

CIRCULAR DATED 30 SEPTEMBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the Section entitled "Definitions".

If you have sold or transferred all your Shares, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.



CH OFFSHORE LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 197600666D)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

This Circular is issued to you together with the 2016 Annual Report of CH Offshore Ltd. The resolutions proposed to be passed in relation to the above matter are set out in the Notice of Annual General Meeting attached to the 2016 Annual Report.

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

Companies, Organisations, Persons and Agencies

- “CDP”** : The Central Depository (Pte) Limited
- “Company”** : CH Offshore Ltd., a company incorporated in the Republic of Singapore with limited liability
- “Group”** : The Company and its subsidiaries
- “SGX-ST”** : Singapore Exchange Securities Trading Limited

General

- “AGM”** : The annual general meeting of the Company
- “Average Closing Price”** : Shall have the meaning ascribed to it in Section 3.4 of this Circular
- “Board”** : The board of Directors of the Company
- “Circular”** : This circular to Shareholders dated 30 September 2016
- “Companies Act”** : The Companies Act (Chapter 50) of Singapore, as may be amended, modified or supplemented from time to time
- “concert parties”** : Shall have the meaning ascribed to it in Section 8.2 of this Circular
- “Constitution”** : The memorandum of association and articles of association of the Company which were in force immediately before the Companies (Amendment) Act 2014 took effect in phases on 1 July 2015 and 3 January 2016, respectively
- “day of the making of the offer”** : Shall have the meaning ascribed to it in Section 3.4 of this Circular
- “Directors”** : The directors of the Company for the time being
- “EGM”** : The extraordinary general meeting of the Company
- “Highest Last Dealt Price”** : Shall have the meaning ascribed to it in Section 3.4 of this Circular
- “Latest Practicable Date”** : 17 September 2016, being the latest practicable date prior to the printing of this Circular

DEFINITIONS

“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
“Listing Rules”	:	The listing rules of the SGX-ST as set out in the Listing Manual, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Purchase”	:	Shall have the meaning ascribed to it in Section 3.3(a) of this Circular
“Maximum Price”	:	Shall have the meaning ascribed to it in Section 3.4 of this Circular
“NAV”	:	Net asset value
“Off-Market Purchase”	:	Shall have the meaning ascribed to it in Section 3.3(b) of this Circular
“Registrar”	:	The Registrar of Companies appointed under the Companies Act and includes any Deputy or Assistant Registrar of Companies
“Related Expenses”	:	Has the meaning ascribed to that term in Section 3.4 of this Circular
“Relevant Period”	:	The period commencing from the date on which the last AGM was held and expiring on the date the next AGM is or is required by law to be held, whichever is the earlier, after the date the resolution relating to the Share Buyback Mandate is passed
“Securities Account”	:	The securities account maintained by a Depositor with the CDP but does not include a securities sub-account
“Share Buyback Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in the Circular as well as the rules and regulations set forth in the Companies Act and the Listing Manual
“Shareholders”	:	Registered holders of Shares, except where the registered holder is the CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	:	Ordinary shares in the share capital of the Company

DEFINITIONS

- “Substantial Shareholder”** : A person who has an interest in one or more voting shares of the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company
- “Take-over Code”** : The Singapore Code on Take-overs and Mergers, as may be amended, modified or supplemented from time to time

Units of Measurement, Currencies and Countries

- “S\$” and “cents”** : Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
- “US\$” and US cents”** : United States dollars and cents respectively, the lawful currency of the United States of America
- “%” or “per cent.”** : Per centum or percentage

The expressions **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

Words importing persons shall, where applicable, include corporations and unincorporated associations.

Any reference in this Circular to **“Rule”** or **“Chapter”** is a reference to the relevant rule or chapter in the Listing Manual as for the time being amended.

Any reference in this Circular to any statute or enactment or the Listing Manual is a reference to that statute or enactment or the Listing Manual as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual or any amendment thereof, and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Manual or such amendment thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise provided.

Any discrepancies in the tables included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

CH OFFSHORE LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.197600666D)

Directors

Tan Pong Tyea (Executive Chairman)
James William Noe (Executive Director, Chief Executive Officer)
Gan Wah Kwang (Executive Director)
Tan Sooh Whye (Non-Executive Director)
Thia Peng Heok George (Non-Executive, Lead Independent Director)
Tan Kian Huay (Non-Executive, Independent Director)

Registered Office

10 Anson Road
#33-15
International Plaza
Singapore 079903

30 September 2016

To: The Shareholders of CH Offshore Ltd.

