

SBI OFFSHORE LIMITED
(Registration No: 199407121D)
Unaudited Financial Statements and Dividend Announcement
For the Half Year Ended 30 June (“1H”) 2020

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	1H2020 (Unaudited) US\$'000	1H2019 (Unaudited) US\$'000	Change %
Revenue	* ₋	7	(100)
Cost of sales	* ₋	(4)	(100)
Gross profit	* ₋	3	(100)
<i>Other items of income</i>			
Interest income	41	106	(61.3)
Other income	65	54	20.4
<i>Other items of expense</i>			
Administrative expenses	(1,051)	(587)	79.0
Other expenses	(99)	(3)	NM
Loss before income tax	(1,044)	(427)	144.5
Income tax	-	-	-
Loss for the financial period	(1,044)	(427)	144.5
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	13	(1)	NM
Total comprehensive income for the financial period	(1,031)	(428)	140.9

* – Amount is less than US\$1,000

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:

	1H2020	1H2019	Change
	US\$'000	US\$'000	%
Depreciation of plant and equipment	9	*-	NM
Amortisation of intangible assets	1	3	(66.7)
Operating lease expenses	10	32	(68.8)
Foreign currency exchange loss/(gain)	89	(20)	NM
Distribution received from a joint venture	-	(10)	(100)
Reversal of loss allowance on other receivables	(32)	-	NM
Reversal of overprovision of reinstatement costs	-	(21)	(100)

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	
	30.06.2020 (Unaudited) US\$'000	31.12.2019 (Audited) US\$'000	30.06.2020 (Unaudited) US\$'000	31.12.2019 (Audited) US\$'000
Non-current assets				
Plant and equipment	2	11	2	11
Intangible assets	-	1	-	1
	2	12	2	12
Current assets				
Other receivables	195	148	2,821	2,806
Cash and cash equivalents	105	441	51	381
Restricted deposits	14,119	14,145	11,143	11,135
	14,419	14,734	14,015	14,322
Total assets	14,421	14,746	14,017	14,334
Current liabilities				
Other payables	817	348	808	340
Provisions	1,303	1,066	947	706
	2,120	1,414	1,755	1,046
Net current assets	12,299	13,320	12,260	13,276
Non-current liability				
Deferred tax liability	4	4	4	4
Net assets	12,297	13,328	12,258	13,284
Equity				
Share capital	25,253	25,253	25,253	25,253
Other reserves	174	174	223	223
Foreign currency translation reserve	355	342	-	-
Accumulated losses	(13,485)	(12,441)	(13,218)	(12,192)
Equity attributable to owners of the parent	12,297	13,328	12,258	13,284
Non-controlling interests	*-	*-	-	-
Total equity	12,297	13,328	12,258	13,284

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 30 June 2020 and 31 December 2019.

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	1H2020 (Unaudited) US\$'000	1H2019 (Unaudited) US\$'000
<u>Cash flows from operating activities</u>		
Loss before income tax	(1,044)	(427)
Adjustments for:		
Amortisation of intangible assets	1	3
Depreciation of plant and equipment	9	*-
Distribution received from a joint venture	-	(10)
Interest income	(41)	(106)
Unrealised foreign exchange loss/(gain)	91	(21)
Reversal of loss allowance on other receivables	(32)	-
Reversal of overprovision of reinstatement costs	-	(21)
Operating cash flows before working capital changes	(1,016)	(582)
Trade and other receivables	(82)	30
Trade and other payables	741	(32)
Cash used in operations	(357)	(584)
Interest income	41	106
Net cash used in operating activities	(316)	(478)
<u>Cash flows from investing activities</u>		
Compensation received from a joint venturer	32	-
Distribution received from a joint venture	-	10
Placement of restricted deposits ⁽¹⁾	(41)	(11,077)
Purchase of plant and equipment	-	(10)
Reinstatement costs paid	-	(4)
Net cash used in investing activities	(9)	(11,081)
Net change in cash and cash equivalents	(325)	(11,559)
Cash and cash equivalents at beginning of financial period	441	15,708
Effect of foreign exchange rate changes in cash and cash equivalents	(11)	20
Cash and cash equivalents at end of financial period	105	4,169

Note:

- (1) In 1H2020, the amount relates to the interest earned in relation to the cash placed in escrow accounts opened with CIMB Bank Berhad Singapore Branch (“**CIMB Singapore**”) and CIMB Bank Berhad Shanghai Branch (“**CIMB Shanghai**”) pursuant to Rule 1017(1)(a) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).

