

SBI OFFSHORE LIMITED
(Registration No: 199407121D)
Unaudited Financial Statements and Dividend Announcement
For the Full Year Ended 31 December 2016 (“FY2016”)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| GROUP | FY2016 US\$'000 | FY2015 US\$'000 | Change % |
|---|----------------------------|----------------------------|---------------------|
| Revenue | 1,289 | 7,110 | (81.9) |
| Cost of sales | (1,011) | (3,206) | (68.5) |
| Gross profit | 278 | 3,904 | (92.9) |
| Other items of income | | | |
| Interest income | 188 | 49 | 283.7 |
| Other income | 186 | 382 | (51.3) |
| Other items of expense | | | |
| Administrative and other expenses | (5,215) | (8,758) | (40.5) |
| Finance costs | - | (24) | NM |
| Share of results of an associate, net of tax | - | 184 | NM |
| Share of results of a joint venture, net of tax | (30) | 93 | NM |
| Loss before income tax | (4,593) | (4,170) | 10.1 |
| Income tax credit | 7 | 54 | (87.0) |
| Loss for the financial year | (4,586) | (4,116) | 11.4 |
| Loss attributable to: | | | |
| Owners of the parent | (4,531) | (4,043) | 12.1 |
| Non-controlling interests | (55) | (73) | (24.7) |
| | (4,586) | (4,116) | 11.4 |

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | FY2016 US\$'000 | FY2015 US\$'000 | Change % |
|--|-----------------------|-----------------------|-------------|
| <u>Statement of comprehensive income</u> | | | |
| Other comprehensive income: | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences arising from translation of foreign operations net of tax of US\$Nil | (152) | (96) | 58.3 |
| Total comprehensive income for the financial period | <u>(4,738)</u> | <u>(4,212)</u> | 12.5 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | (4,683) | (4,139) | 13.1 |
| Non-controlling interests | (55) | (73) | (24.7) |
| | <u>(4,738)</u> | <u>(4,212)</u> | 12.5 |

NM – Not meaningful

1(a)(ii) Breakdown and explanatory notes to the statement of comprehensive income.

Loss before tax of the Group is arrived at after charging/(crediting) the following:

| | FY2016 US\$'000 | FY2015 US\$'000 | Change % |
|---|--------------------|--------------------|-------------|
| Depreciation of property, plant and equipment | 312 | 398 | (21.6) |
| Amortization of intangible assets | 43 | 39 | 10.3 |
| Amortization of land lease prepayment | 25 | 27 | (7.4) |
| Operating lease expenses | 96 | 105 | (8.6) |
| Employees' share-based payments | 23 | 40 | (42.5) |
| Foreign currency exchange loss | 352 | 814 | (56.8) |
| Impairment loss on inventories | 364 | 30 | 1,113.3 |
| Impairment loss on trade receivable | 323 | 3,338 | (90.3) |
| Impairment loss on plant and equipment | - | 228 | NM |
| Impairment loss on joint venture | 15 | - | NM |
| Loss on disposal of property, plant and equipment | 56 | - | NM |
| Gain on disposal of an associate | (17) | - | NM |
| Gain on settlement of balances with a contract customer | - | (262) | NM |

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|------------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 31.12.2016 US\$'000 | 31.12.2015 US\$'000 | 31.12.2016 US\$'000 | 31.12.2015 US\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 3,577 | 4,179 | 23 | 122 |
| Land lease prepayment | 921 | 1,010 | - | - |
| Intangible assets | 20 | 57 | 9 | 38 |
| Investments in subsidiaries | - | - | 2,839 | 3,371 |
| Investment in joint venture | - | 868 | - | 50 |
| | 4,518 | 6,114 | 2,871 | 3,581 |
| Current assets | | | | |
| Inventories | 459 | - | 459 | - |
| Trade and other receivables | 908 | 2,946 | 5,314 | 9,208 |
| Cash and cash equivalents | 16,271 | 18,165 | 15,277 | 14,890 |
| | 17,638 | 21,111 | 21,050 | 24,098 |
| Assets classified as held for sale | - | 3,117 | - | 1,800 |
| | 17,638 | 24,228 | 21,050 | 25,898 |
| Total assets | 22,156 | 30,342 | 23,921 | 29,479 |
| Current liabilities | | | | |
| Trade and other payables | 886 | 4,392 | 1,057 | 4,603 |
| Current income tax payable | 35 | - | 35 | - |
| | 921 | 4,392 | 1,092 | 4,603 |
| Net current assets | 16,717 | 19,836 | 19,958 | 21,295 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 4 | 4 | 4 | 4 |
| Net assets | 21,231 | 25,946 | 22,825 | 24,872 |

