



SBI Offshore Limited

(Incorporated in the Republic of Singapore on 1 October 1994)
(Company Registration Number: 199407121D)

UPDATE ON THE NPT TRANSACTIONS – FINAL REPORT ON ISSUES RELATING TO THE NPT TRANSACTIONS AND ON ISSUES RELATING TO LAU YOKE MUN

Capitalised terms used herein, unless otherwise defined in this Announcement or in the Glossary of Terms Used set out at the end of this Announcement, shall have the definitions ascribed to them in the SGXNet announcements dated 10 September 2016, 15 September 2016, 21 November 2016, and 10 March 2017 respectively titled “Update on the NPT Transactions”, “Lodgement of Report with Commercial Affairs Department in relation to PwC report on the findings to date on the NPT Transactions”, “Update on NPT Transactions – Appointment of UniLegal LLC as the Legal Advisor”, and “Update on NPT Transactions – Interim Findings on NPT and Findings on Lau Yoke Mun” (collectively, the “Announcements”) and the letter to shareholders dated 1 September 2016 and the supplemental letter to shareholders dated 10 September 2016 (collectively, the “Letters to Shareholders”). The Glossary of Terms Used apply to this Announcement as if it is set out in full herein.

1. INTRODUCTION

The board of directors (the “**Board**”) of SBI Offshore Limited (“**SBI**” or the “**Company**”) refers to the Announcements and the Letters to Shareholders and wishes to update that the Board has on 29 September 2017 received the Final Report dated 29 September 2017 (the “**Final Report**”) of UniLegal LLC on:

- (a) the issues relating to the transactions (the “**NPT Transactions**”) involving the acquisition and, subsequently, the sale of the Company’s 35% shareholding in Jiangyin Neptune Marine Appliance Co, Ltd (“**NPT**”); and
- (b) the Issues relating to Mr Lau Yoke Mun (“**LYM**”).

For easy reference, the NPT Transactions in essence refer to the impact of four Equity Transfer Agreements (“**ETA**’s”), two of which were in respect of the acquisition (in 2008/2009) by the Company of the 35% shareholding in NPT, and the other two of which in respect of the disposal (in 2015/2016) by the Company of that shareholding; these are:

- (a) in relation to the acquisition by SBI of the 35% shareholding in NPT:
 - (i) the **Undated Acquisition ETA** entered into sometime in 2008 providing an acquisition price of US\$ 1,750,000, and reconfirmed by a Supplementary Agreement to the Shareholders’ Agreement for Jiangyin Neptune Marine Appliance Co., Ltd (the “**Supplementary Agreement**”) which was recorded to have been signed on 16 January 2009); and
 - (ii) the **Dated Acquisition ETA** dated 20 October 2008, providing an acquisition price of US\$ 350,000; and
- (b) in relation to the disposal by SBI of the 35% shareholding in NPT:
 - (i) the **First Disposal ETA** dated 18 August 2015 (with the buyer being an individual, Mr Hua Hanshou (“**Mr Hua**”)), providing for a disposal price of US\$ 3,500,000 – this was

later novated, under the Novation Agreement, so that the buyer would be a company, Jiangyin Wanjia Yacht Co., Ltd (“**Wanjia**”); and

- (ii) the **Second Disposal** dated 8 December 2015 (with the buyer being Wanjia) providing for a disposal price of US\$ 1,750,000.

Also for easy reference, in relation to LYM, the Final Report reviews issues relating to his conduct as a Service Provider to the SBI Group and factors to be brought to the attention of the SIC and the Board which may be relevant to his suitability to be appointed as a Director of SBI.

This Announcement is a summary of the key findings and recommendations of the Final Report, and this Announcement is made for the benefit of the Company’s shareholders and the investing public as required by the Singapore Exchange. Insofar as this is inconsistent with any previous Announcement of the Company on the same subject matter, this Announcement supersedes the previous one. The SIC and the Board reserves the right to refer to and use the Final Report or certain and fuller portions of the Final Report, as they deem fit and appropriate.

2. FINAL REPORT – BASIS, SCOPE AND LIMITS

The Final Report is intended to be a report by UniLegal to the SIC so that it may recommend, and ultimately for the Board to consider and decide, on any necessary or appropriate further steps, whether or not such further steps, which could include taking legal proceedings. If the Board after consideration contemplates or decides to take any legal proceedings, it will then seek appropriate bespoke specific legal advice on and for that specific set of proceedings.

