



Our Ref: REG/LC/GT/SH/NOC-SBI

19 August 2020

The Board of Directors

SBI Offshore Limited
70 Ubi Crescent
#01-11 Ubi Techpark
Singapore 408570

Dear Sirs,

NOTICE OF COMPLIANCE (THE "NOTICE")

**SBI OFFSHORE LIMITED
("SBI" OR THE "COMPANY", TOGETHER WITH ITS SUBSIDIARIES, THE "GROUP")**

1. Singapore Exchange Regulation ("**SGX RegCo**" or the "**Exchange**") refers to the Company's following SGXNet announcements:
 - (a) Dated 18 February 2020 (Announcement Reference No: SG200218OTHRNYBW) titled "*Extension of time for Cash Company to meet requirements for a New Listing*";
 - (b) Dated 20 July 2020 (Announcement Reference No: SG200720OTHRUHS0) titled "*Approval from SGX RegCo for Waiver of the Escrow Requirements under Catalist Rule 1017(1)(A)*";
 - (c) Dated 27 July 2020 (Announcement Reference No: SG200727OTHRBAGC) titled "*Updates on Requisition for an Extraordinary General Meeting*"; and
 - (d) Dated 14 August 2020 (Announcement Reference No: SG200814XMETIU1H) titled "*Extraordinary / Special General Meeting*".(collectively, the "**Announcements**").

2. Proposed Acquisition

- 2.1 The Company was deemed a cash company as defined under Rule 1017 of the Catalist Rules with effect from 28 February 2019. Accordingly, it had placed 90% of its total cash in escrow, in accordance to Catalist Rule 1017(1)(a). Under Catalist Rule 1017(2), the Company has up to 12 months from the time it became a cash company to meet the requirements for a new listing, failing which it may face delisting.

Singapore Exchange Regulation Pte. Ltd.
Company Reg No. 201709600D
(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589
main: +65 6236 8888
sgx.com

2.2 On 30 May 2019, SBI entered into a share sale and purchase agreement (“**SPA**”) with Mr Chan Kern Miang (“**Vendor**”) for the 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. (formerly known as Metico Ocean Services Pte. Ltd.) (collectively, the “**Target Companies**”), with the view of lifting SBI out of the cash company status (the “**Proposed Acquisition**” or “**Proposed RTO**”). The Exchange had granted the Company a 6-month extension of time from 29 February 2020 to 31 August 2020 (the “**Deadline**”) to complete the Proposed Acquisition.

2.3 On 31 May 2020, the Company announced that it had submitted to SGX RegCo, the pre-admission notification in relation to the Proposed Acquisition (the “Submission”). There are outstanding responses to SGX RegCo’s queries on the Submission.

3. Requisition Notices

3.1 On 27 July 2020, the Company announced that it is seeking legal advice on the validity of requisition notices received from its shareholders, namely Mr Goh Jo Poh Paul (“Mr Goh”), Mr Hui Choon Ho (“Mr Hui”) and Mr Mirzan Bin Mahathir (“Mr Mahathir”), pursuant to section 176(1) of the Companies Act (the “Requisition Notice”) to:

- (i) appoint Mr Goh, Mr Hui and Mr Mahathir as directors of the Company; and
- (ii) approve the payment of directors’ fees of S\$120,000 for the financial year ending 31 December 2020 to be paid on a quarterly basis in arrears

(collectively, the “**Proposed Resolutions**”).

3.2 On 14 August 2020, the Company issued a notice of extraordinary general meeting for the Proposed Resolutions, to be held on 29 August 2020 (the “Proposed EGM”), **two days before the Deadline**.

4. Developments in the Company

4.1 On 12 June 2020, the Company released the executive summary of a special audit report prepared by RSM Corporate Advisory Pte Ltd (the “**RSM Report**”). The RSM Report highlighted, amongst others, potential contravention of directors’ fiduciary duties under Section 157 of the Companies Act by the Board of Directors during the material period. Mr Hui was one of the Executive Directors of the Company then.

- 4.2 Following the release of the RSM Report, SGX RegCo issued a regulatory announcement on the same day. It was stated that SGX RegCo will refer the potential contravention of directors' fiduciary duties under Section 157 of the Companies Act to the relevant authorities.
- 4.3 During the Company's annual general meeting ("AGM") on 29 June 2020, shareholders had voted against the resolutions to re-elect Mr Mahathir as the Company's Executive Chairman; and the payment of directors' fees of S\$120,000 for FY2020.
- 4.4 On 2 July 2020, the Company announced that the Board had appointed Mr Mahathir as its Interim Chief Executive Officer from 3 July 2020 to 31 August 2020 to facilitate the progress of the ongoing Proposed RTO. SGX RegCo had issued queries on the rationale for this appointment and required the Company's Nominating Committee to disclose its considerations for the appointment after shareholders had voted against the re-election of Mr Mahathir as the Executive Chairman.

5. Exchange's Directives

- 5.1 Catalyst Rule 305(1) provides that the Exchange may exercise administrative powers for the purposes of ensuring that the market is fair, orderly and transparent. Catalyst Rule 305(1)(c) further provides that the Exchange may require an issuer to obtain the prior approval of the Exchange under Rule 720(2)(a), for a period not exceeding 3 years, for the appointment of a director or an executive officer.
- 5.2 The Company has a Deadline of 31 August 2020 to complete the Proposed RTO. There are two possible scenarios as set out below, **both of which do not** require nor justify the appointment of 3 new members to the existing board of the Company (the "Board").
 - (i) In the event the Proposed RTO proceeds, the Exchange must be satisfied with the suitability of the New Board as stated in the Submission, taking into account the Full Sponsor's assessment on compliance with the Catalyst Rules; or
 - (ii) In the event the Proposed RTO is unable to proceed, the Exchange's directive as announced by the Company on 18 February 2020, 20 July 2020 and 3 August 2020, requires the Company to make an exit offer (including distribution of monies placed in escrow) to shareholders in accordance with Catalyst Rules 1017(2) and 1308 before the Company is to be delisted.
- 5.3 Given the above two scenarios, it is unclear how the Proposed EGM is in the best interest of the Company and its minority shareholders. Moreover, the Company is a cash company with no operations. SGX RegCo has given the Company ample time and opportunities to acquire a new business that would comply with the requirements for a new listing.

- 5.4 SGX RegCo had also issued a regulatory statement and raised queries on developments in the Company in relation to the proposed directors Mr Hui and Mr Mahathir, as summarized in section 4 of this Notice.
- 5.5 Pursuant to Catalist Rule 305(1)(c), the Exchange directs the Company to seek prior approval from SGX RegCo for the appointment of a director or an executive officer for a period not exceeding 3 years.
- 5.6 Please note that this Notice is an official notification to the Company with immediate effect.
- 5.7 Pursuant to Catalist Rule 305(4), failure to comply with the requirements SGX RegCo has imposed shall be deemed to be a contravention of the Catalist Rules.
- 5.8 Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Catalist Rules, including any failure to comply with the requirements SGX RegCo has imposed.

Yours faithfully,

June Sim
Senior Vice President
Head, Listing Compliance
Singapore Exchange Regulation

cc: Ms. Alice Ng, Zico Capital Pte. Ltd.