



SBI OFFSHORE LIMITED

A NEW CHAPTER AWAITS

ANNUAL REPORT 2017

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COMPANY PROFILE



Established in 1994, SBI Offshore Limited ("SBI Offshore" and together with its subsidiaries, the "Group") listed on the Catalist Board of the Singapore Exchange in November 2009. Its businesses include integrated drilling equipment and engineering solutions for the oil and gas industry, as well as the solar energy industry.

The Group is exploring strategic acquisition and investment opportunities in other industries with a view to enhancing shareholder value.

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("Exchange"). The Company's Sponsor has not independently verified the contents of this Annual Report including the correctness of any of the figures used, statements or opinions made and/or its accompany appendixes, notes (as the case may be).

This Annual Report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Annual Report including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr Liau H.K.
Telephone number: 6221 0271

CORPORATE GOVERNANCE



Corporate governance refers to the structures and processes for the direction and control of companies. It concerns the relationships among the management, board of directors, controlling shareholders, minority shareholders and other stakeholders. Good corporate governance contributes to sustainable economic development by enhancing the performance of companies and increasing their access to outside capital.

At SBI Offshore, the Board of Directors (the "Board") is accountable to shareholders for the Group's performance. It is committed to ensuring that a transparent system is in place where good governance is not only practiced at the Board level of the holding company but is embraced

throughout the organisation as part of its culture. As we strive for excellence in operational and financial performance, we are equally dedicated to upholding the highest corporate governance and ethical standards.

Comprising five (5) directors, the Board's mission is to create long-term value for shareholders. It provides leadership and guidance to management on matters of corporate strategy, business directions, acquisitions and investments, risk policy and the realisation of corporate objectives. The Board is supported in its tasks by committees that focus on the key areas of corporate governance.

CHAIRMAN'S STATEMENT



**THE GROUP
WILL ACTIVELY
EXPLORE NEW
STRATEGIC
BUSINESSES
TO CHART A
CLEAR PATH
TO CORPORATE
RECOVERY
AND RESTORE
SHAREHOLDER
VALUE.**

DEAR SHAREHOLDERS,

Despite recovering crude prices in recent months, the outlook for the offshore and marine ("O&M") sector remains unclear, as it is uncertain whether the rebound in oil prices will lead to sustainable growth in new projects by oil majors across the value chain.

In view of this, the Group will continue to actively explore new strategic businesses to chart a clear path to corporate recovery and restore shareholder value.

FINANCIAL REVIEW

Despite lower business activity during the year, the Group generated revenue of US\$0.4 million for the year ended 31 December 2017 ("FY2017"), 65.2% lower than US\$1.3 million in FY2016. This comprised mainly marketing and distribution revenue, with the decline attributable to contracts nearing completion date and ongoing competitive pressures in the operating environment for the O&M sector.

Our other income surged to US\$0.9 million in FY2017 (FY2016: US\$0.2 million) on foreign exchange gain as the Singapore Dollar strengthened against the US Dollar. We also received US\$66,000 from a joint venture, RBV Energy (Singapore) Pte. Ltd. ("RBVS"),

CHAIRMAN'S STATEMENT

made a reversal of US\$73,000 for impairment loss on an amount due from RBVS, recorded a gain of US\$27,000 upon disposal of inventory, and reversed US\$89,000 for past years' over-accruals.

The Group registered a net loss attributable to owners of the parent of US\$4.7 million in FY2017, comparable to the loss of US\$4.5 million a year ago. We had a healthy balance sheet as at 31 December 2017, with US\$14.7 million in cash and cash equivalents and no debt.

CORPORATE DEVELOPMENTS

You might recall the notice served by three shareholders on 18 July 2016 to remove a director and appoint four proposed directors, which we had touched on in the previous annual report. The EGM in question was convened on 16 September 2016 but was adjourned *sine die* ("Adjourned EGM"). As the Adjourned EGM's resolutions are no longer applicable, we will not be reconvening it.

As announced on 6 October 2017, having spent much time and resources on issues pertaining to the acquisition and disposal of a 35% stake in Jiangyin Neptune Marine Appliance Co., Ltd., the Board has decided not to take action for now against the two former Executive Directors involved. We will review this decision should any detrimental impact on the Group come to light as a result of the above issues.

On 27 December 2017, our wholly-owned subsidiary in China, Jiangyin SBI Offshore Equipment Co., Ltd. ("JSBI"), entered into a sale and purchase agreement to dispose of existing property for a consideration of RMB18 million (approximately US\$2.8 million). We expect this disposal to enhance the Group's cash flows and enable us to deploy resources for potential acquisitions and investments.

On 7 February 2018, we announced the receipt of a letter dated 12 January 2018 requesting the Board to convene an EGM to remove three directors and appoint three replacements. The Board has evaluated the proposed directors' suitability and decided against their nominations. Moreover, we will not convene the EGM as we have received legal advice that we are not obliged to do so.

In the course of our financial audit for FY2017, we were alerted of an unauthorised write-off of RMB17,281,625 (equivalent to US\$2.65 million) in 2015 payable to the Company by JSBI. We

have disclosed the details of the discrepancy to the Singapore Exchange and are in discussion with our auditors to determine the extent of the financial impact on the Group.

BOARD AND EXECUTIVE CHANGES

I was re-designated as Executive Non-Independent Chairman effective 9 June 2017, so as to better reflect my involvement in exploring business opportunities for the Group. I will be assisted in this task by Mr Mark Leong Kei Wei, who was appointed as Chief Operating Officer on 8 November 2017.

We bid farewell to the following individuals:

- Mr Chan Lai Thong ceased to be Chief Executive Officer with effect from 16 August 2017 and resigned as Executive Director of the Group with effect from 31 August 2017;
- Mr Ahmad Subri Bin Abdullah resigned as Independent Non-Executive Director with effect from 16 August 2017;
- Mr Mark Edward Pawley resigned as Independent Non-Executive Director with effect from 16 October 2017; and
- Ms Amy Soh Wai Ling resigned as Chief Financial Officer with effect from 15 September 2017.

To those who have left the Group, we thank them for their valuable contributions and wish them all the best in their future endeavours.

OUTLOOK & FORWARD STRATEGY

Notwithstanding the challenges at hand, the Group is sourcing for investments in other industries in order to maximise shareholder value. We remain committed to our goal of restoring profitability and building a sound investment business, regardless of the operating environment into which we enter.

I am grateful to my fellow Directors and advisors for their counsel and diligence. On behalf of the Board, I also want to express my deep appreciation to our valued shareholders for their patience and loyalty. With your support, I believe that SBI Offshore will emerge even stronger in the years ahead.

MIRZAN BIN MAHATHIR

Chairman

2 April 2018

BOARD OF DIRECTORS



MR MIRZAN BIN MAHATHIR
EXECUTIVE NON-INDEPENDENT
CHAIRMAN

Mr Mirzan Bin Mahathir was appointed to the Board as Non-Independent Non-Executive Director on 29 October 2014. He was designated as Non-Executive Non-Independent Chairman on 18 March 2016 and re-designated as Executive Non-Independent Chairman on 9 June 2017.

Presently, he is the Chairman and Chief Executive Officer of Crescent Capital Sdn Bhd, and also holds directorships with various private and public companies including Petron Corporation, listed on the Philippine Stock Exchange.

Mr Mirzan has over 20 years of experience in the investment and financial services industry, helping to take Konsortium Logistik Berhad public on the Kuala Lumpur Stock Exchange in 1996.

Mr Mirzan graduated from Brighton Polytechnic, United Kingdom with a Bachelor in Computer Science and has a Masters in Business Administration from the Wharton School, University of Pennsylvania, USA.



MR LAWRENCE KWAN
LEAD INDEPENDENT DIRECTOR

Mr Lawrence Kwan was appointed to the Board as Independent Director on 14 September 2016 and as Lead Independent Director on 18 November 2016.

Mr Kwan has more than 40 years of experience in financial services and professional corporate secretarial services. He currently serves as an Independent Director of Karin Technology Holdings Ltd and the Company Secretary for Marco Polo Marine Ltd.

Between 2008 and 2014, he was a Board Member and Audit Committee Member of the Accounting and Corporate Regulatory Authority of Singapore (ACRA).

Mr Kwan is a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom and a Fellow of the Chartered Secretaries Institute of Singapore (CSIS).

He is a Council Member and former Chairman of CSIS, which was previously known as the Singapore Association of the Institute of Chartered Secretaries and Administrators (SAICSA).

Mr Kwan graduated from the University of East London with a Master of Business Administration. He is a Graduate member of the Australian Institute of Company Directors and a full member of the Singapore Institute of Directors.



MR MAHTANI BHAGWANDAS
INDEPENDENT DIRECTOR

Mr Mahtani Bhagwandas was appointed to the Board as an Independent Director on 14 September 2012, and is the Chairman of the Remuneration Committee.

He is a lawyer by profession and commenced practice as an advocate and solicitor of the Supreme Court of Singapore since 1993. Currently, he is a Senior Partner with LegalStandard LLP, a law firm in Singapore that specialises in commercial practice including commercial litigation work, and is also an Independent Director of SGX-listed GRP Ltd and Alliance Mineral Assets Limited. Formerly he was an Independent Director of Next-Generation Satellite Communications Ltd and GKE Corporation Limited, Singapore. Mr Mahtani also holds several directorships in privately-held companies.

Mr Mahtani graduated from the National University of Singapore with a Bachelor of Law (Honours) degree in 1992.

BOARD OF DIRECTORS



MR JAMES KHO CHUNG WAH
INDEPENDENT DIRECTOR

Mr James Kho Chung Wah was appointed to the Board as an Independent Director on 14 September 2016, and is the Chairman of the Audit and Risk Management Committee.

Mr Kho is the co-founder and Chief Executive Officer of Willan Capital Pte. Ltd. He has over 15 years of experience in investment banking and corporate finance, with senior positions in international banks and major local securities houses. He is currently an Independent Director of other companies listed in Singapore and previously served as Executive Director of Pacific Star (Greater China) Pte Ltd.

Mr Kho started his career in equity markets with the Issuer Regulation Department of the SGX-ST in 2000, where he was involved in the review of listing applications and ensuring continuing compliance of listed companies.

Mr Kho graduated from Nanyang Technological University of Singapore with a Bachelor of Business (Second Upper Honours), majoring in financial analysis with a minor in applied economics. He is a Chartered Financial Analyst.



MR LING YEW KONG
INDEPENDENT DIRECTOR

Mr Ling Yew Kong was appointed to the Board as an Independent Director on 14 September 2016.

Mr Ling is currently the Executive Chairman of Singapore-based Firstlink Investments Corporation Limited. He is also the Chief Executive Officer and Executive Director of China Sky Chemical Fibre Co., Ltd.

A private equity investor specialising in mergers and acquisitions, Mr Ling has more than 20 years of extensive experience in accounting and finance, securities brokerage operations, treasury management, infrastructure project management, corporate restructuring and corporate management.

Mr Ling graduated from Murdoch University, Western Australia with a Bachelor of Commerce, majoring in accounting. He is a member of the Australian Society of Certified Practising Accountants.

KEY MANAGEMENT



MR MARK LEONG KEI WEI
CHIEF OPERATING OFFICER

Mr Mark Leong Kei Wei was appointed as Chief Operating Officer of the Group on 8 November 2017. He assists the Executive Chairman in overall management of the Group, particularly in sourcing for and assisting with the execution of strategic investments.

