

SBI OFFSHORE LIMITED
(Registration No: 199407121D)
Unaudited Financial Statements and Dividend Announcement
For the Full Year Ended 31 December (“FY”) 2019

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	FY2019 (Unaudited) US\$'000	FY2018 (Audited) US\$'000	Change %
Revenue	7	22	(68.2)
Cost of sales	(4)	(14)	(71.4)
Gross profit	3	8	(62.5)
<i>Other items of income</i>			
Interest income	168	250	(32.8)
Other income	199	239	(16.7)
<i>Other items of expense</i>			
Administrative and other expenses	(2,264)	(1,892)	19.7
Loss before income tax	(1,894)	(1,395)	35.8
Income tax	-	-	-
Loss for the financial year	(1,894)	(1,395)	35.8
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	14	55	(74.5)
Total comprehensive loss for the financial year	(1,880)	(1,340)	40.3
Loss attributable to:			
Owners of the parent	(1,894)	(1,395)	35.8
Non-controlling interests	-	-	-
	(1,894)	(1,395)	35.8
Total comprehensive loss attributable to:			
Owners of the parent	(1,880)	(1,340)	40.3
Non-controlling interests	-	-	-
	(1,880)	(1,340)	40.3

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:

	FY2019 US\$'000	FY2018 US\$'000	Change %
Depreciation of plant and equipment	10	5	100.0
Amortisation of intangible assets	4	12	(66.7)
Operating lease expenses	46	68	(32.4)
Foreign currency exchange loss	38	283	(86.6)
Loss on disposal of non-current assets held for sale	-	4	(100.0)
Loss allowance on other receivables	160	-	NM
Reversal of loss allowance on trade and other receivables	-	(5)	(100.0)
Reversal of overprovision of reinstatement costs	(21)	-	NM
Reversal of overprovision of liabilities relating to PwC invoices	-	(36)	(100.0)
Distribution received from a joint venture	(10)	-	NM
Compensation from a joint venturer	(160)	(100)	60.0
Dividend income	-	(100)	(100.0)

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	
	31.12.2019 (Unaudited) US\$'000	31.12.2018 (Audited) US\$'000	31.12.2019 (Unaudited) US\$'000	31.12.2018 (Audited) US\$'000
Non-current assets				
Plant and equipment	11	1	11	-
Intangible assets	1	5	1	5
	12	6	12	5
Current assets				
Trade and other receivables	148	194	2,806	2,878
Restricted deposits	14,145	-	11,135	-
Cash and cash equivalents	441	15,725	381	12,627
	14,734	15,919	14,322	15,505
Total assets	14,746	15,925	14,334	15,510
Current liabilities				
Trade and other payables	1,414	713	1,046	337
	1,414	713	1,046	337
Net current assets	13,320	15,206	13,276	15,168
Non-current liability				
Deferred tax liability	4	4	4	4
Net assets	13,328	15,208	13,284	15,169
Equity				
Share capital	25,253	25,253	25,253	25,253
Other reserves	174	174	223	223
Foreign currency translation reserve	342	328	-	-
Accumulated losses	(12,441)	(10,547)	(12,192)	(10,307)
Total equity	13,328	15,208	13,284	15,169

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

- (a) the amount repayable in one year or less, or on demand;**
- (b) the amount repayable after one year;**
- (c) whether the amounts are secured or unsecured; and**
- (d) details of any collaterals.**

Not applicable. The Group did not have any borrowings or debt securities as at 31 December 2019 and 31 December 2018.

