



SBI Offshore Limited

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

(Company Registration Number: 199407121D)

**ANNUAL GENERAL MEETING FOR FY2019
ADDITIONAL INFORMATION IN RESPONSE TO QUESTIONS FROM SHAREHOLDERS**

1. INTRODUCTION

The board of directors ("**Board**") of SBI Offshore Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to:

- (a) the Company's notice of annual general meeting for the financial year ended 31 December 2019 ("**AGM**"), which was issued on 14 June 2020 ("**Notice of AGM**");
- (b) the Company's announcements dated 20 February 2019, 30 May 2019, 4 June 2019, 18 July 2019, 16 October 2019, 16 January 2020, 18 February 2020, 20 February 2020, 24 February 2020, 11 May 2020, 31 May 2020, and 8 June 2020 on the proposed acquisition by the Company of the group comprising (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. ("**Berlitz Group**") ("**Proposed Acquisition**"); and
- (c) the Company's announcements dated 14 May 2020, 18 May 2020 and 14 June 2020 in relation to the letters dated 13 May 2020 ("**Letter**") and 15 May 2020 ("**Addendum**") from Mr. Tan Woo Tian to the Company, requesting the Company to circulate certain resolutions to be voted on by shareholders of the Company ("**Shareholders**") at the AGM, for the purpose of proposing the appointments of additional directors to the Board and the removal of one of the existing members of the Board.

2. RESPONSES TO QUESTIONS FROM SHAREHOLDERS

The Board has received questions from Shareholders in relation to (i) the resolutions to be passed at the AGM, (ii) the Letter and Addendum, and (iii) the Proposed Acquisition, and has set out in the Appendix to this announcement a summary of the substantial questions and the Board's responses to these questions.

By Order of the Board

Mirzan Bin Mahathir
Executive Non-Independent Chairman

19 June 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.

**ANNUAL GENERAL MEETING FOR FY2019
(QUESTIONS AND ANSWERS)**

OVERVIEW

- A. PROPOSED ACQUISITION OF THE BERLITZ GROUP**
- B. LETTER AND ADDENDUM FROM MR. TAN WOO THIAN AND PROPOSED RESOLUTIONS**
- C. IMPLICATIONS IF RULE 1017(2) DEADLINE IS NOT MET**

A. PROPOSED ACQUISITION OF THE BERLITZ GROUP

1. *What is the timeline for the Proposed Acquisition and when will it be completed?*

On 28 February 2019, the Company was deemed a cash company by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and received a notification by the SGX-ST which required the Company to demonstrate that it has a new business which is able to satisfy the requirements of the SGX-ST for a new listing in compliance with Rule 1017(2) of the Section B of the Listing Manual of the SGX-ST: Rules of Catalist (“**Catalist Rules**”) within 12 months from the date it becomes a cash company. On 18 February 2020, the SGX-ST granted the Company a further 6-month extension of time until 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 (“**Rule 1017(2) Deadline**”).

The key milestones relating to the Proposed Acquisition to date are as follows:

- (a) **19 February 2019**: The Company entered into a binding term sheet with the vendor Mr. Chan Kern Miang (“**Vendor**”) in respect of the Proposed Acquisition (“**Term Sheet**”).
- (b) **30 May 2019**: The Company entered into a sale and purchase agreement dated 30 May 2019 (as amended by supplemental agreements dated 20 February 2020 and 11 May 2020) with the Vendor in respect of the Proposed Acquisition (“**Sale and Purchase Agreement**”).
- (c) **21 February 2020**: The Company completed its pre-clearance enquiry with the SGX-ST in relation to the confirmation that there are no issues which will have any material adverse impact on the suitability of the enlarged group pursuant to the Proposed Acquisition to be listed on the Catalist Board of the SGX-ST (“**Catalist**”).
- (d) **29 May 2020**: The financial adviser to the Proposed Acquisition (on behalf of the Company) submitted to the SGX-ST the pre-admission notification (“**Pre-Admission Notification**”) in relation to the Proposed Acquisition enclosing, amongst others, the draft circular to Shareholders in respect of the Proposed Acquisition (“**RTO Circular**”) and other relevant documents in respect of the Proposed Acquisition.

