



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

INTRODUCTION

The Board of Directors (the “**Board**”) of SBI Offshore Limited (the “**Company**” or the “**Group**”) is pleased to announce that its 95%-owned PRC subsidiary, Jiangyin SBI Offshore Equipment Co. Ltd (“**JSBI**”), had on 9 January 2010, entered into a Business and Assets Acquisition agreement (the “**Agreement**”) with its 35%-owned associated company in the People’s Republic of China (“**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**”).

INFORMATION ON NPT

NPT is a company established under PRC law on 28 January 2003 and its principal activities are the manufacture of lifeboats and davits for the marine/offshore industry. The current directors of NPT are Ollie Hua, Hua Hai Bo and Jonathan Hui.

CONSIDERATION

The aggregate value of the consideration is estimated to be approximately RMB15.4 million (equivalent to approximately S\$3.1 million based on an exchange rate of RMB4.90 : S\$1.00 as at 9 January 2010) (the “**Consideration**”) and computed as follows:

- 1) The land at 28 Beihuan Road, Yuecheng, Jiangyin, Jiangsu Province, PRC (with an area of approximately 20,010 square metres) at its book value of approximately RMB6.2 million;
- 2) Inventories (to be finalised when NPT conducts a physical stock-take of the inventories on or before 28 February 2010) at the lower of cost or net realisable value of approximately RMB7.5 million; and
- 3) Movable fixed assets at its net book value of approximately RMB1.7 million.

The Consideration for the Acquisition was arrived at on a willing buyer, willing seller basis. There will be an advance payment of approximately RMB13.5 million to NPT (the "Advance Payment") and the balance of approximately RMB1.9 million will be paid upon completion. If the condition precedent (set out below) is not met on completion date, NPT will refund the Advance Payment with interest at a rate of 6.0% per annum.

CONDITIONS PRECEDENT

The Acquisition is subject to the condition precedent that NPT and the Company shall enter into a separate agreement not to distribute NPT's undistributed profits for the financial years ended 31 December 2007 to 31 December 2009, except with the written agreement of both NPT and the Company.

SOURCE OF FUNDS

The Group will fund the Acquisition through internal resources, which will include approximately S\$2.5 million from the IPO proceeds.

RATIONALE FOR THE ACQUISITION

The manufacturing of davits mainly involves steel fabrication and assembly processes, which are also processes required for contract engineering of offshore equipment (such as drilling equipment, fluid transfer systems, cranes and winches). The Group is in active discussions with its principals as well as potential customers to provide contract engineering services to them so as to help them to significantly reduce transportation costs and delivery lead time from USA/Europe to Asia. The Acquisition will jump start JSBI's contract engineering business by providing modern facilities and skilled manpower to take on new projects immediately. At the same time, JSBI will be manufacturing davits to sell to NPT as well as to the Company and their respective customers.

JSBI shall lease the factory building at 28 Beihuan Road, Yuecheng, Jiangyin, Jiangsu Province, PRC from NPT for 3 years at 10% below market rental and shall prepay the 3 years' rental upon signing of the rental agreement.

DISCLOSEABLE TRANSACTION

The relative figures for the Acquisition computed on the bases set out in Rule 1006 of the Section B of the Singapore Exchange Securities Trading Limited Listing Manual (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 determinable ⁽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.	13.19 ⁽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 this is an acquisition and not a disposal.
- (2) Not determinable as NPT does not maintain records of segmental profits by product line. The Consideration is based on the book value of the land, the lower of cost or net realisable value of inventories and the net book value of movable fixed assets.
- (3) Based on the market capitalisation of the Company of S\$23,497,385 as at 8 January 2010 which is determined by multiplying the weighted average price of such shares transacted on 8 January 2010 of S\$0.2123 per share with the issued share capital of the Company of 110,680,100 shares.
- (4) Not applicable as the Consideration is in the form of cash.

The Acquisition therefore constitutes a discloseable transaction pursuant to Rule 1010 of the Catalist Listing Rules.

FINANCIAL EFFECTS OF THE ACQUISITION

The proforma financial effects of the Acquisition are set out below, assuming that the Acquisition had been completed at the end of the financial year for the computation of the effect on the net tangible assets per share, and at the beginning of the financial year for the computation of the effect on the 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 Company. Based on the audited financial statements of the Company for the financial year ended 31 December 2008, the proforma financial effects are set out below:-

Net Tangible Assets per Share

There is no impact on the net tangible assets per share as the Consideration is based on the book value of the land, the lower of cost or net realisable value of inventories and the net book value of movable fixed assets.

Earnings per Share

The impact on the earnings per share is not determinable as NPT does not maintain records of segmental profits by product line. The Consideration is based on the book value of the land, the lower of cost or net realisable value of inventories and the net book value of movable fixed assets.

Pursuant to the Acquisition, the contract engineering business is expected to contribute materially to the Group's financial performance for the financial year ending 31 December 2010.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Jonathan Hui, the Group's CEO and also a significant shareholder, is a director of both JSBI and NPT. Save for the above, none of the other Directors or substantial shareholders of the Group has any interest, direct or indirect, in the Acquisition or the Agreement.

DOCUMENTS FOR INSPECTION

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

By Order of the Board

Jonathan Hui

14 January 2010

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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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