



SBI Offshore Limited

(Incorporated in the Republic of Singapore on 1 October 1994)

(Company Registration Number: 199407121D)

SBI Offshore Limited (“SBI” or the “Company”) is pleased to announce that it has on 3 March 2010 entered into a binding Memorandum of Understanding (the “MOU”) principally with Mohammad Sharifuz Zaman (“SZ”) and an unrelated third party to work together towards forming a joint-venture company (the “JV Co”) for the design, engineering, sales and sales support of offshore winches, hydraulic/electric deck machinery, offshore load handling systems and offshore cranes (the “Products”). (the “Proposed JV”)

SZ is a United States citizen who owns Sea Reef LLC (“LLC”), a company incorporated in USA, and engaged in the business of providing engineering services to various offshore mooring and load handling equipment manufacturers. LLC is capable of generating innovative technologies/designs of the Products; and providing the necessary experienced personnel for the following functions:

- Engineering, design and product development;
- Manufacturing management;
- Operations;
- Quality control; and
- Field service.

Its customers include British Petroleum, Noble Drilling, Diamond Offshore, and Ensco.

Under the terms of the MOU, SBI and LLC will set up JV Co in Singapore with a paid-up capital of S\$10.00 to capitalise on LLC’s design and engineering skills with SBI’s strong Asian marketing network and contract engineering capabilities to design, manufacture and supply the Products to customers not only in Asia but also worldwide. This is in line with SBI’s vision to be the leading integrated provider of offshore equipment in Asia. SBI will own 60% of JV Co while LLC and the management team of JV Co will own equally the remaining 40% of JV Co.

JV Co will incorporate a wholly-owned subsidiary in the United States of America (“JV Subsidiary”) to provide engineering support to JV Co. JV Subsidiary will be managed by SZ under an employment contract. JV Co will have design/engineering offices in Houston (USA), Singapore and China.

The paid up capital of JV Co, being S\$10.00, will be funded by SBI. In addition, SBI will be responsible for financing the first year of operations of the JV Co and the entire paid up capital of the JV Subsidiary (the “Financial Commitment”) while LLC shall grant the use of the name “Sea Reef”, its logo, and technical drawings to the JV Co for use, sale and manufacture of various Sea Reef products and/or components free of charge and all encumbrances. The Financial Commitment of approximately US\$1 million in the form of an interest-free shareholder’s loan, will be funded out of the Company’s internal resources and banking facilities.

The Financial Commitment is not expected to have material effect on the earnings per share or the net tangible assets of the Group for the current financial year ending 31 December 2010 (“FY2010”). However, JV Co is expected to have a material contribution to SBI’s financial performance in FY2010.

The MOU is legally binding in nature to all parties for a term of one (1) year from its effective date and is intended to be replaced with a longer term shareholders’ agreement before the expiration of the one year term of the MOU on 3 March 2011 or such other date as may be mutually agreed amongst the parties. The shareholders’ agreement, upon its execution, shall become the sole and only valid, legally binding agreement in respect of the Proposed JV (the “Proposed SA”).

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed JV and the Proposed SA. None of the Directors or substantial shareholders of the Company is related to SZ and LLC.

The Company will update shareholders in relation to the Proposed JV and the Proposed SA, as and when it may be deemed necessary or appropriate.

By Order of the Board

Jonathan Hui

5 March 2010

SBI Offshore Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 November 2009. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor").

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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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