Prior to joining the Group, Mr Leong was the Executive Director of a gold mining company in Malaysia. Prior to this in 2012, he was Vice President (Finance and Investment) of a family office, where he managed investments and identified investment opportunities and exit strategies. In 2010, Mr Leong held the dual role of Chief Development Officer and Deputy CEO of an ASX-listed group. Between 2002 and 2009, he undertook finance roles in two SGX-listed companies. Before that, he was an auditor with a Big Four firm.

Mr Leong presently also serves as an Independent Director of two SGX-listed companies. He is a fellow of the Association of Chartered Certified Accountants (ACCA), a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and a Member of the Singapore Institute of Directors (SID).



MS GOH YVONNE
FINANCE MANAGER

Ms Goh Yvonne was appointed as Finance Manager on 11 September 2017. Ms Goh joined the Group in 2015 and currently oversees all matters and functions relating to finance, accounting, compliance, reporting and administration.

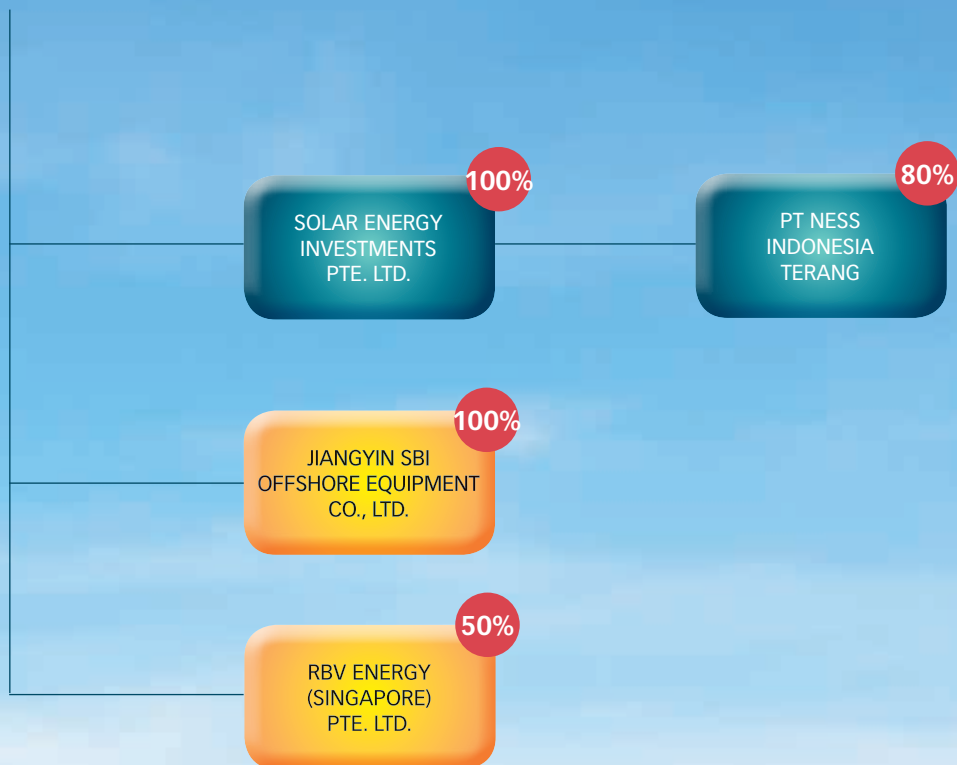
Between 2010 and 2015, she was a Senior Executive – Finance at Leeden National Oxygen Ltd, a welding, gas and safety integration specialist based in Singapore. She previously held accounting roles in various private companies.

Ms Goh is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA).

GROUP STRUCTURE



SBI Offshore Limited



SOLAR

O&M

CORPORATE INFORMATION

BOARD OF DIRECTORS

MIRZAN BIN MAHATHIR
(Chairman)

LAWRENCE KWAN

MAHTANI BHAGWANDAS

JAMES KHO CHUNG WAH

LING YEW KONG

AUDIT AND RISK MANAGEMENT COMMITTEE

JAMES KHO CHUNG WAH
(Chairman)

MAHTANI BHAGWANDAS

LING YEW KONG

NOMINATING COMMITTEE

LAWRENCE KWAN
(Chairman)

MIRZAN BIN MAHATHIR

JAMES KHO CHUNG WAH

REMUNERATION COMMITTEE

MAHTANI BHAGWANDAS
(Chairman)

LING YEW KONG

LAWRENCE KWAN

COMPANY SECRETARY

CHAN LAI YIN, ACS

REGISTERED OFFICE

20 Pioneer Crescent
#09-01 West Park BizCentral
Singapore 628555
Tel: +65 6848 1033
Fax: +65 6848 1011
Website: <http://www.sbioffshore.com>
Email: info@sbioffshore.com

SHARE REGISTRAR

TRICOR BARBINDER SHARE
REGISTRATION SERVICES
80 Robinson Road
#02-00
Singapore 068898

AUDITORS

BDO LLP
Public Accountants and Chartered
Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: Adrian Lee Yu-Min
(Appointed since the financial year
ended 31 December 2015)

PRINCIPAL BANKERS

DBS BANK LTD
12 Marina Boulevard Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982

CIMB BANK BERHAD, SINGAPORE BRANCH
50 Raffles Place #09-01
Singapore Land Tower
Singapore 048623

SPONSOR

ASIAN CORPORATE ADVISORS PTE. LTD.
160 Robinson Road
#21-05 SBF Center
Singapore 068914

SUSTAINABILITY



About This Report

This is SBI Offshore Limited's ("**SBI Offshore**") and together with its subsidiaries, the "**Group**") first Sustainability Report. It provides an overview of the Group's approach to Environmental, Social and Governance ("**ESG**") issues.

Reporting Period and Scope

This report covers SBI Offshore's ESG information over the 12 months ended 31 December 2017. During the year, the Group focused primarily on restructuring its core business and reviewing its approach to sustainability principles.

Sustainability Reporting Framework

The materials in this report reference the GRI Standards GRI 101: Foundation 2016, GRI 102: General Disclosures 2016, GRI 201: Economic Performance 2016, GRI 205: Anti-corruption, GRI 307: Environmental Compliance, GRI 405: Diversity and Equal Opportunity 2016, GRI 406: Non-discrimination, and GRI 419: Socioeconomic Compliance. The report complies with the SGX-ST Listing Rules (711A and 711B) and the SGX Sustainability Reporting Guide.

Reporting Process

The critical elements of our sustainability reporting process include the identification of material ESG risks, impacts and opportunities; taking into consideration the expectations of our stakeholders, industry trends, and the application of relevant frameworks and guidelines to prioritise topics for reporting.

Accessibility

Our sustainability report, published as a part of our Annual Report, is available both in print and as a downloadable PDF on our website at www.sbioffshore.com.

Feedback

Stakeholders are welcome to send their feedback or suggestions regarding this report to SBI Offshore at sustainability@sbioffshore.com.

Board Statement

SBI Offshore is committed to managing and growing its business based on high standards of ethics and integrity. The Group takes a strategic view of sustainability by regularly reviewing its impacts, risks and opportunities as it pursues business opportunities.

The Board of Directors (the "**Board**") considers sustainability issues to be a vital part of its strategy formulation. The Board endorses the material ESG factors presented in this report and continues to monitor these factors by regularly reviewing performance indicators.

Sustainability Governance

At SBI Offshore, sustainability is overseen and managed at the Board level. We have adopted a governance structure to facilitate the development, management, review and implementation of our sustainability strategy, including annual reporting. The Board determines material ESG factors for sustainability strategy formulation and reporting.

At the management level, the Chairman is responsible for the development and implementation of sustainability strategies and programmes. A project team collects and verifies ESG data for reporting.

SUSTAINABILITY

STAKEHOLDERS

We pursue a policy of active stakeholder engagement to take into account their views, concerns and expectations in our decision-making process. A summary of our primary stakeholders, their expectations and our approach to engaging with them is presented below.

Stakeholders	Their Expectations	Our Engagement Methods
Customers	• Product quality • Prompt resolution of complaints • Customer service	• Sales and marketing activities • Product brochures and demonstrations • Company website • Customer service
Employees	• Competitive wage and benefits • Career growth • Personal development • Job satisfaction • Work-life balance • Workplace health and safety	• Open communication through multiple channels • Training • Internal memo and circulars • Performance appraisal
Suppliers	• Fair selection • Defined specifications • Regular business • Timely payment	• Requests for proposal and quotation • Sales presentation • Suppliers agreements • Purchase order
Investors and Shareholders	• Return on investment • Corporate governance • Risk management • Timely information • Long-term growth	• Annual General Meeting (AGM) • Half yearly disclosure of financial results • Annual Reports • Public notifications on material issues • Dedicated Investor Relations page on the company website
Government and Regulators	• Compliance with applicable laws and regulations	• Government and Regulators website • Regulatory filings and submissions
Community	• Responsible business operations • Support for social causes	• Sustainability report • Company website • Community investment

SUSTAINABILITY APPROACH

In line with the Group's vision of building a sustainable future together, our approach is to pursue business growth in a socially and environmentally responsible manner.

We aim to build a sustainable future for all through innovation and collaboration. At the core of this approach is our commitment to managing significant environmental, social, and economic impacts, risks and opportunities based on a sound materiality assessment.

Engaging and partnering with stakeholders, such as employees, customers and business partners, is an important component of our sustainability management.

Materiality

We have adopted the materiality assessment and stakeholder engagement process advocated by the GRI Standards for sustainability reporting. This process involves assessing the impacts of our business activities and understanding the concerns of our stakeholders. Depending on the severity of the impact and the importance to our stakeholders, we prioritise the most important ESG issues for our action.

We have also adopted the reporting principles outlined in the GRI Standards to define the content of our sustainability report. These include Stakeholder Inclusiveness, Sustainability Context, Materiality, and Completeness. To ensure reporting quality, we have adopted the GRI principles of Accuracy, Balance, Clarity, Comparability, Reliability, and Timeliness.

Material Factors

The Group's goal for FY2018 is to actively explore a range of business opportunities and potential industries in which to commence operations. Upon identifying a suitable business segment to pursue, we will conduct a materiality assessment to determine appropriate material ESG issues and develop supporting policies, management approaches and targets.

The absence of business activities imposes limitations on our sustainability reporting. We have taken stock of our existing sustainability issues and attempted to provide relevant information to stakeholders.

In this report, we have included data and information about the following ESG factors:

Environment

- Energy Consumption

Social

- Employees
- Diversity and Equal Opportunity
- Training and Education
- Non-discrimination

Governance

- Anti-corruption
- Socio-economic Compliance

ESG Goals and Targets

Our broad goals are to minimise the environmental impact of our business activities, promote fair employment practices, and ensure good corporate governance and compliance with applicable laws and regulations.

We are committed to establishing suitable targets for our ESG issues when we start our new business operations in due course. Depending on the industry we pursue, we will assess our material ESG impacts and determine goals and targets accordingly.

Our policies and performance data for the above sustainability topics are provided in the following sections.

SUSTAINABILITY

ENVIRONMENT

We are committed to adopting business practices that help conserve natural resources and minimise adverse impact on the environment.

Our current environmental impact may be attributed to the use of electricity and paper for our office. While our existing carbon footprint from electricity consumption is relatively small, we understand the importance of reducing energy consumption to mitigate climate change. We have also cut back on printing and now recycle our materials wherever possible.

