDAR

Financial Year End	30 June 2008
Announcement of First Quarter Financial Results	2 November 2007
Announcement of Half-Year Financial Results	31 January 2008
Payment of Interim Dividend	18 March 2008
Announcement of Third Quarter Financial Results	5 May 2008
Announcement of Full-Year Financial Results	8 August 2008
Despatch of Annual Report to Shareholders	4 October 2008
Annual General Meeting	24 October 2008
Book Closure to Register Members for Dividend Payment	3 November 2008
Proposed Payment of Final Dividend	18 November 2008

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 5 Board meetings were held for the Financial Year ended June 30, 2008. Details of the attendance of Board members at Board meetings and meetings of the various Board Committees for the Financial Year ended June 30, 2008 are set out on pages 27 and 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 5 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, Dato' Kamaluddin Bin Abdullah and Mr Ong Kok Wah.

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.

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 of the Company is shown by number in bands of US$150,000.

DIRECTORS' REMUNERATION PAID OR PAYABLE FOR FINANCIAL YEAR ENDED JUNE 30, 2008

Directors of Company	Base Salary	Variable Payment	Directors' Fees	Total	Share Options Granted
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
Mr Ong Kok Wah	87.0%	0.0%	13.0%	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. Mr Ong Kok Wah was an Executive Director until December 5, 2007, when he was re-designated as a Non-Executive Director.
2. Base salary includes the 13th month AWS, allowances, employer's CPF and benefits in kind such as the use of Company cars.
3. 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 FOR FINANCIAL YEAR ENDED JUNE 30, 2008

US$450,000 to US$599,000	1
US$150,000 to US$299,999	2
Below US$150,000	2

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.

The Group has implemented a Whistle-Blowing Policy, which serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The objectives for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

ACCOUNTABILITY AND AUDIT

Accountability

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

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

Internal Controls

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

CHO's external auditors, Deloitte & Touche LLP ("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 re-appointment 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 55 and 57 of this Annual Report are audited by Deloitte & Touche LLP. Jubilant Meridian Sdn Bhd is audited by Gomez & Co. Forsayth Offshore Pte Ltd was inactive and struck off during the Financial Year ended June 30, 2008.

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

CHO recognises the importance of enterprise risk management process (ERM) and has set up a Risk Management Committee, which reports to the Board.

CHO has institutionalised its risk management practices under a formal ERM framework, with the assistance of external consultants. The framework allows the Company to have reliable mechanisms for gathering enterprise-wide information; identifying, analysing and monitoring risks to make risk-informed decisions. The Group also has in place a Business Continuity Management framework.

CHO has implemented a Group insurance 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 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 during the financial year under review is as follows:

Interested Person Transactions	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)
Chuan Hup Holdings Limited Group of Companies	302

	Aggregate value of all IPTs conducted 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	3,308

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.

CONCLUSION

CHO recognises 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 June 30, 2008 is as follows:

Board Meetings

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

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 3 out of the 5 Board Meetings held during the financial year. 1 of the Board Meetings was attended by Mr Loh Kee Kong, Alternate Director to Mr Peh.

(2) Encik Shah Hakim Bin Zain attended 4 out of the 5 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, 2008.

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, Mr Peh Kwee Chim, Encik Shah Hakim Bin Zain and Mr Cheak Boon Heng will retire at the forthcoming Annual General Meeting. Mr Cheak Boon Heng will offer himself for re-election. Mr Peh Kwee Chim and Encik Shah Hakim Bin Zain will not offer themselves for re-election.

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

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 in the company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES

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

	Shareholdings registered in the name of the director			Shareholdings in which director is deemed to have an interest		
Name of director and company in which interests are held	At beginning of year	At end of year	At July 21, 2008	At beginning of year	At end of year	At July 21, 2008
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	2,000,000*	2,000,000*	–	–	–
Mdm Joanna Young Sau Kwan	4,500	4,500	4,500	–	–	–
Mr Ong Kok Wah	1,551,400	1,701,400	1,701,400	–	–	–
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. Mr Ong Kok Wah received remuneration from the company in his capacity as executive of the company.

5 OPTIONS TO TAKE UP UNISSUED SHARES

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

6 OPTIONS EXERCISED

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

7 UNISSUED SHARES UNDER OPTION

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

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 Securities Trading Limited Listing Manual. The functions carried out are detailed in the Corporate Governance Report.

9 AUDITORS

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

ON BEHALF OF THE DIRECTORS

Tan Sri Datuk Asmat Bin Kamaludin

Encik Shah Hakim Bin Zain

August 18, 2008

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, 2008, 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 33 to 70.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets; 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 management, 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, 2008 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 LLP
Public Accountants and
Certified Public Accountants

Alan Nisbet
Partner
Appointed for the Financial Year ended June 30, 2008

Singapore
August 18, 2008

BALANCE SHEETS

As At June 30, 2008

	Note	Group 2008 US$'000	Group 2007 US$'000	Company 2008 US$'000	Company 2007 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	15,466	37,827	14,976	37,139
Trade receivables	8	4,606	9,742	4,342	9,131
Other receivables and prepayments	9	726	1,520	498	5,615
		20,798	49,089	19,816	51,885
Non-current assets classified as held for sale	10	157	–	–	–
Total current assets		20,955	49,089	19,816	51,885
Non-current assets					
Subsidiary companies	11	–	–	8,751	8,751
Associated companies	12	5,756	6,659	4,728	4,753
Club membership	13	17	17	–	–
Fixed assets	14	132,367	87,867	116,738	71,138
Total non-current assets		138,140	94,543	130,217	84,642
Total assets		159,095	143,632	150,033	136,527
LIABILITIES AND EQUITY					
Current liabilities					
Bank loans - current portion	15	4,000	4,000	4,000	4,000
Trade payables	16	7,862	7,067	14,217	8,104
Other payables	17	840	2,509	24,629	27,743
Other payables - deferred gain	18	82	82	–	–
Income tax payable		243	519	231	272
Total current liabilities		13,027	14,177	43,077	40,119
Non-current liabilities					
Other payables - deferred gain	18	1,704	1,786	–	–
Bank loans	15	3,000	7,000	3,000	7,000
Deferred taxation	19	–	25	–	–
Total non-current liabilities		4,704	8,811	3,000	7,000
Capital and reserves					
Issued capital	20	55,379	55,379	55,379	55,379
Translation reserve		67	32	–	–
Accumulated profits		85,918	65,233	48,577	34,029
Total equity		141,364	120,644	103,956	89,408
Total liabilities and equity		159,095	143,632	150,033	136,527

See accompanying notes to the financial statements.