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

We refer to (a) the Notice convening the Fortieth AGM of the Company to be held on 17 October 2016 and (b) the proposed Resolution 8 (to be passed as an Ordinary Resolution) set out in the Notice of the Fortieth AGM in relation to the proposed renewal of the Share Buyback Mandate. The purpose of this Circular is to provide Shareholders with the relevant information relating to, and to explain the rationale for, the proposed renewal of the Share Buyback Mandate for which approval of Shareholders will be sought at the Fortieth AGM to be held on 17 October 2016 ("**Fortieth AGM**").

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than Shareholders to whom this Circular is despatched by the Company) or for any other purpose.

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

2. PROPOSED RENEWAL OF THE MANDATE

2.1. General

Under the Companies Act, a company may purchase its own shares, stocks and/or preference shares if it is expressly permitted to do so by its Constitution. Article 3(B) of the Constitution expressly permits the Company to, *inter alia*, purchase or otherwise acquire any of its issued Shares. It is also a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares should obtain approval from its shareholders to do so at a general meeting of its shareholders.

LETTER TO SHAREHOLDERS

At an extraordinary general meeting of the Company held on 27 May 2016, Shareholders had approved the first Share Buyback Mandate to enable the Company to purchase or otherwise acquire its issued Shares on the terms of the said Share Buyback Mandate. The approval conferred on the Directors will, unless renewed, expire at the Fortieth AGM.

In this regard, approval is now being sought from Shareholders at the Fortieth AGM for the proposed renewal of the Share Buyback Mandate.

2.2. Rationale

The Directors constantly seek to increase shareholder value and to improve, *inter alia*, the return on equity of the Group. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Share buybacks provide the Company with a mechanism to facilitate the return of surplus cash/funds over and above its ordinary capital requirements, and in excess of the financial and possible investment needs of the Company, in an expedient, effective and cost-efficient manner. It will also provide the Directors with greater flexibility over the Company's dividend policy and share capital structure with a view to enhancing the earnings and/or NAV per Share. The Directors further believe that share buybacks by the Company will help mitigate short term market volatility, offset the effects of short-term speculation and bolster Shareholders' confidence.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the 10% limit described in Section 3.1 below during the period referred to in Section 3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised, and will be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

3. AUTHORITY AND LIMITS OF THE SHARE BUYBACK MANDATE

The authority and limitations placed on share purchases or acquisitions of Shares by the Company under the Share Buyback Mandate are similar in terms to those previously approved by Shareholders at the EGM held on 27 May 2016, and are summarised below:

3.1. Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. Subject to the Companies Act, the total number of Shares that may be purchased or acquired by the Company shall not exceed 10% of the total number of Shares (excluding any Shares which are held as treasury shares) in issue as at the date of the AGM at which the renewal of the Share Buyback Mandate is approved. As at the Latest Practicable Date, the Company is holding 105,000 treasury shares.

LETTER TO SHAREHOLDERS

For illustrative purposes only, on the basis of 704,985,514 Shares in issue as at the Latest Practicable Date (disregarding for this purpose the 105,000 Shares held by the Company as treasury shares) and assuming no further Shares are issued on or prior to the Fortieth AGM, not more than 70,498,551 Shares (representing approximately 10% of the issued ordinary share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate during the period referred to in Section 3.2 below.

3.2. Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the Fortieth AGM at which the proposed renewal of the Share Buyback Mandate is approved, up to:

- (a) the date on which the next AGM is held or required by law to be held;
- (b) the date on which the Share buybacks are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed at the AGM to be held after the Fortieth AGM (i.e. the Forty-First AGM). When seeking the approval of Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the previous Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

3.3. Manner of Purchase of Shares

Purchases or acquisitions of Shares may be made by way of:

- (a) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the SGX-ST's trading system or through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions of the Companies Act and the Listing Rules ("**Off-Market Purchases**").

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Listing Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Purchase must, however, satisfy all of the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

LETTER TO SHAREHOLDERS

- (ii) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded: (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements; (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document to all Shareholders containing at least the following information:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed purchase or acquisition of Shares;
- (4) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable takeover rules;
- (5) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST; and
- (6) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases of Shares, where relevant, and the total consideration paid for the purchases.