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 31.12.2016 US\$'000 | 31.12.2015 US\$'000 | 31.12.2016 US\$'000 | 31.12.2015 US\$'000 |
| Equity | | | | |
| Share capital | 25,253 | 25,253 | 25,253 | 25,253 |
| Other reserves | 230 | 207 | 265 | 242 |
| Foreign currency translation reserve | 231 | 383 | - | - |
| Accumulated (losses)/profits | (4,355) | 176 | (2,693) | (623) |
| Equity attributable to owners of the parent | 21,359 | 26,019 | 22,825 | 24,872 |
| Non-controlling interests | (128) | (73) | - | - |
| Total equity | 21,231 | 25,946 | 22,825 | 24,872 |

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Not applicable. The Group did not have any borrowings or debt securities as at 31 December 2016 and 31 December 2015.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | FY2016 US\$'000 | FY2015 US\$'000 |
|--|----------------------------|----------------------------|
| <u>Cash flows from operating activities</u> | | |
| Loss before income tax | (4,593) | (4,170) |
| Adjustments for: | | |
| Amortization of intangible assets | 43 | 39 |
| Amortization of land lease prepayment | 25 | 27 |
| Depreciation of property, plant and equipment | 312 | 398 |
| Gain on disposal of an associate | (17) | - |
| Loss/(Gain) on disposal of property, plant and equipment | 56 | (5) |
| Gain on disposal of intangible assets | - | (5) |
| Gain on settlement of balances with a contract customer | - | (262) |
| Unrealised foreign exchange loss | 268 | 750 |
| Impairment loss on inventories | 364 | 30 |
| Impairment loss on receivables | 323 | 3,338 |
| Impairment loss on plant and equipment | - | 228 |
| Impairment loss on joint venture | 15 | - |
| Interest income | (188) | (49) |
| Interest expense | - | 24 |
| Share of results of an associate | - | (184) |
| Share of results of a joint venture | 30 | (93) |
| Employees' share-based payments | 23 | 40 |
| | (3,339) | 106 |
| Operating cash flows before working capital changes | | |
| Inventories | - | - |
| Trade and other receivables | 1,565 | 4,395 |
| Trade and other payables | (407) | (4,644) |
| Cash used in operations | (2,181) | (143) |
| Interest income | 188 | 49 |
| Interest expense | - | (24) |
| Income tax refund/(paid) | 7 | (377) |
| Net cash used in operating activities | (1,986) | (495) |
| <u>Cash flows from investing activities</u> | | |
| Purchase of plant and equipment | (1) | (99) |
| Purchase of intangible assets | (6) | (26) |
| Proceeds from disposal of plant and equipment | 7 | 7 |
| Proceeds from disposal of intangible assets | - | 7 |
| Dividend received from a joint venture | - | 500 |
| Payments received from disposal of an associate | 320 | 3,000 |
| Down payment to a third party | - | (1,149) |
| Net cash generated from investing activities | 320 | 2,240 |