In 1H2019, the Group earned interest income of US\$27,000 on placement of US\$11,050,000 in escrow account opened with CIMB Singapore in March 2019.

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 2020	25,253	223	(49)	342	(12,441)	13,328	-	13,328
Total comprehensive income for the financial period								
Loss for the financial period	-	-	-	-	(1,044)	(1,044)	-	(1,044)
Other comprehensive income								
Exchange differences arising from translation of foreign operations	-	-	-	13	-	13	-	13
Total comprehensive income for the financial period	-	-	-	13	(1,044)	(1,031)	-	(1,031)
Balance at 30 June 2020	25,253	223	(49)	355	(13,485)	12,297	-	12,297

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
<i>Total comprehensive income for the financial period</i>								
Loss for the financial period	-	-	-	-	(427)	(427)	-	(427)
<i>Other comprehensive income</i>								
Exchange differences arising from translation of foreign operations	-	-	-	(1)	-	(1)	-	(1)
Total comprehensive income for the financial period	-	-	-	(1)	(427)	(428)	-	(428)
Balance at 30 June 2019	25,253	223	(49)	327	(10,974)	14,780	-	14,780

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 losses US\$'000	Total equity US\$'000
Balance at 1 January 2020	25,253	223	(12,192)	13,284
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(1,026)	(1,026)
Balance at 30 June 2020	25,253	223	(13,218)	12,258
Balance at 1 January 2019	25,253	223	(10,307)	15,169
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(434)	(434)
Balance at 30 June 2019	25,253	223	(10,741)	14,735

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 31 December 2019 and 30 June 2020	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 30 June 2020 was 8 million (30 June 2019: 8 million).

There were no outstanding share awards granted under the PSP as at 30 June 2020 (30 June 2019: NIL).

Save for the aforementioned ESOS options and PSP shares, the Company did not have any other outstanding convertibles as at 30 June 2020 and 30 June 2019.

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

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 30 June 2020 was 249,680,100 (31 December 2019: 249,680,100). The Company did not have any treasury shares as at 30 June 2020 and 31 December 2019.

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 qualifications 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 2019 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 reporting period compared with those used in the audited financial statements for the financial year ended 31 December 2019 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 2020.

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 period ended 30 June 2020.

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	1H2020	1H2019
Basic loss per share (US cents)	(0.42)	(0.17)
Weighted average number of shares ('000)	249,680	249,680
Fully diluted loss per share (US cents)	(0.42)	(0.17)
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 1H2020 and 1H2019.

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	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Net asset value per share (US cents)	4.93	5.34	4.91	5.32
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**

In 1H2020, the Group generated adhoc sales, cost of sales and gross profit of less than US\$1,000 from the supply of lifeboat spare parts, as compared to adhoc sales of US\$7,000, cost of sales of US\$4,000 and gross profit of US\$3,000 in 1H2019.

(b) Interest income

Interest income decreased by 61.3%, from US\$106,000 in 1H2019 to US\$41,000 in 1H2020. This was due to the transfers of the fixed deposits held by the Group to escrow accounts in March 2019 and July 2019 respectively 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 as announced on 1 March 2019. Such escrow accounts generated lower interest income as compared to fixed deposits accounts.

(c) Other income

Other income increased by US\$11,000 or 20.4%, from US\$54,000 in 1H2019 to US\$65,000 in 1H2020.

