



**SBI Offshore Limited**

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

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**DECISION ON REQUISITION OF EGM FOR APPOINTMENT  
OF TAN WOO THIAN (“MR TAN”) TO THE BOARD**

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The Board of Directors (the “**Board**”) of SBI Offshore Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 6 October 2017 (“**Requisition for an Extraordinary General Meeting**”), as well as the subsequent communications with Singapore Exchange Regulation (“**SGX RegCo**”) in October and November 2017 with respect to SGX RegCo’s queries. The Company wishes to announce the following:

1. To the best of the Board’s knowledge, Mr Tan Woo Thian owns a total of 35,136,000 ordinary shares in the Company. This represents a stake of 14.07%, of which 13.89% is deemed and 0.19% is direct. His shareholdings are based on records from the Central Depository as at 31 October 2017 and checks by the Company with Citibank Nominees Singapore Pte Ltd, Bank of Singapore Ltd and Inkwell Investments Ltd, all of which confirmed in writing that Mr Tan’s deemed stake is held through each of these parties.
2. Following discussions with the SGX RegCo and the Company’s sponsor, and after taking into consideration the discussions and concerns raised therein as well as the findings of the Unilegal report (the “**Report**”), the Board concurs with the recommendation of its Nominating Committee that Mr Tan is not suitable to be a board director. In short, the Report found that he had likely breached his duties in his capacity as a board director then when handling the transactions relating to Jiangyin Neptune Marine Appliance Co Ltd (“**NPT Transactions**”).
3. In view of the above, the Board does not support Mr Tan’s nomination of himself as a Non-Executive Director. The Company will not convene the EGM as the Board has received legal advice that the Company is not compelled to convene said EGM.
4. The Board notes that despite the breaches cited in the Report, they did not result in direct material loss to the Company. Having expended much time and substantial resources to resolving legal and corporate matters over the past months, the Board believes the Company’s current priority is to chart a clear path to corporate recovery in order to restore and enhance shareholder value. To conserve resources and sharpen management focus, the Board will consider any appropriate action with regards to the Report’s findings when the Company has turned around and is on a more solid footing.

**Sponsor’s views on the suitability of Mr Tan**

*Unless otherwise defined, capitalised terms used herein shall bear the same meaning ascribed to them in the Company’s announcements dated 10 September 2016 (including its appendix), 10 March 2017, 30 September 2017 and 6 October 2017 (collectively, the “**Announcements**”).*

Pursuant to Catalist Rule 226(2)(d), the Sponsor has conducted its due diligence which includes *inter-alia* interviewing Mr Tan as part of its standard procedures for any proposed appointment of new directors of the Company. The Sponsor is of the opinion, that whilst nothing has come to the attention of the Sponsor that would legally disqualify Mr Tan in his ability to act as a director of the Company, the Sponsor has noted that as announced on 15 September 2016 the Company has lodged a report with the Commercial Affairs Department of the Singapore Police Force in relation to the NPT Transactions and would like to highlight to the Board certain matters arising from findings and reviews of professionals engaged by the

Company and announcements made in relation to, *inter alia*, the NPT Transactions which may have a significance on Mr Tan's potential suitability to act as director as at this current point in time (please see Appendix attached).

In summary the following was noted from announcements made pursuant to findings by professionals engaged:

- (a) Failure to bring up the Dated Acquisition ETA for consideration and advice by the professional team at the time of the Prospectus was prepared;
- (b) Signature of the Second Disposal ETA against the direction from the Board;
- (c) Possible wrongful lodgement of the Disposal ETA;
- (d) The findings and reviews of professionals engaged by the Company in relation to, *inter alia*, the NPT Transactions have suggested that there may likely be potential breaches of directors' duties by *inter-alia* Mr Tan;
- (e) The findings and reviews of such professionals do not constitute an evaluation or findings having any judicial or quasi-judicial effect;
- (f) As disclosed in the announcement dated 30 September 2017, there is *inter-alia* an ongoing litigation suit ("**Suit**") between Mr Tan as plaintiff and one of the professional firms engaged by the Company to review, *inter alia*, the NPT matter as the defendant. We understand that the outcome of the Suit may have a bearing on or relevance to the findings and reviews of such professional firm; and
- (g) As disclosed in the announcement dated 6 October 2017, the Board has decided not to take action for now against Mr Tan, stating that "*Having evaluated inter alia the "commercial net benefits" of such actions, and after taking into account that there has been no direct material financial loss so far for the Company and the Group, the Board has decided without prejudice that the Company will not take action for now against Mr. Tan or Mr. Jonathan Hui Choon Ho ("Mr. Hui"). In the event that any detrimental impact on the Group comes to light due to the discrepancies in the Final Report, the Board will assess, in consultation with legal advisors, if any action is warranted*".