3.4. Maximum Purchase Price

The purchase price (excluding applicable brokerage, stamp duties, commission, goods and services tax and other related expenses (“**Related Expenses**”)) to be paid for a Share will be determined by the Directors. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined hereinafter); and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined hereinafter),

(“**Maximum Price**”) in either case, excluding Related Expenses.

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For the above purposes:

“Average Closing Price” means the average of the closing market prices of a Share over the last five Market Days on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

4. STATUS OF THE PURCHASED OR ACQUIRED SHARES

The Shares purchased or acquired by the Company may be cancelled or kept as treasury shares.

4.1. Cancellation

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share.

Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

4.2. Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is

LETTER TO SHAREHOLDERS

allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, and the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage.

5. REPORTING REQUIREMENTS

Within 30 days of the passing of a Shareholders' resolution to approve the purchases of Shares by the Company, the Company shall lodge a copy of such resolution with the Registrar.

The Company shall notify the Registrar within 30 days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued ordinary share capital before and after the purchase of Shares, and the amount of consideration paid by the Company for the purchases, whether the Shares were purchased out of profits or capital of the Company and such other particulars as may be required in the prescribed form.

6. SOURCE OF FUNDS FOR THE SHARE BUYBACK

The Companies Act permits the Company to purchase or acquire its own Shares out of capital or profits so long as the Company is solvent. Payments could be made from capital or profits so long as the Company is solvent (as defined in Section 76F(4) of the Companies Act).

LETTER TO SHAREHOLDERS

In the event the Shares which are purchased or acquired by the Company are cancelled immediately on purchase or acquisition (as opposed to being held as treasury shares to the extent permitted under the Companies Act), the Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of capital of the Company;
- (b) reduce the amount of profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both capital and profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares cancelled.

The Company will use internal resources or external borrowings or a combination of both to fund purchases of Shares pursuant to the proposed Share Buyback Mandate. In considering the use of external funding, the Company will take into consideration the availability of external financing and the resulting impact on the prevailing gearing level of the Company and the Group. The Company will only exercise the mandate in the interest of the Company and the Group without causing adverse financial impact to the Company and the Group. In particular, the Company will have regard to any relevant financial covenants which are applicable to the Company and/or the Group under any agreements for banking and credit facilities which may be granted by a financial institution to the Company and/or the Group from time to time. The Company will not effect any share buyback if such purchases would result in any breaches of the relevant financial covenants.

7. FINANCIAL EFFECTS OF THE SHARE BUYBACK MANDATE

The actual impact on the financial effects on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Buyback Mandate will depend on, *inter alia*, the exact number of Shares purchased or acquired, the purchase price paid at the relevant time of purchase, how the purchase or acquisition is funded, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition as well as how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76(K) of the Companies Act.

7.1. Purchase or of acquisition out of capital or profits

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (after deducting applicable brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount of distributable profits available for cash dividends by the Company will not be reduced.

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7.2. Number of Shares acquired or purchased

Based on 704,985,514 Shares in issue as at the Latest Practicable Date (disregarding for this purpose the 105,000 Shares held by the Company as treasury shares), and assuming no further Shares are issued on or prior to the Fortieth AGM, the exercise in full of the proposed Share Buyback Mandate will result in the purchase or acquisition of 70,498,551 Shares, representing 10% of the total Shares in issue (disregarding for this purpose the 105,000 Shares held as treasury shares).

7.3. Maximum Price to be paid for the Share Buybacks

For illustrative purposes only:

- (a) In the case of a Market Purchase by the Company and assuming that the Company purchases or acquires the 70,498,551 Shares at the Maximum Price of S\$0.35 for one Share (being 105% of the average of the closing market prices of a Share over the last five Market Days on which transactions in the Shares were recorded, immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 70,498,551 Shares is S\$24,674,493 (excluding Related Expenses) (equivalent to approximately US\$18,143,009 based on the exchange rate of US\$1.00 : S\$1.36).
- (b) In the case of an Off-Market Purchase by the Company and assuming that the Company purchases or acquires the 70,498,551 Shares at the Maximum Price of S\$0.388 for one Share (being 120% of the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 70,498,551 Shares is S\$27,353,438 (excluding Related Expenses) (equivalent to approximately US\$20,112,822 based on the exchange rate of US\$1.00 : S\$1.36).

