



SBI OFFSHORE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199407121D)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as used in the circular dated 10 September 2015 issued by SBI Offshore Limited.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of SBI Offshore Limited (the "**Company**") will be held at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555 on Monday, 28 September 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions (the "**Resolutions**"):

ORDINARY RESOLUTIONS

RESOLUTION 1:

PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP TO INCLUDE THE NEW BUSINESS

That:

- (a) approval be and is hereby given for the diversification by the Group to include the design, engineering, construction, development, ownership, operation, maintenance and storage of renewable energy projects, particularly in solar photovoltaics ("**New Business**"); and
- (b) the Directors or any of them be and is hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration, or modification to any document, as they and he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this ordinary Resolution as they or he may think fit.

RESOLUTION 2:

THE PROPOSED ACQUISITION OF 51% OWNERSHIP OF THE ASSETS FOR THE PURCHASE CONSIDERATION OF S\$13.974 MILLION

That, subject to and contingent upon Resolution 1 being passed:

- (a) approval be and is hereby given for the acquisition by the Company of 51% ownership of the Assets under the terms and conditions of the JVA and the Addendum entered into between the Company and GSSR; and
- (b) the Directors or any of them be and is hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration, or modification to any document, as they and he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this Resolution as they or he may think fit.

RESOLUTION 3:

THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 44.0 MILLION CONSIDERATION SHARES TO GSSR AT AN ISSUE PRICE OF S\$0.265 PER SHARE, AS PART SATISFACTION OF THE CONSIDERATION

That, subject to and contingent upon Resolutions 1 and 2 being passed:

- (a) approval be and is hereby given to the Directors or any of them to allot and issue to GSSR in accordance with the terms and conditions of the Addendum, whereby such Consideration Shares when issued shall rank *pari passu* in all respects with the then existing shares of the Company as at their respective date of allotment on issuance; and
- (b) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this Ordinary Resolution as they or he may think fit.

BY ORDER OF THE BOARD

CHAN LAI YIN

Company Secretary

10 September 2015

Notes:

- (1) A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (2) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
- (3) If the appointer is a corporation, the instrument appointing the proxy or proxies must be executed either under its seals or under the hand of its officer or attorney duly authorised.
- (4) The instrument appointing a proxy must be deposited at the registered office of the Company at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555 not less than 48 hours before the time appointed for holding the Extraordinary General Meeting.

CIRCULAR DATED 10 SEPTEMBER 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN DOUBT ABOUT ITS CONTENTS OR THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of SBI Offshore Limited (the “**Company**”) represented by physical share certificate(s), you should forward this Circular together with the Notice of Extraordinary General Meeting and the enclosed Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”) for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.



SBI OFFSHORE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199407121D)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP TO INCLUDE THE NEW BUSINESS;**
- (2) THE PROPOSED ACQUISITION OF 51% OWNERSHIP OF THE ASSETS FOR THE PURCHASE CONSIDERATION OF S\$13.974 MILLION; AND**
- (3) THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 44.0 MILLION CONSIDERATION SHARES TO GSSR AT AN ISSUE PRICE OF S\$0.265 PER SHARE, AS PART SATISFACTION OF THE CONSIDERATION.**

IMPORTANT DATES AND TIMES:

| | | |
|--|---|--|
| Last date and time for lodgement of Proxy Form | : | 26 September 2015 at 10.00 a.m. |
| Date and time of Extraordinary General Meeting | : | 28 September 2015 at 10.00 a.m. |
| Venue of Extraordinary General Meeting | : | 20 Pioneer Crescent #09-01 West Park BizCentral Singapore 628555 |

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CONTENTS

| | <i>Page</i> |
|--|-------------|
| DEFINITIONS | 2 |
| LETTER TO SHAREHOLDERS | 7 |
| 1. INTRODUCTION | 7 |
| 2. PROPOSED DIVERSIFICATION | 8 |
| 3. PROPOSED ACQUISITION | 15 |
| 4. PROPOSED ISSUANCE OF CONSIDERATION SHARES | 21 |
| 5. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS | 21 |
| 6. SERVICE CONTRACTS | 22 |
| 7. DIRECTORS' RECOMMENDATIONS | 22 |
| 8. INTERCONDITIONALITY | 22 |
| 9. EXTRAORDINARY GENERAL MEETING | 23 |
| 10. ACTION TO BE TAKEN BY SHAREHOLDERS | 23 |
| 11. DIRECTORS' RESPONSIBILITY STATEMENT | 24 |
| 12. DOCUMENTS AVAILABLE FOR INSPECTION | 24 |
| APPENDIX A – RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION .. | 25 |
| NOTICE OF EXTRAORDINARY GENERAL MEETING | 34 |
| PROXY FORM | |

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

- “Addendum”** : The addendum to the JVA entered into between the Company and GSSR on 3 August 2015
- “Additional Assets”** : Has the meaning ascribed in Section 2.4 of this Circular
- “Announcement”** : The announcement in relation to the Proposed Acquisition made by the Company on 4 August 2015
- “Assets”** : Has the meaning ascribed in Section 3 of this Circular
- “Associates”** : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- (b) in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee”** : The audit committee of the Company as at the Latest Practicable Date, unless the context otherwise requires
- “Board”** : The Board of Directors of the Company as at the Latest Practicable Date
- “BWG”** : Boreas Wind Group of British Virgin Islands
- “Catalist”** : The Catalist Board of the SGX-ST
- “Catalist Rules”** : The Listing Manual (Section B: Rules of Catalist) of the SGX-ST, as amended or modified from time to time
- “CDP”** : The Central Depository (Pte) Limited

DEFINITIONS

| | | |
|-------------------------------|---|---|
| “CEO” | : | Chief Executive Officer |
| “Circular” | : | This circular to Shareholders dated 10 September 2015 in relation to the Proposed Resolutions |
| “Company” | : | SBI Offshore Limited |
| “Companies Act” | : | Companies Act (Chapter 50) of Singapore as amended, modified and supplemented from time to time |
| “Completion” | : | Completion of the Proposed Transactions |
| “Completion Date” | : | Has the meaning set out in Section 3.3 of this Circular |
| “Conditions Precedent” | : | The conditions precedent contained in the Addendum as set out in Section 3.3 of this Circular |
| “Consideration” | : | The purchase price of 51% ownership of the Assets amounting to S\$13,974,000, of which S\$11,660,000 will be payable by way of allotment and issuance of up to 44.0 million new Shares at an issue price of S\$0.265 per Share, and the remainder S\$2,314,000 in cash, payable by the Company to GSSR on the Completion Date |
| “Consideration Shares” | : | Up to 44.0 million new ordinary shares of the Company to be issued to GSSR at the issue price of S\$0.265 per ordinary share |
| “Directors” | : | The directors of the Company as at the Latest Practicable Date, and “Director” means any one of them |
| “EGM” | : | The extraordinary general meeting of the Company to be convened and held at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555 on 28 September 2015 at 10.00 a.m., the notice of which is set out on pages 34 to 35 of this Circular |
| “EPC” | : | Engineering, procurement and commissioning |
| “EPS” | : | Earnings per Share |
| “Existing Business” | : | The existing business of the Group which comprises the design, engineering, construction and commissioning of drilling and related equipment as well as the marketing, distribution and after-sales services of life-saving appliances and high pressure products |
| “FY” | : | Financial year ended or ending 31 December, as the case may be |

DEFINITIONS

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| “General Mandate” | : | The general share issue mandate obtained from the Shareholders at the annual general meeting of the Company held on 24 April 2015 |
| “Graess Energy” | : | Graess Energy Private Limited, a company incorporated in Singapore for the purposes of the JV |
| “Gräss Group” | : | The Gräss Group of Germany |
| “Group” | : | The Company, its subsidiaries and associated company, collectively |
| “GSS Group” | : | GSSR and its related corporations, and the corporations controlled by the ultimate shareholders of GSSR, being the Gräss Group and BWG |
| “GSSR” | : | GSS Renewables Private Limited |
| “JV” | : | Joint venture between the Company and GSSR |
| “JV Partners” | : | Collectively, the parties entered into the JVA, namely the Company and GSSR, and “JV Partner” means each and any one of them |
| “JVA” | : | The joint venture agreement dated 6 July 2015 entered into between the Company and GSSR |
| “Latest Practicable Date” | : | 28 August 2015, being the latest practicable date prior to the printing of this Circular |
| “Long-Stop Date” | : | 31 January 2016 or such later date as may be mutually agreed by the Company and GSSR |
| “LBT” | : | Loss before tax |
| “Mr Glogowski” | : | Mr Antos Jerzy Glogowski |
| “Mr Gräss” | : | Mr Harald Herbert Gräss |
| “MW” | : | Megawatts |
| “New Business” | : | Has the meaning ascribed to it in Section 2.2 of this Circular |
| “Notice of EGM” | : | The notice of the EGM set out on pages 34 to 35 of this Circular |
| “NTA” | : | Net tangible assets |