As at the date of this announcement, the Pre-Admission Notification is pending review and approval by the SGX-ST. Subject to and upon the receipt of approval of the SGX-ST for the Pre-Admission Notification, the Company intends to convene and hold the extraordinary general meeting of the Company to consider the Proposed Acquisition (“**RTO EGM**”) by July 2020, with a view to fulfilling all the conditions under the Sale and Purchase Agreement prior to the long-stop date of 31 August 2020 under the Sale and Purchase Agreement, which also coincides with the Rule 1017(2) Deadline.

Barring unforeseen circumstances and subject to the approvals of the SGX-ST and Shareholders for the Proposed Acquisition, the Proposed Acquisition is anticipated to be completed by the Rule 1017(2) Deadline of 31 August 2020.

2. *How will Shareholders know if the Proposed Acquisition presents the best prospects for the Company to secure a business and emerge from a cash shell status, given its current circumstances?*

Upon the receipt of approval of the SGX-ST for the Pre-Admission Notification, the Company will issue the RTO Circular in respect of the Proposed Acquisition to all Shareholders electronically on the SGXNet and the Company’s corporate website. The RTO Circular will contain, *inter alia*, detailed information on the Proposed Acquisition, the merits and risks associated with the Proposed Acquisition, and the audited historical financial information and the analysis of such historical financial information of the Berlitz Group, as well as advice and recommendations of the independent financial adviser engaged by the Company to advise the independent Directors on the proposed whitewash resolution. Shareholders are advised to read the RTO Circular carefully in making its decision in relation to the Proposed Acquisition and the RTO EGM would be convened to seek Shareholders’ approval for the Proposed Acquisition.

The RTO EGM is the proper forum to consider the viability of the Proposed Acquisition, where Shareholders can vote and decide on the Proposed Acquisition. Shareholders who have queries on the Proposed Acquisition are invited to submit their questions in advance of the RTO EGM and before voting on the resolutions in respect of the Proposed Acquisition, in accordance with the procedures which will be contained in the RTO Circular and further announcements by the Company on the RTO EGM.

Given the concerns raised by Shareholders on the prospects of the Proposed Acquisition, the Board would like to highlight the following, but Shareholders are advised to refer to the RTO Circular to be issued in due course for the full recommendations of the Board:

The Proposed Acquisition

As at the date of this announcement, the relevant due diligence investigations in respect of the Berlitz Group have been substantially completed and the key risk factors for the Proposed Acquisition have been identified and where appropriate, disclosed in the draft RTO Circular submitted to the SGX-ST as part of the Pre-Admission Notification.

In this regard, the Company is supported by a professional team in relation to the Proposed Acquisition, including its financial adviser and continuing sponsor, an independent valuer, an independent market researcher, and legal counsels. The professional team has undertaken extensive due diligence investigations on the Berlitz Group, the scope of which is akin to that

conducted for an initial public offering, to aid the Board in making the requisite disclosures in the RTO Circular in accordance with the Catalist Rules. In addition, the Vendor has confirmed to the Company that whilst the COVID-19 pandemic has been disruptive to global markets and economies, as well as the business and operations of the Berlitz Group, the Berlitz Group remains operational and viable, and its banking relationships and financial liquidity remains healthy.

Taking into consideration the above as well as the information and statements to be provided or made by the Vendor in the RTO Circular, barring any unforeseen circumstances and subject to the risk factors as shall be identified in the RTO Circular, the current Board maintains its view as stated in the Company's announcement dated 30 May 2019 in relation to its entry into the Sale and Purchase Agreement that the Proposed Acquisition, if completed, is expected to generate a sustainable revenue stream for the Group and enhance the long term interests of the Shareholders.

Seeking other viable restructuring options at this juncture

The Company had been dedicating its time and resources towards progressing the Proposed Acquisition for the past year with a view to unlock the value in the listing status of the Company. In the event the Proposed Acquisition is not approved by Shareholders at the RTO EGM, the Company would need to successfully source for and evaluate a viable restructuring option which can satisfy the SGX-ST requirements for a new listing and negotiate and enter into a definitive agreement in relation to the same by 31 August 2020, which is approximately less than two months after the RTO EGM. It is uncertain that the SGX-ST will grant any further extension of the Rule 1017(2) Deadline as the Company has already extended it once. Instead, the SGX-ST may proceed to delist and remove the Company from SGX-ST and further require that a cash exit offer be made to Shareholders within 6 months.