7.4. Illustrative Financial Effects

For illustrative purposes only, the financial effects of the purchase or acquisition of Shares by the Company pursuant to the proposed Share Buyback Mandate are set out in Sections 7.4.1 and 7.4.2 below and are calculated based on the audited financial statements of the Company and the Group for the financial year ended 30 June 2016 and are based on the following assumptions:

- (a) the purchase or acquisition of Shares took place at the beginning of the financial year on 1 July 2015;
- (b) the purchase or acquisition of Shares was financed by a combination of internal sources of funds of the Company and external short-term bank borrowings by the Company;
- (c) the transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buyback Mandate were insignificant and have been ignored for the purpose of computing the financial effects; and
- (d) the number of Shares which may be held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

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7.4.1. Purchases made out of capital: (A) Purchases made out of capital and cancelled; and (B) Purchases made out of capital and held as treasury shares:

	← GROUP →				
		Market Purchase		Off-Market Purchase	
		(A)	(B)	(A)	(B)
	Audited before buyback	After buyback and cancelled	After buyback and held as treasury shares	After buyback and cancelled	After buyback and held as treasury shares
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 30 June 2016					
Profit after tax and minority interests	5,626	5,626	5,626	5,626	5,626
Share capital	55,379	37,236	55,379	35,266	55,379
Treasury shares	0	0	(18,143)	0	(20,113)
Other reserves	0	0	0	0	0
Revenue reserves	105,966	105,966	105,966	105,966	105,966
Total equity/NAV	161,345	143,202	143,202	141,232	141,232
Current assets	19,110	15,110	15,110	15,110	15,110
Current liabilities	13,568	27,711	27,711	29,681	29,681
Total borrowings	7,411	21,554	21,554	23,524	23,524
Cash and bank balances	9,711	5,711	5,711	5,711	5,711
Number of issued Shares ('000)	704,985	634,486	634,486	634,486	634,486
Financial Ratios					
Earnings per Share (US cents) ⁽¹⁾	0.80	0.89	0.89	0.89	0.89
NAV per Share (US cents) ⁽²⁾	22.89	22.57	22.57	22.26	22.26
Gearing ratio (times) ⁽³⁾	n.m.	0.11	0.11	0.13	0.13
Current ratio (times) ⁽⁴⁾	1.41	0.55	0.55	0.51	0.51

Notes:

- (1) Earnings per Share represents profit attributable to Shareholders divided by the number of Shares issued as at 30 June 2016.
- (2) NAV per Share represents the ratio of NAV to the number of issued Shares.
- (3) Gearing ratio represents the ratio of total borrowings less cash and bank balances to net worth.
- (4) Current ratio represents the ratio of current assets to current liabilities.

LETTER TO SHAREHOLDERS

	← COMPANY →				
	Audited before buyback	Market Purchase		Off-Market Purchase	
		(A)	(B)	(A)	(B)
		After buyback and cancelled	After buyback and held as treasury shares	After buyback and cancelled	After buyback and held as treasury shares
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
As at 30 June 2016					
Profit after tax	34,339	34,339	34,339	34,339	34,339
Share capital	55,379	37,236	55,379	35,266	55,379
Treasury shares	0	0	(18,143)	0	(20,113)
Other reserves	0	0	0	0	0
Revenue reserves	23,854	23,854	23,854	23,854	23,854
Total equity/NAV	79,233	61,090	61,090	59,120	59,120
Current assets	48,887	44,887	44,887	44,887	44,887
Current liabilities	49,957	64,100	64,100	66,070	66,070
Total borrowings	7,411	21,554	21,554	23,524	23,524
Cash and bank balances	9,057	5,057	5,057	5,057	5,057
Number of issued Shares ('000)	704,985	634,486	634,486	634,486	634,486
Financial Ratios					
Earnings/(loss) per Share (US cents) ⁽¹⁾	4.87	5.41	5.41	5.41	5.41
NAV per Share (US cents) ⁽²⁾	11.24	9.63	9.63	9.32	9.32
Gearing ratio (times) ⁽³⁾	n.m.	0.27	0.27	0.31	0.31
Current ratio (times) ⁽⁴⁾	0.98	0.70	0.70	0.68	0.68

Notes:

- (1) Earnings per Share represents profit attributable to Shareholders divided by the number of Shares issued as at 30 June 2016.
- (2) NAV per Share represents the ratio of NAV to the number of issued Shares.
- (3) Gearing ratio represents the ratio of total borrowings less cash and bank balances to net worth.
- (4) Current ratio represents the ratio of current assets to current liabilities.

