



SBI Offshore Limited

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

(Company Registration Number: 199407121D)

PROPOSED PRIVATE PLACEMENT OF 62,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF SBI OFFSHORE LIMITED

1. INTRODUCTION

The board (the “**Board**”) of directors (the “**Directors**”) of SBI Offshore Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce the proposed placement of 62,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”), at S\$0.2605 (the “**Placement Price**”) for each Placement Share by way of a private placement, amounting to an aggregate amount of S\$16,151,000 (“**Proposed Placement**”).

2. PROPOSED PLACEMENT

The Company has entered into separate subscription agreements (each “**Subscription Agreement**” and collectively, the “**Subscription Agreements**”) with four different investors, CE Ventures Offshore Ltd (“**CE Ventures**”), Millennium Marine Pte Ltd (“**Millennium**”), Mr Pang Shun Pen (“**Mr Pang**”) and Mr Osith Ramanathan (“**Mr Ramanathan**”) (each a “**Subscriber**” and collectively “**Subscribers**”) who had agreed to subscribe for the Placement Shares in the number hereinbelow.

	Number of Placement Shares	% of Total Placement Shares	Date of Subscription Agreement
CE Ventures	27,000,000	43.55	19 September 2014
Millennium	27,000,000	43.55	23 September 2014
Mr Pang	4,000,000	6.45	23 September 2014
Mr Ramanathan	4,000,000	6.45	23 September 2014
Total	62,000,000	100.00	

The aggregate number of Placement Shares represents 33.0% of the existing issued share capital of the Company (excluding treasury shares) (“**Shares**”) of 187,680,100 Shares and 24.8% of the enlarged issued share capital of the Company (excluding treasury shares) of 249,680,100 Shares following the completion of the Proposed Placement.

The Placement Price represents a discount of approximately 9.9% to the volume weighted average price of S\$0.2892 per Share based on the trades done on 18 September 2014, being the last full market day prior to the dates of the Subscription Agreements, and up to the time of the trading halt of the shares on 19 September 2014. The Placement Price was arrived at on a willing-buyer, willing-seller basis. In agreeing to the Placement Price, the Board has also taken into consideration the general market conditions and the value of the existing issued Shares.

The Placement Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares except that they will not rank for any dividends, distributions or entitlements, the record date for which falls on or before the date of issue of the Placement Shares.

CE Ventures is a BVI-registered investment company controlled by Mr Mirzan Bin Mahathir. Millennium is a Singapore-registered company involved in offshore and marine activities and controlled by Mr Guo Hairong. Mr Ramanathan is the founder and owner of Ostara Capital Pte Ltd, while Mr Pang is the founder and director of SP Asia-Euro Capital Pte Ltd and co-founder of Ostara Capital Pte Ltd.

CE Ventures was introduced by the Company's Independent Director, Mr Ahmad Subri Bin Abdullah. Millennium was introduced by Mr Zhang Hongyin, an employee of the Company. Mr Pang and Mr Ramanathan were introduced by Mr Gerard Teoh, Director of Crave Capital Sdn Bhd., which is independent of the Company.

There is no introducer fee or placement commission paid by the Company in connection with the Proposed Placement.

The Placement Shares are placed to the Subscribers as they have indicated an interest to invest in the Company, and the Company believes that the Subscribers are sincere in holding the Placement Shares as investment.

Pursuant to the Subscription Agreements, each Subscriber has represented that he/it is not a person to whom the Company is prohibited from issuing Shares to, as provided by Rule 812(1) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

In addition, pursuant to the Subscription Agreements, the Subscribers have represented that they are independent of each other and have no connection (including business relationships) with the Company, its Directors or substantial shareholders. They have also confirmed that they are not acting in concert with each other nor any Director or substantial shareholder of the Company to obtain or consolidate effective control of the Company through the Proposed Placement (including as contemplated in the Singapore Code on Take-overs and Mergers and they do not act in accordance with the instructions of any substantial shareholder of the Company.

The Proposed Placement would also not result in any transfer of controlling interest in the Company.

Shareholders' Mandate and Specific Shareholders' Approval

The 62,000,000 Placement Shares subscribed for by the Subscribers will be allotted and issued pursuant to a general share issue mandate (the "**General Mandate**") obtained from the shareholders of the Company (the "**Shareholders**") at the annual general meeting of the Company held on 29 April 2014 ("**2014 AGM**").

The General Mandate authorises the Directors of the Company to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) as at the date of the 2014 AGM, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing Shareholders of the Company shall not exceed 50% of the Company's total number of issued Shares (excluding treasury shares).

As at the date of the 2014 AGM, the number of issued Shares was 180,680,100. No Shares were previously issued under the General Mandate prior to the Proposed Placement. As such, the total number of Shares that may be issued pursuant to the General Mandate is 180,680,100 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 90,340,050 Shares. The proposed allotment and issuance of an aggregate of 62,000,000 Placement Shares will fall within the limits of the General Mandate.

Rationale for the Proposed Placement

The Company is undertaking the Proposed Placement to strengthen its financial position, and to take on bigger projects and merger and acquisition opportunities.