DEFINITIONS

| | | |
|--|---|---|
| “NTL” | : | Net tangible liabilities |
| “PBT” | : | Profit before tax |
| “PPA” | : | Power purchase agreement |
| “Proposed Acquisition” | : | Has the meaning ascribed in Section 3 of this Circular |
| “Proposed Diversification” | : | The proposed diversification of the Existing Business to include the New Business |
| “Proposed Issuance of Consideration Shares” | : | The proposed issuance and allotment of Consideration Shares |
| “Proposed Resolutions” | : | The proposed resolutions to be tabled at the EGM, being collectively, the Proposed Diversification, the Proposed Acquisition and the Proposed Issuance of Consideration Shares |
| “Proposed Transactions” | : | Has the meaning ascribed in Section 3 of this Circular |
| “PV” | : | Photovoltaic |
| “PV Projects” | : | Solar PV power systems and plants |
| “S\$” and “cents” | : | Singapore dollars and cents, respectively, being the lawful currency of Singapore |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “Share(s)” | : | Issued and paid-up ordinary share(s) in the capital of the Company |
| “Shareholders” | : | Registered holders of Shares except that where CDP is the registered holder, the term “Shareholder” shall in relation to such Shares, mean Depositors who have Shares entered against their names in the Depository Register |
| “Sponsor” | : | PrimePartners Corporate Finance Pte. Ltd. |
| “Substantial Shareholder(s)” | : | Person(s) (including a corporation) who holds not less than 5% (directly or indirectly) of the total votes attached to all the voting Shares in the Company |
| “US\$” | : | United States dollars |
| “%” or “per cent.” | : | Per centum or percentage |

DEFINITIONS

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act or any statutory modification thereof, as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

All discrepancies in the figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

References to “**you**”, “**your**”, and “**yours**” in this Circular are, as the context so determines, to Shareholders (including persons whose Shares are deposited with CDP or who have purchased Shares on the SGX-ST).

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Catalist Rules or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall have the meaning ascribed to it under the Companies Act or the Catalist Rules or any statutory or regulatory modification, unless the context otherwise requires.

The expressions “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Any reference to a time of day in this Circular shall be a reference to Singapore time.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements. Further, the Company and the Sponsor disclaim any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

SBI OFFSHORE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199407121D)

Board of Directors

| | |
|--------------------------|--|
| Chan Lai Thong | (Executive Chairman and Executive Director) |
| Tan Woo Thian | (Executive Director and CEO) |
| Mirzan Bin Mahathir | (Non-Executive and Non-Independent Director) |
| Basil Chan | (Lead Independent Director) |
| Mahtani Bhagwandas | (Independent Director) |
| Ahmad Subri Bin Abdullah | (Independent Director) |

Registered Office:

20 Pioneer Crescent
#09-01 West Park
BizCentral
Singapore 628555

10 September 2015

To: The Shareholders of SBI Offshore Limited

Dear Sir/Madam,

- (1) **PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP TO INCLUDE THE NEW BUSINESS;**
- (2) **THE PROPOSED ACQUISITION OF 51% OWNERSHIP OF THE ASSETS FOR THE PURCHASE CONSIDERATION OF S\$13.974 MILLION; AND**
- (3) **THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 44.0 MILLION CONSIDERATION SHARES TO GSSR AT AN ISSUE PRICE OF S\$0.265 PER SHARE, AS PART SATISFACTION OF THE CONSIDERATION.**

1. INTRODUCTION

1.1 Overview

On 7 July 2015, the Company announced (a) that it had entered into the JVA with GSSR for the establishment of Graess Energy to formalise the relationship of the JV Partners; and (b) its intention to diversify the Existing Business to include the New Business.

Further to the JVA, the Company had on 3 August 2015 entered into the Addendum with GSSR for the acquisition by the Company of the 51% ownership of the Assets from the GSS Group for an aggregate purchase consideration of S\$13,974,000, of which S\$11,660,000 will be payable by way of allotment and issuance of up to 44.0 million new Shares at an issue price of S\$0.265 per Share, and the remainder S\$2,314,000 in cash, payable by the Company to GSSR on the Completion Date.

1.2 Extraordinary General Meeting

The Directors are convening an EGM to be held on 28 September 2015 to seek Shareholders' approval for (a) the Proposed Diversification, (b) the Proposed Acquisition and (c) the Proposed Issuance of Consideration Shares.

LETTER TO SHAREHOLDERS

In voting for the ordinary resolutions at the EGM, Shareholders should note that:

- (a) the Proposed Acquisition is conditional upon the Shareholders' approval of the Proposed Diversification;
- (b) the Proposed Issuance of Consideration Shares is conditional upon the Shareholders' approval of the Proposed Diversification and Proposed Acquisition; and
- (c) the Proposed Diversification is not inter-conditional upon the Shareholders' approval of both the Proposed Acquisition and Proposed Issuance of Consideration Shares and may proceed independently.

1.3 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to, explain the rationale for, and to seek the Shareholders' approval for the Proposed Diversification, the Proposed Acquisition and Proposed Issuance of Consideration Shares at the forthcoming EGM. The notice of the EGM is set out on pages 34 to 35 of this Circular.

The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

2. PROPOSED DIVERSIFICATION

2.1 Existing Business of the Group

The existing business of the Group comprises the design, engineering, construction and commissioning of drilling and related equipment as well as the marketing, distribution and after-sales services of life-saving appliances and high pressure products.

As at the Latest Practicable Date, the subsidiaries of the Company and their principal activities are as follows:

| Name of subsidiary | Country of incorporation and operation | Principal activities | Equity interest held % |
|---|---|--|-------------------------------|
| Held by the Company: | | | |
| Jiangyin SBI Offshore Equipment Co., Ltd. | People's Republic of China | Fabrication of drilling and related equipment | 100 |
| Neptune Life-Saving Pte. Ltd. | Singapore | Marketing, distribution and servicing of lifeboats, rescue boats and launching systems | 100 |
| Sea Reef do Brazil Ltda | Brazil | Dormant | 60 |
| SBI O&M Pte. Ltd. | Singapore | Design, engineering and construction of O&M vessels | 100 |
| Axon Rig Concept & Design Asia Pte. Ltd. | Singapore | Dormant | 100 |

LETTER TO SHAREHOLDERS

| Name of subsidiary | Country of incorporation and operation | Principal activities | Equity interest held % |
|---|--|---|------------------------|
| Joint Venture: | | | |
| RBV Energy (Singapore) Pte Ltd | Singapore | Marketing and distribution of high-pressure pipes, fittings, valves & manifolds | 50 |
| Graess Energy Pte Ltd | Singapore | Owners of Solar Power Projects and Independent Power Producer | 51 |
| Associate: | | | |
| Jiangyin Neptune Marine Appliance Co Ltd ⁽¹⁾ | People's Republic of China | Manufacturing of lifeboats, rescue boats and launching systems | 35 |

Note:

- (1) The Company has entered into a sale and purchase agreement on 18 August 2015 for the proposed disposal its entire equity interest in Jiangyin Neptune Marine Appliance Co Ltd. Please refer to the Company's announcement dated 18 August 2015.

2.2 Information regarding the Proposed Diversification

Subject to the approval of Shareholders being obtained at the EGM, the Group intends to diversify into the new business of design, engineering, construction, development, ownership, operation, maintenance and storage of renewable energy projects, particularly in solar PV ("**New Business**"). The focus area of the New Business shall be in the Asia Pacific region.

In conjunction with the Proposed Diversification, Graess Energy had been established pursuant to the JVA entered into between the JV Partners to operate as the vehicle to undertake the New Business. Further information about the JV can be referred to in Section 2.4 in this Circular.

Going forward, the Group expects to commit or deploy more funds in the New Business and this may change the existing business scope and risk profile of the Company and/or the Group. The Group's Proposed Diversification via its participation in the JV is expected to contribute new revenue and income stream to the Group on the medium term basis.

Accordingly, the Company is seeking Shareholders' approval for the Proposed Diversification at the EGM to be convened.

2.3 Rationale for the Proposed Diversification

The Proposed Diversification is intended to include other business activities that could provide additional stream(s) of income for the Group and hence, potentially enhance the Group's business performance and sustainability.

LETTER TO SHAREHOLDERS

The Board is proposing to diversify into the New Business for the following reasons:

- (a) the New Business would allow the Group to participate in the growth prospects of the renewable energy business, particularly in solar PV;
- (b) the Proposed Diversification would enable the Group to tap the potential of renewable energy business through Graess Energy for an additional revenue stream for the Group; and
- (c) the Proposed Diversification would enable the Group to extend its revenue base so that it is not dependent entirely on its Existing Business for its revenue and allow the Group to have an alternative prospects of profitability and long-term growth.

Based on the above, the Board is of the view that the Proposed Diversification is in the best interest of the Company and Shareholders.

2.4 The Joint Venture

(a) Background information on Graess Energy

Graess Energy was incorporated in Singapore on 3 July 2015 for the purpose of undertaking the New Business in the Asia Pacific region, in conjunction with the Proposed Diversification.

