



**SBI Offshore Limited**

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

(Company Registration Number: 199407121D)

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**Joint Venture with Honghua Group Limited**

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The Board of Directors (the “**Board**”) of SBI Offshore Limited (“**SBI**” or the “**Company**” together with its subsidiaries, the “**Group**”) refers to the press release made on 1 June 2011 in relation to the Joint Venture (as defined herein) and the announcement made on 4 July 2011 in relation to the incorporation of a wholly-owned subsidiary.

The Board is pleased to announce that it had on 26 July 2011 entered into a joint venture agreement with Honghua Holdings Limited (“**Honghua Holdings**”), a wholly-owned subsidiary of Hong Kong Stock Exchange-listed Honghua Group Limited (“**Honghua Group**”), to establish a joint venture company in which SBI holds a 30% interest (“**Joint Venture**”).

HS Offshore Pte. Ltd. (“**HS Offshore**”) which was incorporated in Singapore as the wholly-owned subsidiary of the Company on 4 July 2011 with an initial issued and paid-up capital of S\$10 comprising 10 ordinary shares will be the vehicle for the Joint Venture. Both Honghua Holdings and SBI will as soon as practicable subscribe, in proportion to their respective shareholdings interest in HS Offshore, for such new ordinary shares such that the issued and paid-up capital of HS Offshore will be increased to US\$1,000,000, comprising 1,000,000 ordinary shares.

The principal activities of HS Offshore will be provision of contract manufacturing services to offshore and marine (“**O&M**”) equipment companies. It expects to have first-mover advantage as western offshore equipment companies seek out competent original equipment manufacturers in Asia in order to benefit from lower production costs and being closer to the shipyards in Asia, which account for the building of approximately 80% of all mobile offshore drilling and construction units in the world.

The Joint Venture will be able to leverage on Honghua Group’s significant production facilities and capabilities in land drilling rigs and rig components and SBI’s knowledge of offshore drilling equipment and expertise in the O&M sector, particularly, project management, quality assurance, quantity control as well as detailed engineering. HS Offshore targets to become a leading player in offshore drilling and construction equipment and components in the world.

Honghua Group is one of the largest land rig manufacturer in the world as well as one of China’s largest in terms of revenue and production volume. Honghua Group also provides drilling-related training and after-sales support services to its customers.

The Company intends to fund its share of the investment through internal resources. The investment is not expected to have any material impact on the Group’s earnings per share or net tangible assets per share for the financial year ending 31 December 2011.

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 Joint Venture.

None of the Directors or substantial shareholders of the Company and their respective associates are related to Honghua Holdings or Honghua Group.

The Company will update shareholders in relation to the Joint Venture as and when it may be deemed necessary or appropriate.

By Order of the Board  
Jonathan Hui  
26 July 2011

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