PROFIT AND LOSS STATEMENTS

For The Year Ended June 30, 2008

	Note	Group 2008	Group 2007	Company 2008	Company 2007
		US$'000	US$'000	US$'000	US$'000
Revenue	22	43,131	45,676	34,953	33,795
Cost of sales	23	(14,242)	(19,759)	(11,303)	(16,252)
Gross profit before direct depreciation		28,889	25,917	23,650	17,543
Direct depreciation		(4,530)	(5,254)	(3,629)	(4,329)
Gross profit		24,359	20,663	20,021	13,214
Other income	24	18,960	23,232	15,960	16,958
Other expenses - indirect depreciation		(91)	(122)	(45)	(75)
Administrative expenses		(3,911)	(4,645)	(2,154)	(2,731)
Profit from operations		39,317	39,128	33,782	27,366
Finance cost:					
Bank charges		(16)	(16)	(16)	(16)
Interest expense to non-related company		–	(16)	–	(16)
Profit before income tax and results of associated companies		39,301	39,096	33,766	27,334
Share of results of associated companies	12	583	1,590	–	–
Profit before income tax	25	39,884	40,686	33,766	27,334
Income tax	26	(205)	(513)	(224)	(264)
Profit for the year		39,679	40,173	33,542	27,070
Earnings per share:					
Basic and fully diluted (US cents)	27	5.63	5.70		

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended June 30, 2008

	Issued capital US$'000	Translation reserve US$'000	Accumulated profits US$'000	Total US$'000
Group				
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 21)	–	–	(4,510)	(4,510)
Interim dividend of S$0.005 per ordinary share (Note 21)	–	–	(2,272)	(2,272)
Balance at June 30, 2007	55,379	32	65,233	120,644
Translation difference	–	35	–	35
Profit for the year	–	–	39,679	39,679
Total recognised income and expense for the year	–	35	39,679	39,714
Payment of dividends (Note 21)	–	–	(16,533)	(16,533)
Interim dividend of S$0.005 per ordinary share (Note 21)	–	–	(2,461)	(2,461)
Balance at June 30, 2008	55,379	67	85,918	141,364

	Issued capital US$'000	Accumulated profits US$'000	Total US$'000
Company			
Balance at June 30, 2006	55,379	13,741	69,120
Profit for the year	–	27,070	27,070
Payment of dividends (Note 21)	–	(4,510)	(4,510)
Interim dividend of S$0.005 per ordinary share (Note 21)	–	(2,272)	(2,272)
Balance at June 30, 2007	55,379	34,029	89,408
Profit for the year	–	33,542	33,542
Payment of dividends (Note 21)	–	(16,533)	(16,533)
Interim dividend of S$0.005 per ordinary share (Note 21)	–	(2,461)	(2,461)
Balance at June 30, 2008	55,379	48,577	103,956

See accompanying notes to the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For The Year Ended June 30, 2008

	2008 US$'000	2007 US$'000
Operating activities		
Profit before income tax and results of associated companies	39,301	39,096
Adjustments for:		
Depreciation	4,621	5,376
Interest income	(1,287)	(1,316)
Interest expense	–	16
Net foreign exchange (gain) loss	(555)	157
Gain on liquidation of associated company	(619)	–
Gain on disposal of fixed assets	(17,786)	(23,232)
Operating profit before working capital changes	23,675	20,097
Trade receivables	5,136	190
Other receivables and prepayments	756	240
Trade payables	809	212
Other payables	(1,669)	1,336
Cash generated from operations	28,707	22,075
Interest paid	(521)	(835)
Interest received	1,344	1,243
Income tax paid	(506)	(3)
Net cash from operating activities	29,024	22,480
Investing activities		
Proceeds on disposal of fixed assets	18,465	60,839
Purchases of fixed assets	(49,450)	(34,753)
Investment in associated companies	–	(4,728)
Proceeds from associated companies	–	2,543
Proceeds from liquidation of associated companies	2,059	–
Purchase of club membership	–	(17)
Net cash (used in) from investing activities	(28,926)	23,884
Financing activities		
Proceeds from bank loans	–	15,328
Repayments of bank loans	(4,000)	(24,088)
Dividends paid	(18,994)	(6,782)
Net cash used in financing activities	(22,994)	(15,542)
Net (decrease) increase in cash and cash equivalents	(22,896)	30,822
Cash and cash equivalents at the beginning of the year	37,827	7,164
Effects of exchange rate changes on the balance of cash held in foreign currencies	535	(159)
Cash and cash equivalents at the end of the year	15,466	37,827

See accompanying notes to the financial statements.

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 11 and 12 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, 2008 were authorised for issue by the board of directors on August 18, 2008.

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").

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the group and the company have adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after July 1, 2007. 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 in current or prior year's financial statements.

At the date of authorisation of these financial statements, the following FRSs, that are relevant to the group and company were issued but not effective:

FRS 23	-	Borrowing Costs (Revised)
FRS 108	-	Operating Segments
Amendments to FRS 1	-	Presentation of Financial Statements on Capital Disclosure

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

Management anticipates that the adoption of the above mentioned FRSs will not have a material impact on the financial statements of the group and the company in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and 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 in 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 profit and loss.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effective interest method

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 and expense is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit and loss".

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

There is no financial assets classified as held for trading during the year and at balance sheet date.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. Fair value is determined in the manner described in Note 4.

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 profit and loss when there is objective evidence that the asset is impaired.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit and loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

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 group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derivative financial instruments

The group's activities expose it primarily to the financial risks of changes in foreign exchange rates.

The group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk. The derivative financial instruments include foreign exchange forward contracts and knock-out forward contract. Further details of derivative financial instruments are disclosed in Note 31 to the financial statements.