The Final Report was prepared and issued as the final report based on information as at 6 July 2017, as updated based on further confirmations and information which were obtained or became available afterwards. These included, and account has been taken of, comments of DT, JH, JC, AS, and Mr Koh, as well as factors and available documents, which came to be known only after that date.

The Final Report contains the results of the analysis and review by UniLegal based on the factors and available documents as relevant to the review and within the scope and limitations provided therein. Specifically, there may well be documents and factors which are for whatever reason not available or made known to UniLegal, and are therefore not taken into account. The statements in this Announcement are also a summary of the scope and limitations as more fully provided for in the Final Report.

The Final Report cannot and should not be taken as an “audit” of the matters reported on. UniLegal, as a law corporation, has not undertaken any accounting exercise, but instead has viewed information and available documents on a *prima facie* level and has not undertaken any checks which may be expected in an “audit”. On matters of financial recording and reporting and accounting, reliance was placed on the statements of professionals, including PwC, the auditors of the Company and in specific instances to documents provided by the Company’s management or DT or JH. Reference may, in future and if necessary, be made to the Final Report as well as to these statements in this Announcement.

The Final Report was made on a strictly confidential basis, to the Special Investigation Committee (“**SIC**”) and ultimately to the Board. It is not intended that it will be announced publicly or published.

In preparing the Final Report and for its purposes only, account has been taken of certain of the pleadings (constituting available documents) in the DT Suit (i.e. Singapore High Court Case No. 267/2017, where DT is the Plaintiff and PwC the Defendant). However, neither the Final Report nor this Announcement is – and neither should be taken to be – a evaluation of the DT Suit, or that the Final Report or any part of it (including, without limitation, this Announcement) is to be taken as evidence for the purposes of or to be used in, or in support of or against any particular proposition of the Plaintiff and/or the Defendant, or in any way a review or even an indication of the success or failure of, any point or matter before or to be decided by the Court in the DT Suit or any proceedings leading from it.

Furthermore, the Final Report (and consequently this Announcement) does not constitute an evaluation or findings having any judicial or quasi-judicial effect.

3. SUMMARY OF FINDINGS AND RECOMMENDATIONS

Subject to the fuller version of the findings and evaluation as set out in this Announcement and/or the Final Report, a few key matters of the Final Report are summarised (to be read in the context of the totality of this Announcement and, if necessary, the Final Report) as follows:

In relation to the NPT Transactions

- (a) Based on the legal advice of the PRC Lawyers as to PRC Laws, in relation to either the acquisition or the disposal of the 35% shareholding in NPT, the ETA which will be upheld as valid and legally enforceable under PRC laws will be the one which is properly submitted and approved by the relevant PRC authorities. In the current context, these would be, in the case of the acquisition, the Dated Acquisition ETA (with consideration amount of US\$ 350,000.00) and, in the case of the disposal, the Second Disposal ETA (with consideration amount of US\$ 1,750,000.00).
- (b) However, the Company had consistently announced and relied upon, in the case of the acquisition, the Undated Acquisition ETA (with the consideration amount of US\$ 1,750,000.00) and, in the case of the disposal, the First Disposal ETA (with the consideration amount of US\$ 3,500,000.00).
- (c) In any event, both the acquisition of the 35% shareholding in NPT and the subsequent disposal of that shareholding have been completed, all consideration amounts (even taking the Company's position as in paragraph (b) above) have been fully paid and the shareholding accordingly registered after the acquisition as well as after the disposal. With the exception of possible tax considerations (which are mentioned at paragraph (j) below), there are no indications of further issues arising from either the acquisition or the disposal. In other words, whichever of the 2 sets of Acquisition ETA's or the 2 sets of the Disposal ETA's applied, it appears that in practice there is little likelihood of further adverse consequences on SBI, and thus to that extent this issue may be academic.
- (d) The consideration amount borne by SBI for the acquisition of the 35% shareholding, through book entries of amounts owed to SBI by NPT, was shown to be US\$ 1,750,000.00 (as provided in the Undated Acquisition ETA) as reported and announced by SBI. There is also evidence that the seller of the 35% shareholding, Mr Chen, had acknowledged the receipt of the consideration amount. SBI subsequently paid a further US\$ 50,000.00 towards the consideration amount, and this was as agreed between the parties and announced by SBI.
- (e) The consideration amount received by SBI for the disposal of the 35% shareholding was shown to be the announced amount of US\$ 3,500,000.00 (as provided by the First Disposal ETA), less an amount of US\$ 180,000.00 (which was the agreed discount given, and this is not disputed by any party).
- (f) There is a question as to whether the Dated Acquisition ETA (which provided for a consideration of US\$ 350,000.00) ought to have been highlighted and focused upon at the time of the preparation of the Prospectus of SBI (issued in respect of its initial public offering of shares). The Prospectus provided for only the Undated Acquisition ETA. The Dated Acquisition ETA appeared to have been noted in the Legal Due Diligence Report dated 26 October 2009 (in conjunction with the preparation of the Prospectus), but the Directors of SBI at that time who were aware of its existence appeared not to have drawn specific attention to it. (Both JH and DT have commented that (in effect) that the Dated Acquisition ETA was required by Mr Hua on behalf of the seller and represented to them that it was a necessary PRC formality. JH has also asserted that (in effect) there was no need to rely on either Acquisition ETA's at the time of preparing the Prospectus since SBI by then had already had the share certificate dated 3 March 2009 for the 35% shareholding in NPT.)