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7.4.2. Purchases made out of profits: (A) Purchases made out of profits and cancelled; and (B) Purchases made out of profits and held as treasury shares:

	← GROUP →				
		Market Purchase		Off-Market Purchase	
		(A)	(B)	(A)	(B)
	Audited before buyback	After buyback and cancelled	After buyback and held as treasury shares	After buyback and cancelled	After buyback and held as treasury shares
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
As at 30 June 2016					
Profit after tax and minority interests	5,626	5,626	5,626	5,626	5,626
Share capital	55,379	55,379	55,379	55,379	55,379
Treasury shares	0	0	(18,143)	0	(20,113)
Other reserves	0	0	0	0	0
Revenue reserves	105,966	87,823	105,966	85,853	105,966
Total equity/NAV	161,345	143,202	143,202	141,232	141,232
Current assets	19,110	15,110	15,110	15,110	15,110
Current liabilities	13,568	27,711	27,711	29,681	29,681
Total borrowings	7,411	21,554	21,554	23,524	23,524
Cash and bank balances	9,711	5,711	5,711	5,711	5,711
Number of issued Shares ('000)	704,985	634,486	634,486	634,486	634,486
Financial Ratios					
Earnings per Share (US cents) ⁽¹⁾	0.80	0.89	0.89	0.89	0.89
NAV per Share (US cents) ⁽²⁾	22.88	22.57	22.57	22.26	22.26
Gearing ratio (times) ⁽³⁾	n.m.	0.11	0.11	0.13	0.13
Current ratio (times) ⁽⁴⁾	1.41	0.55	0.55	0.51	0.51

Notes:

- (1) Earnings per Share represents profit attributable to Shareholders divided by the number of Shares issued as at 30 June 2016.
- (2) NAV per Share represents the ratio of NAV to the number of issued Shares.
- (3) Gearing ratio represents the ratio of total borrowings less cash and bank balances to net worth.
- (4) Current ratio represents the ratio of current assets to current liabilities.

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	← COMPANY →				
	Audited before buyback	Market Purchase		Off-Market Purchase	
		(A)	(B)	(A)	(B)
		After buyback and cancelled	After buyback and held as treasury shares	After buyback and cancelled	After buyback and held as treasury shares
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
As at 30 June 2016					
Profit after tax	34,339	34,339	34,339	34,339	34,339
Share capital	55,379	55,379	55,379	55,379	55,379
Treasury shares	0	0	(18,143)	0	(20,113)
Other reserves	0	0	0	0	0
Revenue reserves	23,854	5,711	23,854	3,741	23,854
Total equity/NAV	79,233	61,090	61,090	59,120	59,120
Current assets	48,887	44,887	44,887	44,887	44,887
Current liabilities	49,957	64,100	64,100	66,070	66,070
Total borrowings	7,411	21,554	21,554	23,524	23,524
Cash and bank balances	9,057	5,057	5,057	5,057	5,057
Number of issued Shares ('000)	704,985	634,486	634,486	634,486	634,486
Financial Ratios					
Earnings per Share (US cents) ⁽¹⁾	4.87	5.41	5.41	5.41	5.41
NAV per Share (US cents) ⁽²⁾	11.24	9.63	9.63	9.32	9.32
Gearing ratio (times) ⁽³⁾	n.m.	0.27	0.27	0.31	0.31
Current ratio (times) ⁽⁴⁾	0.98	0.70	0.70	0.68	0.68

Notes:

- (1) Earnings per Share represents profit attributable to Shareholders divided by the number of Shares issued as at 30 June 2016.
- (2) NAV per Share represents the ratio of NAV to the number of issued Shares.
- (3) Gearing ratio represents the ratio of total borrowings less cash and bank balances to net worth.
- (4) Current ratio represents the ratio of current assets to current liabilities.

Shareholders should note that the financial effects set out above are based on the abovementioned assumptions and are purely for illustrative purposes only. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase

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or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury. The above analysis is based on historical figures for the financial year ended 30 June 2016 and is not necessary representative of the Company's or the Group's future financial performance.