The use of financial derivatives is governed by the group policies. The group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

ASSOCIATED COMPANY - An associated company is one in which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates 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, unless the group has incurred legal or constructive obligations or made payments on behalf of the associated company.

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 profit and loss.

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 - Rental payable under operating leases are charged to profit and loss 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Dry dock cost incurred for vessel which had undergone a Special Periodic Survey which resulted in an extension of 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 profit and loss.

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

IMPAIRMENT OF TANGIBLE ASSETS - At each balance sheet date, the 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 group 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 profit and loss.

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 profit and loss.

CLUB MEMBERSHIP - Club membership is held on a long term basis, which are stated at purchase cost less accumulated impairment loss.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE - Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 profit and loss 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 profit and loss as and when it is incurred.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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. Current and deferred tax are recognised as an expense or income in profit or loss.

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.

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

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.

Critical judgements in applying the group's accounting policies

Management is of the opinion that any instances of applications of judgements are not expected to have a significant effect on the amount recognised in the financial statements apart from those involving estimations which are dealt with below. Actual results may differ from these estimates.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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 14.

Impairment of fixed assets

Determining whether the fixed assets have suffered an impairment loss requires management to exercise their judgement in estimating the recoverable amount of the fixed assets determined on the basis of their fair value by reference to the market value of the fixed assets to be disposed less estimated selling cost. During the financial year, no impairment loss has been recognised for fixed assets.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Financial Assets				
Derivative financial instruments	20	–	20	–
Trade and other receivables (including cash and cash equivalents)	20,129	48,355	19,363	51,362
Financial Liabilities				
Trade and other payables	15,702	20,576	45,846	46,847

(b) Financial risk management policies and objectives

The group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the group. Management has in place processes and procedures to monitor the group's risk exposures whilst balancing the costs associated with such monitoring and management against the costs of risk occurrence. Such processes and procedures are reviewed periodically for changes in market conditions and the group's operations.

The main areas of financial risk faced by the group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The group recognises the management of financial risk is an important aspect in its drive towards creating shareholders' value. Management oversees financial risk management and regularly reviews its policy governing risk management practices.

The group does not hold or issue derivatives financial instruments for speculative purposes.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

There has been no change to the group's exposure to these financial risks or the manner in which it manages and measures these risks. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

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, Indonesia Rupiah and Philippines Peso.

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.

The group enters into forward foreign currency exchange contracts and knock-out forward contract to hedge foreign exchange risk. These financial instruments are utilised to provide a degree of certainty on cash flows. The group is prohibited from entering into speculative transactions.

The carrying amounts of foreign currencies denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2008	2007	2008	2007	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	691	478	4,891	16,481	340	247	4,729	16,274
Malaysian Ringgit	98	62	81	310	8	–	–	–
Indonesia Rupiah	35	73	124	218	8	36	114	207
Euro	23	161	–	–	4	152	–	–
Philippines Peso	–	–	216	177	–	–	–	–
United Arab Emirates Dirham	54	–	2	59	13	–	–	–
Japanese Yen	5	–	54	27	–	–	–	–

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity (cont'd)

If the foreign currencies strengthen by 10% against the functional currency of each group entity, the profit and loss will increase (decrease) by:

	Group Impact [a]		Company Impact [a]	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar [b]	640	1,600	659	1,603
Malaysian Ringgit	(2)	25	(1)	–
Indonesia Rupiah	9	15	11	17
Euro	(2)	(16)	–	(15)
Philippines Peso	22	18	–	–

If the foreign currencies weaken by 10% against the functional currency of each group entity, the profit and loss will increase (decrease) by:

	Group Impact [a]		Company Impact [a]	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar [c]	(778)	(1,600)	(797)	(1,603)
Malaysian Ringgit	2	(25)	1	–
Indonesia Rupiah	(9)	(15)	(11)	(17)
Euro	2	16	–	15
Philippines Peso	(22)	(18)	–	–

(a) Other than Singapore Dollar, this is exclusively attributable to the exposure from outstanding foreign currency denominated receivables and payables at year end.

(b) Amount of US$220,000 (2007 : US$Nil) in total increase of profit is attributable to foreign exchange gain from financial derivatives (Note 31).

(c) Amount of US$358,000 (2007 : US$Nil) in total decrease of profit is attributable to foreign exchange loss from financial derivatives (Note 31).

(ii) Interest rate risk management

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

The interest rates of the interest bearing financial assets and liabilities, representing cash and bank balances, fixed deposits and bank loans bearing fixed interest rates are disclosed in Notes 7 and 15 respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the group's profit for the year ended June 30, 2008 would increase/decrease by approximately US$171,000 (2007 : increase/decrease by approximately US$119,000). This is mainly attributable to the group's exposure to interest rates on its fixed deposits.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in 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 carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(iv) 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, Thailand, Middle East, Australia and Latin America and is 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.

(v) Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Liquidity risk analysis

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group and company can be required to pay.

	On demand or within 1 year	Within 2 to 5 years	Adjustments	Total
	US$'000	US$'000	US$'000	US$'000
Group				
2008				
Trade and other payables	8,702	–	–	8,702
Bank loans	4,302	3,083	(385)	7,000
	13,004	3,083	(385)	15,702
2007				
Trade and other payables	9,576	–	–	9,576
Bank loans	4,521	7,385	(906)	11,000
	14,097	7,385	(906)	20,576
Company				
2008				
Trade and other payables	38,846	–	–	38,846
Bank loans	4,302	3,083	(385)	7,000
	43,148	3,083	(385)	45,846
2007				
Trade and other payables	35,847	–	–	35,847
Bank loans	4,521	7,385	(906)	11,000
	40,368	7,385	(906)	46,847

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets.

	On demand or within 1 year	Total
	US$'000	US$'000
Group		
2008		
Trade and other receivables	4,663	4,663
Cash and cash equivalents	15,466	15,466
	20,129	20,129
2007		
Trade and other receivables	10,528	10,528
Cash and cash equivalents	37,827	37,827
	48,355	48,355
Company		
2008		
Trade and other receivables	4,387	4,387
Cash and cash equivalents	14,976	14,976
	19,363	19,363
2007		
Trade and other receivables	14,223	14,223
Cash and cash equivalents	37,139	37,139
	51,362	51,362

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the discounted gross inflows and (outflows) on those derivatives that require gross settlement.