Change in Capital

As at the date of this announcement, the issued and paid-up share capital of the Company is approximately S\$17,248,627 comprising 187,680,100 Shares. Immediately following the Proposed Placement, the issued and paid-up share capital of the Company will increase to approximately S\$33,399,627 comprising 249,680,100 Shares. The interests of the Directors, substantial Shareholders and the Subscribers in the Shares of the Company before and after the completion of the Proposed Placement are as follows:

	Before the Proposed Placement ⁽¹⁾		After the Proposed Placement ⁽²⁾	
	No. of Shares	%	No. of Shares	%
Directors				
Chan Lai Thong	20,010,000	10.66	20,010,000	8.01
Tan Woo Thian	45,900,000	24.46	45,900,000	18.38
Giang Sovann	10,000	0.01	10,000	0.004
Jen Shek Voon	110,000	0.06	110,000	0.044
Mahtani Bhagwandas	117,000	0.06	117,000	0.047
Ahmed Subri Abdullah	-	-	-	-
Substantial Shareholders (other than Directors)				
Hui Choon Ho	30,209,000	16.10	30,209,000	12.10
Pheim Asset Management Sdn Bhd	19,000,000	10.12	19,000,000	7.61
Goh Khoo Lim	9,800,000	5.22	9,800,000	3.93
Subscribers				
CE Ventures	-	-	27,000,000	10.81
Millennium	-	-	27,000,000	10.81
Mr Pang	-	-	4,000,000	1.60
Mr Ramanathan	-	-	4,000,000	1.60

Notes:

(1) Based on the Company's existing issued and paid-up share capital of 187,680,100 Shares.

(2) Based on the Company's enlarged issued and paid-up share capital of 249,680,100 Shares upon completion of the Proposed Placement.

Use of Proceeds

The net proceeds to be raised from the Proposed Placement, after deducting estimated fees and expenses of approximately S\$31,000 incurred or to be incurred by the Company in connection with the Proposed Placement will amount to approximately S\$16.12 million ("**Net Proceeds**").

The Company intends to utilise the Net Proceeds from the Proposed Placement as follows:

Use of Net Proceeds	Percentage allocation
Working capital and funding for existing projects	30%
New market expansion, new business development plans and new projects	70%

The Company is in the process of sourcing for new market expansion, undertaking new business development plans and new projects and is thus considering additional fund raising options. Further announcement(s) will be made in due course when such plans are finalised.

Pending the deployment of the Net Proceeds for the above purposes, such Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and marketable securities, or used for any other purpose on a short-term basis, as the Board may, in its absolute discretion, deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Proposed Placement as and when such funds are materially disbursed, and provide a status report on the use of the Net Proceeds from the Proposed Placement in the Company's half and full year financial statements issued under Rule 705 of the Catalist Rules and annual report. Where the Net proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Net Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reasons for such deviation.

Additional Listing Application

The Company will be making an application to the SGX-ST via the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd., (the "**Sponsor**") for the listing and quotation of the Placement Shares on the Catalist of the SGX-ST. An appropriate announcement will be made upon the receipt of the listing and quotation notice ("**LQN**") in respect of the Placement Shares from the SGX-ST.

Conditions Precedent

The Proposed Placement is subject to certain conditions precedent more particularly set out in the Subscription Agreements, including but not limited to:

- (i) the consideration having been paid in full to the Company in accordance with the terms of each Subscription Agreement;

- (ii) the receipt of the LQN by the Company for the listing and quotation of the Placement Shares on the Catalist of the SGX-ST and such approval not having been revoked or amended on or before the date of completion (“**Completion Date**”) and, where such approval is subject to conditions, such conditions being reasonably acceptable to each Subscriber and the Company; and
- (iii) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the dates of the respective Subscription Agreements by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company and/or each Subscriber.

Completion

Completion of the Proposed Placement shall take place on a date no later than the seventh (7th) working day after the satisfaction of the above Conditions Precedent of each of the Subscription Agreements or such other date as may be agreed between the parties.

3. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Proposed Placement will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.

4. FINANCIAL EFFECTS

The financial effects of the issue and allotment of the Placement Shares on the net tangible assets (“**NTA**”) per share and the earnings per share (“**EPS**”) of the Group are set out below. The financial effects which have been prepared based on the audited consolidated financial statements of the Group for its most recently completed financial year ended 31 December 2013 (“**FY2013**”), are purely for illustrative purposes only and do not reflect the actual financial position of the Group after the allotment and issue of the Placement Shares.

Net Tangible Asset

Assuming that the Proposed Placement had been completed on 31 December 2013, the effect on the net tangible asset (“**NTA**”) per Share as at 31 December 2013 will be as follows:

	Before Proposed Placement	After Proposed Placement
NTA attributable to Shareholders (US\$'000)	15,261	27,594
Number of Shares ('000)	187,680	249,680
NTA per Share attributable to Shareholders (US cents)	8.13	11.20

Earnings per share

Assuming that the Proposed Placement had been completed on 1 January 2013, the effect on the earnings per Share (“EPS”) for FY2013 will be as follows:

	Before Proposed Placement	After Proposed Placement
Net profit attributable to Shareholders (US\$'000)	987	987
Number of Shares* ('000)	148,064	220,064
EPS per Share attributable to Shareholders (US cents)	0.67	0.45

**Assuming that the aggregate number of new Shares which were issued during the current financial year ending 31 December 2014, had been allotted and issued at the beginning of FY2013.*

5. CONFIRMATION BY DIRECTORS

The Directors are of the opinion that after taking into consideration the present bank facilities available to the Group, the working capital available to the Group is sufficient to meet its present requirements. Nonetheless, the Board is of the view that the Proposed Placement is beneficial to the Group as it will support future growth of the Group and further strengthen the financial position of the Group.

6. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, neither the Directors nor any other substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Placement (other than through their shareholdings in the Company).

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

8. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Subscription Agreements will be made available for inspection during normal business hours at the Company's registered office address 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.

9. TRADING CAUTION

Shareholders 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 professional adviser immediately.

By Order of the Board of

Chan Lai Thong
Executive Chairman
23 September 2014

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 ("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 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088