



For Immediate Release

HKSE-LISTED HONGHUA GROUP AND SGX-CATALIST LISTED SBI OFFSHORE FORM JOINT VENTURE COMPANY TO OFFER OFFSHORE AND MARINE SECTOR CONTRACT MANUFACTURING SERVICES

- *JV Company will jointly bid for large-scale manufacturing contracts for offshore drilling and construction equipment*
- *First-mover advantage as western offshore equipment companies seek competent manufacturers in Asia*
- *JV Company will be headquartered in Singapore*

HONG KONG/SINGAPORE, 26 JULY 2011 – Hong Kong Stock Exchange-listed Honghua Group Limited (“**Honghua**”) and Singapore Exchange Catalist-listed SBI Offshore Limited (“**SBI Offshore**”) has today formalised a joint venture company, HS Offshore Pte. Ltd. (“**JV Company**” or “**HS Offshore**”), to offer large-scale contract manufacturing services to global offshore & marine (“**O&M**”) industries and to tap the growing outsourcing trend to Asia (“**Joint Venture**”).

Honghua, one of the world’s largest land rig manufacturer and one of China’s largest in terms of revenue and production volume, holds 70% in HS Offshore while SBI Offshore, which has a long history of supplying equipment to shipyards and builders of jack-up rigs, semi-submersibles, drillships, and offshore production platforms in Asia, holds the remaining 30%.

The signing was witnessed by a senior executive from Aker Solutions, one of the leading drilling equipment suppliers in the world and which has qualified SBI Offshore’s facility in China as its subcontractor.

With an intended issued and paid-up capital of US\$1.0 million, HS Offshore – which will offer manufacturing services to O&M equipment companies – expects to have first-mover advantage as western offshore equipment companies seek out competent original equipment manufacturers in Asia to lower production costs and time to market in the region which accounts for the building of approximately 80% of all mobile offshore drilling units globally.

The Joint Venture will leverage on Honghua’s significant production facilities and capabilities in land rigs and components and SBI Offshore’s knowledge of drilling equipment and expertise in the O&M sector, particularly, project management, quality assurance and detailed engineering.

Mr Zhang Mi, Chairman and President of Honghua, said, “This Joint Venture will allow Honghua to accelerate its expansion into the offshore sector as equipment makes up 50-65% of the total cost of an offshore rig or construction vessel. Honghua believes that this Joint Venture will boost the competitiveness and capabilities of its proposed offshore production base in Qidong, Jiangsu Province, China”.

Mr Jonathan Hui, Chairman and Chief Executive Officer of SBI Offshore, said, “This Joint Venture will enable SBI Offshore to expand our contract manufacturing capacity and capabilities substantially while minimising capital expenditure.

SBI Offshore will be able to offer to the JV Company our detailed engineering expertise following our collaboration with U.S.-based Sea Reef LLC and Ram Machine Tooling, Inc. The JV Company aims to become a leading original design manufacturer of offshore drilling and construction equipment and components in the world,” Mr Jonathan Hui added.

SBI Offshore and Honghua expect to work on two major projects to supply cost competitive drilling equipment to a customer in Europe and Asia. Further updates will be announced at a later date.

End of Release

The above press release was issued jointly by Honghua and SBI Offshore.

About SBI Offshore Limited

Established since 1994, SBI Offshore is primarily engaged in the marketing and distribution of offshore equipment to shipyards and builders of jack-up rigs, semi-submersibles, drillships, and mobile offshore production platforms in Asia. Since its public listing in November 2009, the Group has evolved into an integrated engineered solutions provider to the offshore oil and gas industry with strategic alliances and acquisitions of prominent design & engineering houses and equipment OEMs.

The Group's customer base includes most of the leading owners and builders of mobile offshore drilling and production units in the world. Its distribution network encompasses USA, Brazil, Singapore, China, Malaysia, Indonesia and Vietnam.

About Honghua Group Limited

Listed on the Hong Kong Stock Exchange since 2006, Honghua 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. It also provides drilling-related training and after-sales support services.

In addition to drilling rigs, Honghua manufactures rig parts and components used in the production of its own rigs, as well as for external sales. It also produces and sells rig parts and components in the form of offshore drilling modules for offshore platforms.

The Group's operations are supported by a diversified global marketing network, with sales offices in North America, the Middle East and Africa and partnerships with local distributors in regions such as Russia and Asia (including China).

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 press release 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 press release.

This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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