Graess Energy is principally involved in the design, engineering, construction, development, ownership, operation, maintenance and storage of PV Projects.

(b) Rationale for the JV

Graess Energy was established in conjunction with the Proposed Diversification as a vehicle to undertake the New Business.

The arrangement of the JV allows the Group to have access to solar energy business in countries where there are growing demands.

The Group's expertise is in the design, engineering, construction and commissioning of drilling and related equipment as well as the marketing, distribution and after-sales services of life-saving appliances and high pressure products, and it has not in the past been engaged in PV Projects. GSSR is a special-purpose vehicle of the GSS Group (of which the Gräss Group and BWG each have a 50% stake in GSSR) which has extensive experience in the New Business (please refer to Section 2.4(c) below). It is the intention of the GSS Group to locate its headquarters in Singapore under Graess Energy so as to capture the growth opportunities in the Asia Pacific region. The Directors believe that the Group will, through the JV arrangement, benefit from the experience and expertise of the GSS Group. Under the JVA, the JV Partners have also agreed that all new PV Projects will be undertaken exclusively by Graess Energy.

Further details on the rationale for the JV forms part of the rationale of the Proposed Diversification, which can be found in Section 2.3 of this Circular.

LETTER TO SHAREHOLDERS

(c) **Experience of the GSS Group**

The GSS Group comprises the Gräss Group and BWG. The Gräss Group was founded in 1994 by Mr Gräss who has over 15-year of track record in PV Projects. As one of the leading solar PV EPC contractors in the Europe for PV Projects, the Gräss Group undertakes the design, engineering, development, installation, operation, maintenance and ownership of PV Projects worldwide. Since 2000, the Gräss Group has successfully completed approximately 2,000 MW of PV Projects in various parts of the world. It has taken on major contracts including claddings for JW Marriott Marquis in Dubai, world's tallest hotel. BWG was founded in 2009 by Mr Glogowski. It is involved in the development and investment of renewable energy projects such as wind and solar since inception. BWG has successfully completed several technology transfer projects in the wind industry to China and India, and has acted as adviser to the Chinese Government for offshore wind farm development, and solar PV manufacturing technology from Japan to China.

(d) **Capital commitments**

As at the Latest Practicable Date, Graess Energy had an issued and paid-up capital of US\$100, comprising 100 ordinary shares in which the Company and GSSR hold 51 shares and 49 shares, respectively.

It is intended that the Group will use internal funds to fund its share of contribution to Graess Energy's issued and paid-up share capital in the initial stage. Going forward, the New Business may require significantly greater capital commitment for the operating costs for the PV Projects and/or to invest in new or existing PV Projects. As and when necessary and deemed appropriate, the Group may explore secondary fund raising exercises by tapping the capital markets and/or debt financing through bank borrowings.

(e) **Salient terms of the JVA**

Under the JVA, the Company is responsible to:

- (i) provide the platform, business contacts and corporate management expertise to Graess Energy;
- (ii) assist in providing project financing for PV Projects; and
- (iii) provide the initial working capital for Graess Energy in the form of loan or otherwise.

On the other hand, GSSR is responsible to:

- (i) provide the expertise, resources and capabilities in relation to the New Business to Graess Energy;
- (ii) transfer assets relevant for PV Projects (including companies, machineries, equipment and materials) from the GSS Group to Graess Energy;
- (iii) transfer existing PV Projects undertaken by GSS Group to Graess Energy based on mutually agreed terms and conditions; and

LETTER TO SHAREHOLDERS

- (iv) transfer potential PV Projects currently being pursued by GSS Group to Graess Energy based on mutually agreed terms and conditions.
- (f) **Other key terms**
 - (i) Subject to the terms of the JVA or as mutually agreed by the JV Partners, GSSR is entitled to make further contribution to the capital of Graess Energy by transferring or procuring the transfer of additional assets from GSS Group (including equipment, machineries and materials) (“**Additional Assets**”). The Company will maintain its 51% stake in Graess Energy by paying GSSR in cash or Shares (based on prevailing market price) equivalent to 51% of the value of the Additional Assets transferred by GSSR to Graess Energy.
 - (ii) The JV Partners have agreed the payment of variable bonus to GSSR for certain potential PV Projects subsequently secured by Graess Energy. The bonus, which is subject to a limit to be agreed between the JV Partners, may be payable in the form of cash, new Shares and/or convertibles at the sole discretion of the Company.

2.5 Prospects and Future Plans for the New Business

The following discussions about the Group’s prospects include forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those that may be projected in these forward looking statements. Please also refer to “Cautionary Note on Forward-Looking Statements” in page 6 of this Circular.

(a) Prospects

The Group believes that the New Business provides growth potential given the falling PV capital costs, improved PV system efficiency and policies on climate change. According to the European Photovoltaic Industry Association, the Asia Pacific region in which the Group has a strong business network, is set to become the largest solar user by 2018.

(b) Future Plans

The entry into the New Business is intended to be an expansion of the Group’s Existing Business as the Board believes that the Proposed Diversification would also allow the Group to have an additional avenue for revenue and profit by enabling the Group to have access to a high growth area which in turn could potentially enhance the return on the Group’s assets and improve Shareholders’ value in the long run.

2.6 Risk Factors

To the best of the Directors’ knowledge and belief, all the risk factors that are material to the Shareholders in making an informed decision on the Proposed Diversification are set out in Appendix A of this Circular. Shareholders should carefully consider and evaluate the risk factors in Appendix A and all other information contained in this Circular.

LETTER TO SHAREHOLDERS

The risks described in Appendix A of this Circular are not intended to be exhaustive and are not presented in any particular order of importance. There may be additional risks not presently known to the Group or that the Group may currently deem immaterial, which would affect its operations.

If any of the factors and/or uncertainties described in Appendix A of this Circular develops into actual events, the business, results of operations, financial conditions and prospects of the Group could be materially and adversely affected.

2.7 Management

The New Business will be spearheaded by Mr Glogowski and Mr Gräss, who will provide the expertise, knowledge and vision to manage the New Business. Both Mr Glogowski and Mr Gräss will be appointed as the Chief Executive Officer and the Chief Operating Officer of Graess Energy respectively, for an initial term of one year upon signing of the JVA.

They collectively have extensive experience in the solar PV industry. Mr Glogowski was an investment banker and has over 30 years of experience in investment banking and renewable energies. Mr Gräss is the founder of the Gräss Group with more than 15 years of track record in the New Business.

The Company will nominate a candidate for the position of Chief Financial Officer of Graess Energy and a candidate for the position of Deputy Chief Executive Officer or Project Director, if necessary.

2.8 Internal Control and Risk Management

The Board recognises the importance of internal control and risk assessment for the smooth running of the Group's business, including the New Business. In order to better manage the Group's external and internal risks resulting from the Proposed Diversification, the Group will implement a set of operations and compliance procedures.

The Audit Committee will (i) review with the management, external and internal auditors of the adequacy and effectiveness of the Company's internal control procedures addressing financial, operational, compliance and informational technology risks relating to the New Business, and (ii) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position. As and when renewable energy projects are proposed to be undertaken in new jurisdictions, such projects will be reviewed by the Audit Committee before being undertaken by the Group.

The Board will also review the internal control and risk management systems of the Company on a half-yearly basis to ensure that there are sufficient guidelines and procedures in place to monitor its operations. The scope of the annual internal audit will be extended to include the review and evaluation of specific matters arising from the New Business. The Board, together with the Audit Committee will also opine on an annual basis whether there are adequate controls in place within the Group addressing material financial, operational, compliance and information technology risks which will include the New Business as at the end of each financial year.

LETTER TO SHAREHOLDERS

2.9 Financing

The Company intends to fund the New Business through a combination of internal resources and borrowings from financial institutions. The Directors will determine the optimal mix of internal funding and bank borrowings, taking into account the cash flow of the Group and the prevailing bank financing costs. As and when necessary and deemed appropriate, the Group may explore secondary fund raising exercises by tapping the capital markets including but not limited to rights issues, share placements and/or issuance of debt instruments.

2.10 Financial Reporting

For the purposes of reporting the financial performance of the Group, in accordance with the applicable accounting standards and the Catalist Rules, where the financial results of the New Business is material, it will be accounted for and disclosed as a separate segment in the Group's financial statements. The Group's financial statements, which include the financial results of the New Business, will continue to be periodically announced in accordance with the requirements set out in Chapter 7 of the Catalist Rules.

2.11 Chapter 10 of the Catalist Rules

As the New Business is substantially different from the Group's existing core business, it is envisaged that the Proposed Diversification will change the existing risk profile of the Group. Accordingly, the EGM will be convened by the Company to seek Shareholders' approval for the Proposed Diversification.