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	FY2019 (Unaudited) US\$'000	FY2018 (Audited) US\$'000
<u>Cash flows from operating activities</u>		
Loss before income tax	(1,894)	(1,395)
Adjustments for:		
Amortisation of intangible assets	4	12
Reversal of overprovision of reinstatement costs	(21)	-
Reversal of overprovision of liabilities relating to PwC invoices	-	(36)
Depreciation of plant and equipment	10	5
Loss on disposal of non-current assets held for sale	-	4
Loss allowance on other receivables	160	-
Unrealised foreign exchange loss	37	276
Reversal of loss allowance on trade and other receivables	-	(5)
Interest income	(168)	(250)
Distribution received from a joint venture	(10)	-
Dividend income	-	(100)
Operating cash flows before working capital changes	(1,882)	(1,489)
Trade and other receivables	(153)	(47)
Trade and other payables	765	112
Cash used in operations	(1,270)	(1,424)
Interest income	168	250
Income tax paid	-	-
Net cash used in operating activities	(1,102)	(1,174)
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment ⁽¹⁾	(15)	-
Reinstatement costs paid	(5)	-
Proceeds from disposal of non-current assets held for sale	-	2,273
Distribution received from a joint venture	10	-
Dividend received from a joint venture	-	100
Placement of restricted deposits ⁽²⁾	(14,173)	-
Net cash (used in)/from investing activities	(14,183)	2,373
<u>Cash flows from financing activity</u>		
Decrease in pledged fixed deposits	17	125
Net cash from financing activity	17	125
Net change in cash and cash equivalents	(15,268)	1,324
Cash and cash equivalents at beginning of financial year	15,708	14,580
Effect of foreign exchange rate changes in cash and cash equivalents	1	(196)
Cash and cash equivalents at end of financial year	441	15,708

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	FY2019 (Unaudited) US\$'000	FY2018 (Audited) US\$'000
Cash and cash equivalents comprise the following:		
Cash and cash equivalents	14,586	15,725
Less: Fixed deposits pledged	-	(17)
Less: Restricted deposits ⁽²⁾	(14,173)	-
Effects of foreign exchange rate changes on restricted deposits	28	-
Restricted deposits at end of financial year	(14,145)	-
Cash and cash equivalents at end of financial year	441	15,708

Notes:

- (1) During the year, the Group acquired plant and equipment with an aggregate cost of US\$20,000. The additions were by way of cash payments of US\$15,000 and provision for reinstatement costs of US\$5,000.
- (2) This represents cash placed in escrow accounts opened with CIMB Bank Berhad Singapore Branch and CIMB Bank Berhad Shanghai Branch pursuant to Rule 1017(1)(a) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).

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 interests US\$'000	Foreign currency translation reserve US\$'000	Accumulated 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 2019	25,253	223	(49)	328	(10,547)	15,208	-	15,208
Total comprehensive income for the financial year								
Loss for the financial year	-	-	-	-	(1,894)	(1,894)	-	(1,894)
Other comprehensive income								
Exchange differences arising from translation of foreign operations	-	-	-	14	-	14	-	14
Total comprehensive income for the financial year	-	-	-	14	(1,894)	(1,880)	-	(1,880)
Balance at 31 December 2019	25,253	223	(49)	342	(12,441)	13,328	-	13,328

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 interests US\$'000	Foreign currency translation reserve US\$'000	Accumulated 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 2018	25,253	223	(167)	273	(9,034)	16,548	-	16,548
<i>Total comprehensive income for the financial year</i>								
Loss for the financial year	-	-	-	-	(1,395)	(1,395)	-	(1,395)
<i>Other comprehensive income</i>								
Exchange differences arising from translation of foreign operations	-	-	-	55	-	55	-	55
Total comprehensive income for the financial year	-	-	-	55	(1,395)	(1,340)	-	(1,340)
<i>Transactions with owners of the parent recognised directly in equity</i>								
Strike off of a subsidiary	-	-	118	-	(118)	-	-	-
Total transactions with owners of the parent	-	-	118	-	(118)	-	-	-
Balance at 31 December 2018	25,253	223	(49)	328	(10,547)	15,208	-	15,208

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.