	On demand or within 1 year	Total
	US$'000	US$'000
Group and Company		
2008		
Gross settled:		
Foreign exchange forward contracts	2,000	2,000

Knock-out forward contract

If the United States Dollar/Singapore Dollar exchange rate prevailing at balance sheet date is:

		On demand or within 1 year	Total
		US$'000	US$'000
a.	higher than or equal to 1.32 and lower than 1.405	1,500	1,500
b.	higher than 1.405	3,000	3,000
c.	lower than 1.32, knock-out forward contract lapses	–	–

There were no derivative financial instruments as at June 30, 2007.

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables, provision and other liabilities, except for non-current bank loans, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The non-current bank loans bear interest at rates approximating market rates as at year end, and hence the carrying amount approximates its fair value. The fair values of other classes of financial assets and liabilities including derivative financial instruments are disclosed in the respective notes to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair value.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(c) Capital risk management policies and objectives

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in Note 15, cash and cash equivalents and equity attributable to equity holders of the company, comprising issued capital, reserves and accumulated profits.

The group's overall strategy remains unchanged from 2007.

5 ASSOCIATED COMPANIES AND RELATED COMPANIES TRANSACTIONS

Related companies in these financial statements refer to the company's subsidiaries. Transactions with related companies have been eliminated on consolidation and not disclosed in this note.

An associated company is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those 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.

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

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Sales of fixed assets to associated companies	–	(1,994)	–	(3,910)
Management fee earned from associated companies	(168)	(197)	–	–
Supervision fees paid to a subsidiary company	–	–	154	58

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.

Significant related parties transactions with entities with common direct or indirect shareholders, other than those disclosed elsewhere in the notes to profit and loss statement are as follows:

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned [(a)]	(12,526)	(24,196)	(10,466)	(21,245)
Management fee earned	(315)	(310)	–	–
Service income earned	(18)	(50)	–	–
Commission earned	(208)	(484)	–	–
Rental paid	138	132	30	40
Commission expense	16	174	16	174
Management fee paid	106	337	35	277

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

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Cash on hand and bank balances	806	591	491	289
Fixed deposits	14,660	37,236	14,485	36,850
Cash and cash equivalents at end of year	15,466	37,827	14,976	37,139

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 0.75% to 8.50% (2007 : 2.09% to 11.25%) per annum.

7 CASH AND CASH EQUIVALENTS (CONT'D)

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	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	4,819	16,290	4,694	16,186
Indonesia Rupiah	119	215	114	207
Philippines Peso	183	120	–	–
Malaysian Ringgit	42	310	–	–

8 TRADE RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Outside parties	2,044	2,175	1,964	2,037
Subsidiary companies (Note 11)	–	–	–	1
Associated companies (Note 12)	138	296	–	–
Related parties (Note 6)	2,424	7,271	2,378	7,093
	4,606	9,742	4,342	9,131

The average credit terms granted to customers ranged from 30 to 90 days (2007 : 30 to 90 days). No interest is charged on the trade receivables for the first 30 to 90 days from the date of receipt of the invoice. Thereafter, interest is charged at rates ranging from 12% to 21.9% (2007 : 12% to 21.9%) per annum on the outstanding balance. Trade receivables past due but not impaired is US$Nil (2007 : US$877,000) as at June 30, 2008.

The group deals with customers who are mainly creditworthy oil majors or oil majors' preferred service providers. Of the trade receivables balance at the end of the year, US$2,378,000 (2007 : US$5,950,000) is due from the group's largest customer, which represents 52% (2007 : 61%) of group's total trade receivables.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no credit provision required in allowance for doubtful debts.

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

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	43	107	7	19
Philippines Peso	24	35	–	–
Malaysian Ringgit	39	–	–	–

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Subsidiary companies (Note 11)	–	–	–	4,816
Prepayments	649	734	433	523
Others	77	786	65	276
	726	1,520	498	5,615

The company's other receivables due from subsidiaries are interest-free and repayable on demand. The company has not made any allowance as the management is of the view that these receivables are recoverable.

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

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	29	84	28	69
Indonesia Rupiah	5	3	–	–
Thai Baht	–	5	–	2
Sterling Pound	4	–	4	–
Philippines Peso	9	22	–	–
United Arab Emirates Dirham	–	59	–	–
Japanese Yen	54	27	–	–

10 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Vessels				
Cost:				
Transfer from fixed assets and balance at June 30, 2008	8,128	–	5,384	–
Accumulated depreciation:				
Transfer from fixed assets and balance at June 30, 2008	7,971	–	5,384	–
Carrying amount:				
At June 30, 2008	157	–	–	–

During the year, the group has entered into Memorandum of Agreements with third party buyers for sales of 4 vessels. The sales of vessels are expected to be completed in next financial year, with transfer of legal titles of the vessels which are to be sold, upon full settlement of sales consideration from buyers. As at June 30, 2008, the 4 vessels were classified as non-current assets held for sale in accordance with FRS 105.

11 SUBSIDIARY COMPANIES

	Company	
	2008	2007
	US$'000	US$'000
Unquoted equity shares, at cost	8,751	8,751

	Country of incorporation	Effective interest held by the group		Cost of investment		Principal activities
		2008	2007	2008	2007	
		%	%	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	Investment holding
Sea Glory Private Limited	Singapore	100	100	*	*	Investment holding
Garo Pte Ltd	Singapore	100	100	3,060	3,060	Commission agency
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 LLP.

12 ASSOCIATED COMPANIES

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Unquoted equity shares, at cost	304	329	278	303
Amounts receivable - non-trade (i)	4,450	4,450	4,450	4,450
Share of translation reserve	67	32	–	–
Share of results of associated companies (ii)	935	1,848	–	–
	5,756	6,659	4,728	4,753

(i) The amounts receivable are unsecured, interest-free and repayable upon disposal of the associated companies. The amounts receivable from the associated companies, in substance, form part of the group's net investment in the associated companies.