Upon Shareholders' approval of the Proposed Diversification, any acquisition or disposal which is in, or in connection with, the New Business, may be deemed to be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules. Accordingly, the Group may, in its ordinary course of business, enter into transactions relating to the New Business and which will not change the risk profile of the Group, in an efficient and timely manner without the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions relating to the New Business arise. This will reduce substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Group.

Notwithstanding that Shareholders' approval of the Proposed Diversification has been obtained,

- (a) Rule 1015 of the Catalist Rules will apply to acquisitions of assets (including options to acquire assets) whether or not in the Company's ordinary course of business (which will include the New Business) and which results in any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeding 100% or results in a change in control of the Company. Such acquisitions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting; or

LETTER TO SHAREHOLDERS

- (b) Part III of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, amongst others, made conditional upon approval by Shareholders at a general meeting.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

3. PROPOSED ACQUISITION

Pursuant to the Addendum, the Company and GSSR will inject the following assets ("**Assets**") of the GSS Group into Graess Energy:

- Gräss Engineering GmbH;
- Gräss Operation Maintenance GmbH; and
- Four existing solar PV power plants and systems ("**PV Projects**" and each, "**PV Project**") in Bulgaria.

To maintain the Company's 51% stake in Graess Energy, the Company will first acquire 51% ownership of the Assets from the GSS Group ("**Proposed Acquisition**"), and following the Proposed Acquisition, the Assets will be injected to Graess Energy as elaborated in Section 3.3 of this Circular (both transactions collectively referred to as "**Proposed Transactions**").

3.1 Information on the Assets

(a) Gräss Engineering GmbH

Gräss Engineering GmbH is a company registered and domiciled in Germany on 1 July 2014 which provides engineering services for new and existing PV Projects. It is wholly owned by Mr Sven Glados who is holding the equity on trust for Mr Gräss, the founder of the Gräss Group.

As of 30 June 2015, the unaudited NTA of Graess Engineering GmbH was US\$1.048 million while its unaudited PBT was US\$1.098 million for the period between 1 July 2014 and 30 June 2015.

(b) Gräss Operation Maintenance GmbH

Gräss Operation Maintenance GmbH is a company registered and domiciled in Germany on 1 July 2014 which provides operation and maintenance services for existing PV Projects. It is wholly owned by Mr Uwe Peschke, who is holding the equity on trust for Mr Gräss.

LETTER TO SHAREHOLDERS

As of 30 June 2015, the unaudited NTA of Graess Operation Maintenance GmbH was US\$1.152 million while its unaudited PBT was US\$1.253 million for the period between 1 July 2014 and 30 June 2015.

(c) **PV Projects in Kameno, Bulgaria**

- (i) Kameno PVS EOOD owns and operates 2.7 MW PV Project located in Kameno, Bulgaria, and has been in operations since 2012 with a 20 years' power purchase agreement ("**PPA**"). It is a special purpose company wholly owned by Gräss Solartechnik AG, which is wholly owned by Mr Gräss.

As of 31 December 2014, the unaudited NTL of Kameno PVS EOOD was US\$0.316 million while the unaudited LBT was US\$0.241 million for the year ended 31 December 2014.

- (ii) Wind Inovation 1 EOOD owns and operates a 2.8 MW PV Project located in Kameno, Bulgaria, and has been in operations since 2012 with a 20 years' PPA. It is a special purpose company which is also wholly owned by Gräss Solartechnik AG.

As of 31 December 2014, the unaudited NTL of Wind Inovation 1 EOOD was US\$0.177 million while the unaudited LBT was US\$0.129 million for the year ended 31 December 2014.

(d) **PV Project in Kotlenci, Bulgaria**

Pi Vi Kotlenci BG EOOD owns and operates a 4.9 MW PV Project located in Kotlenci, Bulgaria, and has been in operations since 2012 with a 20 years' PPA. It is a special purpose company which is also wholly owned by Gräss Solartechnik AG.

As of 31 December 2014, the unaudited NTL of Pi Vi Kotlenci BG EOOD was US\$0.305 million while the unaudited LBT was US\$0.173 million for the year ended 31 December 2014.

(e) **PV Project in Atolovo, Bulgaria**

Energiini Proekti Bulgaria OOD owns and operates a 5.9 MW PV Project located in Atolovo, Bulgaria, and has been in operations since 2012 with a 20 years' PPA. It is a special purpose company which is owned by Gräss Solartechnik AG (99%) and Mr Gräss (1%).

As of 31 December 2013, the unaudited NTA of Energiini Proekti Bulgaria OOD was US\$0.059 million while the unaudited PBT was US\$0.052 million for the year ended 31 December 2013.

3.2 Information on the GSS Group

The information on the GSS Group can be found in Section 2.4(c) of this Circular.

LETTER TO SHAREHOLDERS

None of the Company's Directors and their associates is related to Mr Gräss, Mr Glogowski and/or the GSS Group. To the best of the Directors' knowledge, none of the substantial shareholders of the Company and their associates is related to Mr Gräss, Mr Glogowski and/or the GSS Group.

3.3 Principal terms of the Proposed Acquisition

(a) Consideration

The consideration for the 51% ownership of the Assets is S\$13,974,000 ("**Consideration**") and will be payable by the Company to GSSR on the Completion Date as follows:

- S\$11,660,000 by way of allotment and issuance of up to 44,000,000 new ordinary shares in the capital of the Company ("**Consideration Shares**") at an issue price of S\$0.265 per Consideration Share; and
- the balance S\$2,314,000 in cash.

The Consideration was determined based on arm's length negotiations and arrived at on a willing-buyer and willing-seller basis, after taking into account, *inter alia*, management's internal estimate of the valuation of the Assets. Such valuation is based on the review of the financials of the Assets provided by the GSS Group and taking into account the projected profits of and cash flows from the Assets. The management is of the view that the Consideration represents approximately the internal estimate of the value of 51% ownership in the Assets. No independent valuation on the Assets was commissioned.

(b) Conditions Precedence

The Proposed Transactions are conditional upon, *inter alia*:

- the Company having undertaken and completed all financial, operational and legal due diligence investigations with respect to the Assets and the results thereof being satisfactory by the Board in its absolute discretion on or before the Completion Date;
- the Company obtaining such approval(s) from the Board (and if required, its shareholders) in connection with the Proposed Transactions;
- each of the representations, undertakings and warranties provided by GSSR and the GSS Group remain true, accurate and correct from execution of the Addendum until and (including at) Completion Date;
- there is no material adverse change (as defined in Addendum) in relation to the Assets between the date of the Addendum and the Completion Date;
- all necessary third party, governmental and regulatory consents, approvals and waivers, where required for the Proposed Transactions, having been obtained, and such consents, approvals and waivers not having been amended or revoked

LETTER TO SHAREHOLDERS

before Completion Date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company and GSSR; and

- listing and quotation notice for the listing and quotation of the Consideration Shares being given by the SGX-ST and not having been revoked or amended and, where such notice is subject to conditions, to the extent that any conditions are required to be fulfilled on or before Completion Date, they are so fulfilled.

(c) **Injection of Assets into Graess Energy**

Subsequent to the Proposed Acquisition, the Company and GSSR will inject 100% of the Assets (equivalent to S\$27,400,000) into Graess Energy in the proportion of 51% (equivalent to S\$13,974,000) and 49% (equivalent to S\$13,426,000) respectively. Graess Energy will issue 100 shares in its capital at an issue price of S\$274,000 per share of Graess Energy to the Company and GSSR in the proportion of 51% to 49%. Graess Energy shall continue to be a 51%-owned subsidiary of the Company after the Proposed Transactions.

(d) **Completion**

Completion of the Proposed Transactions will take place within five business days after the satisfaction (or waiver) of all the Conditions Precedence, and no later than the long-stop date on 31 January 2016 (“**Long-Stop Date**”) (“**Completion Date**”). In the event that any of the Conditions Precedence is not fulfilled by the Long-Stop Date, the Addendum shall be terminated without any claims or break fees. However, in the event if the Addendum is terminated, the Company will continue to explore other possible business venture with the GSS Group and develop the business of Graess Energy. The Company expects that the completion of the Proposed Transactions to take place within this year.

3.4 Rationale and benefits for the Proposed Transactions

The Proposed Acquisition is in line with the Group’s strategic plans to expand its core business to include the New Business pursuant to the Proposed Diversification, and will give the Company a strategic exposure and entry into the solar energy sector.

The Proposed Transactions will provide the Company via Graess Energy with the relevant track record, expertise and existing projects to kick-start its business in the solar energy sector, and generate recurring income stream.

3.5 Source of Funds for the Proposed Acquisition

The balance of cash of S\$2,314,000 as part of the Consideration will be funded by the Company’s internal cash resources.

LETTER TO SHAREHOLDERS

3.6 Financial Effects of the Proposed Acquisition

The financial effects of the Proposed Transactions on the Group as set out below are for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the completion of the Proposed Transactions. The financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2014, on the following key assumptions:

- (a) the effect on the EPS of the Group is based on the assumption that the Proposed Transactions had been effected at the beginning of FY2014; and
- (b) the effect on the NTA per share of the Group is based on the assumption that the Proposed Transactions had been effected at the end of FY2014.

