



SBI Offshore Limited

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

(Company Registration Number: 199407121D)

DISPOSAL OF PROPERTY BY SUBSIDIARY

1 INTRODUCTION

The Board of Directors (the "**Board**") of SBI Offshore Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Jiangyin SBI Offshore Equipment Co., Ltd. ("**JSBI**") has entered into a sale and purchase agreement dated 27 December 2017 (the "**Agreement**") with Jiangyin HF Investment Consultant Co., Ltd (江苏隆之峰机械有限公司, the "**Purchaser**") for the disposal of the existing factory located at No. 28, Beihuan Road, Yuecheng Town, Jiangyin, Jiangsu Province, the People's Republic of China ("**PRC**"), and the related land use rights (the "**Property**") (the "**Disposal**"). The Agreement is a standard agreement provided by the relevant authority in PRC. Save for the provision on escrow of the consideration, there is no other condition and other non-standard term such as put or call option. The Disposal is subject to the approval of the relevant authority in PRC.

The Purchaser is a newly incorporated company in PRC and neither the Purchaser nor its directors and shareholders are related to the Company or any Director or substantial shareholder of the Company. The Purchaser was introduced to the Group by a referral and the Group has agreed to pay a commission of about 5% of the consideration to the referral. The referral is an offshore company owned by Mr Tan Woo Thian, a substantial shareholder of the Company.

2 DESCRIPTION OF THE PROPERTY

The Property has a built up area of 16,182.25m² and is designated for industrial use. The Property is currently vacant after JSBI discontinued its business.

The Group had commissioned a valuation conducted by an independent valuer, Suzhou Welsen Assets Appraisal Co., Ltd, ("**Valuer**") on the Property for the purpose of its financial statements. Based on the valuation report issued by the Valuer, the market value of the Property as at 31 August 2017 is RMB 17,783,000 based on income approach.

3 RATIONALE

The Disposal is in the Group's interests as it will allow the Group to realise the value of the Property which is currently vacant. The Disposal will allow the Group to enhance its cash flows and allow the Group's resources to be deployed for other use.

4 CONSIDERATION

The consideration for the Disposal is RMB 18 million ("**Consideration**") in cash. The Consideration was arrived at on a willing-seller willing-buyer basis, taking into consideration the valuation of the Property.

The Consideration will be held in escrow by JSBI's PRC solicitor and will be disbursed to JSBI upon completion of the transfer of the title of the Property.

5 DISCLOSEABLE TRANSACTION

5.1 Relative Figures

For the purposes of Chapter 10 of the Catalist Rules of the Singapore Exchange Securities Trading Limited's ("**SGX-ST**"), the relative figures of the Disposal using the applicable bases of comparison set out in Rule 1006 of the Catalist Rules based on the latest announced unaudited consolidated financial statements of the Group for the half year period ended 30 June 2017 ("**1H2017**") are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of Property to be disposed of, compared with the Group's net asset value ⁽¹⁾ .	22.3%
(b)	Net profit/loss ⁽²⁾ attributable to the Disposal compared with the Group's net loss.	Not meaningful ⁽³⁾
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation ⁽⁴⁾ based on the total number of issued shares excluding treasury shares.	18.5%
(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) The net asset value of Property and the net asset value of the Group as at 30 June 2017 were approximately US\$4,545,000 and US\$20,340,000 respectively.
- (2) Means profit or loss before income tax, minority interests and extraordinary items.
- (3) Not meaningful as the Group was at a loss for 1H2017. Loss before tax attributable to the Property for 1H2017 was approximately US\$161,000 comprising depreciation, taxes and maintenance.
- (4) The Company's market capitalisation of approximately S\$19,974,408 is determined by multiplying the issued share capital of the Company of 249,680,100 ordinary shares with the volume weighted average price of such shares transacted on 26 December 2017 of S\$0.08 per share.

5.2 The relative figures under Rules 1006(a) and (c) exceed 5% but do not exceed 50%. Accordingly, the Company is of the view that the Disposal constitutes a "Disclosable Transaction" as defined under Chapter 10 of the Catalist Rules.

5.3 As the relative figures computed pursuant to Rule 1006(b) is a negative figure, whether the classification of the Disposal as "Disclosable Transaction" is still subject to the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") determination pursuant to Rule 1007. The SGX-ST will be consulted.

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 have been prepared pursuant to the requirements of Rule 1010(8) and Rule 1010(9) of the Catalist Rules and based on the latest audited consolidated financial

statements of the Group for the full financial year ended 31 December 2016 ("FY2016"), 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 FY2016; 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 FY2016.

6.3 EPS

EPS	Before the Disposal	After the Disposal
Net Loss (US\$'000)	(4,586)	(4,274)
Weighted average number of shares ('000)	249,680	249,680
EPS (US cents)	(1.84)	(1.71)

6.4 NTA

NTA	Before the Disposal	After the Disposal
NTA (US\$'000)	20,290	19,257
Number of issued shares ('000)	249,680	249,680
NTA per share (US cents)	8.13	7.71

7 LOSS ON DISPOSAL AND USE OF PROCEEDS

Based on the unaudited consolidated financial statements of the Group for 1H2017, the book value of the Property as at 30 June 2017 is approximately RMB 29,786,000.

The Consideration of RMB 18 million less estimated cost of RMB 1,065,000 represents a deficit of RMB 12,851,000 over the book value of the Property. Accordingly, the loss resulting from the Disposal is estimated at RMB 12,851,000 (approximate US\$ 1,961,000) before any relevant tax relating to the Disposal.

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

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, save as disclosed above in relation to the referral, none of the controlling shareholder 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.

No Director is appointed in connection with the Disposal.

9 DOCUMENTS FOR INSPECTION

A copy of the Agreement and the valuation report by the Valuer are 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 shares of the Company, 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

**Mirzan Bin Mahathir
Executive Non-Independent Chairman**

28 December 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.

This announcement has not been examined or approved by the Exchange and the Exchange 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.

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