



SBI Offshore Limited

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

(Company Registration Number: 199407121D)

DISPOSAL OF ENTIRE 35% EQUITY INTEREST IN ASSOCIATE

1 INTRODUCTION

The Board of Directors (the "**Board**") of SBI Offshore Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a sale and purchase agreement dated 18 August 2015 (the "**Agreement**") with Mr Hua Hanshou (the "**Purchaser**") to dispose of its entire equity interest of 35% ("**Disposed Equity**") in its associate, Jiangyin Neptune Marine Appliance Co. Ltd. ("**NPT**"), (the "**Disposal**"). The Purchaser is a businessman from the People's Republic of China who is not related to the Company or any Director or substantial shareholder of the Company.

2 INFORMATION ON NPT

NPT is a manufacturer of lifeboats and rescue boats with launching systems. As at the date of this announcement, the Company has a 35% interest in NPT, DSB Engineering Co., Ltd has a 10% interest in NPT and the remaining 55% interest in NPT is owned by Jiangyin Wanjia Yacht Co., Ltd.

Based on the unaudited consolidated financial statement of the Group for the half year ended 30 June 2015 ("**1H2015**"), the book value and profit before tax attributable to Disposed Equity were approximately US\$3,044,000 and US\$111,000, respectively.

3 RATIONALE FOR THE DISPOSAL

The Group is divesting in NPT as the investment has not contributed to the cash flow of the Group. The Group has no control over NPT's board and management team, and has little influence over its future direction. While NPT recorded a profit of RMB 5,263,420 in its financial ended 31 December 2014, it has not declared any dividends thus far.

Based on the numbers presented by NPT to its shareholders, NPT's revenue and profits have reduced by 13% and 23%, respectively, in the financial results for the half year ended 30 June 2015 compared to the previous corresponding period. The Board expects NPT's operational environment to be even more challenging this financial year and is of the view that the Disposal offers a good exit from its investment in the Disposed Equity.

4 CONSIDERATION

The consideration for the Disposal is US\$3,500,000 ("**Consideration**") and was arrived at on a willing-seller willing-buyer basis, taking into consideration the net asset value and past profits of NPT.

The Consideration will be paid in cash according to the following schedule:

- (a) US\$1,250,000 within 5 working days from the date of the Agreement;
- (b) the Company and the Purchaser will set up a jointly-controlled account, and US\$1,750,000 will be deposited in the account before the submission of the application of Disposal to the relevant authorities. This sum will be released within 15 working days of the Disposal being approved by the relevant authorities; and
- (c) the remaining US\$500,000 will be paid within 5 years in 5 instalments at each anniversary from the date the Disposal is approved by the relevant authorities. The Purchaser shall procure NPT to provide a guarantee in favour of the Company for the payment of the remaining US\$500,000.

The book value of Disposed Equity as at 30 June 2015 was approximately US\$3.04 million. The Consideration of US\$3.5 million less estimated cost of US\$0.015 million represents a gain of US\$0.45 million over the book value of Disposed Equity. Accordingly, the gain resulting from the Disposal is estimated at US\$0.45 million before capital gain tax and/or any relevant tax relating to the Disposal.

The Consideration will be used for the Group's general working capital.

5 RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

The relative figures of the Disposal using the applicable bases set out in Rule 1006 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") based on the latest announced unaudited consolidated financial statements of the Group for 1H2015 are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Disposed Equity of US\$3,044,000, compared with the Group's net asset value of US\$30,209,000.	10.08%
(b)	Net profits ⁽¹⁾ attributable to the Disposed Equity of US\$111,000, compared with the Group's net loss ⁽¹⁾ of US\$23,000.	Not meaningful ⁽²⁾
(c)	Aggregate value of the Consideration of US\$3,500,000, compared with the Company's market capitalisation ⁽³⁾ of S\$57,176,743 based on the total number of issued shares excluding treasury shares.	8.63%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

Notes:

- (1) Means profit or loss before income tax, minority interests and extraordinary items.

- (2) The profit before tax attributable to the Disposed Equity was US\$111,000 and the Group's loss before tax was US\$23,000 for 1H2015.
- (3) The Company's market capitalization of approximately S\$57,176,743 is determined by multiplying the issued share capital of the Company of 249,680,100 shares with the volume weighted average price of such shares transacted on 18 August 2015 of S\$0.229 per share.
- (4) Based on the currency exchange rate of US\$1 : S\$1.41.

The relative figures under Rules 1006(a) and (d) of the Catalist Rules exceed 5% but do not exceed 50%. However, given that the relative figure computed under Rule 1006(b) is a negative figure, pursuant to Catalist Rule 1007(1), the Company will, through the Sponsor, consult the SGX-ST on the application of Chapter 10 of the Catalist Rules for the Disposal.

6 FINANCIAL EFFECTS

6.1 The financial effects of the Disposal on the Group as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the Disposal.

6.2 The financial effects set out below are based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2014 ("FY2014"), on the following key assumptions:

- (a) the effect on the earnings per share ("EPS") of the Group is based on the assumption that the Disposal had been effected at the beginning of FY2014; and
- (b) the effect on the net tangible assets ("NTA") per share of the Group is based on the assumption that the Disposal had been effected at the end of FY2014.

6.3 EPS

	Before the Disposal	After the Disposal
Net Profit (US\$'000)	610	398
Weighted average number of shares ('000)	203,951	203,951
EPS (US cents)	0.30	0.20

6.4 NTA per share

	Before the Disposal	After the Disposal
NTA (US\$'000)	28,961	29,513
Number of issued shares ('000)	249,680	249,680
NTA per Share (US cents)	11.60	11.82

7 SERVICE CONTRACT

No service contract is proposed to be entered into between the Company and any such person in connection with the Disposal.

8 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date hereof, none of the Directors has any interest, direct or indirect, in the Disposal, other than that arising from their respective shareholdings in the Company, if any.

To the best of the Directors' knowledge, none of the controlling shareholders of the Company and his associates has any interest, direct or indirect, in the Disposal, other than that arising from their respective shareholdings in the Company.

9 DOCUMENT FOR INSPECTION

A copy of the Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555 for a period of three (3) months commencing from the date of this announcement.

10 CAUTION IN TRADING

Shareholders and potential investors should exercise caution when trading in the Company's shares, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

By Order of the Board

Amy Soh Wai Ling
Chief Financial Officer

18 August 2015

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 Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.