Share Capital

| | Before Proposed Transactions | After Proposed Transactions |
|----------------------------------|-------------------------------------|------------------------------------|
| Number of Shares | 249,680,100 | 293,680,100 |
| Paid-up share capital (US\$'000) | 25,253 | 33,641 ⁽¹⁾ |

Note:

- (1) Based on the exchange rate of SGD1.39 to US\$1.00

EPS

| | Before Proposed Transactions | After Proposed Transactions |
|--|-------------------------------------|------------------------------------|
| Net profit (US\$'000) | 610 | 2,470 |
| Weighted average number of Shares ('000) | 203,951 | 247,951 |
| EPS (US cents) | 0.30 | 1.00 |

NTA per Share

| | Before Proposed Transactions | After Proposed Transactions |
|--------------------------------|-------------------------------------|------------------------------------|
| NTA (US\$'000) | 28,961 | 30,422 |
| Number of issued Shares ('000) | 249,680 | 293,680 |
| NTA per Share (US cents) | 11.60 | 10.36 |

LETTER TO SHAREHOLDERS

3.7 Relative Figures under Chapter 10 of the Catalist Rules

The relative figures for the Proposed Acquisition, computed on the bases set out in Rule 1006 of the Catalist Rules and based on the Group's latest announced audited consolidated financial statements for FY2014 are set out below. The information below is calculated on the basis of an exchange rate of EUR0.88 to US\$1.

| Rule 1006 | Bases | Relative Figures (%) |
|-----------|---|----------------------|
| (a) | Net asset value of assets to be disposed of, compared with the Group's net asset value | Not applicable |
| (b) | Net profit ⁽¹⁾ attributable to 51% of the Assets of US\$1,860,000 compared with the Group's net profit of US\$1,014,000 for FY2014 | 183% |
| (c) | Aggregate value of the Consideration of S\$13,974,000, compared with the Company's market capitalisation ⁽²⁾ of S\$57,176,743 based on the total number of issued shares excluding treasury shares | 24% |
| (d) | Number of equity securities issued by the Company as Consideration Shares of 44,000,000 shares, compared with the number of equity securities previously in issue of 249,680,100 shares | 18% |
| (e) | The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves | Not applicable |

Notes:

- (1) Based on the latest available Gräss Engineering GmbH's and Gräss Operation Maintenance GmbH's unaudited statements for the full year ended 30 June 2015, Energiini Proekti Bulgaria OOD's unaudited statements for the year ended 31 December 2013, and Kamenov PVS EOOD's, Pi Vi Kotlenci BG EOOD's and Wind Inovation 1 EOOD's unaudited statements for the full year ended 31 December 2014.
- (2) The Company's market capitalization of approximately S\$57,176,743 is determined by multiplying the issued share capital of the Company of 249,680,100 Shares with the volume weighted average price of such Shares transacted on 30 July 2015 of S\$0.229 per Share as no trades were done on the Shares on 31 July 2015 (being the full market day prior to the date of the Addendum).

The relative figures under Rules 1006(c) and (d) exceed 5% but are less than 75%. While the relative figure under Rule 1006(b) exceeds 100%, in accordance to Rules 1014(2) and 1015(8) of the Catalist Rules, Rules 1014 and 1015 of the Catalist Rules do not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b). Accordingly, the Proposed Acquisition constitutes a "Disclosable Transaction" as defined under Chapter 10 of the Catalist Rules.

Notwithstanding the above, the Company envisages that the design, engineering, construction, development, ownership, operation, maintenance and storage of solar PV Projects will become a new core business and change the risk profile of the Group. Accordingly, the Company will be seeking the approval of Shareholders for the Proposed Acquisition and the Proposed Diversification at the EGM as set out in the Notice of EGM.

LETTER TO SHAREHOLDERS

4. PROPOSED ISSUANCE OF CONSIDERATION SHARES

Rule 805(1) of the Catalist Rules provides that an issuer must obtain the prior approval of shareholders in general meeting for the issue of shares unless such issuance of shares is covered under a general mandate obtained from shareholders of the Company.

The Company had in the Announcement indicated that the allotment and issuance of the Consideration Shares to GSSR will be carried out pursuant to the general share issue mandate obtained from Shareholders at the annual general meeting of the Company held on 24 April 2015 (“**General Mandate**”). However, the Company has decided not to utilise the General Mandate for the allotment and issuance of the Consideration Shares to GSSR.

Accordingly, the Company will seek specific approval of the Shareholders at the EGM for the allotment and issuance of the Consideration Shares to GSSR pursuant to Section 161 of the Companies Act and Rule 805(1) of the Catalist Rules by an ordinary resolution. The Consideration Shares when allotted and issued, shall rank *pari passu* in all respects with the then existing issued Shares as at their respective date of allotment on issuance.

The issue price of S\$0.265 represents a 15.72% premium over the volume weighted average price for trades done on the Shares on the Catalist of SGX-ST on 30 July 2015 of S\$0.229 as no trades were done on the Shares on 31 July 2015, being the full market day prior to the date of the Addendum.

The Company will be making an application to the SGX-ST through the Sponsor for the listing of and quotation for the Consideration Shares on the Catalist of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

5. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

5.1 Interests in the Company

The interests of the Directors and substantial Shareholders of the Company as at the Latest Practicable Date, as recorded in the register of Directors’ shareholdings and the Register of Shareholders maintained under the provisions of the Companies Act, are as follows:

| | As at the Latest Practicable Date ⁽¹⁾ | | | |
|--------------------------|--|-------|---------------------------|-------|
| | Direct Interest | | Deemed Interest | |
| | No. of Shares | (%) | No. of Shares | (%) |
| Directors | | | | |
| Chan Lai Thong | 14,010,000 | 5.61 | 6,000,000 ⁽²⁾ | 2.40 |
| Tan Woo Thian | 45,900,000 | 18.38 | – | – |
| Mirzan Bin Mahathir | – | – | 27,000,000 ⁽³⁾ | 10.81 |
| Basil Chan | – | – | – | – |
| Mahtani Bhagwandas | 117,000 | 0.05 | – | – |
| Ahmad Subri Bin Abdullah | – | – | – | – |

LETTER TO SHAREHOLDERS

| | As at the Latest Practicable Date ⁽¹⁾ | | | |
|---|--|-------|---------------------------|------|
| | Direct Interest | | Deemed Interest | |
| | No. of Shares | (%) | No. of Shares | (%) |
| Substantial Shareholders (other than Directors): | | | | |
| Millennium Marine Pte Ltd | 27,000,000 | 10.81 | – | – |
| CE Ventures Offshore Ltd | 27,000,000 | 10.81 | – | – |
| Hui Choon Ho | 14,765,000 | 5.91 | 15,444,000 ⁽⁴⁾ | 6.19 |
| Pheim Asset Management Sdn Bhd | 16,814,000 | 6.73 | – | – |

Notes:

- (1) Based on 249,680,100 issued Shares as at the Latest Practicable Date.
- (2) 6,000,000 ordinary shares are held in the name of Maybank Nominees (S) Pte Ltd.
- (3) Mirzan Bin Mahathir has a deemed interest in all the shares held by CE Ventures Offshore Ltd by virtue of his shareholding interest in CE Ventures Offshore Ltd.
- (4) 15,444,000 ordinary shares are held in the name of Hong Leong Finance Nominees Pte Ltd and Maybank Nominees (S) Pte Ltd.

5.2 Interests in the Proposed Resolutions

None of the Directors or substantial Shareholders of the Company, or their Associates has any interest, direct or indirect, in the Proposed Resolutions other than through their respective shareholdings in the Company.

6. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Transactions and Proposed Diversification save for Mr Glogowski and Mr Gräss, shareholders and directors of GSSR, shall be appointed as the Chief Executive Officer and the Chief Operating Officer of Graess Energy respectively, for an initial term of one year upon signing of the JVA.

7. DIRECTORS' RECOMMENDATIONS

None of the Directors is deemed to be interested for the purposes of making a recommendation to the Shareholders in respect of the Proposed Diversification, the Proposed Acquisition and the Proposed Issuance of Consideration Shares.

The Directors, having considered, among others, the terms and rationale for the Proposed Resolutions, is of the view that the Proposed Resolutions are in the best interests of the Company and, accordingly, recommend that Shareholders vote in favour of ordinary resolutions relating to the Proposed Resolutions as set out in the Notice of EGM.

8. INTERCONDITIONALITY

Shareholders should note that the Proposed Acquisition and Proposed Issuance of Consideration Shares are subject to and conditional upon the Proposed Diversification being approved at the EGM. In addition, the Proposed Issuance of Consideration Shares is subject to and conditional upon the Proposed Acquisition being approved at the EGM.