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | FY2016 | FY2015 |
|---|-----------------|-----------------|
| | US\$'000 | US\$'000 |
| <u>Cash flows from financing activities</u> | | |
| Repayment of bank borrowings | - | (2,034) |
| Proceeds from bank borrowings | - | 1,094 |
| (Increase)/Decrease in pledged fixed deposits | (1) | 150 |
| Net cash used in financing activities | (1) | (790) |
| | | |
| Net change in cash and cash equivalents | (1,667) | 955 |
| Cash and cash equivalents at beginning of financial period | 17,578 | 17,263 |
| Effect of foreign exchange rate changes in cash and cash equivalent | (228) | (640) |
| Cash and cash equivalents at end of financial period | 15,683 | 17,578 |
| | | |
| Cash and cash equivalents comprise the following: | | |
| Cash and cash equivalents | 16,271 | 18,165 |
| Less: Fixed deposits pledged | (588) | (587) |
| Cash and cash equivalents at end of financial period | 15,683 | 17,578 |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

| | Share capital US\$'000 | Share-based payment reserve US\$'000 | Equity non-controlling interest US\$'000 | Foreign currency translation reserve US\$'000 | Accumulated profits/(losses) US\$'000 | Equity attributable to owners of the parent US\$'000 | Non-controlling interests US\$'000 | Total equity US\$'000 |
|---|---------------------------|---|---|--|--|---|---------------------------------------|--------------------------|
| Balance at 1 January 2016 | 25,253 | 242 | (35) | 383 | 176 | 26,019 | (73) | 25,946 |
| Total comprehensive income for the financial year | | | | | | | | |
| Loss for the financial year | - | - | - | - | (4,531) | (4,531) | (55) | (4,586) |
| Other comprehensive income | | | | | | | | |
| Exchange differences arising from translation of foreign operations | - | - | - | (152) | - | (152) | - | (152) |
| Total comprehensive income for the financial year | - | - | - | (152) | (4,531) | (4,683) | (55) | (4,738) |
| Transactions with owners of the parent recognised directly in equity | | | | | | | | |
| Employees' share-based payments | - | 23 | - | - | - | 23 | - | 23 |
| Total transactions with owners of the parent | - | 23 | - | - | - | 23 | - | 23 |
| Balance at 31 December 2016 | 25,253 | 265 | (35) | 231 | (4,355) | 21,359 | (128) | 21,231 |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

| | Share capital US\$'000 | Share-based payment reserve US\$'000 | Equity non-controlling interest US\$'000 | Foreign currency translation reserve US\$'000 | Accumulated profits US\$'000 | Equity attributable to owners of the parent US\$'000 | Non-controlling interests US\$'000 | Total equity US\$'000 |
|---|---------------------------|---|---|--|---------------------------------|---|---------------------------------------|--------------------------|
| Balance at 1 January 2015 | 25,253 | 202 | (35) | 479 | 4,219 | 30,118 | - | 30,118 |
| Total comprehensive income for the financial year | | | | | | | | |
| Profit for the financial year | - | - | - | - | (4,043) | (4,043) | (73) | (4,116) |
| Other comprehensive income | | | | | | | | |
| Exchange differences arising from translation of foreign operations | - | - | - | (96) | - | (96) | - | (96) |
| Total comprehensive income for the financial year | - | - | - | (96) | (4,043) | (4,139) | (73) | (4,212) |
| Transactions with owners of the parent recognised directly in equity | | | | | | | | |
| Employees' share-based payments | - | 40 | - | - | - | 40 | - | 40 |
| Total transactions with owners of the parent | - | 40 | - | - | - | 40 | - | 40 |
| Balance at 31 December 2015 | 25,253 | 242 | (35) | 383 | 176 | 26,019 | (73) | 25,946 |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Company

| | Share capital US\$'000 | Share- based payment reserve US\$'000 | Accumulated profits/ (losses) US\$'000 | Total equity US\$'000 |
|---|------------------------------|---|---|-----------------------------|
| Balance at 1 January 2016 | 25,253 | 242 | (623) | 24,872 |
| Total comprehensive income for the financial year | - | - | (2,070) | (2,070) |
| Transactions with owners of the parent recognized directly in equity | | | | |
| Employees' share-based payments | - | 23 | - | 23 |
| Total transactions with owners of the parent | - | 23 | - | 23 |
| Balance at 31 December 2016 | 25,253 | 265 | (2,693) | 22,825 |
| Balance at 1 January 2015 | 25,253 | 202 | 4,600 | 30,055 |
| Total comprehensive income for the financial year | - | - | (5,223) | (5,223) |
| Transactions with owners of the parent recognized directly in equity | | | | |
| Employees' share-based payments | - | 40 | - | 40 |
| Total transactions with owners of the parent | - | 40 | - | 40 |
| Balance at 31 December 2015 | 25,253 | 242 | (623) | 24,872 |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary Shares

There were no changes in the Company's share capital since the end of the previous period reported on.