<u>Company</u>	Share capital US\$'000	Share- based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance at 1 January 2019	25,253	223	(10,307)	15,169
Loss for the financial year, representing total comprehensive income for the financial year	-	-	(1,885)	(1,885)
Balance at 31 December 2019	25,253	223	(12,192)	13,284
Balance at 1 January 2018	25,253	223	(8,793)	16,683
Loss for the financial year, representing total comprehensive income for the financial year	-	-	(1,514)	(1,514)
Balance at 31 December 2018	25,253	223	(10,307)	15,169

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period at the immediately preceding financial year.

	Issued and fully paid-up ordinary shares	Share capital US\$'000
Balance as at 30 June 2019 and 31 December 2019	249,680,100	25,253

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

The total number of outstanding share options granted under the ESOS as at 31 December 2019 was 8 million (31 December 2018: 8 million).

There were no outstanding share awards granted under the PSP as at 31 December 2019 (31 December 2018: NIL).

Save for the aforementioned ESOS options and PSP shares, the Company did not have any other outstanding convertibles as at 31 December 2019 and 31 December 2018.

The Company did not have any treasury shares and subsidiary holdings as at 31 December 2019 and 31 December 2018.

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 2019 was 249,680,100 (31 December 2018: 249,680,100). The Company did not have any treasury shares as at 31 December 2019 and 31 December 2018.

1(d)(iv) A statement showing all sales, transfers, 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 during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and 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 Company's auditors.

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

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

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2018 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued 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.

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as compared with those used in the audited financial statements for the financial year ended 31 December 2018 except as disclosed in Note 5.

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.

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and SFRS(I) Interpretations ("**SFRS(I) INT**") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not result in any significant change to the Group's accounting policies and has no material effect on the Group's results for the financial year ended 31 December 2019.

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	FY2019	FY2018
Basic loss per share (US cents)	(0.76)	(0.56)
Weighted average number of shares ('000)	249,680	249,680
Fully diluted loss per share (US cents)	(0.76)	(0.56)
Weighted average number of shares ('000)	249,680	249,680

The basic and diluted loss per share were computed by dividing the 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 ESOS is excluded from the denominator as it is antidilutive for FY2019 and FY2018.

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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net asset value per share (US cents)	5.34	6.09	5.32	6.08
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.

Statement of Comprehensive Income

(a) Revenue, cost of sales and gross profit

The Group generated adhoc sales from the supply of lifeboat accessories and spare parts to local and overseas customers ("**Adhoc Sales**"). The Group reported a 68.2% decrease in Adhoc Sales from US\$22,000 in FY2018 to US\$7,000 in FY2019. Cost of sales decreased by 71.4% from US\$14,000 in FY2018 to US\$4,000 in FY2019. This resulted in an increase of 6.5 percentage points in gross profit margin, from 36.4% in FY2018 to 42.9% in FY2019.

(b) Interest income

Interest income decreased by 32.8%, from US\$250,000 in FY2018 to US\$168,000 in FY2019, due to the transfers of the fixed deposits held by the Group to escrow accounts (the "**Transfer**") in March 2019 and July 2019 pursuant to Rule 1017(1)(a) of the Catalist Rules, following the Company becoming a cash company as defined under Rule 1017 of the Catalist Rules with effect from 1 March 2019. Such escrow accounts generated lower interest income as compared to fixed deposits accounts.

(c) Other income

Other income decreased by US\$40,000 or 16.7%, from US\$239,000 in FY2018 to US\$199,000 in FY2019.

Other income of US\$199,000 in FY2019 comprised mainly the following:

- compensation of US\$160,000 from a joint venturer, RBV Energy Ltd, in relation to four manifold contracts transferred from the joint venture-RBV Energy (Singapore) Pte Ltd ("**RBVS**") to the joint venturer in previous years;
- write-back of an overprovision of reinstatement costs of US\$21,000 to restore the Company's office located at Pioneer Crescent to its original condition upon the expiry of the lease term in June 2019; and
- final distribution of US\$10,000 received from RBVS.