LETTER TO SHAREHOLDERS

For the avoidance of doubt, the Proposed Diversification is not conditional upon the Proposed Acquisition and/or the Proposed Issuance of Consideration Shares being approved at the EGM. As such, if the approval for the Proposed Diversification is obtained but the approval for the Proposed Acquisition and/or the Proposed Issuance of Consideration Shares is not obtained, the Company can carry out and undertake the Proposed Diversification through other means.

In addition, the Proposed Acquisition is not conditional upon the Proposed Issuance of Consideration Shares being approved at the EGM. As such, if the approval for the Proposed Acquisition is obtained but the approval for the Proposed Issuance of Consideration Shares is not obtained, the allotment and issuance of the Consideration Shares to GSSR will be carried out pursuant to the General Mandate.

The General Mandate authorises the Directors to allot and issue new Shares not exceeding 100% of the total number of issued shares (excluding treasury shares) as at the date of the annual general meeting of the Company held on 24 April 2015, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing Shareholders shall not exceed 50% of the Company's total number of issued shares (excluding treasury shares).

As at the date of the annual general meeting of the Company held on 24 April 2015, the number of issued shares was 249,680,100. No Shares were previously issued under the General Mandate prior to the Proposed Acquisition. As such, the total number of shares that may be issued pursuant to the General Mandate other than on a pro-rata basis is 124,840,050 shares. The proposed allotment and issuance of up to 44,000,000 Consideration Shares will fall within the limits of the General Mandate.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 34 to 35 of this Circular, will be held at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555 on 28 September 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of EGM.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

10.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular, a proxy form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the EGM. The completion and lodgement of the proxy form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so.

10.2 Depositors

A Depositor will not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the EGM.

LETTER TO SHAREHOLDERS

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification, the Proposed Acquisition and the Proposed Issuance of Consideration Shares, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the JVA;
- (b) the Addendum;
- (c) the memorandum and articles of association of the Company; and
- (d) the annual report of the Company for FY2014.

Yours faithfully
For and on behalf of the Board of Directors of
SBI Offshore Limited

CHAN LAI THONG
Executive Chairman

10 September 2015

APPENDIX A – RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION

The risks and rewards of the JV are in proportion to the equity interest held by each of the JV Partner. The Group, by virtue of its 51%’s equity interest in Graess Energy therefore exposed to the following risks of the Proposed Diversification, specifically the risk of undertaking the New Business, subject to the degree of its investment and in proportion to its equity interest in Graess Energy.

The risks described below are not intended to be exhaustive

RISKS RELATING TO THE NEW BUSINESS

(a) The Group has no prior track record and operating experience in the New Business

Notwithstanding the relevant industry experience in engineering, construction and development of PV Projects of the GSS Group, as referred to in Section 2.4 of this Circular, the Group does not have a proven track record in carrying out a business that is similar to that of the New Business. There is no assurance that the New Business will be commercially successful and that the Group will be able to derive capital gains, dividends, other distributions and/or the recovery of its capital investment in Graess Energy.

The New Business may require high capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses. The New Business involves business risks including the financial costs of setting up new operations and maintaining working capital requirements. If the Graess Energy does not derive sufficient revenue from or does not manage the costs of the New Business effectively, the overall financial position and profitability of the Group may be affected by the losses in its investment in Graess Energy.

The Group’s future plans with regard to the New Business may not be profitable, may not achieve sales levels and profitability that justify the investments made or may take a long period of time before the Group could realise any return. The Group’s solar energy business may entail financial and operational risks, including the difficulty in recruiting suitable personnel.

Further, such future plans and new initiatives could be capital intensive and could also result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debt and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance of the Group. The Group may face significant financial risks before it can realise any benefits from its future investments in the New Business.

(b) The Group may have limited experience in independent power production, and may be unable to manage the growth of solar power generation solutions business

The Group has no prior experience in independent power production from solar PV energy and is mainly reliant on its JV partner in this area. Hence, the Group is unable to assure that it can successfully operate and expand in this area without its JV partner. For example, the Group may not have the necessary research and development, engineering, project management or sales and marketing capabilities to adequately meet the customers’ requirements with respect to product design or operational or after-sales services.

APPENDIX A – RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION

Furthermore, the Group is unable to assure that the independent power production projects that the Group is pursuing will be implemented or that the Group will be selected as the EPC provider for these independent power production projects.

(c) **The track record of JV Partner may not provide adequate basis for evaluating its future performance and there is no assurance for success on the continued development and operation of the PV Projects**

There is no assurance that the PV Projects to be undertaken by the JV will (1) proceed as contemplated under the JVA; (2) generate profit and recover the costs for such business; or (3) achieve any targeted result within the anticipated time frame or at all. In the event that the PV Projects to be undertaken by the JV are unable to proceed as contemplated, generate profit or achieve targeted result or at all, or the costs of operation of such business cannot be recovered, the Group's prospects, results of operations and profitability will be adversely affected.

(d) **The New Business is highly dependent on solar illumination conditions**

The amount of electricity and revenue generated from a solar power plant is highly dependent on solar illumination conditions, which vary across seasons and regions and are difficult to predict. The Group bases its investment decisions for each PV Project on a number of factors including the feasibility studies conducted onsite before starting construction. However, actual climatic conditions at a site, particularly solar illumination conditions, may not conform to the findings of these feasibility studies, and, therefore, the PV Projects may not meet anticipated production levels, which could adversely affect the Group's projected profitability. In addition, if the seasonal fluctuations in solar illumination conditions at a particular site do not conform to historical observations or assumptions in the projections of the Group, it may result in unexpected fluctuations in the power generation of the relevant solar power plant and, consequently, the operation results of the Group.

(e) **The development of new technology may affect market demand for solar energy**

There is a variety of energy sources for power generation, for example, thermal power, hydropower, wind power, nuclear power, solar energy and other renewable energies. The development and deployment of new technologies may further broaden the energy sources for power generation and may influence the supply and demand of existing types of powers. New technologies may result in lower costs of equipment, higher utilisation and operating efficiency, as well as more stable electricity generation, and may render existing solar power plant projects and technologies uncompetitive or obsolete, which may cause a decline in demand for solar power energy. A decline in demand for solar energy or increase in cost in generating solar power energy could have a material adverse effect on the Group's business, financial condition and prospects.

(f) **The Group may face competition from companies producing solar energy, as well as other renewable energy operators**

Some of the existing or potential market players may have access to more financial, and better technical, manufacturing and other resources than the Group. As a result, they may be able to devote more and better resources to the research, development, promotion and sale of their products or respond more quickly to evolving industry standards and changes in

APPENDIX A – RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION

market conditions than the Group can. The Group may face even more keen competition in the future if these new entrants to the solar energy market may offer more advanced technological solutions or have greater financial resources. If the Group fails to compete effectively or maintain its competitiveness in the market, its business, financial condition and results of operations could be adversely affected.

The Group may also encounter competition from producers of electricity from other energy sources. In particular, other clean energy technologies may become more competitive and attractive. Competition from such producers may increase if the technology used to generate electricity from these other clean energy sources becomes more sophisticated, or if the government decides to bolster its support of such other clean energy sources. If the Group is unable to maintain and increase its competitiveness in the future, or compete against other clean power companies, its business, financial condition, or results of operations could be adversely affected. In addition, the Group is facing competition from producers of electricity from conventional energy resources, including petroleum and coal. Technological progress in the exploitation of other energy resources or discovery of large new deposits of oil or coal could decrease the price of those fuels, rendering the price of solar energy resources less attractive. As a result, demand for solar energy could decline, which would materially and adversely affect the Group's business, financial condition and results of operations.

(g) The Group may be susceptible to health, safety and environmental risks

The ownership and operation of the Group's power generation assets carry an inherent risk of liability related to worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licenses, permits and other approvals, and potential civil liability.

Compliance with health, safety and environmental laws (and any future changes) and the requirements of licenses, permits and other approvals will remain material to the Group's business. The Group will incur significant capital and operating expenditures to comply with health, safety and environmental laws and to obtain and comply with licenses, permits and other approvals and to assess and manage its potential liability exposure. Nevertheless, the Group may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters. The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licenses, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. As a consequence, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to its business and operations.

(h) The solar power plants rely on local grid companies for grid connection and electricity transmission

The Group's ability to sell electricity is impacted by the availability of the various transmission systems in each jurisdiction. The failure of existing transmission facilities or the lack of adequate transmission capacity would have a material adverse effect on the Group's ability to deliver electricity to its various counterparties, thereby affecting the Group's business,

APPENDIX A – RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION

operating results, financial condition or prospects. Further, energy projects are connected to the distribution or transmission grid to sell the energy output. Therefore, the distribution network operators will be required to connect the projects developed by the Group to the electricity grid. The Group will not be the owner of, or control, the transmission or distribution facilities except those needed to connect projects to the electricity network. Accordingly, in the event of a failure of the distribution network operator to connect the projects developed by the Group to the electricity grid, the Group may suffer economic losses. Such losses could have a material adverse effect on the overall profitability of the Group and therefore the value of the Shares.