In light of the above, matters as highlighted in Appendix and based on findings, announcements and discussions with the Board, **the Sponsor has expressed to the Board its reservations on the suitability of Mr Tan as a director of the Company and his proposed appointment or requisition for his appointment as the case may be**, based on the information available to the Sponsor as at the date of this announcement.

The Sponsor's observations on the suitability of Mr Tan as a director of the Company, as at this current point in time, is addressed solely to the Board and reproduced here for the purpose of and in discharge of its duties as continuing sponsor as required under Catalist Rule 226(2)(d), and should not under any circumstances be taken as its comments or recommendations or views in connection with the NPT Transactions, and should not be taken as supportive or dismissive of any position taken or argument advanced by any party on any matter(s) relating to, or any action(s) that the Company or any other parties may or should contemplate in connection with the NPT Transactions. Further, the Sponsor's comments and observations should not be relied upon by any third party *inter-alia* shareholders for any purposes.

Further, it should not be relied upon by any Director or any other party as the sole and only basis in deciding on any actions or matters relating to Mr Tan's suitability as a director of the Company and the proposed requisition for his appointment, and the NC and the Board are

required at all times to form their own independent views and recommendations on the suitability of Mr Tan as a director of the Company, albeit after considering their discussions with the SGX RegCo and/or Sponsor as well as any concerns raised therein as may be applicable.

This announcement and any opinion or recommendations made by the Nominating Committee and/or the Directors in relation to the suitability of Mr Tan and his proposed appointment and the issue of documents (if any) shall remain the sole responsibility of the Nominating Committee and the Directors respectively.

The Sponsor has consented in writing to the inclusion of their name and opinion in this announcement in the form and context in which they appear and have not withdrawn their consents prior to this announcement.

Whilst the Sponsor's views are included in this announcement, neither the Company nor the Directors nor the shareholders or any other party, may reproduce, disseminate or quote the Sponsor's views (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case.

**By Order of the Board**

**Mirzan Bin Mahathir  
Executive Chairman**

**15 November 2017**

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*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., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). Save for the section "Sponsor's views on the suitability of Mr Tan", the Company's Sponsor has not independently verified the contents of this announcement as well as any references to past announcements or findings mentioned in this announcement (and its appendix) including the correctness of any of the figures used, statements or opinions made therein.*

*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.*

*The contact person for the Sponsor is Mr Liao H.K.  
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**Salient summaries of findings**

- (a) Failure to bring up the Dated Acquisition ETA for consideration and advice by the professional team at the time of the Prospectus was prepared.

*“21. The existence of the Undated and Dated Acquisition ETAs with different contractual acquisition considerations raises serious concerns as to whether the Undated or Dated Acquisition ETA was valid. Both the Undated and Dated Acquisition ETAs appear to have been signed by Hui Choon Ho on behalf of the Company. Tan Woo Thian also appears to have signed the Dated Acquisition ETA on behalf of the Company. The Undated Acquisition ETA was undated (except for the year 2008) while the Dated Acquisition ETA was dated 20 October 2008 with the company’s seal of Wanjia (as the other shareholder of NPT) affixed. We noted that while the dates of the Undated and Dated Acquisition ETAs were in 2008, the Company’s Prospectus states an acquisition date of 3 March 2009. We also noted that the lodgement with the Jiangyin Trade and Business Administration Bureau for the change of details in corporate information (including change in shareholdings) was dated March 2009.”* (Source: Appendix of announcement dated 10 September 2016, point 21, pg 8)

*“(b) as against Mr. Hui and Mr. Tan on the acquisition ETAs, there appears to be a cause of action for breach of directors’ duties as well as of providing misleading information to the Board and in relation to statements made in the Prospectus dated 4 November 2009 of SBI issued in connection with its listing on SGX; and”* (Source: Announcement dated 10 March 2017, Section 5(b), pg 2).