Energy

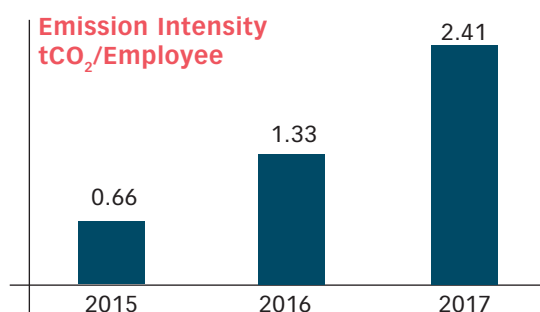
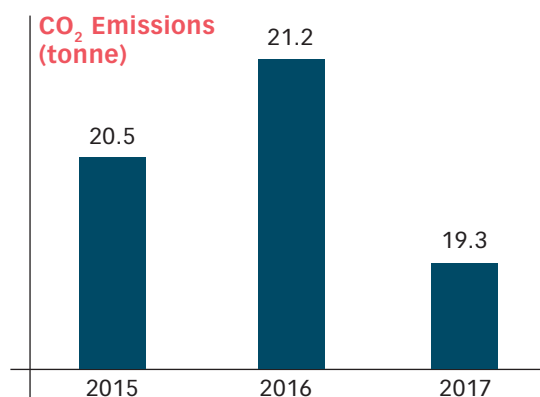
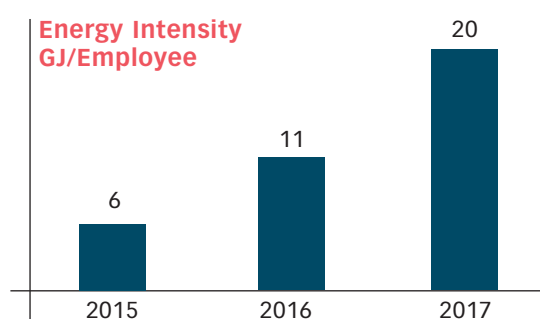
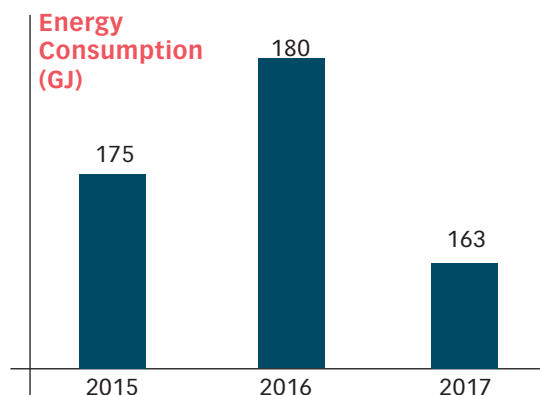
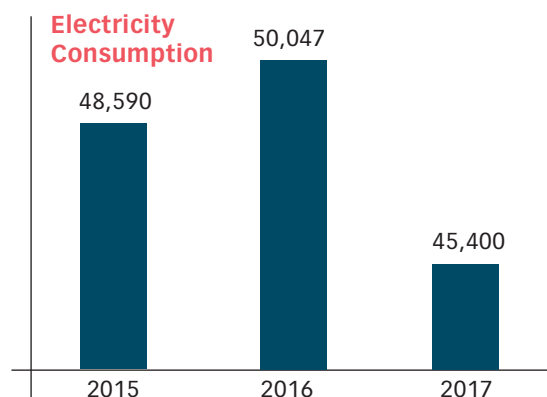
Energy intensity, and the attributable carbon dioxide (CO₂) emissions, increased in 2017 owing to lower headcount in our office, from 31 employees in 2015 to 8 employees at the end of 2017.

Environmental Compliance

We are committed to conducting our business in compliance with applicable environmental laws and regulations. There were no incidents of non-compliance with environmental rules in the reporting period.

We have started monitoring and measuring our energy use and carbon emissions to take viable measures to minimise our environmental footprint.

Our electricity consumption and the resulting CO₂ emissions for the past three years are presented below.



PEOPLE

Our approach is to attract and retain top talent by nurturing a productive and inclusive workplace based on mutual respect. Our Human Resources policies promote fairness and reward for performance. We encourage open communication and teamwork, and employees have access to the top management for raising any concerns or sharing their views.

SBI Offshore had 8 employees as at the end of 2017 compared to 16 in 2016 and 31 in 2015. We reduced headcount due to lower business activity as we pursue opportunities to transition to the new sector(s).

Diversity

Of the 8 people in our employment as at the end of 2017, half were women. We provide equal opportunities for employment and personal development. Our hiring policy advocates merit-based hiring and bars discrimination of any kind.

Training

We strive to provide ongoing learning opportunities to our employees to continuously upgrade the skills and knowledge and to support their personal development. We provided 56 hours of staff training in 2017, which works out to be an average of 7 training hours per employee.

Performance Management

We have an objective performance assessment policy, and the necessary processes have been implemented. All permanent employees undergo periodic performance appraisal with their immediate supervisors and managers.

Human Rights

We respect internationally agreed principles and national laws for protecting human rights. Our policies prohibit child labour, forced labour and discrimination. There were no incidents of child labour, forced labour or discrimination in the reporting period.

Society

We are committed to being a responsible corporate citizen by pursuing our vision of building a sustainable future together. Our approach is to engage and support local communities wherever we operate to build trusted relationships.

Anti-Corruption

Our policies prohibit offering or receiving bribes. We are committed to the highest standards of ethics and integrity in conducting business. There were no confirmed incidents of corruption in the reported period.

Socio-economic Compliance

The Group is committed to ensuring regulatory compliance in all markets where we operate. There were no incidents of non-compliance with socio-economic regulations in the reported period.

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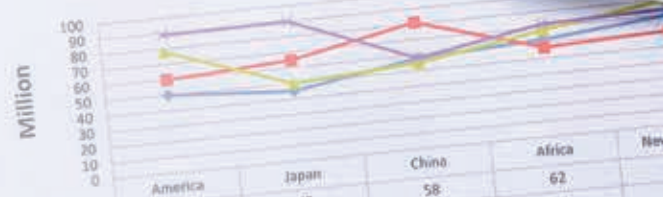
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Finance Report

Summary



Sum



CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the “**Board**”) of SBI Offshore Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to its policy of managing the affairs of the Group with transparency, integrity and accountability by ensuring that sound framework of best corporate practices is in place at all levels of the Group’s businesses. The Board aspires to discharge its principal responsibility towards protecting and enhancing long-term shareholders’ value and investors’ interest.

The Company has complied with the principles and guidelines as set out in the Code of Corporate Governance 2012 (the “**Code**”) for the financial year ended 31 December 2017 (“**FY2017**”), except where otherwise stated. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

PRINCIPLE 1: THE BOARD’S CONDUCT OF AFFAIRS

The Board members as at the date of this report are:

Name of Director	Designation
Mirzan Bin Mahathir	Executive Non-Independent Chairman (re-designated on 9 June 2017)
Lawrence Kwan	Lead Independent Director
Mahtani Bhagwandas	Independent Director
James Kho Chung Wah	Independent Director
Ling Yew Kong	Independent Director

Mr Mirzan Bin Mahathir (“**Mr Mirzan**”) has been re-designated as Executive Non-Independent Chairman on 9 June 2017 so as to better reflect his involvement in exploring new business and projects for the Group.

The on-going review of the Group’s operations, performance and strategy has resulted in the cessation of Mr Chan Lai Thong (“**Mr Chan**”) as Chief Executive Officer on 16 August 2017 and resignation as Executive Director on 31 August 2017.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. The Board works closely and monitors the performance of Management. The Board oversees processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfies itself as to the adequacy of such processes. The Board is also responsible for considering sustainability issues relating to the environment and social factors as part of the strategic formulation of the Group and also to set the Group’s values and standards and provide guidance to Management to ensure that the Company’s obligations to its shareholders and the public are met. The Board recognises its responsibility to safeguard shareholders’ interests and the Company’s assets. While the Board identifies stakeholder groups, it also recognises that its perceptions affect the Company’s reputation. All Directors objectively make decisions in the fiduciary interests of the Group.

The Board has identified matters reserved for its approval and those matters had been formalised in writing. This would provide clear directions to the Management on matters that must be approved by the Board. Matters that require Board’s approval include, amongst others, the following:

- approval of periodic financial results announcements and annual audited financial statements;
- declaration of dividends and other returns to shareholders;
- major corporate policies on key areas of operation;
- corporate or financial restructuring and share issuances;
- mergers and acquisitions;
- material acquisitions and disposals;
- approval of interested person transactions; and
- appointment of new Directors.

CORPORATE GOVERNANCE STATEMENT

The Articles of Association of the Company provide for Directors to convene Board meetings by teleconferencing or videoconferencing when a physical Board meeting is not possible. Timely communication with the members of the Board can be achieved through electronic means.

To improve the Management efficiency, the Board has delegated certain responsibilities to the committees, namely the Audit and Risk Management Committee (the “**ARMC**”), the Nominating Committee (the “**NC**”) and the Remuneration Committee (the “**RC**”) (collectively, the “**Board Committees**”). Each of these Board Committees has its own clearly defined written terms of reference and its actions are reported regularly to and monitored by the Board.

The current compositions of the Board Committees are as follows:

	ARMC	NC	RC
Chairman	James Kho Chung Wah	Lawrence Kwan	Mahtani Bhagwandas
Member	Mahtani Bhagwandas	Mirzan Bin Mahathir	Ling Yew Kong
Member	Ling Yew Kong	James Kho Chung Wah	Lawrence Kwan

The Board meets on a quarterly basis. Additional Board meetings are also held at such other times as and when required to address any specific significant matters that may arise. The general agenda of the meeting includes discussion over matters arising from time to time, financial results of the Group and any other issues requiring the Board’s deliberation and approval. The agenda for each Board meeting is circulated to all the Directors for their perusal prior to the convening of each meeting to enable Directors to obtain further clarification/ explanation prior to the meeting to ensure smooth proceeding of each meeting.

The attendance of the Directors at every Board and Board Committees meetings held during FY2017 as well as the frequency of such meetings, are presented below.

	Board	ARMC	NC	RC
No. of meetings held	6	4	4	3
Directors	No. of meetings attended			
Mirzan Bin Mahathir ⁽¹⁾	6	–	2	–
Chan Lai Thong ⁽²⁾	3	–	2	–
Mahtani Bhagwandas	5	3	–	3
Ahmad Subri Bin Abdullah ⁽³⁾	3	2	2	1
Lawrence Kwan ⁽⁴⁾	6	–	4	2
James Kho Chung Wah ⁽⁵⁾	6	4	2	–
Ling Yew Kong ⁽⁶⁾	6	1	–	1
Mark Edward Pawley ⁽⁷⁾	3	–	–	1

- (1) Mr Mirzan Bin Mahathir was appointed as a member of the NC with effect from 31 August 2017.
- (2) Mr Chan Lai Thong resigned as Executive Director with effect from 31 August 2017 and relinquished his position as a member of the NC.
- (3) Mr Ahmad Subri Bin Abdullah resigned as Independent Non-Executive Director effective from 16 August 2017 and relinquished his position as Chairman of the NC, member of the ARMC and RC with effect from 16 August 2017.
- (4) Mr Lawrence Kwan was appointed as Chairman of the NC and a member of the RC with effect from 31 August 2017 and 27 September 2017 respectively.
- (5) Mr James Kho Chung Wah was appointed as a member of the NC with effect from 31 August 2017.
- (6) Mr Ling Yew Kong was appointed as a member of the ARMC and RC with effect from 31 August 2017.
- (7) Mr Mark Edward Pawley resigned as Independent Non-Executive Director effective from 16 October 2017 and relinquished his position as a member of the RC with effect from 16 October 2017.