12 ASSOCIATED COMPANIES (CONT'D)

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

	Group 2008 US$'000	Group 2007 US$'000
Share of results of associated companies after income tax	501	1,032
Amortisation of deferred gain from sale of vessels to associated companies (Note 18)	82	558
	583	1,590

Movement of share of results of associated companies is as follows:

	Group 2008 US$'000	Group 2007 US$'000
At beginning of year	1,848	816
Current year share of results	501	1,032
Reversal of share of results on liquidation of associated company	(1,414)	–
At end of year	935	1,848

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

	Group 2008 US$'000	Group 2007 US$'000
Total assets	24,513	28,618
Total liabilities	(21,984)	(24,110)
Net assets	2,529	4,508
Group's share of associated companies' net assets	1,306	2,209
Revenue	7,396	6,457
Profit for the year	887	2,106
Group's share of associated companies' profit for the year	501	1,032

12 ASSOCIATED COMPANIES (CONT'D)

	Country of incorporation	Effective interest held by the group 2008	Effective interest held by the group 2007	Cost of investment 2008	Cost of investment 2007	Principal activities
		%	%	US$'000	US$'000	
Held by the company						
Forsayth Offshore Pte. Ltd. [a]	Malaysia	–	49	–	25	Inactive
MarineCo Limited [b]	Malaysia	49	49	245	245	Ship owning and chartering
Gemini Sprint Sdn. Bhd. [b]	Malaysia	49	49	33	33	Ship chartering
				278	303	
Held by subsidiary company						
Held by Delaware Marine Pte Ltd:						
Jubilant Meridian Sdn. Bhd. [b]	Malaysia	49	49	26	26	Ship owning and chartering
				304	329	

(a) During the year, the associated company has been struck off.

(b) The audited financial statements are for the financial year ended December 31, 2007. Accordingly, unaudited management accounts for the financial period from January 1, 2008 to June 30, 2008 have been used for the purpose of equity accounting for MarineCo Limited, Gemini Sprint Sdn. Bhd. and Jubilant Meridian Sdn. Bhd.

13 CLUB MEMBERSHIP

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Golf club membership, at cost	17	17	–	–

14 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, 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
Additions	567	8	–	49,382	49,957
Transfer from construction-in-progress	40,135	–	–	(40,135)	–
Disposals	(12,758)	(17)	(127)	–	(12,902)
Reclassified as non-current assets held for sale	(8,128)	–	–	–	(8,128)
Balance at June 30, 2008	120,291	555	103	23,445	144,394
Accumulated depreciation:					
Balance at July 1, 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
Depreciation	4,530	60	31	–	4,621
Disposals	(12,159)	(16)	(48)	–	(12,223)
Reclassified as non-current assets held for sale	(7,971)	–	–	–	(7,971)
Balance at June 30, 2008	11,538	434	55	–	12,027
Carrying amount:					
Balance at June 30, 2008	108,753	121	48	23,445	132,367
Balance at June 30, 2007	73,337	174	158	14,198	87,867

14 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, 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
Additions	568	–	–	49,382	49,950
Transfer from construction-in-progress	40,135	–	–	(40,135)	–
Disposals	(10,121)	(7)	(127)	–	(10,255)
Reclassified as non-current assets held for sale	(5,384)	–	–	–	(5,384)
Balance at June 30, 2008	102,813	101	103	23,445	126,462
Accumulated depreciation:					
Balance at July 1, 2006	18,941	64	160	–	19,165
Depreciation	4,329	19	56	–	4,404
Disposals	(2,405)	(7)	(144)	–	(2,556)
Balance at June 30, 2007	20,865	76	72	–	21,013
Depreciation	3,629	14	31	–	3,674
Disposals	(9,525)	(6)	(48)	–	(9,579)
Reclassified as non-current assets held for sale	(5,384)	–	–	–	(5,384)
Balance at June 30, 2008	9,585	84	55	–	9,724
Carrying amount:					
Balance at June 30, 2008	93,228	17	48	23,445	116,738
Balance at June 30, 2007	56,750	32	158	14,198	71,138

Interest expense on bank loans obtained for the construction of vessels and bear interest ranging from 5.015% to 5.83% (2007 : 5.015% to 5.92%) were capitalised as part of the cost of construction-in-progress and amounted to US$507,000 (2007 : US$794,000) for the group and the company. Supervision fees paid to a related company which were capitalised amounted to US$154,000 (2007 : US$58,000) for the company.

15 BANK LOANS

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Bank loans - unsecured	7,000	11,000	7,000	11,000
Less: Amount due for settlement within 12 months	(4,000)	(4,000)	(4,000)	(4,000)
Amount due for settlement after 12 months	3,000	7,000	3,000	7,000

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$3.5 million and US$3.5 million (2007 : US$5.5 million and US$5.5 million) bear fixed interest rate of 5.015% and 5.83% per annum respectively.

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

16 TRADE PAYABLES

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Outside parties	7,820	7,002	5,710	5,368
Subsidiary companies (Note 11) (a)	–	–	8,482	2,720
Associated company (Note 12)	13	13	13	13
Related parties (Note 6)	29	52	12	3
	7,862	7,067	14,217	8,104

(a) The intercompany balances are unsecured, interest-free and repayable on demand.

The average credit terms granted by suppliers ranged from 30 to 90 days (2007 : 30 to 90 days). The group has financial risk management policies in place to ensure that all payables are within the credit time frame.

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

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	691	478	340	247
Indonesia Rupiah	35	73	8	36
Euro	23	161	4	152
Malaysian Ringgit	98	62	8	–
United Arab Emirates Dirham	54	–	13	–

17 OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Outside party	390	–	–	–
Subsidiary companies (Note 11)	–	–	24,629	25,684
Associated companies (Note 12)	450	2,509	–	2,059
	840	2,509	24,629	27,743

18 OTHER PAYABLES - DEFERRED GAIN

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Deferred gain	1,868	2,810	–	–
Arising during the year	–	1,917	–	–
Reversal of deferred gain on disposal of vessels in associated companies	–	(2,301)	–	–
Amortisation during the year (Note 12)	(82)	(558)	–	–
	1,786	1,868	–	–
Current portion	(82)	(82)	–	–
Non-current portion	1,704	1,786	–	–

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.