*“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.)”* (Source: Announcement dated 30 September 2017, Section 3(f), pg 3).

- (b) Signature of the Second Disposal ETA against the direction from the Board

*“18. The Second Disposal ETA was signed despite the fact that the Board of the Company had taken the decision not to do so. At a Board meeting held on 11 November 2015, the Board made this decision on the ground that a First Disposal ETA at a consideration of US\$ 3.5 million had already been signed and announced. We understand that Tan Woo Thian was also involved in that Board meeting as a director of the Company. However, as he was deemed by the Board to be interested in the NPT Transactions, he excused himself during the discussion of the Second Disposal ETA. We understand from the minutes of the Board meeting that the Board had reiterated the decision not to sign the Second Disposal ETA after Tan Woo Thian re-joined this Board meeting.”* (Source: Appendix of announcement dated 10 September 2016, point 18, pg 7)

*“24. Similarly, the existence of a First and Second Disposal ETA with different contractual prices raises serious concern as to whether the First or Second Disposal*

*ETA was valid. Tan Woo Thian appears to have signed both the First and Second Disposal ETA on behalf of the Company, the First Disposal ETA being signed on 18 August 2015 and the Second Disposal ETA being signed on 8 December 2015. The Second Disposal ETA was signed even though the Board had expressly disapproved this at the Board meeting on 11 November 2015, at which Tan Woo Thian was present. This raises the question whether Tan Woo Thian is duly authorised to sign the Second Disposal ETA on behalf of the Company. If not, the Second Disposal ETA may be invalid.”* (Source: Appendix of announcement dated 10 September 2016, point 24, pg 8)

*“(a) as against Mr. Tan, the information available points to a clear case of breach of director’s duties in relation to the disposal ETAs. Mr. Tan raised the issue of signing the Second Disposal ETA for US\$1.75 million at an Audit Committee Meeting and Board Meeting of the Company on 11 November 2015. He also explained the tax position on the acquisition that no tax was payable in the PRC and discussed the tax implications for the Company arising out of the First Disposal ETA and proposed Second Disposal ETA. Mr. Tan was specifically instructed not to sign the Second Disposal ETA because the Board had already agreed to the First Disposal ETA for US\$3.5 million and it would not be consistent with the Announcement by the Company. Further the Company had to comply with the tax requirements in the PRC as regards the First Disposal ETA. Mr. Tan nevertheless went ahead and signed the Second Disposal ETA on 8 December 2015 without the sanction of the Board and in breach of his director’s duties;”* (Source: Announcement dated 10 March 2017, Section 5(a), pg 2).

*“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.)”* (Source: Announcement dated 30 September 2017, Section 3(g), pg 4).

(c) Possible wrongful lodgement of the Disposal ETA

*“...Also as mentioned, the PRC lawyers have advised that in relation to the disposal, the Second Disposal ETA was lodged, and as vendor SBI had the obligation to lodge the correct disposal ETA with the PRC tax authority. Notably, [DT], who at the relevant time was the Director of SBI who was delegated the task of seeing through the disposal ETA and at the same time also a Director of NPT, ought to know the requirement to lodge the correct disposal ETA; accordingly, he should be held to account for the lodgement and held responsible for the breach of director’s duties flowing from the wrongful lodgement.”* (Source: Announcement dated 10 March 2017, Section 6(b), pg 3).

(d) In short, the findings and reviews of professionals engaged by the Company in relation to, *inter alia*, the NPT Transactions have suggested that there may likely be breaches of directors’ duties by Mr Tan

*“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.”* (Source: Announcement dated 30 September 2017, Section 3(k), pg 4).

The above are summaries and relevant extracts on announcements made with respect to *inter-alia* NPT matter which has relevance on the suitability of Mr Tan as a director of the Company.