(i) The New Business is dependent on the economies of the countries in which it operates

The New Business of the Group is dependent on the economies of the countries in which it operates. The energy and power generation market in each of these countries may be adversely affected by political, economic, regulatory, social or diplomatic developments affecting the respective energy and power generation sectors generally. Changes in inflation, interest rates, taxation or other regulatory, economic, social or political factors affecting the cities where the New Business is located may have an adverse effect on the Group's business operations, financial performance and financial condition.

(j) The Group may not have the ability or sufficient expertise to execute the Proposed Diversification

The Group's ability to successfully diversify into the New Business is dependent upon its ability to adapt its existing knowledge and expertise and to understand and navigate the New Business. There is no assurance that the Group will be able to hire and subsequently retain employees with the relevant experience and knowledge. There is also no assurance that the actual demand for the Group's PV Projects in the future will meet the Group's expectations. Should the Group fail to achieve its business objectives or its sales targets, there may be an adverse effect on the Group's profitability. While the Group has planned the Proposed Diversification based on the outlook and the Group's understanding of the current market and general economic situation, there is no assurance that such plans will be commercially successful or the actual outcome of the Proposed Diversification will match the Group's expectations. In such an event, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

(k) Loss or inability to retain key management personnel may adversely affect the operations

The continuous success of the Group is dependent, to a large extent, on the ability to retain experienced and qualified management personnel and employees who have the requisite industrial expertise. In particular, the services of the Group's Directors and JV partner, namely Mr Glogowski and Mr Gräss, are essential to the Group's continuous success. The Directors and the JV partner will be responsible for the formulation of the business strategies and overseeing the business operations. They will be instrumental to the growth and expansion of the Group and are expected to play an important role in the continuing development and growth of the Group. The JV partner have the requisite experience and expertise in the industry and have established relationships with customers and suppliers. As such, the loss of such key management personnel may adversely affect the Group's

APPENDIX A – RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION

operation and business if we cannot find suitable replacements in a timely manner. The failure to recruit and retain qualified personnel will also harm the Group's operation and business.

(l) The Group is subject to various government regulations in the New Business

Notwithstanding the adoption of any measures that are put in place by the Group, there is no assurance that the Group will be able to meet all the regulatory requirements and guidelines, or comply with all the applicable regulations at all times, or that it will not be subject to sanctions, fines or other penalties in the future as a result of non-compliance. If sanctions, fines and other penalties are imposed on the Group for failing to comply with applicable requirements, guidelines or regulations, its business, reputation, financial condition and results of operations may be materially and adversely affected.

(m) The Group may face disruption of supply of electricity caused by equipment failure

The breakdown of generation equipment or failure of other key equipment or of a civil structure in power plants that the Group may acquire or develop can disrupt the generation of electricity. This can result in reduced revenues and increased maintenance costs of the Group. Furthermore, any breakdown or failure of one or more of the transmission systems can disrupt transmission of electricity by a power plant to the power grid, which may lead to the Group's failure to supply electricity to its customers continuously. In such event, this can result in termination of the supply agreement by the Group's customers and/or the Group, incurring liability to such customers.

(n) The Group may not be able to provide the capital investments needed to undertake the PV Projects

Projects undertaken pursuant to the New Business will require substantial capital investments and cash outlay. While the Company will carry out assessments including the availability and cost of financing prior to undertaking any projects, there is no assurance that financing, either on a short term or a long term basis, will be made available or, if available, that such financing will be obtained on commercially reasonable terms, in which event the Group's future plans and growth prospects will be adversely affected. Further, any additional debt funding is subject to interest payments and interest rate fluctuations, and may restrict the Group's freedom to operate its business as it may have conditions that:

- (i) limit the Group's ability to pay dividends or require the Group to seek consents for the payment of dividends;
- (ii) increase the Group's vulnerability to general adverse economic and industry conditions;
- (iii) require the Group to dedicate a portion of the Group's cash flow from operations to repayments of its debt, thereby reducing the availability of the Group's cash flow for capital expenditures, working capital and other general corporate purposes; and
- (iv) limit the Group's flexibility in planning for, or reacting to, changes in the Group's businesses and industry.

APPENDIX A – RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION

Further, an issue of Shares or other securities to raise funds will dilute Shareholders' equity interests and may, in the case of a rights issue, require additional investments by Shareholders. An issue of Shares below the then prevailing market price will also affect the value of Shares then held by investors. In any case, a dilution in Shareholders' equity interests will occur even if the issue of Shares is at a premium to the then prevailing market price.

(o) The Group may be exposed to high cost or inaccessibility of financing for solar energy projects

If financing for solar energy projects becomes more costly or inaccessible, the growth of the market for solar energy applications may be materially and adversely affected, which could adversely affect demand for the Group's products and materially reduce its revenue and profits. In addition, rising interest rates could render existing financings more expensive, as well as hinder potential financings that otherwise would spur the growth of the solar PV industry. Furthermore, some countries, government agencies and the private sector have, from time to time, provided subsidies or financing on preferred terms for rural electrification programs and if these existing financing programs are reduced or eliminated, or if financing for solar energy projects continues to be in short supply or become more expensive, demand for the Group's products would be materially and adversely affected and the Group's revenue and profits could decline as a result.

(p) The Group may be exposed to unfavourable environmental conditions in the case of solar energy

A key factor that may lead to the fluctuations in turnover for the solar energy business is the environmental changes in the areas in which the Group proposes to conduct the solar energy business, which in turn affects the environmental conditions of the areas which the power plants which the Group may construct are located. The ability of the power plants that the Group may acquire or develop to generate electricity is dependent upon climate conditions from time to time in the geographic regions in which such power plants are located. In the event where there are drastic changes in the climate and extreme weather conditions, output of the power plant may turn out to be significantly lower than the expected output. The Group will be unable to mitigate the impact of environmental conditions on its results of operations. If environmental conditions result in droughts or other conditions that negatively affect the power business, the Group's results of operations and financial conditions could be materially and adversely affected.

(q) The Group may face risk of inability to obtain land use rights for suitable solar project sites

Solar projects require solar conditions that can only be found in a limited number of geographic areas and project sites. Further, large utility-scale solar projects must be interconnected to electricity transmission grids in order to deliver electricity. Once the Group have identified a suitable solar site, its ability to obtain requisite land use rights with respect to the site is subject to growing competition from other solar power producers that may have better access to local government support, financial or other resources to locate and obtain land use rights of such sites. Competition for land use rights may impede the Group's development efforts by acquiring control of all or a portion of a solar site the Group seeks to

APPENDIX A – RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION

develop. If the Group is unable to find or obtain land use rights for suitable solar sites to develop solar projects on a timely basis or at all, the Group's business, financial condition and results of operations could be adversely affected.

(r) The Group may not compete effectively in the bidding process for solar projects

Solar projects are frequently awarded through a competitive bidding process, which is based on, among other things, pricing, technical and engineering expertise, past experience, track record and financing resources and capabilities. It is difficult to predict whether and when the Group will be awarded a new solar project. The bidding and selection process are affected by a number of factors, including factors which may be beyond the Group's control, such as market conditions or government incentive programs. Any increase in competition during the bidding process or reduction in the Group's competitive capabilities could have a significant adverse impact on the Group's market share and on the margins generated from the projects.

RISK RELATING TO OPERATIONS AND BUSINESS IN THE REGION

(a) The Group may be subject to the general risk of doing business overseas

The Group intends to focus on opportunities in the Asia Pacific region for the New Business. As such, the Group is subject to the general risk of doing business overseas. These general risks include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations and contractors, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainty regarding legal liability or enforcement of legal rights, tariffs and other trade barriers variable and unexpected changes in local law and barriers to the repatriation of capital or profits, any of which could materially affect the overseas operations of the Group. These risks if materialised may affect the Group's business and financial condition.

In addition, if the governments of countries in which the Group operates tightens or otherwise adversely changes their laws and regulations relating to the repatriation of their local currencies, it may affect the ability of the Group's overseas operations to repatriate profits to the Group and, accordingly, the cash flow of the Group may be adversely affected.

(b) The Group may be subject to foreign exchange risk

The return from the Group's investment in Graess Energy and any income received by the Group from its operations in the region are denominated in the respective country's currency (apart from US\$), which may fall or rise in value against US\$. Any significant unfavourable fluctuation of the foreign currencies against the Group's functional currency may have an adverse effect on its operating results.

(c) The Group may be exposed to significant operating risks

The Group is susceptible to operating risks common to the New Business and its operation in the region. These risks include, *inter alia*, the increase in operating costs due to inflation, increase in labour costs and other expenses, as well as adverse fluctuation of international pricing of such products.

APPENDIX A – RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION

(d) The Group is subject to the laws and regulations of the jurisdictions where it may operate in

The Group may be subject to various laws and regulations of different jurisdictions that it may operate in as part of its New Business. Compliance with these additional laws and regulations will add to the Group's cost of operations. If such laws and regulations become more stringent in the future and/or additional compliance procedures are introduced, the Group's cost of operations may increase. If the Group is unable to comply with such laws and regulations, the Group may not be allowed to operate in those jurisdictions. This will adversely affect the Group's business, financial performance, financial condition and operating cash flow.