8. OBLIGATIONS UNDER THE TAKE-OVER CODE

Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below:

8.1. Obligation to make a take-over offer

Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory takeover offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of six months.

If, as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

8.2. Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (c) a company with any of its pension funds and employee share schemes;

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- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual with his close relatives, his related trusts, and any person who is accustomed to act according to his instructions and companies controlled by any of the above.

The circumstances under which Shareholders of the Company (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

8.3. Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors of the Company will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months.

Such Shareholder need not abstain from voting in respect of the resolution authorising the proposed Share Buyback Mandate.

However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after the buyback of Shares by the Company. For this purpose, an increase in the percentage of voting rights as a result of the buyback of Shares by the Company will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1% in any period of six months.

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Shareholders (including Directors) and their concert parties who hold more than 50% of the Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares.

8.4. Applicability of Rule 14 and Appendix 2 of the Take-over Code

Based on interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date as recorded in the Register of Directors' Shareholding and the Register of Substantial Shareholding as set out in Section 13 below, none of the Substantial Shareholders would become obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of the purchase or acquisition by the Company of the maximum limit of 10% of its issued Shares.

9. OBLIGATIONS UNDER THE LISTING MANUAL

9.1. Listing Rules

The Listing Manual specifies that a listed company shall announce all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m., (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement currently requires the inclusion of details of, *inter alia*, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

9.2. Suspension of Share Buyback

While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices on securities dealings stipulated in the Listing Manual, the Company will not deal in the Shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the announcement of its full year results, and ending on the date of announcement of the relevant results.

9.3. Listing Status on the SGX-ST

The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed must be held by public Shareholders. Where such percentage falls below 10%, the SGX-ST may at any time suspend trading of the shares of the listed company.

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As at the Latest Practicable Date, approximately 13.28% of the issued Shares are held by public Shareholders. The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares if the purchase of Shares would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company. Before deciding to effect a purchase of Shares, the Directors will ensure that, notwithstanding such purchase, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

10. PREVIOUS SHARE BUYBACKS

In the 12 months preceding the Latest Practicable Date, the Company purchased 55,000 Shares by way of Market Purchases pursuant to the previous Share Buyback Mandate granted at the EGM held on 27 May 2016. The highest price paid and lowest price paid were S\$0.3534 and S\$0.3502 per Share respectively. The total consideration paid for all the purchases was S\$19,467.34 (including Related Expenses).

11. INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, as recorded in the Company's Register of Directors Shareholdings and the Register of Substantial Shareholders, respectively, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Tan Pong Tyea	–	–	611,406,281 ^(a)	86.72
James William Noe	–	–	–	–
Gan Wah Kwang	–	–	–	–
Tan Sooh Whye	–	–	–	–
Thia Peng Heok George	–	–	–	–
Tan Kian Huay	–	–	–	–
Substantial Shareholders (other than Directors)				
Energian Pte. Ltd.	611,406,281 ^(b)	86.72	–	–
Falcon Energy Group Limited	–	–	611,406,281 ^(c)	86.72

Notes:

- (a) Deemed to have an interest in the shares by virtue of Section 7 of the Companies Act.
- (b) Held in the name of CIMB Securities (Singapore) Pte Ltd.
- (c) Falcon Energy Group Limited is deemed pursuant to Section 4 of the Securities and Futures Act (Chapter 289) of Singapore and Section 7 of the Companies Act to have an interest in the 611,406,281 Shares of the Company held by Energian Pte. Ltd.

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12. DIRECTORS' RECOMMENDATION

Having fully considered the rationale, the benefit and the information relating to the proposed renewal of the Share Buyback Mandate, the Directors are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of proposed Resolution 8 as set out in the Notice of AGM dispatched to Shareholders together with the 2016 Annual Report of the Company.

The Directors further recommend that any individual Shareholder who may require specific advice in relation to his Shares should consult his stockbroker, bank manager, solicitor, accountant or other professional advisor.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

14. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 10 Anson Road, #33-15, International Plaza, Singapore 079903 during normal business hours from the date of this Circular up to and including the date of the AGM:

- (a) the Constitution of the Company; and
- (b) the 2016 Annual Report.

Yours faithfully,
For and on behalf of the Directors

Tan Pong Tyea
Executive Chairman
CH Offshore Ltd.