Please refer to our response to Question 6 below for further information.

B. LETTER AND ADDENDUM FROM MR. TAN WOO THIAN ("MR. TAN") AND PROPOSED RESOLUTIONS

3. *What were the resolutions proposed by Mr. Tan in the Letter and Addendum for circulation to be voted on by Shareholders at the AGM?*

Under the Letter and the Addendum, Mr. Tan had requested for the Company to circulate the following proposed resolutions to be voted on by Shareholders at the AGM ("**Proposed Resolutions**"):

- (a) **Proposed Resolution 1:** Appointment of Mr. Goh Ju Poh Paul ("**Mr. Paul Goh**") as a director of the Company ("**Director**");
- (b) **Proposed Resolution 2:** Appointment of Mr. Hui Choon Ho ("**Mr. Jonathan Hui**") as a Director;
- (c) **Proposed Resolution 3:** Appointment of Mr. Percival Jeyapal s/o David (together with Mr. Paul Goh and Mr. Jonathan Hui, "**Proposed Directors**") as a Director; and
- (d) **Proposed Resolution 4:** Removal of Mr. Ahmad Subri Bin Abdullah as a Director.

4. What were the reasons for the proposed changes to the Board?

By way of background:

- (a) The Company must complete the Proposed Acquisition and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules by the Rule 1017(2) Deadline of 31 August 2020.
- (b) On 19 February 2019, the Company entered into the Term Sheet, and obtained from Mr. Tan and Ms. Chen Jia Yu written unconditional and irrevocable undertakings to exercise their votes in favour of the Proposed Acquisition at the RTO EGM ("**Irrevocable Undertakings**") to ensure that the Proposed Acquisition would have sufficiently strong support from Shareholders before the Company proceeded to channel significant time, expenses and resources on the same.
- (c) In reliance on the Irrevocable Undertakings, the Company in May 2019 entered into the Sale and Purchase Agreement with the Vendor in relation to the Proposed Acquisition, which if consummated, would allow the Company to satisfy Rule 1017(2) of the Catalist Rules and maintain the listing status of the Company.
- (d) In March 2020, the Board received letters signed jointly by 7 parties (including Mr. Jonathan Hui, Mr. Paul Goh, Mr. Tan and Ms. Chen Jia Yu, the latter two of which had provided the Irrevocable Undertakings) stating that they held collectively more than 10% of the Company's shares and requesting the Board to terminate the Proposed Acquisition on the grounds of a purported material adverse change ("**MAC**") due to a recent sharp drop in oil and gas prices ("**Termination Request**") ("**March 2020 Letters**").
- (e) On 27 March 2020, the Company responded to the undersigned persons to the March 2020 Letters, stating amongst others that the professional advisers engaged by the Company in relation to the Proposed Acquisition were in the process of conducting due diligence and, having consulted with the professional advisors to the Proposed Acquisition, it was premature to conclude that the drop in oil and gas prices amounted to a MAC.
- (f) Since Mr. Tan and Ms. Chen Jia Yu had, through the Termination Request and further correspondence, expressed their intention not to comply with their Irrevocable Undertakings, the Company had on 11 May 2020 submitted an application to file an Originating Summons against them in the High Court of the Republic of Singapore ("**High Court**") to compel performance of the Irrevocable Undertakings ("**Originating Summons**"). As at the date of this announcement, the Originating Summons is still ongoing and the Board will update Shareholders if there are any material developments in this regard.
- (g) Based on the statements accompanying the Proposed Resolutions in the Letter and Addendum, as well as interviews conducted by the Nominating Committee of the Company ("**NC**") and the Sponsor with each of the Proposed Directors, the NC understood that the Proposed Directors (if appointed) intended to review the process of the due diligence conducted on the Berlitz Group in connection with the Proposed Acquisition. It was not immediately clear why the Proposed Directors were of the view that undertaking such due diligence at this late stage in the Proposed Acquisition exercise is necessary or justifiable in

terms of time and costs, taking into consideration that the pre-clearance enquiry with the SGX-ST had been completed on 21 February 2020 and the Pre-Admission Notification has already been submitted for review and approval by the SGX-ST. The Proposed Directors' intention to recommence due diligence investigations at this juncture casts doubt as to whether the Company would be in a position to complete the Pre-Admission Notification and convene the RTO EGM in order to complete the Proposed Acquisition within the Rule 1017(2) Deadline.