- (g) There is a question as to whether DT ought to have signed (which signature was expressed to be on behalf of SBI) the Second Disposal ETA (which provided for the consideration amount of US\$ 1,750,000.00). This was against the express instructions of the Board given to DT at the Board Meeting of 11 November 2015. (DT has made various assertions to the effect that he believed that, in connection with the execution of the POA, JC must have discussed and obtained the approval of the Board to this “*fresh approach*”, and also that Mr Hua on behalf of the buyer had made it clear to him that if the Second Disposal ETA was not forthcoming the disposal by the Company of the 35% shareholding in NPT would not be completed. JC has denied such statement concerning himself.)
- (h) As a matter of good governance, the Company should note that the Novation Agreement (originally dated 1 December 2015) was re-dated 9 December 2015 but (albeit supported by legal advice) no Announcement was made to that effect.
- (i) As a matter of good governance, the Company should follow through on the possible existence of a second Power of Attorney (reportedly dated the same date as the POA – i.e. 8 December 2015), and if it exists to take steps to obtain a copy.
- (j) Based on the advice of the PRC Lawyers, technically, although it cannot be said that all possible angles of all PRC tax issues arising from the 2 sets of Acquisition ETA’s and the 2 sets of the Disposal ETA’s have been resolved, it appears that a tax investigation by the PRC tax authorities into the matter has been conducted and action taken and penalties levied (which did not affect the Company). Accordingly, there is no indication that the Company will be imposed any further tax or penalties as arising from those discrepancies.
- (k) The Board should consider whether to take further steps, including legal proceedings for breaches of duties and/or obligations to the Company, in relation to the signings and use, in the case of the acquisition of the 35% shareholding in NPT, the Dated Acquisition ETA and, in the case of the disposal of that shareholding, the Second Disposal ETA. In considering this matter, the Board should weigh the “*costs vs. benefits*” of any such proposed action, taking into account the likelihood that there has not been any direct financial loss so far resulting from those discrepancies.
- (l) In view of the above and the further available documents brought to the its attention, UniLegal does not recommend for now the taking of any Interrogatories Before Action against either DT or JH, as earlier mentioned in the Company’s Announcement of 10 March 2017.

In relation to LYM

- (m) In relation to issues relating LYM, it appears that there is evidence to support the findings that LYM (who for 6 months until 30 September 2016 was a service provider to one of SBI’s subsidiaries, Solar Energy Investments Pte Ltd (which in turn owns SBI’s South African subsidiary)) has breached several of his obligations, including obligations of a financial nature, as well as reporting duties.
- (n) The Board should likewise consider whether to take further steps, including legal proceedings for breaches of duties and/or obligations to the relevant subsidiary, the Company or the Group, in relation to the financial obligations as well as his breaches in failing to report and provide information and bank tokens. Again, in considering this matter, the Board should weigh the “*costs vs. benefits*” of any such proposed action, taking into account the likelihood that the amounts involved may be relatively small, the fact that whereabouts of LYM is not known as well as what direct financial loss have resulted from those breaches.
- (o) The Board (and in particular the Nominating Committee) should take into account the above in considering LYM’s suitability since he has been put forward as a candidate for being appointed as a Director of SBI.