Employees' Share Option Scheme ("ESOS")/Performance Share Plan ("PSP")

The total number of outstanding share options granted under the ESOS as at 31 December 2016 was 10 million (31 December 2015: 10 million).

There were no outstanding share awards granted under the PSP as at 31 December 2016 (31 December 2015: NIL).

Save for the aforementioned ESOS options and PSP shares, the Company did not have any other outstanding convertibles as at 31 December 2016 and 31 December 2015.

The Company did not have any treasury shares as at 31 December 2016 and 31 December 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares as at 31 December 2016 was 249,680,100 (31 December 2015: 249,680,100). The Company did not have any treasury shares as at 31 December 2016 and 31 December 2015.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have neither been audited nor reviewed by the auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation adopted in the financial statements for the current financial period compared with those of the audited annual financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current financial period, the Group adopted all the applicable new and revised Singapore Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are mandatory for annual periods beginning on or after 1 January 2016. The adoption of these new/revised FRS and INT FRS did not result in significant change to the Group’s accounting policies and has no material effect on the Group’s results.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| Group | FY2016 | FY2015 |
|--|---------------|---------------|
| Basic earnings per share (cents) | (1.81) | (1.62) |
| Weighted average number of shares ('000) | 249,680 | 249,680 |
| Fully diluted earnings per share (cents) | (1.81) | (1.62) |
| Weighted average number of shares ('000) | 249,680 | 249,680 |

The basic and diluted earnings per share were computed by dividing the profit or loss attributable to owners of the parent by the weighted average number of ordinary shares. The effect of diluted potential ordinary shares from the share options granted under the Employee’s Share Option Scheme is excluded from the denominator as it is antidilutive for the FY2016 and FY2015.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

| | Group | | Company | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 31.12.2016 | 31.12.2015 | 31.12.2016 | 31.12.2015 |
| Net asset value per share (cents) | 8.55 | 10.42 | 9.14 | 9.96 |
| Number of shares in issue ('000) | 249,680 | 249,680 | 249,680 | 249,680 |

Net asset value per ordinary share was calculated by dividing the equity attributable to the owners of the Group and the Company by the number of ordinary shares issued.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the financial period reported on.

Commentaries on performance

1. Revenue for FY2016 was \$1.3 million, 81.9% lower than FY2015 of \$7.1 million. The lower revenue was mainly attributed to challenging market conditions which was affected by the downturn of the global oil and offshore market.
2. Gross profit margin deteriorated from 54.9% in FY2015 to 21.6% in FY2016 due to competitive pressures in the offshore and marine sectors.
3. Interest income increased significantly to \$188,000 in FY2016 from \$49,000 in FY2015 due to higher fixed deposits placed with financial institutions.
4. Other income was down by \$196,000, primarily due to the rental income received \$72,000 on a subsidiary's property rented out in FY2015 and a gain of \$262,000 in FY2015 arising from a settlement agreement on outstanding debts that were in dispute which was a one-off event in previous financial year. The decrease is partially offset by GST bad debt relief of \$68,000, a gain on disposal of an associate of \$17,000 and higher Wage Credit Scheme pay-out received in FY2016.
5. Administrative and other expenses are significantly reduced by \$3.5 million or (40.5%) mainly due to the following reasons :
 - a) a one-off impairment loss of \$3.3 million and \$0.2 million on a trade receivable and plant and equipment respectively in FY2015.
 - b) lower foreign exchange loss by \$0.5 million arising from the strengthening of Singapore Dollar against the US Dollar.
 - c) cost savings measures which lead to a significant reduction in staff costs by \$0.6 million (7.1%) in FY2016. The Group has reduced its headcount from 31 as at 31 December 2015 to 16 as at 31 December 2016.

