



SBI Offshore Limited

Incorporated in the Republic of Singapore on 1 October 1994
Company Registration Number: 199407121D

PRESS RELEASE

CATALIST-LISTED SBI OFFSHORE ENTERS INTO MOU WITH HKSE-LISTED HONGHUA GROUP LIMITED TO FORM JOINT VENTURE TO PROVIDE CONTRACT MANUFACTURING SERVICES

- *JV company will jointly bid for large-scale manufacturing contracts for offshore equipment*
- *Gaining first-mover advantage as western offshore equipment companies search for competent manufacturers in Asia*

Singapore, 01 June 2011 – Singapore Exchange Catalist-listed SBI Offshore Limited (“**SBI Offshore**” together with its subsidiaries, the “**Group**”) announced that it had on 30 May 2011 entered into a Memorandum of Understanding (“**MOU**”) with Honghua Group Limited (“**Honghua**”), a leading global land drilling rig manufacturer, to form a Joint Venture (“**JV**”) Company to offer contract manufacturing services to the global offshore and marine (“**O&M**”) industry.

Pursuant to the MOU, Honghua will hold 70% and SBI Offshore will hold 30% in the equity of the JV Company, which will amount to an initial paid-up capital of not less than US\$1 million. The JV Company will be incorporated in either Hong Kong or Singapore. It will focus on providing contract manufacturing services to O&M equipment companies.

The JV Company is expected to enjoy first-mover advantage as western offshore equipment companies are looking for competent original equipment manufacturers (“**OEMs**”) in Asia in order to benefit from the lower production costs and being closer to the shipyards in Asia, which build approximately 80% of mobile offshore drilling and construction units in the world.

Mr. Zhang Mi, Chairman of Honghua commented, “We are pleased to enter into the MOU with SBI Offshore in forming a JV Company. The JV Company will allow Honghua to accelerate its expansion into the offshore sector. Honghua believes that the JV Company will boost the competitiveness and capabilities of its offshore production base, which is

currently in progress in Qidong City, Jiangsu Province, the People's Republic of China. The abundant knowledge and resources of SBI Offshore in offshore drilling equipment will certainly be favorable to Honghua's entry into the offshore equipment sector. Looking forward, Honghua will be engaged in developing its offshore business and bring maximum returns for shareholders."

Mr. Jonathan Hui, Chairman and Chief Executive Officer of SBI Offshore, said, "The joint venture will enable SBI Offshore to substantially expand its contract manufacturing capacity and capabilities while minimising capital expenditures. Through the JV Company, we will be able to leverage on Houghua's enormous production facilities and capabilities in land drilling rigs and rig components and our vast knowledge in offshore drilling equipment and expertise in the O&M sector, particularly, project management, quality assurance, quantity control as well as detailed engineering that we have built-up since our collaboration with Sea Reef LLC in March 2010. The JV Company aims to become a leading OEM of offshore drilling and construction equipment and components in the world."

The MOU is not intended to be legally binding between SBI Offshore and Honghua in relation to the formation of the JV Company. Both SBI Offshore and Honghua intend to formalise their partnership in the JV Company by entering into a JV agreement in respect of the establishment, management and operation of the JV Company within 60 days from the date of the MOU.

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Issued on behalf of SBI Offshore Limited by WeR1 Consultants Pte Ltd

About SBI Offshore Limited (Stock Code: SIN: 5PL)

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 establishment in Singapore in 1994. Since its public listing in November 2009, the Group has evolved into an integrated engineering 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. The group's current distribution network encompasses Singapore, China, Malaysia, Indonesia and Vietnam, USA and Brazil.

About Honghua Group Limited (Stock Code: 196.HK)

Honghua is primarily engaged in the manufacture of conventional land drilling rigs, digitally-controlled drilling rigs, as well as parts and components for active rigs and rigs reparation. Leveraging on its strong research and development capabilities, quality production facilities, as well as a highly-sophisticated global marketing network, Honghua's products are sold to world-renowned customers in major oil-producing regions such as North America and the Middle East, and emerging markets such as Russia, China and Africa. In June 2009, Honghua has confirmed Qidong City, Jiangsu Province as the site for constructing its offshore drilling platform construction

base. Honghua is well-positioned and poised to enter the offshore drilling rig market, paving the way to becoming the leading player in the oil and gas drilling equipment industry.

*SBI Offshore Limited (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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