CORPORATE GOVERNANCE STATEMENT

The proceedings and resolutions reached at each Board and Board Committee meeting are minuted and signed by the Chairman of the meeting. Minutes of all Board and Board Committees meetings are circulated to members for review and confirmation. Besides Board meetings, the Board exercises control on matters that require Board's deliberation and approval through the circulation of Directors' resolution(s). Matters arising from each meeting will be followed up and reported to the Board.

All newly appointed Directors will undergo an orientation programme where the Director would be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of a director of a listed company. To get a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational facilities and meet with key management personnel. The Company will issue a formal letter of appointment to new Directors setting out their duties and obligations when they are appointed.

New and existing Directors are informed of development relevant to the Group including changes in laws and regulations that impact the Group's operations and have access to all information concerning the Group. They are also encouraged to attend workshops and seminars to enhance their skills and knowledge, which will be funded by the Company. Training will also be provided for first-time directors in areas such as accounting, legal and industry-specific knowledge where appropriate.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board currently comprises one Executive Non-Independent Chairman and four Independent Directors. No individual or small group of individuals dominate the Board's decision making.

There is an independence element on the Board, given that more than half of the Board are Independent Directors. The criteria for independence are determined based on the definition as provided in the Code. The Board considers an "independent" director as one who has no relationship with the Group, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere with the exercise of the Director's independent judgement with the view to the best interest of the Company and the Group. With four (4) of the directors deemed to be independent, the Board is able to exercise judgement on corporate affairs and provide management with a diverse and objective perspective on issues.

In view that the Chairman is not an Independent Director, Guideline 2.2 of the Code is met as the Independent Directors make up more than half of the Board.

The Independent Directors had confirmed their independence in accordance with the Code. The NC had also reviewed and confirmed the independence of the Independent Directors in accordance with the Code.

Currently, none of the Independent Directors has served on the Board for more than 9 years from the date of his first appointment.

The Board comprises business leaders and professionals with industry and financial backgrounds and its composition enables the management to benefit from a diverse and objective external perspective on issues raised before the Board. The Board will constantly examine its size annually with a view to determine its impact upon its effectiveness and review its appropriateness for the nature and scope of the Group's operations. The Board is of the view that there is an appropriate balance in the Board when it comes to the Board's decision-making. The Board, with the concurrence of the NC, considers its current size and composition to be adequate for effective decision-making based on the current activities of the Company which includes continuing to actively explore strategic businesses and investment opportunities (beyond the offshore oil & gas sector) with the view to chart a clear path for corporate recovery in order to restore and enhance shareholder value. The Board believes that the experience, skills and expertise of the Board members, would contribute to the Group's objective, although the Board has no policy regarding diversity in identifying Board nominees.

CORPORATE GOVERNANCE STATEMENT

The Board is of the view that the current Board comprises persons who, as a group, provide capabilities required for the Board to be effective. These include audit, finance, banking, accounting and legal with entrepreneurial and management experience, industry experience and familiarity with regulatory requirement and risk management.

Profiles of the Directors are set out on pages 05 to 06 of this Annual Report.

Non-Executive Directors had discussions without the presence of Management in FY2017. The Non-Executive Directors constructively challenge and review performance of Management based on agreed goals and objectives at the meeting and the Management provided update on business development at every Board meeting.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer ("**CEO**") are separately held by two persons until cessation of Mr Chan as CEO on 16 August 2017. The Chairman of the Board, Mr Mirzan, is the Executive Non-Independent Director of the Company ("**Chairman**") after his re-designation from non-executive to executive on 9 June 2017. Mr Chan was the CEO until 16 August 2017. The Chairman and the former CEO are not related to each other.

During the period where the position of Chairman and CEO was held separately, there is a clear separation of the roles and responsibilities between the Chairman and the CEO. The CEO is responsible for the conduct of the Group's daily business directions and operational decisions while the Chairman's roles include:

- a. to lead the Board to ensure its effectiveness on all aspects of its role;
- b. to schedule meetings that enable the Board to perform its duties responsibly;
- c. to review meeting agenda;
- d. to exercise control over quality, quantity and timeliness of the flow of information between Management and the Board;
- e. to ensure effective communication with shareholders;
- f. to assist in ensuring compliance with the Group's guidelines on corporate governance;
- g. to promote a culture of openness and debate at the Board;
- h. to facilitate the effective contribution of Non-Executive Directors in particular; and
- i. to ensure Directors receive complete, adequate and timely information.

Following the cessation of Mr Chan as CEO, Mr Mark Leong Kei Wei was appointed as Chief Operating Officer ("**COO**") to assist the Chairman in the overall management of the Company in particular seeking and assisting strategic investment opportunities.

In view that the Chairman is not an Independent Director, the Company has appointed Mr Lawrence Kwan as the Lead Independent Director who will avail himself to address shareholders' concerns and act as a counterbalance in the decision making process. The Lead Independent Director shall represent the Independent Directors in responding to shareholders' questions and comments that are directed to the Independent Director as a group.

The Lead Independent Director had discussions with the remaining Independent Directors in the absence of the Executive Director in FY2017.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises the following members, the majority of whom, including the Chairman of the NC, are independent:

Lawrence Kwan – Chairman
Mirzan Bin Mahathir – Member
James Kho Chung Wah – Member

There is no alternate director appointed in the Board during the year.

There is a written terms of reference for the NC. The NC is scheduled to meet at least once a year. Its role is to establish an objective and transparent process for the appointment, re-appointment or resignation of members of the Board and of the various Board Committees, as well as to evaluate and assess the effectiveness of the Board as a whole and its Board Committees, and the effectiveness and contribution of each Director to the Board. The NC also reviews training and professional development programs for the Board. The NC reviews (and subsequently recommends for approval by the Board) the succession plans for Directors according to the business needs and operations requirement.

The NC has considered and the Board has concurred with the NC's guideline that the maximum number of listed company board representations a director may hold is five (5). Although the Non-Executive Directors hold directorship in other companies which are not in the Group, the Board is of the view that such multiple board representations, especially listed company, do not hinder them from carrying out their duties as directors. Such number of board representations enables the Director to widen his experience as a board member and at the same time, addresses competing time commitments faced by the Director who serves on multiple boards. The NC is satisfied that sufficient time and attention has been given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2017.

Where a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director with particular skills, the NC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The NC will take into consideration the current Board size and its mix and determine if the candidate's background, experience and knowledge (such as technology, business or finance management skills) will bolster the core competencies of the Board. The selected candidate must also be a person of integrity and be prepared to commit time and attention to the Company's affairs, especially if he is serving on multiple boards.

In reviewing the re-appointment of incumbent Directors, NC has considered criteria such as Director's contribution and performance, attendance, preparedness and participation. In FY2017, the NC is satisfied that the Director under review has been adequately carrying out his duties as a Director of the Company.

For the selection and appointment of a new director, the NC evaluates the candidate in areas of academic and professional qualifications, knowledge and experiences required to contribute to the overall competency matrix of the Board. The Board approves the appointment of a new director through the recommendation by the NC.

The NC is also charged with the responsibility of determining annually whether a director is independent. Each NC member will not take part in determining his own re-nomination or independence.

Under the provisions of Article 99 of the Company's Articles of Association, newly appointed Directors are required to hold office until the next annual general meeting of the Company ("**AGM**") and at least one third of the Directors are required to retire by rotation at every AGM. All Directors are required to submit themselves for re-nomination and re-election at regular intervals of at least once every three years. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM.

The NC recommended to the Board the re-election of Mr Mahtani Bhagwandas ("**Mr Mahtani**") and Mr Ling Yew Kong ("**Mr Ling**"), who are due for retirement at the AGM pursuant to Article 93 of the Articles of Association of the Company. Mr Mahtani, upon re-election, remains as the Independent Director, Chairman of the RC and a member of the ARMC. Mr Ling, upon re-election, remains as the Independent Director, member of the ARMC and RC. The Board considers Mr Mahtani and Mr Ling to be independent for the purposes of Rule 704(7) of the Catalyst Rules. The Board has accepted the recommendation of the NC.

CORPORATE GOVERNANCE STATEMENT

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance. All the Board Committees are chaired by Independent Directors and at least half of the Board consists of Independent Directors.

PARTICULARS OF DIRECTORS

Name of Directors	Date of first appointment	Date of last re-election	Nature of appointment	Present directorship/ chairmanship in other listed companies	Directorship/ chairmanship held over the preceding three years in other listed companies
Mirzan Bin Mahathir	29 October 2014	25 April 2017	Executive Non-Independent Chairman (re-designated on 9 June 2017)	Petron Corporation (Listed on Philippine Stock Exchange)	None
Chan Lai Thong ⁽¹⁾	28 September 2009	26 April 2016	Executive Director/ Chief Executive Officer	None	None
Mahtani Bhagwandas	14 September 2012	26 April 2016	Independent Director	1. GRP Limited 2. Alliance Mineral Assets Limited	GKE Corporation Limited (Resigned on 30 September 2015)
Ahmad Subri Bin Abdullah ⁽²⁾	10 January 2013	25 April 2017	Independent Director	ECS ICT Berhad (Listed on Bursa Saham Malaysia)	None
Lawrence Kwan	14 September 2016	25 April 2017	Lead Independent Director	Karin Technology Holdings Limited	None
James Kho Chung Wah	14 September 2016	25 April 2017	Independent Director	1. Pollux Properties Ltd 2. Serrano Limited 3. China Environment Ltd.	None
Ling Yew Kong	14 September 2016	25 April 2017	Independent Director	China Sky Chemical Fibre Co., Ltd	1. Moya Holdings Asia Limited (Resigned on 17 March 2015) 2. Anwell Technologies Limited (Resigned on 8 March 2018)
Mark Edward Pawley ⁽³⁾	14 September 2016	25 April 2017	Independent Director	None	None

(1) Mr Chan Lai Thong has resigned as Executive Director effective from 31 August 2017.

(2) Mr Ahmad Subri Bin Abdullah has resigned as Independent Director effective from 16 August 2017.

(3) Mr Mark Edward Pawley has resigned as Independent Director effective from 16 October 2017.

Details of other principal commitments of the Directors, and their academic and professional qualifications are set out on pages 05 and 06 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 5: BOARD PERFORMANCE

The NC is responsible for assessing the effectiveness of the Board as a whole with objective performance criteria. The NC decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the Board's approval. Such performance criteria allow comparison with industry peers and address how the Board has enhanced long-term shareholders' value. The Board has conducted an assessment of the functions and effectiveness of the Board as a whole. The assessment of the contribution by Directors, effectiveness of Board Committees and contribution by the Chairman had been included in the Board assessment. The Board assessment takes into consideration both qualitative and quantitative criteria, such as Board composition and size, return on equity, success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring the Management's performance against the goals that had been set by the Board. Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-election as a Director.

The review of the performance of the Board and the Board Committees is conducted by the NC annually.

For FY2017, each Director completed a form on the assessment of the effectiveness of Board as a whole. The said assessment also included questions related to contribution by Directors, the effectiveness of Board Committees and contribution by the CEO/Key Management based on the performance criteria. The results of the evaluation process will be used by the NC, in consultation with the Chairman, to effect continuing improvements on Board processes. The NC has looked into the comments and suggestions raised during the evaluation process.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole has been satisfactory.