19 DEFERRED TAXATION

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Deferred tax liability	19	25	–	–
Deferred tax assets	(19)	–	–	–
	–	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, 2007	25
Reversal to profit and loss for the year	(6)
Balance at June 30, 2008	19

19 DEFERRED TAXATION (CONT'D)

Deferred tax assets

	Tax losses
	US$'000
Balance at July 1, 2007	–
Credit to profit and loss for the year	(19)
Balance at June 30, 2008	(19)

20 ISSUED CAPITAL

	Company			
	2008	2007	2008	2007
	'000	'000	US$'000	US$'000
	Number of ordinary shares			
Issued and paid-up capital:				
At beginning and end of the year	705,091	705,091	55,379	55,379

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the company.

21 DIVIDENDS

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

a) paid a final 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 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.

During the financial year ended June 30, 2008, the company:

a) paid a final dividend of S$0.035 per ordinary share of the company totalling S$24,678,168 (equivalent to US$16,533,678) for the financial year ended June 30, 2007.

b) declared and paid an interim dividend of S$0.005 per ordinary share of the company totalling S$3,525,453 (equivalent to US$2,461,049) for the financial year June 30, 2008.

Subsequent to the financial year ended June 30, 2008, the directors recommended a final dividend of S$0.015 per ordinary share of the company totalling S$10,576,358 (equivalent to US$7,775,019) for the financial year ended June 30, 2008.

22 REVENUE

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Charter hire income earned	40,769	42,973	33,676	32,490
Rendering of services	185	137	–	–
Commission earned	395	685	–	–
Management and agency fees	495	565	–	–
Interest income	1,287	1,316	1,277	1,305
	43,131	45,676	34,953	33,795

23 COST OF SALES

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Vessel operating expenses	13,870	19,356	11,303	16,252
Others	372	403	–	–
	14,242	19,759	11,303	16,252

24 OTHER INCOME

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Gain on liquidation of associated company	619	–	2,034	–
Foreign exchange adjustment gain	555	–	555	–
Net gain on disposal of fixed assets				
- associated companies	–	1,994	–	3,910
- reversal of deferred gain on disposal of vessels in associated companies	–	2,301	–	–
- third parties	17,786	18,937	13,371	13,048
	18,960	23,232	15,960	16,958

25 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	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Directors' remuneration [(a)]	94	633	94	633
Directors' fees	206	148	206	148
Permanent staff (including directors' remuneration)	3,293	3,694	1,661	1,908
Contract based crew	2,677	3,530	1,811	2,386
	5,970	7,224	3,472	4,294
Cost of defined contribution plans included in staff costs	243	211	67	60
Fair value gain adjustment on derivative financial instruments	20	–	20	–
Net foreign exchange adjustment loss	–	157	–	163

(a) Directors' remuneration for the group and the company includes depreciation expense of US$10,663 (2007 : US$35,424).

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Auditors' remuneration:				
Audit fee	48	43	22	20
Non-audit fee	3	4	–	–

Compensation of directors and key management personnel

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

	Group	
	2008	2007
	US$'000	US$'000
Short-term benefits	1,067	1,140
Post-employment benefits	15	8
	1,082	1,148

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

26 INCOME TAX

a) Taxation charge comprises:

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Current tax				
Singapore	232	509	219	261
Foreign	3	3	2	3
Deferred tax	(25)	25	–	–
Over (Under) provision for prior year's tax	(5)	(24)	3	–
	205	513	224	264

b) The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% (2007 : 18%) to profit before income tax and results of associated companies as a result of the following differences:

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Income tax expense at statutory rate	7,074	7,037	6,078	4,920
Tax exempt income	(7,084)	(5,579)	(5,869)	(4,666)
Non-deductible (taxable) items	16	(624)	–	7
Prior years' tax losses utilised	–	(295)	–	–
Deferred tax benefit not recognised	188	–	–	–
Overseas tax	3	3	2	3
Effect of changes in tax rate	–	(5)	–	–
(Over) Under provision for prior year's tax	(5)	(24)	3	–
Others	13	–	10	–
Total income tax expense at effective tax rate	205	513	224	264

c) Subject to agreement with the relevant tax authorities, the group and the company have unutilised tax loss carryforwards and capital allowances estimated as follows:

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Unutilised tax loss carryforwards	1,183	33	–	–
Capital allowances	197	195	–	–
	1,380	228	–	–
Deferred tax benefit on above:				
Unrecorded	229	41	–	–
Recorded	19	–	–	–

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.

27 EARNINGS PER SHARE

Earnings per share is calculated by dividing the group's net profit attributable to shareholders of the company for the year by the weighted average number of ordinary shares in issue during the financial years as follows:

	Group	
	2008	2007
	US$'000	US$'000
Profit attributable to shareholders	39,679	40,173
	2008	2007
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)	5.63	5.70

28 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, Australia, Latin America and other Asia-Pacific countries.

28 SEGMENTAL INFORMATION (CONT'D)

Geographical Segment (cont'd)

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

	Revenue	Total assets	Capital expenditure
	US$'000	US$'000	US$'000
2008			
Indonesia	11,601	24,344	–
Malaysia	1,985	6,777	–
Thailand	2,669	–	–
Middle East	10,396	37,388	–
Australia	6,954	22,222	–
Latin America	7,745	43,818	–
Japan	–	23,447	49,381
Others [(a)]	1,781	1,099	576
	43,131	159,095	49,957
2007			
Indonesia	15,436	36,030	–
Malaysia	9,793	17,251	–
Thailand	5,666	6,907	–
Middle East	9,180	43,445	–
Australia	2,266	21,870	–
Japan	–	14,198	34,708
Others [(a)]	3,335	3,931	839
	45,676	143,632	35,547

(a) The revenue generated from other geographical location of customers individually contributed to less than 10% of the total revenue.

For The Year Ended June 30, 2008

29 CONTINGENT LIABILITIES

	Group and Company	
	2008	2007
	US$'000	US$'000
Guarantees (unsecured)	9,528	9,272

The guarantees provided are as follows:

	Group and Company	
	2008	2007
	US$'000	US$'000
Related party [(a)]	1,627	2,008
Associated company [(b)]	7,860	7,252
Third parties	41	12
	9,528	9,272

(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.