Any failure to comply with the applicable laws and regulations from time to time may also result in actions being taken against the Group by the relevant regulatory authority of that jurisdiction, resulting in an increase in the costs of operations. The Group's certifications or licenses (if any) may also be withdrawn, in which case the Group may not be able to meet the requirements of its customers. These will adversely affect the Group's business, financial performance, financial condition and operating cash flow.

(e) The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance

While the Group will, where appropriate, obtain insurance policies to cover losses in respect to its properties and certain eventualities arising from the Group's business operations, the insurance obtained may not be sufficient to cover all potential losses, including losses arising from risks which are generally not insurable. These include losses arising from acts of God, earthquakes, war, civil disorder and acts of terrorism. Losses arising out of damage to the Group's properties not covered by insurance policies in excess of the amount it is insured may affect the Group's profitability. Committing additional costs to the relevant project for its completion in the event there are uninsured damages may also adversely affect the financial performance of the Group.

(f) The Group may be affected by terrorist attacks, natural disasters and other events beyond its control

Terrorist attacks, natural disasters and other events beyond the Group's control that could occur in the markets in which the Group operates may lead to uncertainty in the economic outlook of these markets leading to an economic downturn. This will in turn have an adverse impact on the solar PV industry, the industry of customers, the global economy in general and the Group's business. The Group's current insurance policies do not cover terrorist attacks. The consequences of any such terrorist attacks, natural disasters or other events beyond the Group's control are unpredictable, and the Group is unable to foresee events of such nature, which could cause interruptions to parts of its business and have an adverse effect on its business operations and financial position.

APPENDIX A – RISK FACTORS RELATING TO THE PROPOSED DIVERSIFICATION

(g) The Group may face risks related to health epidemics and other outbreaks of contagious diseases, including avian flu, SARS, and swine flu

The Group's business could be adversely affected by the effects of avian flu, SARS, swine flu, MERS or another epidemic or outbreak. An outbreak of contagious diseases, and other adverse public health developments in the countries where the Group operates in, would have a material adverse effect on its business operations. These could include restrictions on the Group's ability to travel or to ship its supply or even cause a temporary closure of its business facilities in the future. Such closures or travel or shipment restrictions would severely disrupt the Group's operations and adversely affect its financial condition and results of operations.

(h) The Group may face inherent risks when undertaking any projects, which include cost overruns

The Group may face cost overruns when the actual cost exceeds the budget. This could be due to a variety of factors, including under-estimation of the costs involved, extension of project duration and unforeseen circumstances such as late delivery of materials or unanticipated construction constraints on the worksite. Such cost overruns may, depending on their severity, result in a reduction of the Group's profit margins or a loss. In addition, the Group may be liable to compensate for the loss suffered by its customers if its employees or subcontractors make mistakes in the projects. Any mistake made by the Group's employees or subcontractors would incur extra costs on its part due to new materials and additional labour being required to rectify such mistakes. These additional costs, together with the payment of damages (in the case where the Group fails to complete the project within the contracted time schedule), would adversely affect its profit margin for the project, thereby adversely affecting the Group's profitability and financial performance.

(i) The Group may be liable to pay damages if it fails to meet the schedule requirements of its contracts

There may be unanticipated delays in the completion of projects from time to time. For example, prolonged significant equipment downtime or late delivery of materials by the Group's suppliers may cause major disruptions to its operations and delays in completion of projects. In event that the Group is unable to meet the schedule requirements as specified in the contracts, the Group may be liable to pay damages. This may have an adverse effect on the Group's business, financial condition and results of operations.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SBI OFFSHORE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199407121D)

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as used in the circular dated 10 September 2015 issued by SBI Offshore Limited.

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of SBI Offshore Limited (the “**Company**”) will be held at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555 on Monday, 28 September 2015 at 10.00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions (the “**Resolutions**”):

ORDINARY RESOLUTIONS

RESOLUTION 1:

PROPOSED DIVERSIFICATION OF THE BUSINESS OF THE GROUP TO INCLUDE THE NEW BUSINESS

That:

- (a) approval be and is hereby given for the diversification by the Group to include the design, engineering, construction, development, ownership, operation, maintenance and storage of renewable energy projects, particularly in solar photovoltaics (“**New Business**”); and
- (b) the Directors or any of them be and is hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration, or modification to any document, as they and he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this ordinary Resolution as they or he may think fit.

RESOLUTION 2:

THE PROPOSED ACQUISITION OF 51% OWNERSHIP OF THE ASSETS FOR THE PURCHASE CONSIDERATION OF S\$13.974 MILLION

That, subject to and contingent upon Resolution 1 being passed:

- (a) approval be and is hereby given for the acquisition by the Company of 51% ownership of the Assets under the terms and conditions of the JVA and the Addendum entered into between the Company and GSSR; and
- (b) the Directors or any of them be and is hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration, or modification to any document, as they and he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this Resolution as they or he may think fit.

NOTICE OF EXTRAORDINARY GENERAL MEETING

RESOLUTION 3:

THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 44.0 MILLION CONSIDERATION SHARES TO GSSR AT AN ISSUE PRICE OF S\$0.265 PER SHARE, AS PART SATISFACTION OF THE CONSIDERATION

That, subject to and contingent upon Resolutions 1 and 2 being passed:

- (a) approval be and is hereby given to the Directors or any of them to allot and issue to GSSR in accordance with the terms and conditions of the Addendum, whereby such Consideration Shares when issued shall rank *pari passu* in all respects with the then existing shares of the Company as at their respective date of allotment on issuance; and
- (b) the Directors or any of them be authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to this Ordinary Resolution as they or he may think fit.

BY ORDER OF THE BOARD

CHAN LAI YIN
Company Secretary

10 September 2015

Notes:

- (1) A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (2) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.
- (3) If the appointer is a corporation, the instrument appointing the proxy or proxies must be executed either under its seals or under the hand of its officer or attorney duly authorised.
- (4) The instrument appointing a proxy must be deposited at the registered office of the Company at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555 not less than 48 hours before the time appointed for holding the Extraordinary General Meeting.

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PROXY FORM

SBI OFFSHORE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199407121D)

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, _____ (Name)

of _____ (Address)

being a member/members of **SBI OFFSHORE LIMITED** (the “**Company**”), hereby appoint:

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|------|---------|----------------------|---------------------------------|
| | | | |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|------|---------|----------------------|---------------------------------|
| | | | |

or failing him/her, the Chairman of the Extraordinary General Meeting of the Company (the “**Meeting**”) to be held at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555 on Monday, 28 September 2015 at 10.00 a.m. and at any adjournment thereof, as my/our proxy/proxies, to attend and vote for me/us on my/our behalf at the Meeting. I/We direct my/our proxy/proxies to vote for or against the ordinary resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion.

All resolutions put to the vote at the Meeting shall be decided by way of poll.

| No. | Ordinary Resolution | For* | Against* |
|-----|--|------|----------|
| 1. | To approve the Proposed Diversification | | |
| 2. | To approve the Proposed Acquisition | | |
| 3. | To approve the Proposed Issuance of Consideration Shares | | |

* If you wish to use all your votes “For” or “Against”, please indicate with an “X” within the box provided. Otherwise, please indicate the number of votes.

Dated this _____ day of _____ 2015

| Total number of Shares in: | Number of Shares |
|----------------------------|------------------|
| (a) CDP Register | |
| (b) Register of Members | |

Signature of Shareholder(s)/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

NOTES:

- (1) Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and also registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
- (2) A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointment shall be deemed to be alternative unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy by resolution of its directors or other governing body such person as it thinks fit to vote on his behalf.
- (4) The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555 not less than 48 hours before the time appointed for the Meeting. The sending of a proxy form of a member does not preclude him from attending and voting in person at the Meeting if he finds that he is able to do so. In such event, the relevant proxy forms will be deemed to be revoked.
- (5) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
- (6) In the case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company shall be entitled to reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Meeting as certified by CDP to the Company.
- (7) The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- (8) Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.



SBI Offshore Limited

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

CLARIFICATION ON THE NOTICE OF EXTRAORDINARY GENERAL MEETING

The Board of Directors (the "**Board**") of SBI Offshore Limited (the "**Company**") refers to the previous announcement dated 4 August 2015 in relation to the Proposed Acquisition of Assets from the Graess Group ("**Announcement**").

The Company had in the Announcement indicated that the issuance of the consideration shares will be carried out pursuant to the general share issue mandate obtained from shareholders at the annual general meeting of the Company held on 24 April 2015 ("**General Mandate**"). However, the Company has decided not to utilise the General Mandate and will be seeking specific approval of the shareholders at the forthcoming extraordinary general meeting for such issuance.

By order of the Board

Amy Soh Wai Ling
Chief Financial Officer

9 September 2015