No external facilitator was engaged by the Company in FY2017.

PRINCIPLE 6: ACCESS TO INFORMATION

The Board is provided with complete, adequate and timely information to enable them to fulfil their duties and responsibilities. Detailed board papers and related materials will be prepared for each Board meeting. The Management reports with the necessary information including, but not limited to financial reports such as budget, are provided to the Directors in a timely manner to enable them to make informed decisions.

The Directors have separate and independent access to the Group's senior management and the Company Secretary at all times. The Company Secretary will be present at all Board and Board Committees meetings, advising the Board on all governance matters and to ensure that they are conducted in accordance with Articles of Association of the Company, applicable rules and regulations, and that the provisions in the Catalist Rules are complied with. The appointment or removal of the Company Secretary is a matter for the Board as a whole.

The Directors, whether individually or as a group, in the furtherance of their duties require professional advice, may engage independent professionals to obtain advice and enable Directors to discharge their duties with adequate knowledge on the matters being deliberated, if necessary. The cost of such professional advice will be borne by the Company.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises the following members, all of whom, including the Chairman of the RC, are independent:

Mahtani Bhagwandas – Chairman
Ling Yew Kong – Member
Lawrence Kwan – Member

The RC is scheduled to meet at least once a year. The responsibilities of the RC as written in the terms of reference include:

- to review and recommend to the Board a framework of remuneration and determine the appropriateness of specific remuneration packages awarded to attract, retain and motivate the Executive Director, the CEO and key management personnel without being excessive, and thereby maximise shareholders' value. The recommendations should cover all aspects of remuneration, including but not limited to Director's fees, salaries, allowances, bonuses, options and benefits in kind;
- to review the proportion of such remuneration that should be linked to performance of the Company as well as individual incumbent; and
- to administer the Company's Employee Share Option Scheme or any long-term incentive scheme.

The RC may obtain independent external legal and other professional advice as mentioned above, as it deems necessary on the Company's remuneration matters. Expenses of such advice shall be borne by the Company. No remuneration consultants were engaged by the Company in FY2017. During the year, the RC reviewed the Company's obligations arising from termination of contracts of service of Executive Director and key management personnel with the aim to be fair and avoid rewarding poor performance.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

As part of its review, the RC ensures that the remuneration packages are comparable within the industry and with similar companies and has taken into consideration the Group's relative performance and the performance of individual Directors.

The Independent Directors do not have service agreements with the Company, but they will receive a formal appointment letter. They are paid directors' fees, which are determined by the Board, appropriate to the level of their contribution and attendance at meetings, taking into account factors such as the effort and time spent and the responsibilities of the Independent Directors. The fees are recommended to shareholders for approval at the AGM. For the coming AGM, the Board recommends (i) payment of directors' fees for FY2017 to Independent Directors who have served in the Board during FY2017 and (ii) payment for FY2018 on a quarterly basis in arrears. The latter approach allows the Company to better manage its cash flow and have a positive view of fees payable to Independent Directors for services rendered especially where a director resigns during the year. Except as disclosed, the Independent Directors do not receive any other remuneration from the Company.

The Company had entered into a service agreement with Mr Mirzan on 30 November 2017 for a period of five years. The service agreement shall be automatically renewed annually after the end of the fifth year for such annual period thereafter unless otherwise agreed in writing between the Company and Mr Mirzan.

The Company had entered into a service agreement with Mr Chan on 17 August 2012 for a period of five years and an Addendum to the service agreement on 18 March 2016. The service agreement shall be automatically renewed annually after the end of the fifth year for such annual period thereafter unless otherwise agreed in writing between the Company and Mr Chan. Following on-going review of the Group's operations and strategy, Mr Chan has ceased as CEO on 16 August 2017 and resigned as Executive Director on 31 August 2017.

CORPORATE GOVERNANCE STATEMENT

The Company adopts a remuneration policy that comprises a fixed component as well as a variable component. The fixed component is in a form of base salary and benefits while the variable component is pegged to the performance of the Group and also on the individual performance and contribution towards overall performance of the Group.

The remuneration system of the Group is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

All revisions to the remuneration packages for Directors and key management personnel are subject to the review and approval of the Board. No Director is involved in deciding his own remuneration package.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The remuneration packages of Directors, CEO and key management personnel of the Group for FY2017 are as follows:

	Salary %	Bonus %	Fees %	Total %
Directors				
<u>S\$250,000 – S\$500,000</u>				
Chan Lai Thong ⁽¹⁾	100	–	–	100
<u>Below S\$250,000</u>				
Mirzan Bin Mahathir ⁽²⁾	90	–	10	100
Mahtani Bhagwandas	–	–	100	100
Ahmad Subri Bin Abdullah ⁽³⁾	–	–	100	100
Ling Yew Kong	–	–	100	100
Lawrence Kwan	–	–	100	100
James Kho Chung Wah	–	–	100	100
Mark Edward Pawley ⁽⁴⁾	–	–	100	100
Key Management Personnel				
<u>Below S\$250,000</u>				
Amy Soh Wai Ling ⁽⁵⁾	100	–	–	100
Mark Leong Kei Wei ⁽⁶⁾	100	–	–	100
Goh Yvonne ⁽⁷⁾	100	–	–	100

Notes:

* Employer's Central Provident Fund Contribution ("CPF") is not included in the above table.

- (1) Resigned on 31 August 2017
- (2) Re-designated on 9 June 2017
- (3) Resigned on 16 August 2017
- (4) Resigned on 16 October 2017
- (5) Resigned on 15 September 2017
- (6) Appointed on 8 November 2017
- (7) Appointed on 11 September 2017

CORPORATE GOVERNANCE STATEMENT

As at the end of FY2017, the Company has 2 key management personnel (who is not the Director or CEO of the Company).

Further information on the Directors and key management personnel are found on pages 05 to 07 of this Annual Report.

There was no employee who was immediate family members of a Director or the CEO, and whose remuneration exceeds S\$50,000 during FY2017.

The above remuneration has been pro-rated according to their date of appointment or date of resignation (where applicable).

Other than the CPF, there were no termination, retirement, and post-employment benefits granted to the Directors, the CEO, and the key management personnel in FY2017.

Given the profile and interest among investors, disclosure of the remuneration of individual Director and key management personnel is disadvantageous to the Company. Therefore, the Company is disclosing the remuneration of each Director and key management personnel in applicable bands of S\$250,000 as per the table above.

To maintain confidentiality and prevent poaching of staff in the Company, the Company shall also not disclose the aggregate remuneration paid to the key management personnel of the Group in this report.

Employee share option scheme

The SBI Offshore Employee Share Option Scheme (the "**Employee Share Option Scheme**") was established on 28 September 2009. The RC administers the Employee Share Option Scheme based on the rules of the Employee Share Option Scheme and determines participation eligibility, option offers and share allocation and attends to matters that may be required in connection with the Employee Share Option Scheme.

Information on the options granted under the Share Option Scheme to participants required under Catalist Rule 851 is as follows:

Name of participant	Options granted during the financial year under review	Aggregate options granted since commencement of scheme to the end of financial year under review	Aggregate options lapsed since commencement of scheme to the end of financial year under review	Aggregate options outstanding as at end of financial year under review
Chan Lai Thong	Nil	10,000,000	2,000,000	8,000,000

Please refer to the Directors' Statement in this Annual Report for further details of the Employee Share Option Scheme.

Performance share plan

The RC administers the SBI Offshore Performance Share Plan ("**PSP**") which was approved by shareholders on 30 April 2013.

From the commencement of the PSP to 31 December 2017, awards comprising an aggregate of 10,000,000 shares have been granted. During FY2014, 10,000,000 performance shares granted to Mr Chan were vested upon achievement of certain performance targets over the performance period.

There were no additional performance shares granted under PSP during the financial year.

CORPORATE GOVERNANCE STATEMENT

Information on the awards granted under the PSP to participant as follows:

Name of participant	Awards granted during the financial year under review	Aggregate awards granted since commencement of PSP to the end of financial year under review	Aggregate awards vested since commencement of scheme to the end of financial year under review	Aggregate awards outstanding as at end of financial year under review
Chan Lai Thong	Nil	10,000,000	10,000,000	Nil

Please refer to the Directors' Statement in this Annual Report for further details of the PSP.

PRINCIPLE 10: ACCOUNTABILITY

The Board is accountable to the shareholders while the Management is accountable to the Board. The Board updates shareholders on the Group's performance, position and prospects through the dissemination of half-year and full-year results announcements and annual reports and where appropriate, press releases and media and analyst briefings. The Management provides the Board with understandable and detailed information of the Group's performance, position and prospects on a quarterly basis for its effective monitoring and decision-making. The Board also takes adequate steps to ensure compliance with regulatory requirements.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has in place a system of risk management and internal controls to safeguard shareholders' investment and the Group's assets. The Board at every Board meeting receives business update from the Management and reviews the Group's businesses and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management reviews significant control policies and procedures and highlights all significant matters to the Board.

The Board believes that, in the absence of any evidence to the contrary, the system of risk management and internal controls maintained by the Group's Management throughout the financial year up to the date of this report is effective and adequate to meet the needs of the Group in its current business environment. The system of risk management and internal controls provide reasonable, but not absolute assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of business risk. The Board, however, recognises that no cost effective system of internal controls could preclude all errors and irregularities. The internal control system is designed to manage rather than eliminate all risk of failure to achieve business objectives.

The Board, through the ARMC, reviews the effectiveness and adequacy of the Group's risk management framework and internal controls at least annually, with the assistance of the external and internal auditors, to ensure that robust risk management and internal controls are in place. These include assessment of the key risks relating to financial, operational and compliance risks and information technology systems.

Based on the system of risk management and internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, the Board and its various Board Committees, the Board with the concurrence of the ARMC, are of the opinion that the Group's internal controls (addressing financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY2017.

The Board has received assurance from the Chairman and the Finance Manager that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective in respect of FY2017.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 12: AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC currently comprises the following members, all of whom, including the Chairman are independent:

James Kho Chung Wah – Chairman
Mahtani Bhagwandas – Member
Ling Yew Kong – Member

The members have expertise or experience in accounting or related financial management expertise or experience and the Board considers that the members are appropriately qualified to discharge the responsibilities of the ARMC.

The main functions of the ARMC as written in the terms of reference include:

- review the overall scope of examination of the external auditors, the audit plan and their evaluation of the Group's system of risk management, compliance and internal controls;
- review the co-operation given by Management to the external auditors and internal auditors, and discuss problems and concerns, if any, arising from the interim and final audits;
- review the independence and objectivity of the external auditors annually, recommend the appointment of the external auditors and their level of audit fees and terms of engagement;
- assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to risk management of the Group and each of its subsidiaries;
- evaluate and report to the Board at least annually the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and IT controls) and effectiveness of the internal audit function to ensure robust risk management and internal controls are in place;
- review the Group's half-year and full-year results announcements prior to its recommendations to the Board for approval;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules; and
- assist the Board to review and consider sustainability strategies and sustainability reporting to support sustainable growth of the business.

The ARMC has explicit authority by the Board to investigate any matter within its terms of reference. All employees have been directed to co-operate as requested by the members of the ARMC. The ARMC has full and unlimited/unrestricted access to all information and documents/resources as well as to the internal and external auditors and senior management of the Company and the Group which are required to perform its duties. The ARMC is authorised by the Board at the expense of the Company to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. The ARMC has reasonable resources to enable it to discharge its functions properly.

