



SBI Offshore Limited

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

(Company Registration Number: 199407121D)

PROPOSED PLACEMENT OF 11,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.29 PER SHARE

1. Introduction

The Board of Directors (the "**Board**") of the Company wishes to announce that the Company has on 21st May 2010 entered into a placement agreement (the "**Placement Agreement**") with various parties (the "**Placees**") pursuant to which the Company has agreed to allot and issue 11,000,000 new ordinary shares in the issued share capital of the Company (the "**New Shares**") and the Placees have agreed to subscribe for the New Shares, at an issue price of S\$0.29 per New Share (the "**Issue Price**"), amounting to an aggregate consideration of S\$3,190,000, and on the terms and conditions of the Placement Agreement (the "**Placement**").

The Company has not offered the New Shares for sale to, or procure subscriptions of or make an invitation for the New Shares to or by any person in the categories set out in Rule 812(1) of the rules in Section B of the Listing Manual.

Details of the Placees, the number of New Shares to be subscribed by each Placee and the aggregate Issue Price to be paid by each Placee are set out below:-

Name of Placees	Number of New Shares to be subscribed for	Aggregate Issue Price (\$)
Vision Capital Pte Ltd	2,500,000	725,000
Gay Chee Cheong	2,500,000	725,000
Ramesh s/o Pritamdas Chandiramani	2,000,000	580,000
Sing Lun Investments Pte Ltd	1,000,000	290,000
Khoo Kuan Lee	1,000,000	290,000
Tan Kong Luen	1,000,000	290,000
Sim Soon Ngee Glendle	1,000,000	290,000
Total	11,000,000	3,190,000

The New Shares are offered to the Placees pursuant to the provisions of Section 272B of the Securities and Futures Act (Chapter 289 of Singapore).

The Issue Price represents a premium of approximately 3.6% to the volume-weighted average market price of S\$0.28 for each ordinary share in the capital of the Company ("**Share**"), based on trades done on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist**") on 21st May 2010, being the preceding full market day during which Shares were traded prior to the date of the Placement Agreement. The New Shares represent approximately 9.94% of the total number of issued Shares of 110,680,100 Shares as at the date of this Announcement.

The New Shares, when issued and delivered, shall be free from all claims, charges, liens, pledges, mortgages and other encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the existing issued Shares except that they will not rank for any dividend, right, allotments or other distributions (if any), the record date of which falls on or before the Completion Date (as defined below).

Each New Share will be issued at the Issue Price pursuant to the general share issue mandate adopted by the shareholders of the Company at the annual general meeting of the Company held on 23 April 2010, authorising the directors of the Company to issue new Shares and convertible securities.

2. **Conditions precedent to Completion**

Completion of the Placement is to take place on the date falling three (3) market days after the listing and quotation notice (the "**Listing Approval**") has been obtained from the SGX-ST for the listing of the New Shares on Catalist (or, if that day is not a market day, on the next market day) (the "**Completion Date**") and is conditional upon, *inter alia*:

- (a) the submission of for the additional listing of the New Shares to the SGX-ST by the sponsor of the Company, PrimePartners Corporate Finance Pte. Ltd., in connection with the listing and quotation of the New Shares on Catalist;
- (b) the listing and quotation notice for the New Shares being obtained from the SGX-ST and not having been revoked or amended and, where such listing and quotation notice is subject to conditions to the extent that any conditions are required to be fulfilled before the Completion Date, they are so fulfilled;
- (c) all other necessary consents, approvals and waivers required from any person or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Placement and to give effect to the Placement being obtained and not having been revoked or amended before the Completion Date; and
- (d) the Placement not being prohibited by any statute, order, rule, regulation or directive by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Places.

The Sponsor of the Company will make an application on behalf of the Company to the SGX-ST for the Listing Approval. The Company will make the necessary announcements once the Listing Approval has been obtained.

3. Use of Net Proceeds

Assuming that the 11,000,000 New Shares are fully subscribed for, based on the Issue Price, the estimated amount of proceeds from the Placement (net of the estimated expenses of S\$20,000 in connection with the Placement) is approximately S\$3,170,000 (the "**Placement Proceeds**").

Approximately S\$1,500,000, representing approximately 47.32% of the total amount of the Placement Proceeds, will be used as working capital for the contract engineering business of the Company and its subsidiaries (the "**Group**"), which includes funding the activities of the Group's manufacturing facility in Jiangsu province, which is undertaken by the Company's subsidiary, Jiangyin SBI Offshore Equipment Co. Ltd.

The remaining Placement Proceeds of approximately S\$1,670,000, representing approximately 52.68% of the total amount of the Placement Proceeds, will be used by the Group for general working capital purposes. This includes funding the expenses for its newly established design/engineering offices in Houston (USA) and Singapore, as part of the Group's recent joint-venture with Sea Reef LLC (a Houston-based design and engineering house for winches), which has collaborations with Veristic Technologies (Houston-based designer and fabricator of derricks), DTi (Houston-based designer and fabricator for tensioners) and PoelTec (Rotterdam-based design and engineering house for offshore cranes).

4. Financial Effects

Based on the issued share capital of the Company of approximately S\$5,834,885 comprising 110,680,100 Shares as at the date of this Announcement and assuming that all the 11,000,000 New Shares are issued, on completion of the Placement, the issued share capital of the Company will increase to approximately S\$9,024,885 comprising 121,680,100 Shares. The 11,000,000 New Shares represent approximately 9.94% of the Company's present issued share capital of 110,680,100 Shares and approximately 9.04% of the enlarged issued share capital of the Company immediately after the completion of the Placement (assuming all the 11,000,000 New Shares are issued).

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2009, the Group's net asset value per Share was approximately 6.12 cents. Assuming that the Placement had been effected on 31 December 2009 and that all the New Shares were issued on the same date, the Group's net asset value per Share, after adjusting for the issue of the New Shares, would be approximately 8.17 cents.

5. Confirmation

The Directors are of the reasonable opinion that after taking into consideration the Group's internal resources, and present banking and other facilities available, the Group has, as at the date of this announcement, sufficient working capital to meet its present requirements.

6. General

Save as disclosed in this Announcement, none of the Directors of the Company nor (in so far as the Directors of the Company are aware) any substantial shareholder of the Company or their respective associates has any interest, whether direct or indirect, in the Placement. In view of the Placement, shareholders of the Company and potential investors should exercise caution when trading in the Shares, and where in doubt as to the action they should take, they should consult their financial, tax or other advisors.

7. Responsibility Statement

The Directors (including any Director who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

BY ORDER OF THE BOARD

JONATHAN HUI
EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER
22nd May 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.

The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 1 Raffles Place, #30-03 OUB Centre, Singapore 048616, telephone (65) 6229 8088.