All matters constituting legal advice to the SIC and/or the Board, whether or not referred to in this Announcement or the Final Report, are privileged and are not waived by any statement in this Announcement, unless specifically and unequivocally so confirmed otherwise in writing by the

Company. In any event, the Company reserves its rights and entitlements against any person or party, including to take such steps and/or legal proceedings as the Board may deem appropriate.

4. ACTIONS GOING FORWARD

The Board will *inter-alia*, make such further announcements on its next course(s) of action no later than 6 October 2017, after review and further legal advice. Such updates would include the Board's considerations on the position on the reconvening of the EGM (which was adjourned *sine die* on 16 September 2016) and if the further considerations of the Nominating Committee's in relation to its assessment on suitability of proposed candidates to be considered for appointment as new directors.

Glossary of Terms Used

SBI or the Company	SBI Offshore Limited
Board	Board of Directors of SBI
SIC	Special Investigation Committee of the Board, established in connection with the issues relating to the NPT transactions and LYM
NPT	Jiangyin Neptune Marine Appliance Co, Ltd, the company incorporated under the laws of PRC, of which 35% of its capital was acquired and subsequently disposed of by SBI
Wanjia	Jiangyin Wanjia Yacht Co, Ltd, the eventual purchaser of the 35% shareholding in NPT from SBI; the name of this company has also been translated into English as Jiangyin Vanguard Boating Co, Ltd
DT	David Tan Woo Thian
JH	Jonathan Hui Choon Ho
JC	John Chan Lai Thong
Mr Hua	Mr Hua Hanshou
Mr Chen	Mr Chen Yen Ting
Mr Koh	Mr Douglas Koh, a lawyer practising in the Singapore law firm Virtus Law
LYM	Mr Lau Yoke Mun, a former employee of a subsidiary of SBI, whose name had been put forward in the shareholders' requisition dated 18 July 2016, as a candidate to be appointed as a Director of the Company;
PRC Lawyers	All-Bright Law Firm, a firm of lawyers in PRC
PRC	People's Republic of China
PwC	PriceWaterhouseCoopers Advisory Services Pte Ltd
UniLegal	UniLegal LLC, a Singapore law corporation
ETA or ETA's	Equity Transfer Agreement or Equity Transfer Agreements
Undated Acquisition ETA	the ETA (undated) entered into in 2008 between Mr Chen as seller and SBI as purchaser of 35% of the shareholding in NPT, providing for the purchase price payable by SBI of US\$1,750,000
Supplementary Agreement	the Supplementary Agreement recorded to have been signed on 16 January 2009 made amongst Wanjia, Mr Chen, and SBI, expressed to be supplemental to the Undated Acquisition ETA

Dated Acquisition ETA	the ETA dated 20 October 2008 between Mr Chen as seller and SBI as purchaser of 35% of the shareholding in NPT, providing for the purchase price payable by SBI of US\$ 350,000
First Disposal ETA	the ETA dated 18 August 2015 between SBI as seller and Mr Hua as purchaser of 35% of the shareholding in NPT, providing for the sale price receivable by SBI of US\$ 3,500,000
Novation Agreement	the Novation Agreement dated 1 December 2015 between SBI, Mr Hua, Wanjia and NPT, under which the purchaser under the First Disposal ETA was novated so that Wanjia became the purchaser
POA	a Power of Attorney dated 8 December 2015 by SBI (executed under seal and attested to by JC and DT) conferring powers on DT in connection with the disposal by SBI of the 35% shareholding in NPT
Second Disposal ETA	the ETA dated 8 December 2015 between SBI as transferor and Wanjia as transferee of 35% of the shareholding in NPT, providing for the sale price receivable by SBI of US\$ 1,750,000
PwC Report	the Report on similar issues made by PwC and dated 6 September 2016
DT Suit	Singapore High Court, Case No. 267/2017, under which DT is the Plaintiff and PwC is the Defendant
available documents	documents (including emails and other machine-readable documents, whether provided to or obtained by UniLegal) which were at the material time actually available and a copy given to UniLegal for the purposes of, and which are relevant to, the analyses and review for the preparation and issue of the Final Report.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, tax or other advisors.

By Order of the Board

**Mirzan Bin Mahathir
Executive Chairman**

30 September 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd. ("ACA"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, findings, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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