Other income of US\$65,000 in 1H2020 comprised the following:

- reversal of loss allowance of US\$32,000 on receivables due from RBV Energy Ltd due to recovery of amounts; and
- receipt of Jobs Support Scheme (“**JSS**”) payout of US\$33,000 from Inland Revenue Authority of Singapore, which provides wage support to employers for retaining local employees during the COVID-19 pandemic.

Other income of US\$54,000 in 1H2019 relates mainly to non-recurring gains as follows:

- write-back of an overprovision of reinstatement expenses 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;
- foreign exchange gain of US\$20,000 in 1H2019, arising from the strengthening of Singapore Dollar against United States Dollar; and
- final distribution of US\$10,000 received from a joint venture, RBV Energy (Singapore) Pte Ltd (“**RBVS**”).

(d) Administrative expenses

Administrative expenses increased by US\$464,000 or 79.0%, from US\$587,000 in 1H2019 to US\$1.05 million in 1H2020, mainly due to the following:

- fees incurred for the special audit by RSM Corporate Advisory Pte Ltd (“**RSM**”) which amounted to US\$58,000 (please refer to the Company’s announcements dated 21 March 2019 and 12 June 2020 for further details);
- increase in expenses incurred in relation to the Proposed Acquisition (as defined herein) which amounted to US\$147,000 in 1H2020 (US\$41,000 in 1H2019); and
- increase in legal fees incurred, from US\$10,000 in 1H2019 to US\$411,000 in 1H2020, mainly due to the following matters:
 - o legal fees reimbursement 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, 20 August 2019 and 12 June 2020 for further details);

- legal fees in respect of the Originating Summons filed by PwC against the Company to recover the legal fees incurred by PwC in defending a lawsuit brought by Mr Tan (please refer to the paragraph above);
- legal fees in relation to the filing of an Originating Summons in the High Court of the Republic of Singapore against certain shareholders to compel them to, in accordance with the unconditional and irrevocable undertakings, vote in favour of all resolutions to be proposed pursuant to the Company's Proposed Acquisition (please refer to the Company's announcements dated 11 May 2020 and 9 July 2020 for further details); and
- legal advice in connection with the receipt of notice of proposed resolutions to be voted on by shareholders at the annual general meeting of the Company (please refer to the Company's announcements dated 14 May 2020, 18 May 2020 and 14 June 2020 for further details).

The aforementioned increase was partially offset by the reduction in expenses due to ongoing cost control measures maintained by the Group, as further explained below:

- staff-related costs dropped by US\$42,000, from US\$321,000 in 1H2019 to US\$279,000 in 1H2020, as the Group's headcount reduced from 6 employees as at 30 June 2019 to 5 employees as at 30 June 2020;
- rental expenses decreased by US\$21,000 or 65.6%, from US\$32,000 in 1H2019 to US\$11,000 in 1H2020 due to the Company's relocation to a smaller office in June 2019; and
- lower other operating expenses such as bank charges, utilities, transportation expenses, travelling expenses, as well as repair and maintenance costs.

(e) Other expenses

Other expenses, comprising depreciation of plant and equipment, amortisation of intangible assets and foreign exchange loss, increased from US\$3,000 in 1H2019 to US\$99,000 in 1H2020, mainly due to the following reasons:

- foreign exchange loss of US\$89,000 in 1H2020 in respect of the translation of balances or transactions denominated in Singapore Dollar and Chinese Renminbi, as compared to foreign exchange gain in 1H2019 which was recorded as other income (as disclosed in paragraph 8(c) above); and
- increase in depreciation expenses from less than US\$1,000 in 1H2019 to US\$9,000 in 1H2020 due 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.

The aforementioned increase was partially offset by the decrease in amortisation charged in 1H2020, as all intangible assets were fully amortised during the period.

(f) Loss for the financial period

As a result of the above, the Group registered a net loss of US\$1.04 million in 1H2020, as compared to a net loss of US\$0.43 million in 1H2019.