This was partially offset by higher impairment loss of \$0.3 million on inventories and higher professional fee of \$0.4 million in FY2016, mainly due to engagement of PricewaterhouseCoopers LLP and Rajah & Tann to carry out fact-finding reviews and advise the Board of Directors in relation to the appointment and removal of Directors, convening of extraordinary general meeting and disclosure obligations respectively.
6. On 4 January 2016, the Group had completed the transfer of its 35% equity of Jiangyin Neptune Marine Appliance Co., Ltd ("Associate") to Jiangyin Wanjia Yacht Co., Ltd. Consequently, there was no share of results of that Associate in FY2016. After taking into account of a discount of USD180,000 for early settlement, a gain on disposal of the associate of \$17,000 was recorded.
7. The Group's share of results of the joint venture, RBV Energy (Singapore) Pte. Ltd. ("RBVS"), for FY2016 was a loss of \$30,000. RBVS reported revenue of approximately \$0.6 million (equivalent to 50% equity stake) in FY2016 compared to \$1.7 million (equivalent to 50% equity stake) in FY2015 (not included in the Group's consolidated revenue). The decrease in revenue was due to lower sales volume generated arising from the downturn in the global oil and gas industry.
8. Depreciation of property, plant and equipment decreased by \$86,000, mainly due to certain assets being fully impaired and depreciated as at 31 December 2016.

9. As a result, the Group registered a net loss attributable to owners of the parent of \$4.5 million in FY2016 against a net loss of \$4.0 million in FY2015. This was due to the downturn in the offshore and marine industry. The Group's diversification into the solar business has made some progress with projects being evaluated in South Africa, amongst others. However, it has yet to deliver results given that diversification into the solar business was only approved by shareholders on 28 September 2015. It takes time for such long term contractual arrangements in developing countries to materialize.

Commentaries on financial position

Non-current assets decreased by \$1.6 million, mainly due to (i) interim dividends of \$0.8 million paid by RBVS by way of assigning its inventories (ii) impairment loss \$15,000 on investment in RBVS (iii) depreciation and amortisation charges during the period and (iv) the loss on disposal of plant and equipment.

Current assets decreased by \$6.6 million largely attributable to (i) the disposal of the Group's associate held for sale, (ii) repayment of outstanding debts by customers, (iii) repayment of the remaining consideration for the disposal of the equity interest of 35% of Associate (iv) lower cash and cash equivalent. The effect is partially offset by the increase in inventories of \$0.4 million arising from the interim dividends paid by RBVS by way of assigning its inventories in FY2016.

Current liabilities decreased by \$3.5 million, due to lower trade and other payables resulting from payments to vendors and reversal of the \$3 million advance received from the purchaser upon completion of the disposal of the associate in January 2016.

The Group's working capital position stood at \$16.7 million as at 31 December 2016, as compared to working capital of \$19.8 million as at 31 December 2015.

Commentaries on cash flows

The Group's net cash used in operating activities amounted to \$2.0 million, mainly due to the operating loss recorded in FY2016. This compares with the net cash used in operating activities of \$0.5 million in FY2015.

Net cash generated from investing activities for FY2016 amounted to \$320,000, mainly due to payment received from disposal of the associate after a discount of \$180,000 for early settlement.

There was minimal cash flow movement for financing activities in FY2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The actual results are in line with the performance guidance announced by the Company on 6 Feb 2017.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group has significantly reduced its O&M activities while embarking on a strategic diversification into the solar energy business, as approved by shareholders at an extraordinary general meeting on 28 September 2015. The Group's efforts in developing its solar energy business were however disrupted by uncertainties caused by the EGM requested by certain shareholders in July 2016.

On 21 November 2016, the Group announced that its wholly owned subsidiary Solar Africa Investments (Pty) Ltd had entered into a 70-30 joint venture agreement with Tirhani Resources (Pty) Ltd to pursue projects in South Africa.