During the financial year, the ARMC has reviewed the scope and quality of the audits and the independence and objectivity of the external auditors as well as the cost effectiveness. The ARMC is satisfied that the external auditors, Messrs BDO LLP ("**External Auditors**") is able to meet the audit requirements and statutory obligation of the Company. The ARMC reviewed all audit and non-audit fees provided by the External Auditors, during FY2017. Details of the audit and non-audit fees are set out on page 69 of this Annual Report. The ARMC shall continue to review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the External Auditors. The ARMC confirmed that it has undertaken a review of all non-audit services provided by the External Auditors and they would not, in the ARMC's opinion, affect the independence of the External Auditors. The ARMC is satisfied with the independence and objectivity of the External Auditors and has recommended and the Board has approved the nomination for re-appointment of Messrs BDO LLP as the External Auditors at the forthcoming AGM.

CORPORATE GOVERNANCE STATEMENT

The Company is in compliance with Rule 712 of the Catalist Rules.

The Board and ARMC are satisfied that the appointment of different auditors for its foreign subsidiaries would not compromise the standard and effectiveness of the audit of the Company. The Company is in compliance with Rule 715 and Rule 716 of the Catalist Rules.

The ARMC had met with the External Auditors without the presence of the Management in FY2017 to discuss matters that may not have been specifically addressed in the formal part of the meeting and allows the External Auditors to provide comments, often confidential, to the ARMC. Due to current low operations level in the Group, limited subsidiary with source of revenue and no sensitive issues arising from the Internal Auditors' work, the ARMC did not meet with the Internal Auditors without Management present. During FY2017, the Internal Auditors had completed their review of processes covering sales, receivables and collections, human resource and payroll for the last 12 months which had been rated low risk.

The ARMC reviewed all audit findings and recommendations presented by the internal and the external auditors. Significant issues were discussed during the meetings in FY2017. The Key Audit Matters presented by the External Auditors were reviewed by the ARMC. The ARMC received updates on changes in accounting standards from the External Auditors periodically. During FY2017, the ARMC was updated on the key changes or updates to Regulatory Accounting Standards by the External Auditors. The ARMC members have expertise, experience and are members of relevant professional organisations to keep them abreast of changes in accounting standards, Catalist Rules and other regulations which could have impact on the Group's business and financial statements. Where there may be issues which have a direct impact on financial statements, the ARMC will meet together, whenever possible, to inquire on the subject matter, challenge information and be professionally sceptical.

The Company has formulated the guidelines for a whistle-blowing policy to provide a channel for employees and any external parties of the Group to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting and other matters. The objective of the policy is to ensure that there is independent investigation of such matters and that appropriate follow up actions will be taken. Employees and external parties could approach the ARMC Chairman directly on any concerns that they may have. Matters raised may be investigated by the Management, the internal auditors and the ARMC. This policy will be reviewed, prior to the start of each calendar year, by the Board so as to ensure the continuing effectiveness of the same. The whistle-blowing policy and the code of conduct and ethics are posted in the Investor Relations section of our corporate website.

PRINCIPLE 13: INTERNAL AUDIT

The Company had appointed the public accounting firm, Nexia TS Risk Advisory Pte Ltd (the "**Internal Auditors**") as the internal auditors to review the adequacy and integrity of the Group's internal control system. The Internal Auditors meets the standard for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Internal Auditors reports directly to the ARMC Chairman.

The scopes of the internal audit are:

- to review the effectiveness of the Group's material internal controls;
- to provide assurance that key business and operational risks are identified and managed;
- to determine that internal controls are in place and functioning as intended; and
- to evaluate whether the operations are conducted in an effective and efficient manner.

The ARMC had reviewed with the Internal Auditors their audit plan, their audit findings and Management's responses to those findings, their evaluation of the adequacy and effectiveness of material internal controls, including financial, operational, compliance and information technology controls and overall risk management of the Company and the Group. The Internal Auditors has access to all records including access to ARMC. The ARMC had reviewed the adequacy and effectiveness of the internal audit function at least annually. The ARMC is satisfied that the Internal Auditors was adequately qualified and resourced, and has appropriate standing within the Group to discharge its duties effectively in FY2017.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 14: SHAREHOLDER RIGHTS

The Company continually reviews and updates its governance arrangements to recognise, protect and facilitate the exercise of shareholders' rights and to ensure that all shareholders, investors and public are treated fairly and equitably. All material information relating to the Company is promptly and adequately disclosed via SGXNET. All shareholders are accorded their rights in accordance with the Companies Act, Chapter 50 of Singapore and the Company's Articles of Association.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

The Company has engaged the service of a professional investor relations firm in Singapore and has held a number of briefings for shareholders, analysts and brokers during the year.

The Board is mindful of its obligations to provide timely disclosure of material information to shareholders. Shareholders are kept abreast of all important developments concerning the Group through regular and timely dissemination of information via SGXNET announcements, press releases, annual reports, and various other announcements made during the year. The Company continually updates its corporate website at <http://www.sbioffshore.com> through which shareholders will be able to access information on the Group.

Currently, the Company does not have a fixed dividend policy. In consideration for dividend payment, the Company has taken into account, among other factors, current cash positions, future cash needs, profitability, retained earnings and business outlook. No dividend has been declared or recommended for FY2017 as the Company intends to conserve its cash for future needs in view of the uncertain global economic outlook.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Articles of Association of the Company allows shareholders of the Company the right to appoint two (2) proxies to attend and vote on their behalf at the shareholders' meetings. The Company's Articles of Association does not have any provision to allow for absentia voting at shareholders' meetings. The Directors are focused on the new business of the Company and has not considered the necessary amendment to the Articles of Association.

Annual reports and circulars, including the notices of meetings are dispatched to all shareholders. The Board regards the shareholders' meetings as the main forum where dialogue with shareholders can be effectively conducted. The members of the Board Committees, including the respective chairpersons, will be present at shareholders' meetings to answer questions from shareholders. The Management and the External Auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. Shareholders are encouraged to attend the shareholders' meetings to ensure a high level of accountability and to stay informed of the Company's strategy and goals. The Company had adopted poll voting for its shareholders' meetings with effect from 1 August 2015. All minutes of the shareholders' meetings will be made available to shareholders upon their request after the general meeting.

The Company ensures that there are separate resolutions at shareholders' meetings on each distinct issue.

DEALINGS IN SECURITIES

The Group has adopted an internal code of conduct to provide guidance to the Company, its officers including Directors, management staff and employees (collectively, "**Officers**") with regard to dealings in the Company's securities. The Code prohibits dealing in the Company's securities by the Company and the Officers of the Group while in possession of unpublished price-sensitive information. The Company and the Officers of the Group should not deal in the Company's securities on short-term considerations and during the period commencing one month before the announcement of the Group's half-year and full-year results and ending on the date of the announcement of the relevant results. The Officers of the Group are also required to adhere to any other relevant regulations with regard to their securities transactions.

CORPORATE GOVERNANCE STATEMENT

INTERESTED PERSON TRANSACTIONS ("IPT")

All IPTs are properly documented and reported periodically to the ARMC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Company does not have a general shareholders' mandate for recurrent IPTs.

During FY2017, the aggregate value of transactions entered by the Group with LegalStandard LLP for the provision of legal services was less than S\$100,000. Mr Mahtani is a partner of LegalStandard LLP. Apart from the above, there was no other interested person transactions during the financial year.

The Company confirms that there were no IPTs with value more than S\$100,000 transacted during FY2017.

MATERIAL CONTRACTS

Save for the service agreement between the Executive Director and the Company, there were no material contracts entered into by the Company and its subsidiaries involving the interest of the controlling shareholder or Director, which are either still subsisting at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

The Continuing Sponsor of the Company is Asian Corporate Advisors Pte. Ltd. ("ACA"). There was no non-sponsor fees paid to ACA in FY2017.

USE OF PROCEEDS

In October 2014, the Company issued 62 million new ordinary shares via share placements to four investors at an issue price of S\$0.2605 per share, raising net proceeds of approximately S\$16.1 million (US\$12.8 million). As at the date of this Annual Report, the use of the net proceeds from the issuance of placement shares was as follows:

Use of net proceeds		Amount Allocated S\$'000	Amount Utilised S\$'000	Balance S\$'000
1)	Funding for new projects	11,306	(2,513)	8,793
2)	Funding for working capital and existing projects	4,845	(2,895)	1,950
	Total	16,151	(5,408)	10,743

The Company had utilised approximately S\$5.4 million of the net proceeds for new projects, working capital in relation to day-to-day running expenses such as trades related and general administrative expenses and funding for existing projects. The above utilisation is in line with the intended uses of the net proceeds stated in the Company's announcement dated 23 September 2014.

DIRECTORS' STATEMENT

The Directors of SBI Offshore Limited (the "Company") present their statement to the members together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2017 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2017.

1. OPINION OF THE DIRECTORS

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. DIRECTORS

The Directors of the Company in office at the date of this statement are as follows:

Mirzan Bin Mahathir
Lawrence Kwan
Mahtani Bhagwandas
James Kho Chung Wah
Ling Yew Kong

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except as disclosed in paragraph 5 of this statement.

DIRECTORS' STATEMENT

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

Name of Directors and companies in which interests are held	Shareholdings registered in name of Director		Shareholdings in which Director is deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
Company:				
Mirzan Bin Mahathir ⁽¹⁾	–	–	29,298,200	46,162,900
Mahtani Bhagwandas	117,000	117,000	–	–

Note:

(1) Mr. 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.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, the Directors' interest as at 21 January 2018 in the shares of the Company have not changed from those disclosed as at 31 December 2017.

5. SHARE OPTIONS AND PERFORMANCE SHARES

The SBI Offshore Employee Share Option Scheme ("ESOS") was approved and adopted by its members at an Extraordinary General Meeting held on 28 September 2009.

The SBI Offshore Performance Share Plan ("PSP") was approved and adopted by its members at an Extraordinary General Meeting held on 30 April 2013.

The ESOS and PSP are administered by the Remuneration Committee (the "RC"), comprising Mr. Mahtani Bhagwandas, Chairman of the RC, Mr. Ling Yew Kong and Mr. Lawrence Kwan.

In exercising its discretion, the RC must act in accordance with any guidelines that may be provided by the Board of Directors ("Board"). The RC shall refer any matter not falling within the scope of its terms of reference to the Board. The RC shall have the power, from time to time, to make and vary such regulations for the implementation and administration of the ESOS and PSP as it thinks fit.

No participants have received 5% or more of the total number of shares other than disclosed below.

ESOS

Options are exercisable at price based on the average of the last done prices for the shares of the Company on the SGX-ST for the five market days preceding the date of grant. The RC may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. If the options remain unexercised after the first anniversary of the day granted until the tenth anniversary, the options will expire. Options are forfeited if the employees leave the Company before the options vest.

DIRECTORS' STATEMENT

5. SHARE OPTIONS AND PERFORMANCE SHARES (CONTINUED)

ESOS (Continued)

(a) Options granted

Options granted on 8 January 2013

10,000,000 share options were granted to Mr. Chan Lai Thong, former Executive Director and Chief Executive Officer, at the exercise price of S\$0.10 on 8 January 2013. The options are vested over various vesting periods after the first anniversary, second, third, fourth and fifth anniversary in respect of 20% respectively of the options granted and exercisable until 8 January 2023.

