



SBI Offshore Limited

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

(Company Registration Number: 199407121D)

PROPOSED ACQUISITION OF BUSINESS AND ASSETS OF JIANGYIN NEPTUNE MARINE APPLIANCE CO. LTD - ADDENDUM TO BUSINESS AND ASSETS ACQUISITION AGREEMENT

Unless otherwise defined herein, capitalised terms and references used in this announcement shall bear the meanings ascribed to them in the Company's announcement dated 14 January 2010.

INTRODUCTION

The Board of Directors (the "**Board**") of SBI Offshore Limited (the "**Company**" and together with its subsidiary, the "**Group**") refers to the Company's announcement on 14 January 2010 regarding the Business and Assets Acquisition agreement dated 9 January 2010 (the "**Agreement**") entered into between the Company's 95%-owned subsidiary in the People's Republic of China ("**PRC**") , Jiangyin SBI Offshore Equipment Co. Ltd ("**JSBI**"), and its 35%-owned associated company in the PRC), Jiangyin Neptune Marine Appliance Co. Ltd ("**NPT**"), to take over the whole davit manufacturing business and related assets (including land, movable fixed assets and inventories) of NPT (the "**Acquisition**").

The Board wishes to announce that the Company has signed an Addendum to the Agreement dated 30 September 2010 ("**Addendum Agreement**"), whereby JSBI and NPT agreed to abort the Acquisition. In substitution thereof, NPT will transfer the land and factory building located at No. 28 Beihuan Road Yuecheng Town as well as certain equipments and utilities to JSBI (the "**New Acquisition**").

Pursuant to the Addendum Agreement, NPT shall, immediately upon signing of the Addendum Agreement, handover the land use right certificate to JSBI and NPT shall assist JSBI to finish the transfer of the said land use right certificate before 30 October 2010. Further, NPT shall move out of the factory building in stages and vacate it in entirety by 31 January 2011.

CONSIDERATION

The aggregate value of the consideration has been revised to RMB32,000,000 (equivalent to approximately S\$6.3 million based on an exchange rate of RMB5.1084 : S\$1.00 as at 11 October 2010) (the “**New Consideration**”). The New Consideration was arrived based on a willing-buyer, willing-seller basis. As at 31 August 2010, the Company had made advance payments aggregating to approximately RMB15.7 million to NPT. The balance of approximately RMB16.3 million will be settled by the Company between 15 October 2010 and 31 December 2010 out of the Group’s internal funds as well as borrowings.

RATIONALE OF THE ADDENDUM AGREEMENT

As the Group is expanding its Design & Manufacture as well as Contract Engineering divisions, and taking into consideration the substantial volume of customer enquiries from these 2 new divisions over the last few months, the Group decided not to proceed with davit manufacturing business in order to focus on higher value-added manufacturing of offshore equipment designed by its joint venture company, Sea Reef International Inc., as well as offshore drilling equipment designed by its major customer, Aker MH AS.

With the eminent recovery in the offshore industry, the Group would need a dedicated manufacturing facility for offshore equipment, especially when this facility has been audited and approved by Aker as its only contract manufacturing facility in the PRC. The New Acquisition therefore meets this need.

RELATIVE FIGURES

The relative figures for the aforementioned New Acquisition computed on the bases set out in Rule 1006 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (the “**Catalist Listing Rules**”) are shown in the table below:

Rule 1006	Bases of calculation	Size of relative figures (%) (to the nearest 2 decimal places)
(a)	The net asset value of the assets to be disposed of, compared with the group’s net asset value.	Not applicable ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of compared with the group’s net profits.	Not applicable ⁽²⁾

(c)	The aggregate value of the consideration given or received compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	21.45% ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾

Notes:

- (1) Not applicable as the transaction is an acquisition and not a disposal.
- (2) Not applicable as the transaction is an acquisition of property, plant and equipment.
- (3) Based on the market capitalisation of the Company of S\$29,203,224 as at 29 September 2010 which is determined by multiplying the volume weighted average price of the Company's shares traded on 29 September 2010 of S\$0.24 per share, being the last market day preceding the date of the Addendum Agreement, with the issued share capital of the Company of 121,680,100 shares.
- (4) Not applicable as the New Consideration is in the form of cash.

The New Acquisition constitutes a discloseable transaction pursuant to Rule 1010 of the Catalyst Listing Rules.

SOURCE OF FUNDS

The Group will fund the New Acquisition through internal resources as well as borrowings.

FINANCIAL EFFECTS OF THE ACQUISITION

The proforma financial effects of the New Acquisition are set out below, assuming that the New Acquisition had been completed at the end of the financial year ended 31 December ("FY") 2009 for the computation of the effect on the net tangible assets per share and completed at the beginning of FY2009 for the computation of the effect of earnings per share . Given that the proforma financial effects set out below are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and/or the results of the Group. Based on the audited financial statements of the Group for FY 2009, the proforma financial effects are set out below:-

Net Tangible Assets per share

There is no impact on the net tangible assets per share of the Group for FY2009.

Earnings per share

There is no impact on the earnings per share of the Group for FY2009.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Jonathan Hui, the Chief Executive Officer and a controlling shareholder of the Company, serves as a director of both JSBI and NPT on behalf of the Company. David Tan, a Director and controlling shareholder of the Company, serves as a director of JSBI on behalf of the Company. Save for the above, 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 New Acquisition.

DOCUMENTS FOR INSPECTION

A copy of the Addendum Agreement is available for inspection during the normal business hours at the Company's registered office at 31 International Business Park, #05-05 Creative Resource, Singapore 609921, for three (3) months from the date of this announcement.

By order of the Board

Jonathan Hui
Executive Chairman and Chief Executive Officer

12 October 2010

SBI Offshore Limited (the "Company") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "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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