The Board is accordingly of the view that the Letter and the Addendum have been issued by Mr. Tan with the intention of garnering control over the Board and the Company's future plans with respect to the Proposed Acquisition through the Proposed Directors, and with the changes to the Board, it may be uncertain as to whether the Company will be able to meet the Rule 1017(2) Deadline, or whether the RTO EGM would even materialise for Shareholders (and minority Shareholders in particular) to review and vote on the Proposed Acquisition.

5. *Why did the Company not circulate the Proposed Resolutions together with its Notice of AGM?*

The Board had taken legal advice on the Letter and the Addendum purporting to serve as requisition notices by a member of the Company pursuant to Sections 183(1) and 182(2)(a) of the Companies Act (Chapter 50) of Singapore ("**Companies Act**"), for the Company to circulate the proposed resolutions to be voted on by Shareholders at the AGM.

The Board had been advised that Section 183(1) of the Companies Act requires, *inter alia*, such requisition to be made by a registered member of the Company. Mr. Tan had acknowledged in his Letter that he only had a deemed interest in the Company and therefore, would not be considered a registered member of the Company. Accordingly, the Company did not circulate the proposed resolutions together with the Notice of AGM to Shareholders, as the requirements under Section 183 of the Companies Act had not been met.

C. IMPLICATIONS IF RULE 1017(2) DEADLINE IS NOT MET

6. *What are the implications for Shareholders if the Proposed Acquisition is terminated and the Company is unable to acquire a new core business and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules by the Rule 1017(2) Deadline of 31 August 2020?*

As mentioned above, the Company must complete the Proposed Acquisition and meet the requirements for a new listing pursuant to Rule 1017(2) of the Catalist Rules by the Rule 1017(2) Deadline of 31 August 2020.

As set out in Rule 1017(2) of the Catalist Rules, the "*Exchange will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The issuer may (through its sponsor) apply to the Exchange for a maximum 6-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the 6-month extension period. The extension is subject to the issuer providing information to investors*

on its progress in meeting key milestones in the transaction. In the event the issuer is unable to meet its milestones, or complete the relevant acquisition despite the extension granted, no further extension will be granted and the issuer will be removed from the Official List and a cash exit offer in accordance with Rule 1308 should be made to its shareholders within 6 months". As such, pursuant to Rule 1017(2) of the Catalist Rules, if the Company is unable to meet the Rule 1017(2) Deadline, and if no further extension is granted by the SGX-ST, the Company will be removed from the Official List of the SGX-ST ("**Delisting**") and a cash exit offer in accordance with Rule 1308 of the Catalist Rules should be made to its Shareholders within 6 months.

Pursuant to Rule 1308 of the Catalist Rules, the exit offer must be fair and reasonable and include a cash alternative as the default alternative, and the Company will be required to appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.

7. What are the implications to Shareholders when the Company is delisted?

Shareholders should note that if the Company is delisted, Shareholders will continue to hold shares in the Company ("**Shares**"), but it would be an unlisted company. The Delisting would have, *inter alia*, the following implications for Shareholders:

(a) Ceasing to be governed by the listing requirements of the SGX-ST

If the Company is delisted from the Official List of the SGX-ST, it will no longer be required to comply with the listing requirements of the SGX-ST. The governance of the Company will no longer be regulated by the Sponsor and the SGX-ST, and the interests of Shareholders will no longer be safeguarded under the requirements of the Catalist Rules, including but not limited to, relevant requirements to seek shareholders' approvals for certain transactions falling within the ambit of Chapter 9 (Interested Person Transactions) and Chapter 10 (Significant Transactions) of the Catalist Rules.

Nonetheless, as a company incorporated in Singapore, the Company will still need to comply with the Companies Act and its Constitution, and the interests of Shareholders will be protected to the extent provided for by the Companies Act and the Company's Constitution.