30 COMMITMENTS

a) Operating lease commitments with related party

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Minimum lease payments paid under operating leases included in profit and loss statement	138	132	30	40

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

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Within one year	163	135	36	41
In the second to fifth year inclusive	163	–	36	–
	326	135	72	41

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.

30 COMMITMENTS (CONT'D)

b) Capital commitments

	Group		Company	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Amounts contracted for construction of vessels but not accrued	80,461	126,290	80,461	126,290

31 DERIVATIVE FINANCIAL INSTRUMENTS

The group utilises currency derivatives to hedge future transactions and cash flows. The group is party to a variety of forward foreign exchange contracts and knock-out forward contract in the management of its exchange rate exposures. The derivative instruments purchased are primarily denominated in Singapore dollars which is the currency of the group's principal markets.

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts and knock-out forward contract to which the group is committed are as follows:

	Group and Company	
	2008	2007
	US$'000	US$'000
Forward foreign exchange contracts	2,000	–

Knock-out forward contract

If the United States Dollar/Singapore Dollar exchange rate prevailing at balance sheet date is:

		Group and Company	
		2008	2007
		US$'000	US$'000
a.	higher than or equal to 1.32 and lower than 1.405	1,500	–
b.	higher than 1.405	3,000	–
c.	lower than 1.32, knock-out forward contract lapses	–	–

These arrangements are designed to address exchange exposures for the subsequent financial year.

As at June 30, 2008, the fair value of the group's currency derivatives is estimated to be approximately US$20,000 (2007 : US$Nil). The fair values are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching of the contracts US$20,000 assets, net (2007 : US$Nil).

The following table details the forward foreign currency contracts and knock-out forward contract outstanding as at balance sheet date.

Outstanding contracts	Non-functional foreign currency		Contract value	
	2008	2007	2008	2007
	S$'000	S$'000	US$'000	US$'000
Group and Company				
Forward foreign currency contracts				
Sell United States Dollars less than 3 months, at rate of 1.373	2,746	–	2,000	–

31 DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

Outstanding contracts	Non-functional foreign currency		Contract value	
	2008	2007	2008	2007
	S$'000	S$'000	US$'000	US$'000
Group and Company				
Knock-out forward contract				
Sell United States Dollars				
i) If United States Dollar/Singapore Dollar forward exchange rate prevailing at exercise date of the contract is higher than or equal to 1.32 and lower than 1.405:				
less than 1 year, at rate of 1.405	2,108	–	1,500	–
ii) If United States Dollar/Singapore Dollar forward exchange rate prevailing at exercise date of the contract is higher than 1.405:				
less than 1 year, at rate of 1.405	4,215	–	3,000	–
iii) If United States Dollar/Singapore Dollar forward exchange rate prevailing at exercise date is lower than 1.32, knock-out forward contract lapses.	–	–	–	–

STATEMENT OF DIRECTORS

For The Year Ended June 30, 2008

In the opinion of the directors, the consolidated financial statements of the group and the financial statements of the company set out on pages 33 to 70 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, 2008 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

Tan Sri Datuk Asmat Bin Kamaludin

Encik Shah Hakim Bin Zain

August 18, 2008

SHAREHOLDER INFORMATION

As At September 11, 2008

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	846	9.96	383,090	0.05
1,000 - 10,000	5,644	66.48	24,297,149	3.45
10,001 - 1,000,000	1,973	23.24	101,005,037	14.33
1,000,001 and above	27	0.32	579,406,238	82.17
TOTAL	8,490	100.00	705,091,514	100.00

TWENTY LARGEST SHAREHOLDERS

	SHAREHOLDER'S NAME	NO. OF SHARES	% OF HOLDINGS
1	OVERSEA CHINESE BANK NOMINEES PTE LTD	205,031,000	29.08
2	RAFFLES NOMINEES PTE LTD	168,694,026	23.93
3	HSBC (SINGAPORE) NOMINEES PTE LTD	37,444,000	5.31
4	MAYBAN NOMINEES (SINGAPORE) PTE LTD	22,460,000	3.19
5	PEH KWEE YONG	20,801,866	2.95
6	CITIBANK NOMINEES SINGAPORE PTE LTD	17,430,600	2.47
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	14,967,199	2.12
8	DBS NOMINEES PTE LTD	14,704,010	2.09
9	MERRILL LYNCH (SINGAPORE) PTE LTD	13,983,000	1.98
10	DBSN SERVICES PTE LTD	10,945,000	1.55
11	PEH KWEE CHIM	10,719,666	1.52
12	UOB KAY HIAN PTE LTD	9,711,000	1.38
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,521,400	0.92
14	OCBC NOMINEES SINGAPORE PTE LTD	2,833,870	0.40
15	LIM & TAN SECURITIES PTE LTD	2,488,000	0.35
16	OCBC SECURITIES PRIVATE LTD	2,345,000	0.33
17	KIM ENG SECURITIES PTE. LTD.	2,276,600	0.32
18	PRIMA PORTFOLIO PTE LTD	2,100,000	0.30
19	CHEAK BOON HENG OR YOUNG KWANG VAN	1,900,000	0.27
20	TEO JOO KIM	1,813,000	0.26
	Total:	569,169,237	80.72

As At September 11, 2008

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[f]	5.01	167,197,026[g]	23.71

Notes:

(a) Scomi Marine Services Pte. Ltd. has a deemed interest in 205,000,000 shares held in the name of Oversea Chinese Bank Nominees Pte Ltd, 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) Includes shares held in the name of nominees.

(g) 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 46.62% of the issued shares of Chuan Hup Holdings Limited.

(h) Based on information available to the Company as at September 11, 2008, approximately 41.45% 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.

October 4, 2008

To: The Shareholders of
CH Offshore Ltd

Dear Sir/Madam

RENEWAL OF THE IPT MANDATE

1. Background. At the Thirty-First Annual General Meeting of the Company, Shareholders approved, *inter alia*, the renewal of a mandate (the "IPT Mandate') to enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" (as that term is used in Chapter 9 of the Listing Manual) to enter into certain interested person transactions with the classes of interested persons (the "Interested Persons") as set out in the IPT Mandate.