Other income in FY2018 comprised mainly the following:-

- compensation received from a joint venturer (US\$100,000);
- reinstatement of dividend waived in prior years received from RBVS (US\$100,000); and
- reversal of US\$36,000, being over-accrual of professional fees in prior year.

(d) Administrative and other expenses

Administrative and other expenses increased by US\$372,000 or 19.7%, from US\$1.89 million in FY2018 to US\$2.26 million in FY2019, mainly due the following:

- provision for doubtful debt of US\$160,000 on receivables due from RBV Energy Ltd;
- legal fees of US\$591,000 incurred by PricewaterhouseCoopers Advisory Services Pte Ltd (“**PwC**”) in defending a lawsuit brought by Mr Tan Woo Thian (“**Mr Tan**”) in respect of the release of PwC’s findings in the financial year ended 31 December 2016 (please refer to the Company’s announcements dated 30 September 2017 and 20 August 2019 for further details); and
- expenses incurred in relation to the Proposed Acquisition (as defined herein) which amounted to US\$241,000 in FY2019 (nil in FY2018).

The increase was partially offset by the following reduction in expenses incurred:

- cost reduction measures which led to a considerable reduction in staff-related costs by US\$158,000 or 19.7%, from US\$802,000 in FY2018 to US\$644,000 in FY2019;
- decrease of US\$245,000 in foreign exchange loss, from US\$283,000 in FY2018 to US\$38,000 in FY2019, which arose mainly from translation of balances or transactions denominated in Singapore Dollar and Chinese Renminbi. There is lesser movement in exchange rate for the different currencies in FY2019 as compared to FY2018; and
- cost control measures maintained by the Group which resulted in lower costs incurred for expenses such as rental expenses, sponsorship fees, consultancy fees, and other operating expenses. These expenses reduced by US\$214,000 as compared to the prior year.

(e) Loss for the financial year

As a result of the above, the Group registered a net loss of US\$1.9 million in FY2019, as compared to a net loss of US\$1.4 million in FY2018.

Statement of Financial Position

(a) Working capital

As at 31 December 2019, the Group's working capital stood at US\$13.32 million. The Group had cash (comprising cash and cash equivalents and restricted deposits) of US\$14.59 million with zero borrowings as at 31 December 2019.

(b) Non-current assets

Non-current assets increased from US\$6,000 as at 31 December 2018 to US\$12,000 as at 31 December 2019. The increase was mainly attributable to the purchase of computer and office equipment, as well as the capitalisation of renovation costs in connection with the Company’s office relocation in June 2019, partially offset by the depreciation and amortisation charged during the year.

(c) Current assets

The Group's current assets amounted to US\$14.73 million as at 31 December 2019, as compared to US\$15.92 million as at 31 December 2018. The decrease of US\$1.19 million was substantially contributed by:

- receipts of outstanding debts from a customer amounted to US\$15,000;
- decrease in interest receivables by US\$78,000, as majority of the fixed deposits were transferred to escrow accounts which generated lower interest as compared to fixed deposits; and
- decrease in cash and cash equivalents by US\$1.14 million, largely attributable to financing of working capital.

The aforementioned decrease was partially offset by the increase in deposit paid of US\$56,000, which relates mainly to a deposit paid to special auditor appointed pursuant to the Notice of Compliance issued by the Singapore Exchange Regulation Pte Ltd on 21 December 2018. Please refer to section 10 for further details.

(d) Current liabilities

Current liabilities increased from US\$0.71 million as at 31 December 2018 to US\$1.41 million as at 31 December 2019, mainly due to the increase in accrued legal fees by US\$591,000, in relation to the legal fees incurred by PwC in defending the lawsuit brought by Mr Tan.