On 21 August 2017, the Company announced the cessation of Mr. Chan Lai Thong as Chief Executive Officer with effect from 16 August 2017, which resulted in the forfeiture of 20% of share options, which are exercisable at any time after the fifth anniversary of the date of grant.

(b) Unissued shares under options

At the end of the financial year, the number of unissued shares under options was as follows:

Date of grant	At beginning of the year	Forfeited	Exercised during the year	At end of the year	Exercise price S\$	Exercise period
8.1.2013	10,000,000	(2,000,000)	–	8,000,000	0.10	8.1.2014 to 8.1.2023

The table below summarises the number of unissued shares under options, their exercise price as at the end of the financial year as well as the movements during the financial year.

	2017		2016	
	Number of options	Exercise price S\$	Number of options	Exercise price S\$
At 1 January	10,000,000	0.10	10,000,000	0.10
Forfeited	(2,000,000)	0.10	–	–
At 31 December	8,000,000	0.10	10,000,000	0.10

(c) Options termination

Options may lapse or be exercised earlier in circumstances which include the termination of the employment of the employees in the Group.

There was no option being exercised during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

Save as disclosed, there were no options have been granted to directors under the ESOS.

DIRECTORS' STATEMENT

5. SHARE OPTIONS AND PERFORMANCE SHARES (CONTINUED)

ESOS (Continued)

No options have been granted to controlling shareholders of the Company and their associates under the ESOS.

None of the participants received 5% or more of the total number of options available under the ESOS.

The Company does not have any parent company.

No options were granted at a discount to market price during the financial year.

PSP

The PSP is targeted to incentivise participants in key positions who are able to drive the growth of the Company to excel in their performance and encourage greater dedication and loyalty to the Company.

(a) Eligible participants

(i) Employees

- confirmed full-time employees who have attained the age of 21 years on or before the date of award; or
- Executive Directors who are Controlling Shareholders and Executive Directors who are Associates of Controlling Shareholders; and

(ii) Independent Directors and Non-Executive Directors who, in the opinion of the RC, have contributed or will contribute to the success of the Group.

There shall be no restriction on the eligibility of any participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or the Group.

(b) Maximum allowable allotment

The aggregate number of shares which may be issued pursuant to PSP granted on any date, when added to the number of new shares issued and/or issuable in respect of all PSP granted and any other share scheme which the Company may implement from time to time, including but not limited to the ESOS, will not exceed 15% of the total issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the grant date.

The following additional limits must not be exceeded:

- (i) The aggregate number of shares available to controlling shareholders and their associates must not exceed 25% of the shares available under PSP; and
- (ii) The number of shares available to each controlling shareholder of his associate must not exceed 10% of the shares available under PSP.

The number of shares to be awarded to the participants in accordance with PSP shall be determined by the RC at its absolute discretion, such discretion shall be exercised taking into account criteria such as the rank and the responsibilities, performance, years of service and potential for future development of the participant.

DIRECTORS' STATEMENT

5. SHARE OPTIONS AND PERFORMANCE SHARES (CONTINUED)

PSP (Continued)

(c) Duration

PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years, commencing on the date on which PSP is adopted by the Company in a general meeting, provided always that PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of PSP, any awards made to participants prior to such expiry or termination will continue to remain valid.

From the commencement of the PSP to 31 December 2017, awards comprising an aggregate of 10,000,000 shares have been granted. In 2014, 10,000,000 performance shares granted to Mr. Chan Lai Thong were vested upon achievement of certain performance targets over the performance period.

There were no additional performance shares granted under PSP during the financial year.

There were no unissued shares under PSP as at the end of the financial year.

6. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee (the "ARMC") comprises the following members who, including the Chairman, are all Independent Non-Executive Directors of the Company. The members of the ARMC as at the date of this statement are:

James Kho Chung Wah (Chairman)
Mahtani Bhagwandas
Ling Yew Kong

The ARMC performs the functions specified in Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. In performing its functions, the ARMC reviewed the audit plans and the overall scope of examination by the external auditor of the Company. The ARMC also reviewed the independence of the external auditor of the Company and the nature and extent of the non-audit services provided by the external auditor.

The ARMC also reviewed the assistance provided by the Company's officers to the internal and external auditors, the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group prior to their submission to the Directors of the Company for adoption and reviewed the interested person transactions as defined in Chapter 9 of the Rules of Catalist of the SGX-ST.

The ARMC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has also full authority and discretion to invite any Director or executive officer to attend its meetings. The ARMC also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The ARMC is satisfied with the independence and objectivity of the external auditor and has recommended to the Board the nomination of BDO LLP, for re-appointment as auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

7. INDEPENDENT AUDITOR

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Mirzan Bin Mahathir

Director

Singapore
2 April 2018

James Kho Chung Wah

Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBI OFFSHORE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SBI Offshore Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 44 to 101, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2017, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1 Receivable of RMB17.3 million from a China subsidiary, Jiangyin SBI Offshore Equipment Co., Ltd. ("JSBI") and recoverability of the said amount

Key Audit Matter

We draw your attention to Note 29 to the financial statements where it is disclosed that there was an amount of RMB17.3 million (equivalent to US\$2.65 million) payable by JSBI to the Company that was written off (the "Write-off") in the audited financial statements of JSBI for the year ended 31 December 2015 for the purposes of statutory and tax filing in the People's Republic of China ("PRC") without the authorisation of the Board of Directors (the "Board"). Whilst the Write-Off was made in JSBI's audited PRC financial statements, the Write-Off was not made or adjusted for in JSBI's accounting records to date.

The Board has determined that the Write-off is unauthorised and will seek to reverse the written-off amount in JSBI's PRC financial statements. On the advice of the PRC tax advisors, the Group recorded a provision of US\$373,000 for potential tax-related liabilities in relation to the Write-off in the Group's financial statements for the year ended 31 December 2017.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBI OFFSHORE LIMITED

1 Receivable of RMB17.3 million from a China subsidiary, Jiangyin SBI Offshore Equipment Co., Ltd. ("JSBI") and recoverability of the said amount (Continued)

Key Audit Matter (Continued)

In consultation with the Company's Sponsor and Singapore Exchange Securities Trading Limited, the Board will appoint an Independent Reviewer to investigate matter(s) that may have given rise to this issue, *inter-alia* breaches in rules, laws and regulations as well as lapses in control. As of the date of this report, the Board is in the process of finalising the appointment of the Independent Reviewer.

We have determined this to be a key audit matter as the Write-off may have an impact on the Company's and Group's financial statements and our audit thereof, particularly in determining whether:

- The Write-off has been appropriately accounted for in the current and prior period financial statements, including:
 - Assessing that provision should be made for potential tax-related liabilities that may be imposed by the PRC tax authorities; and
 - Assessing the recoverability of the amount receivable from JSBI;
- Provision should be made for possible breaches in rules, laws and regulations; and
- Adequate disclosures have been made in the financial statements with respect to the Write-off.

Related Disclosures

Refer to Notes 15, 18 and 29 to the financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Held discussions with the Board, management and component auditors of JSBI to understand the facts and circumstances surrounding the Write-off;
- Examined supporting documents provided by management and held discussions with the management and Board to assess the accounting impact for the Write-off and related disclosures in the financial statements;
- Assessed the adequacy of provision made by management for potential tax-related liabilities. In this regards, we noted that a prior year adjustment was not made for potential tax-related liabilities as the Write-off occurred in 2015. The effects of not recording the prior year adjustment were found not to be significant to the Group's prior period financial statements;
- Assessed the recoverability of the amount receivable from JSBI which is supported by the recoverable amounts of JSBI's net assets, comprising mainly cash held by JSBI and the fair value of JSBI's leasehold property and related land lease prepayment; and
- Assessed the reasonableness of management's judgements on the requirements of FRSS to evaluate whether provision should be made for possible breaches of rules, laws and regulations.

2 Update on acquisition and disposal of an Associate – Jiangyin Neptune Marine Appliance Co., Ltd. ("NPT Transactions")

Key Audit Matter

As disclosed in Note 28 to the financial statements, in connection with the completion of the disposal of NPT in the prior financial year ended 31 December 2016, the Board of Directors ("Board") appointed PricewaterhouseCoopers LLP ("PwC") to review the facts and circumstances of certain issues surrounding the NPT Transactions. Subsequent to the issuance of PwC's findings, the Board further appointed Unilegal LLC ("Unilegal") to perform a review of PwC's findings.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBI OFFSHORE LIMITED

2 Update on acquisition and disposal of an Associate – Jiangyin Neptune Marine Appliance Co., Ltd. ("NPT Transactions") (Continued)

Key Audit Matter (Continued)

In the current financial year, the Board received Unilegal's Final Report dated 29 September 2017 (the "Final Report") in relation to, amongst others, the findings relating to the NPT Transactions. In this connection, the Board has decided without prejudice that the Company will not take action for now against the former Directors. In addition, the provision for tax liabilities of US\$35,000 made in the prior financial year was reversed in the current financial year. Save for this, management and the Board have determined that no further adjustments to the accompanying financial statements are necessary in relation to Unilegal's Final Report on the NPT Transactions.

Further, in connection with PwC's review of the NPT Transactions:

- (a) PwC had rendered invoices to the Company for the costs it had incurred in defending itself in an on-going lawsuit suit ("Suit") arising from PwC's findings on the NPT Transactions. In accordance with the terms of engagement between the Company and PwC, the Company had recognised liabilities of US\$146,000 as at 31 December 2017; and
- (b) There is a potential claim by the Company against PwC in respect of a dispute in the fees charged by PwC ("PwC Claims").

As at the date of these financial statements, the Suit and clarification of the fees charged by PwC are on-going.

The NPT Transactions and developments surrounding this matter continued to be a focus in our audit of the current year's financial statements as significant attention was required in evaluating the impact on the Company's and Group's financial statements, particularly relating to Unilegal's Final Report and the on-going Suit and PwC Claims.

Related Disclosures

Refer to Note 28 to the financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Obtained and read Unilegal's Final Report, announcement made by the Company in relation to Unilegal's Final Report and correspondence between the Company and its PRC lawyers, and held discussions with Unilegal, the Board and management to understand the key findings and recommendations in relation to the NPT transactions;
- Evaluated management and the Board's assessment of the impact of Unilegal's key findings and recommendations on the accompanying financial statements, including assessing the adequacy of related disclosures. In this regard, we noted that no further adjustments to the accompanying financial statements are necessary in relation to the Unilegal's Final Report.

In addition, in relation to the Suit and the PwC Claims:

- Examined supporting documents, including the terms of engagement between the Company and PwC, provided by management and held discussions with the Board, management and legal advisor to understand the facts and circumstances surrounding the Suit and the PwC Claims;
- Assessed the appropriateness of the liabilities recognised in relation to the Suit; and
- Assessed the adequacy of the related disclosure notes to the financial statements in relation to the Suit and the PwC Claims.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBI OFFSHORE LIMITED

3 Disposal of leasehold property and related land lease prepayment held by a China subsidiary, Jiangyin SBI Offshore Equipment Co., Ltd. ("JSBI")

Key Audit Matter

On 27 December 2017, the Company's wholly-owned subsidiary, JSBI, entered into a sale and purchase agreement with a third party, for the sale of a leasehold property and related land lease prepayment for a cash consideration of RMB18 million (equivalent to US\$2.8 million).