   Particulars of the Mandate were set out in The Appendix to the Letter to Shareholders dated September 28, 2007 in the Company's 2007 Annual Report and Ordinary Resolution 9 as set out in the Notice of the 2007 Annual General Meeting ("AGM"). The IPT Mandate was expressed to take effect until the conclusion of the next AGM of the Company, being the Thirty-Second AGM, which is scheduled to be held on October 24, 2008.

2. Renewal of the IPT Mandate. The directors of the Company (the "Directors") propose that the IPT Mandate be renewed at the Thirty-Second AGM, to take effect until the Thirty-Third 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.

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

4. Statement of Audit Committee. Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee of the Company, comprising Mdm Joanna Young Sau Kwan, Mr Billy Lee Beng Cheng and Encik Aminuddin Yusof Lana, confirms that:

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

   (b) the methods or procedures referred to in paragraph 4(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.

5. Directors' and Substantial Shareholders' Interests.

5.1 Directors' Interests in Shares. As at September 26, 2008, the latest practicable date prior to the printing of this Letter (the "Latest Practicable Date"), the interests of the Directors in the Shares as recorded in the Register of Directors' Shareholdings are set out below:

	Direct Interest		Deemed Interest	
Directors	No. of shares	%	No. of shares	%
Tan Sri Datuk Asmat Bin Kamaluddin	–	–	–	–
Mr Peh Kwee Chim	35,319,666#	5.01	167,197,026*	23.71
Mr Cheak Boon Heng	2,110,000#	0.30	–	–
Dato' Kamaluddin Bin Abdullah	–	–	–	–
Mr Billy Lee Beng Cheng	–	–	–	–
Mdm Joanna Young Sau Kwan	4,500	nm	–	–
Encik Aminuddin Yusof Lana	–	–	–	–
Encik Shah Hakim Bin Zain	–	–	–	–
Mr Ong Kok Wah	1,701,400	0.24	–	–
Mr Loh Kee Kong (Alternate director to Mr Peh Kwee Chim)	1,472,000	0.21	–	–
Mdm Loong Chun Nee (Alternate director to Encik Shah Hakim Bin Zain)	–	–	–	–

Notes:

* Mr Peh Kwee Chim has a deemed interest in 167,197,026 Shares by virtue of Section 7(4) of the Company Act, Chapter 50 of Singapore (the "Companies Act"), as he has a total interest of 46.62% of the issued shares of Chuan Hup Holdings Limited.

Includes shares registered in the name of nominees.

nm Not meaningful

5.2 **Substantial Shareholders' Interests in Shares.** The interests of the Substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders 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
Mr Peh Kwee Chim	35,319,666**	5.01	167,197,026#	23.71

Notes:

* 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.

** Includes shares held 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, as he has a total interest of 46.62% 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.

6. **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 are in the best interests of the Company. For the reasons set out in paragraph 4 and 6 of the Appendix to this Letter, the Independent Directors accordingly recommend that Shareholders vote in favour of Resolution 7, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate to be proposed at the Thirty-Second AGM.

7. **Abstention from Voting.** Scomi Group Berhad and its associates will abstain from voting their Shares, if any, at the Thirty-Second AGM in respect of Resolution 7, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate.

8. **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.

9. **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.

10. **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

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 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

   (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 June 30, 2008, the consolidated NTA of the Group was approximately US$141.36 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 June 30, 2009 are published, five per cent. of the latest audited NTA of the Group would be approximately US$7.07 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;

(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

(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) <u>Threshold Limits</u>

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.

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.

CH OFFSHORE LTD

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

NOTICE IS HEREBY GIVEN that the Thirty-Second ANNUAL GENERAL MEETING of the Company will be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on October 24, 2008 at 10.30 a.m. to transact the following businesses:

Ordinary Business:

1. To receive and adopt the Audited Accounts for the Financial Year ended June 30, 2008 together with the reports of the Directors and the Auditors thereon. (Resolution 1)

2. To declare a final dividend of 1.5 SGD cents per ordinary share (tax exempt) for the Financial Year ended June 30, 2008. (Resolution 2)

3. To re-elect Mr. Cheak Boon Heng who retires by rotation in accordance with Article 89 of the Company's Articles of Association and who, being eligible, offers himself for re-election. (Resolution 3)

   Mr. Peh Kwee Chim and Encik Shah Hakim Bin Zain are also retiring in accordance with Article 89 of the Company's Articles of Association, but are not offering themselves for re-election.

4. To approve the payment of fees of S$279,918 for Directors for the Financial Year ended June 30, 2008 (FY2007: S$264,932). (Resolution 4)

5. To re-appoint Deloitte & Touche LLP as Auditors and to authorise Directors to fix their remuneration. (Resolution 5)

Special Business:

6. 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 6)

   (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.

7. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution: (Resolution 7)

(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 October 4, 2008 (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 IS ALSO HEREBY GIVEN that the Transfer Book and Register of Members of the Company will be closed on November 3, 2008 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 October 31, 2008 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 October 31, 2008 will be entitled to the proposed dividend. The proposed dividend, if approved at the Thirty-Second Annual General Meeting, will be paid on November 18, 2008.

Dated this 4th day of October 2008

By Order of the Board

Valerie Tan May Wei
Company Secretary

Notes:

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

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

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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 2008 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 Thirty-Second Annual General Meeting of the Company to be held at The Board Room, 390 Jalan Ahmad Ibrahim, Singapore 629155 on October 24, 2008 at 10.30 a.m. and at any adjournment thereof.

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

NO	ORDINARY RESOLUTIONS	FOR	AGAINST
	Ordinary Business		
1	Adoption of Accounts and Reports		
2	Declaration of Final Dividend		
3	Re-election of Director – Mr. Cheak Boon Heng		
4	Payment of Fees to Directors		
5	Re-appointment of Deloitte & Touche LLP as Auditors		
	Special Business		
6	Approval of Proposed Share Issue Mandate		
7	Renewal of IPT Mandate		

Signed this ____________ day of ____________________ 2008

Total Number of Shares held	

____

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

I 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-Second 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-Second 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-Second Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.