Statement of Cash Flows

- (a) Operating cash outflows before changes in working capital amounted to US\$1.88 million in FY2019, due mainly to operating loss recorded during the year. The Group utilised net cash of US\$1.10 million in operating activities in FY2019.
- (b) Net cash used in investing activities of US\$14.18 million were mainly pertaining to the placement of restricted deposits into the Company's escrow accounts opened with CIMB Bank Berhad Singapore Branch and CIMB Bank Berhad Shanghai Branch pursuant to Rule 1017(1)(a) of the Catalist Rules.
- (c) Net cash generated from financing activity of US\$17,000 in FY2019 was solely due to the release of the pledged fixed deposits in August 2019.

As a result, the Group's cash and cash equivalents decreased from US\$15.71 million as at 31 December 2018 to US\$441,000 as at 31 December 2019.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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.

(A) Update on the Proposed Acquisition

*The Board refers to the Company's announcements dated 30 May 2019, 4 June 2019, 18 July 2019, 17 October 2019, 20 February 2020 and 24 February 2020 ("Announcements") in relation to the proposed acquisition of the entire issued and paid-up share capital of (i) Berlitz Offshore Limited, (ii) Berlitz Marine Pte. Ltd, (iii) Berlitz Continental Pte. Ltd., (iv) Berlitz Services Pte. Ltd., (v) Bes Sincere Pte. Ltd., (vi) Bes Savvy Pte. Ltd., (vii) Bes Solar Pte. Ltd., (viii) Bes Sparkle Pte. Ltd., (ix) Bes Regent Pte. Ltd., (x) Bes Power Pte. Ltd., (xi) Blue Ocean Services K Co Ltd, and (xii) Bes Trust Pte. Ltd. (the "**Proposed Acquisition**"). Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings ascribed to them in the Company's announcement dated 30 May 2019.*

As announced by the Company on 18 February 2020, the SGX-ST had advised that it has no objections to the Company's application for a 6-month extension of time from 29 February 2020 to 31 August 2020 to complete the Proposed Acquisition and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules subject to certain requirements. Please refer to the Company's announcement dated 18 February 2020 for further details.

On 24 February 2020, the Company announced that it had (via its financial adviser in respect of the Proposed Acquisition) completed the pre-clearance enquiry with the SGX-ST to seek concurrence from the SGX-ST that there are no issues which will have any material adverse impact on the suitability of the enlarged group pursuant to the Proposed Acquisition ("**Enlarged Group**") to be listed on the Catalist. The Company, together with its appointed advisors are currently in the midst of conducting the necessary due diligence on the Target Companies in respect of the Proposed Acquisition. Barring unforeseen circumstances and subject to, among others, satisfactory due diligence on the Target Companies in respect of the Proposed Acquisition, the Company intends to submit the Circular to the SGX-ST (IPO Admission) and thereafter despatch the Circular to Shareholders and seek their approval on, *inter alia*, the Proposed Acquisition by 31 August 2020. The Company will update Shareholders on the developments on the Proposed Acquisition, and make the necessary announcements as and when appropriate.

(B) Notice of Compliance by the SGX-ST in December 2018

On 21 March 2019, the Company announced that the Board has appointed RSM Corporate Advisory Pte Ltd as the special auditor (the "**Special Auditor**") to investigate the matters set out in the Notice of Compliance issued by the Singapore Exchange Regulation Pte Ltd ("**SGX Regco**") on 21 December 2018. As at the date of this announcement, the special audit is ongoing and has not been concluded. The Company will update Shareholders on the development on the above special audit, and make the necessary announcements as and when appropriate.

(C) Update on actions taken by the Company pursuant to the independent review by KordaMentha Pte Ltd ("**KordaMentha Review**")

The Company has provided an update on the actions taken by the Company pursuant to the KordaMentha Review in an announcement dated 25 November 2019. The resolution

of the other matters addressed in the KordaMentha Review is ongoing and the Company will provide an update to Shareholders in due course.

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 and the reason(s) for the decision.