Statement of Financial Position

(a) Working capital

As at 30 June 2020, the Group's working capital stood at US\$12.30 million. The Group had cash (comprising cash and cash equivalents and restricted deposits) of US\$14.22 million with zero borrowings as at 30 June 2020.

(b) Non-current assets

Non-current assets decreased from US\$12,000 as at 31 December 2019 to US\$2,000 as at 30 June 2020, due to the depreciation and amortisation charges during the period.

(c) Current assets

The Group's current assets amounted to US\$14.42 million as at 30 June 2020 (31 December 2019: US\$14.73 million). The decrease of US\$0.31 million was substantially contributed by the decrease in cash and cash equivalents by US\$0.34 million, largely attributable to financing of working capital.

The decrease was partially offset by increase in other receivables from US\$148,000 as at 31 December 2019 to US\$195,000 as at 30 June 2020, mainly due to increase in GST receivable and amount receivable from the Vendor for sharing of costs in respect of the Proposed Acquisition.

(d) Current liabilities

Current liabilities increased from US\$1.41 million as at 31 December 2019 to US\$2.12 million as at 30 June 2020, mainly due to the following reasons:

- increase in billed invoices from vendors (largely professional firms) that remained unpaid as at 30 June 2020; and
- increase in accrued legal fees in relation to the legal fees incurred by PwC in defending the lawsuit brought by Mr Tan.

Statement of Cash Flows

(a) Net cash used in operating activities in 1H2020 was US\$316,000, mainly due to net loss recorded in 1H2020 of US\$1.04 million, partially offset by increase in trade and other payables of US\$741,000.

(b) Net cash used in investing activities of US\$9,000 pertained mainly to the interest earned of US\$41,000 from the Company's escrow accounts opened pursuant to Rule 1017(1)(a) of the Catalist Rules, which was partially offset by the compensation of US\$32,000 received from a joint venturer, RBV Energy Ltd.

No cash was used in or generated from financing activities in 1H2020 and 1H2019.

As a result, the Group's cash and cash equivalents decreased from US\$441,000 as at 31 December 2019 to US\$105,000 as at 30 June 2020.

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.

Update on the Proposed Acquisition

*The board of directors of the Company (“**Board**”) refers to the Company’s announcements dated 30 May 2019, 4 June 2019, 20 February 2020 and 11 May 2020 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**”), as well as the announcement dated 15 July 2020 on, among others, the quarterly update of milestones in obtaining a new business for the second quarter ended 30 June 2020 (“**Update Announcement**”). 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 31 May 2020, the Company had on 29 May 2020 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 submission of updated information (including but not limited to updated financial statements and valuation report of the Target Group) to the SGX-ST for review. The despatch of the final RTO Circular to Shareholders is subject to satisfactory completion of the aforementioned processes.

The Company will update Shareholders on any material developments in respect of the Proposed Acquisition, and make the necessary announcements as and when appropriate.

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 half year ended 30 June 2020. 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, 4 June 2019, 20 February 2020 and 11 May 2020 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 half year ended 30 June 2020.

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 Jiangyin 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 29 February 2020 (as announced on 14 April 2020) (S\$'000)	Net Proceeds utilised from 1 March 2020 to 30 June 2020 (S\$'000)	Balance of Net Proceeds as at 30 June 2020 (S\$'000)
New market expansion, new business development plans and new projects	3,416	2,879	10	527
Working capital and funding for existing projects	12,735	9,999	-	2,736
Total	16,151	12,878	10	3,263⁽¹⁾

Note:

- (1) The balance of the Net Proceeds was placed in escrow accounts maintained with CIMB Singapore and CIMB Shanghai. The difference of S\$1,000 as compared to the balance of S\$3,264,000 as announced on 14 April 2020 was due to foreign exchange difference.

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.

16. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board confirms that, to the best of its knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the half year ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board of Directors

James Kho Chung Wah
Independent Director

Chan Lai Yin
Company Secretary

12 August 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.*

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