As announced on 21 December 2016, the High Court has granted the Company a judgement sum of S\$0.6 million in relation to the writ of summons filed against a former Executive Director, Tan Woo Thian ("TWT"). Although a Notice of Appeal has been filed by TWT, full payment was received by the Company in January 2017.

As announced on 10 September 2016, 15 September 2016 and 21 November 2016 in relation to NPT transaction, the Group has not made a provision for tax liabilities and penalties as the review by Unilegal LLC is still ongoing and a reliable estimate cannot be made as the full extent of the possible breach of securities laws or other offences, or other potential breaches and financial implication, if any, has yet to be determined. The Group will make further announcements as and when there are material developments on this matter.

Barring unforeseen circumstances and pending outcome of corporate developments, the Group expects commence operation of its solar energy business in FY2017.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the period ended 31 December 2016.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|---------------------------|--|--|
| NIL | NIL | NIL |

No general mandate has been obtained from shareholders for IPTs. There were no IPTs more than \$100,000 during FY2016.

14. Use of Proceeds

In October 2014, the Company issued 62 million new ordinary shares via share placements to four investors at an issue price of S\$0.2605 per share, raising net proceeds of approximately S\$16.1 million (US\$12.8 million). The use of the net proceeds from the issuance of placement shares was as follows:

| Use of net proceeds | Amount Utilised | | | |
|----------------------------------|-----------------------------|------------------------------------|-------------------|--------------------|
| | Amount Allocated S\$'000 | Balance brought forward S\$'000 | FY2016 S\$'000 | Balance S\$'000 |
| 1) Funding for new projects | 11,306 | - | (1,626) | 9,680 |
| 2) Funding for existing projects | 4,845 | (2,171) | (289) | 2,385 |
| | <u>16,151</u> | <u>(2,171)</u> | <u>(1,914)</u> | <u>12,066</u> |

The above utilisation is in line with the intended uses of the net proceeds stated in the Company's announcement dated 23 September 2014.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

The Group's businesses are broadly categorised into the following:

- (i) Marketing and Distribution; and
- (ii) Project

| FY2016 | Marketing and Distribution US\$'000 | Projects US\$'000 | Unallocated US\$'000 | Elimination US\$'000 | Consolidated US\$'000 |
|--|--|----------------------|-------------------------|-------------------------|--------------------------|
| Revenue | | | | | |
| Revenue from external customers | 1,289 | - | - | - | 1,289 |
| Total revenue | 1,289 | - | - | - | 1,289 |
| Results | | | | | |
| Segment results | (4,937) | - | - | - | (4,937) |
| Other income | 374 | - | - | - | 374 |
| Share of results of a joint ventures | - | - | (30) | - | (30) |
| Loss before income tax | (4,563) | - | (30) | - | (4,593) |
| Income tax credit | - | - | 7 | - | 7 |
| Loss for the financial year | | | | | (4,586) |
| Non-controlling interests | - | - | 55 | - | 55 |
| Loss attributable to owners of the parent | | | | | (4,531) |
| Capital expenditure | 7 | - | - | - | 7 |
| Impairment loss on inventories | 364 | - | - | - | 364 |
| Depreciation and amortisation expenses | 380 | - | - | - | 380 |
| Impairment loss on receivables | - | - | 323 | - | 323 |
| Loss on disposal of plant and equipment | 56 | - | - | - | 56 |
| Impairment loss on joint ventures | - | - | 15 | - | 15 |
| Assets and Liabilities | | | | | |
| Segment assets | 22,156 | - | - | - | 22,156 |
| Total assets | | | | | 22,156 |
| Segment Liabilities | 921 | - | - | - | 921 |
| Deferred tax liabilities | - | - | 4 | - | 4 |
| Total liabilities | | | | | 925 |

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

The Group's businesses are broadly categorised into the following:

- (i) Marketing and Distribution; and
- (ii) Project

| FY2015 | Marketing and Distribution US\$'000 | Projects US\$'000 | Unallocated US\$'000 | Elimination US\$'000 | Consolidated US\$'000 |
|--|--|------------------------------|---------------------------------|---------------------------------|----------------------------------|
| Revenue | | | | | |
| Revenue from external customers | 6,862 | 248 | - | - | 7,110 |
| Inter-segment revenues | 269 | - | - | (269) | - |
| Total revenue | 7,131 | 248 | - | (269) | 7,110 |
| Results | | | | | |
| Segment results | (1,539) | (3,315) | - | - | (4,854) |
| Other income | 170 | 261 | - | - | 431 |
| Finance costs | - | - | (24) | - | (24) |
| Share of results of an associate | - | - | 184 | - | 184 |
| Share of results of a joint ventures | - | - | 93 | - | 93 |
| Profit before income tax | (1,369) | (3,054) | 253 | - | (4,170) |
| Income tax expense | - | - | 54 | - | 54 |
| Profit for the financial year | | | | | (4,116) |
| Non-controlling interests | - | - | 73 | - | 73 |
| Profit attributable to owners of the parent | | | | | (4,043) |
| Capital expenditure | 125 | - | - | - | 125 |
| Allowance for obsolete inventories | 30 | - | - | - | 30 |
| Depreciation and amortisation expenses | 464 | - | - | - | 464 |
| Gain on disposal of plant and equipment | (5) | - | - | - | (5) |
| Gain on disposal of intangible assets | (5) | - | - | - | (5) |
| Trade receivables written off | - | 3,338 | - | - | 3,338 |
| Impairment loss on plant and equipment | 228 | - | - | - | 228 |
| Assets and Liabilities | | | | | |
| Segment assets | 26,357 | - | 3,985 | - | 30,342 |
| Total assets | | | | | 30,342 |
| Segment Liabilities | 4,392 | - | - | - | 4,392 |
| Deferred tax liabilities | - | - | 4 | - | 4 |
| Total liabilities | | | | | 4,396 |

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year

Geographical Information

| FY2016 | Singapore US\$'000 | People's Republic of China US\$'000 | Southeast Asia other than Singapore US\$'000 | Europe US\$'000 | United States of America US\$'000 | Others US\$'000 | Total US\$'000 |
|---------------------------------|-------------------------------|--|---|----------------------------|--|----------------------------|---------------------------|
| Revenue | | | | | | | |
| Revenue from external customers | 1,181 | 3 | 38 | 66 | 1 | - | 1,289 |
| Assets | | | | | | | |
| Segment assets | 16,714 | 5,390 | 6 | - | - | 46 | 22,156 |
| | | | | | | | |
| FY2015 | Singapore US\$'000 | People's Republic of China US\$'000 | Southeast Asia other than Singapore US\$'000 | Europe US\$'000 | United States of America US\$'000 | Others US\$'000 | Total US\$'000 |
| Revenue | | | | | | | |
| Revenue from external customers | 2,438 | 2,358 | 72 | 2,094 | 61 | 87 | 7,110 |
| Assets | | | | | | | |
| Segment assets | 22,696 | 7,646 | - | - | - | - | 30,342 |

17. In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by the operating segments

Refer to Item 8 and 10.

18. A breakdown of sales

| Group | FY2016 US\$'000 | FY2015 US\$'000 | Change % |
|---|----------------------------|----------------------------|---------------------|
| Sales reported for first half year | 942 | 4,657 | (80) |
| Operating (loss)/profit after tax before deducting minority interest reported for first half year | (1,562) | 6 | NM |
| Sales reported for second half year | 347 | 2,453 | (86) |
| Operating loss after tax before deducting minority interest reported for second half year | (3,024) | (4,122) | (27) |

NM – Not meaningful

20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable. No dividend has been declared or recommended for FY2016 and FY2015.

21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive director or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|-------------|------------|---|--|--|
| NIL | NIL | NIL | NIL | NIL |

BY ORDER OF THE BOARD

**Mirzan Bin Mahathir
Director**

**Chan Lai Thong
Director**

Date: 28 February 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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