No dividend has been declared or recommended for the financial year ended 31 December 2019. Pursuant to the share sale and purchase agreement of the Proposed Acquisition, the purchase consideration of the Proposed Acquisition is to be satisfied by the allotment and issue of such number of new ordinary shares in the capital of the Company ("**Consideration Shares**") at an issue price of S\$0.10 per Consideration Share ("**Issue Price**"). The Issue Price is subject to the Company maintaining a net cash amount of at least S\$20 million upon the completion of the Proposed Acquisition. Please refer to the Company's announcements dated 30 May 2019 and 4 June 2019 on the Proposed Acquisition for further information. In view of the above, the Company needs to retain its cash balances and accordingly, no dividend has been declared or recommended for the financial year ended 31 December 2019.

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.

No general mandate has been obtained from shareholders for IPTs.

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 (equivalent to US\$12.8 million) (“**Net Proceeds**”).

The Company had, on 20 June 2019, announced the executive summary of the report from KordaMentha Pte Ltd (“**KordaMentha**”), the independent reviewer appointed by the Company to undertake a review of the matter(s) that may have given rise to the write-off of approximately RMB17.3 million payable by Jianguyin SBI Offshore Equipment Co., Ltd. to the Company (“**Announcement**”). Please refer to the Announcement for further details.

Pursuant to the recommendations of KordaMentha as set out in paragraphs 2.3 and 3.5 of the Announcement, the Company had, on 25 November 2019 announced that it has reviewed its past payments made out of the Net Proceeds and prepared a summary of the revised use of Net Proceeds. Accordingly, the Company has reallocated S\$7.89 million of the Net Proceeds from “funding of new market expansion, new business development plans and new projects” to “working capital and funding for existing projects”.

Purpose	Re-allocation of Net Proceeds (as disclosed in the announcement dated 25 November 2019) (S\$'000)	Net Proceeds utilised as at 31 October 2019 (as announced on 25 November 2019) (S\$'000)	Net Proceeds utilised from 1 November 2019 to 31 January 2020 (S\$'000)	Balance of Net Proceeds as at 31 January 2020 (S\$'000)
New market expansion, new business development plans and new projects	3,416	2,724	155	537
Working capital and funding for existing projects	12,735	9,868	131 ⁽¹⁾	2,736
Total	16,151	12,592	286	3,273⁽²⁾

Notes:

- (1) Comprised expenses such as staff costs and related expenses, professional fees, repair and maintenance, and rental expenses.
- (2) An amount of approximately S\$3,264,000 of the Net Proceeds was placed in escrow accounts maintained with CIMB Singapore and CIMB Shanghai.

The above utilisation is in line with the intended uses of the net proceeds stated in the Company’s announcement dated 25 November 2019.

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 format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

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

Geographical Information

FY2019 (Unaudited)

	Singapore US\$'000	People's Republic of China US\$'000	Europe US\$'000	United States of America US\$'000	Total US\$'000
Revenue					
Revenue from external customers	1	-	5	1	7
Assets					
Segment assets	11,669	3,077	-	-	14,746

FY2018 (Audited)

	Singapore US\$'000	People's Republic of China US\$'000	Europe US\$'000	United States of America US\$'000	Total US\$'000
Revenue					
Revenue from external customers	17	-	-	5	22
Assets					
Segment assets	12,812	3,113	-	-	15,925

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

Please refer to paragraph 8 above.

18. A breakdown of sales

Group	FY2019 US\$'000	FY2018 US\$'000	Change %
Sales reported for first half year	7	-	NM
Operating loss after tax before deducting minority interest reported for first half year	(427)	(313)	36.4
Sales reported for second half year	-	22	(100.0)
Operating loss after tax before deducting minority interest reported for second half year	(1,467)	(1,082)	35.6

19. 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 FY2019 and FY2018.

20. 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.

There is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

On behalf of the Board of Directors

Mirzan Bin Mahathir
Executive Non-Independent Chairman

James Kho Chung Wah
Independent Director

26 February 2020

This announcement has been prepared by SBI Offshore Limited (the "Company") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

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 Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.