(b) Value of unlisted Shares

Shareholders should note that shares of unlisted companies are generally valued at discount to the shares of comparable listed companies due to the lack of marketability. Following the Delisting, it is likely to be difficult for Shareholders to sell their Shares in the absence of a public market for the Shares, as there is no arrangement for such Shareholders to exit. Even if such Shareholders were able to sell their Shares, they would likely receive a lower price as compared with the market prices of the shares of comparable listed companies. Further, any transfer or sale of Shares represented by share certificates will be subject to stamp duty.

(c) Composition of the Board

There is no need for the Company to comply with the corporate governance policy of the SGX-ST after Delisting, which includes a requirement for independent Directors to safeguard the interest of minority Shareholders.

8. If the Company is delisted, what will happen to the Group's funds which are currently held in escrow accounts?

As at 31 May 2020, the Group is holding the following monies under escrow accounts pursuant to Rule 1017(1)(a) of the Catalist Rules:

- (a) the Company has an amount of US\$11,129,000 ("**Singapore Escrow Amount**") placed in an escrow account opened with CIMB Bank Berhad Singapore Branch ("**Singapore Escrow Account**"); and
- (b) Jiangyin SBI Offshore Equipment Co., Ltd. ("**JSBI**") (being the Company's subsidiary in the People's Republic of China ("**PRC**")) has an amount of RMB21,020,000 (equivalent to US\$2,940,000, converted at an exchange rate of US\$1.00 : RMB7.1502 as at 31 May 2020) ("**PRC Escrow Amount**", and together with the Singapore Escrow Amount, "**Escrow Amounts**") placed in an escrow account opened with CIMB Bank Berhad Shanghai Branch ("**PRC Escrow Account**", and together with the Singapore Escrow Account, "**Escrow Accounts**").

Once the Company is delisted, the Escrow Amounts will no longer be required to be held in escrow pursuant to the Catalist Rules. Henceforth, withdrawal and application of the Escrow Amounts will no longer require the approval of the SGX-ST, and the Board will have the authority to direct the usage and application of the Escrow Amounts in the best interests of the Company and Shareholders.

9. Would the Shareholders be assured that an exit offer or any other form of cash distribution will definitely be made upon a Delisting?

Whilst the Catalist Rules require that an exit offer be made upon the Delisting, there is no certainty that there will be an exit offer, or if there should be one, that it will be done within the 6-month period (if at all). It is noted that there have been instances of issuers listed on SGX-ST facing issues with compliance with the aforementioned requirement, including where none of the controlling shareholders of the issuer have been able to or have expressed any intention to make an exit offer, or where an exit offer which is made by a controlling shareholder has lapsed due to insufficient level of valid acceptances received. In such cases, the issuers were eventually delisted from the SGX-ST and they continued as unlisted public limited companies with their shareholders continuing to hold unlisted shares.

Alternatively, the Company may explore distributing its remaining funds to Shareholders by way of a members' voluntary liquidation or a capital reduction exercise. However, there can be no assurance that such a cash distribution exercise will be carried out in a timely manner and with the requisite support from the Shareholders (as approval is required from members holding not less than 75% of the total Shares). Similarly, there have been instances of such listed issuers which having failed to undertake cash distribution exercises were ultimately delisted and continued as unlisted public limited companies.

In this regard, the Board notes that the PRC Escrow Amounts are likely to be accessible by the Company in Singapore only upon the completion of a liquidation of JSBI, which is expected to take anywhere from 9 to 18 months to complete. The repatriation of the residual funds after the

liquidation of JSBI remain subject to PRC foreign exchange controls and may require prior approval from PRC authorities under the rules and regulations imposed by the PRC government in relation to currency conversion and remittance.

An alternative to liquidation of JSBI is a sale of JSBI. The Board at the relevant time will be able to decide to sell JSBI, but in view of the Company being delisted and no longer subject to Catalist Rules, will be free to determine the purchaser, the purchase price, when the transaction will be effected and whether the sale proceeds will be repatriated to the Company's Singapore bank account. The Board is also free to determine who the broker/introducer is and the amount of brokerage fees payable to such person in brokering the deal.

In summary, any exit offer and/or cash distribution would be dependent on the views and steps taken by the Directors who comprise the Board at the relevant time.