Management has assessed that these non-current assets have met the criteria to be classified as held for sale in accordance with FRSS. Accordingly, the leasehold property and related land lease prepayment were classified as non-current assets held for sale on the Group's statement of financial position as at 31 December 2017. The Group also recognised an impairment loss of US\$2,182,000 in the profit or loss to reduce these assets' carrying amounts to their fair value less costs to sell.

Subsequent to the financial year, the sale of these assets was completed and cash proceeds of approximately RMB16 million (equivalent to US\$2.5 million) was received on 15 March 2018.

We have determined the accounting for the disposal of the leasehold property and related land lease prepayment to be a key audit matter as the disposal is a significant transaction that occurred during the financial year. As at 31 December 2017, the Group's non-current assets held for sale amounted to US\$2.3 million.

Related Disclosures

Refer to Note 17 to the financial statements.

Audit Response

Our procedures included, amongst others, the following:

- Obtained and read the sale and purchase agreement to understand the key terms and conditions;
- Examined the supporting documents to assess the assets' fair value less costs to sell, including the impairment loss recognised;
- Checked the receipt of cash proceeds by JSBI against the bank advice; and
- Evaluated the appropriateness of the presentation and adequacy of the related disclosures in the financial statements with respect to the classification of these non-current assets as held for sale.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBI OFFSHORE LIMITED

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBI OFFSHORE LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Adrian Lee Yu-Min.

BDO LLP

Public Accountants and
Chartered Accountants

Singapore
2 April 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group	
	Note	2017 US\$'000	2016 US\$'000
Revenue	4	448	1,289
Cost of sales		(433)	(1,011)
Gross profit		15	278
Other items of income			
Interest income		177	188
Other income	5	921	186
Other items of expense			
Administrative and other expenses		(5,772)	(5,215)
Share of results of a joint venture, net of tax	13	–	(30)
Loss before income tax	6	(4,659)	(4,593)
Income tax (expense)/credit	7	(24)	7
Loss for the financial year		(4,683)	(4,586)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations, net of tax of US\$Nil		23	(152)
Reclassification to profit or loss from foreign currency translation reserve, arising from disposal of a foreign subsidiary		19	–
Total comprehensive income for the financial year		(4,641)	(4,738)
Loss attributable to:			
Owners of the parent		(4,679)	(4,531)
Non-controlling interests		(4)	(55)
		(4,683)	(4,586)
Total comprehensive income attributable to:			
Owners of the parent		(4,637)	(4,683)
Non-controlling interests		(4)	(55)
		(4,641)	(4,738)
Loss per share (cents)	8		
– Basic		(1.87)	(1.81)
– Diluted		(1.87)	(1.81)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Non-current assets					
Property, plant and equipment	9	6	3,577	5	23
Land lease prepayment	10	–	921	–	–
Intangible assets	11	17	20	17	9
Investments in subsidiaries	12	–	–	–	2,839
Investment in a joint venture	13	–	–	–	–
Total non-current assets		23	4,518	22	2,871
Current assets					
Inventories	14	–	459	–	459
Trade and other receivables	15	469	999	3,562	5,406
Cash and cash equivalents	16	14,722	16,271	13,880	15,277
		15,191	17,729	17,442	21,142
Non-current assets held for sale	17	2,299	–	–	–
Total current assets		17,490	17,729	17,442	21,142
Total assets		17,513	22,247	17,464	24,013
Current liabilities					
Trade and other payables	18	961	977	777	1,149
Current income tax payable		–	35	–	35
Total current liabilities		961	1,012	777	1,184
Net current assets		16,529	16,717	16,665	19,958
Non-current liability					
Deferred tax liabilities	19	4	4	4	4
Net assets		16,548	21,231	16,683	22,825
Equity, reserves and non-controlling interests					
Share capital	20	25,253	25,253	25,253	25,253
Other reserves	21	56	230	223	265
Foreign currency translation reserve	23	273	231	–	–
Accumulated losses		(9,034)	(4,355)	(8,793)	(2,693)
Equity attributable to owners of the parent		16,548	21,359	16,683	22,825
Non-controlling interests		–	(128)	–	–
Total equity		16,548	21,231	16,683	22,825

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Note	Share capital US\$'000	Share-based payment reserve US\$'000	Equity non- controlling interests US\$'000	Foreign currency translation reserve US\$'000	Accumulated losses US\$'000	Equity attributable to owners of the parent US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Group								
Balance at 1 January 2017	25,253	265	(35)	231	(4,355)	21,359	(128)	21,231
Total comprehensive income for the financial year								
Loss for the financial year	-	-	-	-	(4,679)	(4,679)	(4)	(4,683)
<i>Other comprehensive income</i>								
Exchange differences arising from translation of foreign operations	-	-	-	23	-	23	-	23
Reclassification to profit or loss from foreign currency translation reserve, arising from disposal of a foreign subsidiary	-	-	-	19	-	19	-	19
Total	-	-	-	42	(4,679)	(4,637)	(4)	(4,641)
Transactions with owners of the parent recognised directly in equity								
Reversal of employee share-based payment	-	(42)	-	-	-	(42)	-	(42)
Effects of waiver of amount due from non-controlling interests in subsidiaries	-	-	(132)	-	-	(132)	132	-
Total transactions with owners of the parent	-	(42)	(132)	-	-	(174)	132	(42)
Balance at 31 December 2017	25,253	223	(167)	273	(9,034)	16,548	-	16,548

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Share capital US\$'000	Share-based payment reserve US\$'000	Equity non- controlling interests US\$'000	Foreign currency translation reserve US\$'000	Accumulated profits/ (losses) US\$'000	Equity attributable to owners of the parent US\$'000	Non- controlling interests US\$'000	Total equity US\$'000
Group									
Balance at 1 January 2016		25,253	242	(35)	383	176	26,019	(73)	25,946
Total comprehensive income for the financial year									
Loss for the financial year		-	-	-	-	(4,531)	(4,531)	(55)	(4,586)
Other comprehensive income									
Exchange differences arising from translation of foreign operations		-	-	-	(152)	-	(152)	-	(152)
Total		-	-	-	(152)	(4,531)	(4,683)	(55)	(4,738)
Transactions with owners of the parent recognised directly in equity									
Employee share-based payment	22	-	23	-	-	-	23	-	23
Balance at 31 December 2016		25,253	265	(35)	231	(4,355)	21,359	(128)	21,231

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Share capital US\$'000	Share-based payment reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company					
Balance at 1 January 2017		25,253	265	(2,693)	22,825
Loss for the financial year, representing total comprehensive income for the financial year		–	–	(6,100)	(6,100)
Transactions with owners of the parent recognised directly in equity					
Reversal of employee share-based payment	22	–	(42)	–	(42)
Balance at 31 December 2017		25,253	223	(8,793)	16,683
Balance at 1 January 2016		25,253	242	(623)	24,872
Loss for the financial year, representing total comprehensive income for the financial year		–	–	(2,070)	(2,070)
Transactions with owners of the parent recognised directly in equity					
Employee share-based payment	22	–	23	–	23
Balance at 31 December 2016		25,253	265	(2,693)	22,825

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group	
		2017 US\$'000	2016 US\$'000
Operating activities			
Loss before income tax		(4,659)	(4,593)
Adjustments for:			
Amortisation of intangible assets	11	13	43
Amortisation of land lease prepayment	10	20	25
Reversal of overprovision of withholding tax	5	(35)	–
Depreciation of property, plant and equipment	9	207	312
Loss on disposal of plant and equipment		1	55
Loss on disposal of a subsidiary	12	24	–
Gain on disposal of an associate	5	–	(17)
Unrealised foreign exchange (gain)/loss		(597)	269
Write-down of inventories	14	460	364
Gain on disposal of inventory sold as scrap	5	(27)	–
Reversal of impairment loss on amount due from a joint venture	5	(73)	–
Impairment loss on trade and other receivables	15	10	323
Impairment loss on non-current assets held for sale	17	2,182	–
Impairment loss on joint venture	13	–	15
Provision for tax-related liabilities	18	373	–
Interest income		(177)	(188)
Share of results of a joint venture	13	–	30
Share-based payment (credited)/expensed	22	(42)	23
Waiver of debts granted to a joint venture	6	16	–
Operating cash flows before working capital changes		(2,304)	(3,339)
Working capital changes:			
Inventories		26	–
Trade and other receivables		785	1,474
Trade and other payables		(618)	(316)
Cash used in operations		(2,111)	(2,181)
Interest income		177	188
Income tax (paid)/refund	7	(24)	7
Net cash used in operating activities		(1,958)	(1,986)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	Group	
		2017 US\$'000	2016 US\$'000
Investing activities			
Purchase of plant and equipment	9	(2)	(1)
Purchase of intangible assets	11	(10)	(6)
Proceeds from disposal of plant and equipment		–	7
Disposal of subsidiary, net of cash disposed	12	(27)	–
Payment received from disposal of an associate		–	320
Net cash (used in)/from investing activities		(39)	320
Financing activity			
Decrease/(increase) in pledged fixed deposits		446	(1)
Net cash from/(used in) financing activity		446	(1)
Net change in cash and cash equivalents		(1,551)	(1,667)
Cash and cash equivalents at beginning of financial year		15,683	17,578
Effect of foreign exchange rate changes on cash and cash equivalents		448	(228)
Cash and cash equivalents at end of financial year	16	14,580	15,683

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL CORPORATE INFORMATION

SBI Offshore Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Singapore. The Company was admitted to the official list of Catalist under Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 November 2009, with its registered office address and principal place of business at 20 Pioneer Crescent, #09-01 West Park BizCentral, Singapore 628555.

The principal activities of the Company are those of investment holding, marketing and distribution of drilling and related equipment, integrated engineering and equipment solutions.

The principal activities of the subsidiaries are set out in Note 12 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2017 were authorised for issue by the Board of Directors on 2 April 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including the related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

Singapore-incorporated companies listed on SGX-ST are required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after 1 January 2018. The new framework is referred to as 'Singapore Financial Reporting Standards (International) (SFRS(I))'. The Group will adopt the new framework on 1 January 2018 and will apply SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) to the transition. This will involve restating the comparatives for the financial year ended 31 December 2017 and the opening statements of financial position as at 1 January 2017 in accordance with the new framework.

The Group has completed its assessment of the impact of transition and anticipates that the adoption of the new framework on 1 January 2018 (including the application of all the mandatory exceptions) will not have a material impact on the financial statements of the Group for the financial year ending 31 December 2018, other than the impact from the adoption of SFRS(I) 9 and SFRS(I) 15 which is expected to be similar to the impact of FRS 109 and FRS 115 as disclosed below.

The individual financial statements of each entity in the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollar ("US\$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. The consolidated financial statements are expressed in US\$ and rounded to the nearest thousand ("US\$'000") as indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

Although the Group's revenue has decreased to US\$448,000, recorded a loss before tax of US\$4,659,000 and generated negative operating cash flows of US\$1,958,000 for the financial year ended 31 December 2017, and that the Group has significantly reduced its offshore and marine activities, the management is of the opinion that the use of going concern basis to prepare the Group's financial statements is appropriate and that there are no material uncertainties related to these conditions that may cast significant doubt upon the Group's ability to continue as a going concern. In assessing whether the Group can meet its debt obligations for the ensuing twelve months, the management had prepared cash flow forecasts which was approved by the Board. The cash flows were derived from the financial budget for the financial year ending 31 December 2018 where it indicates that the Group has sufficient cash and cash equivalents to support the Group's continuing operations, and pay its debts as and when they fall due.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. In addition to the Group's going concern assessment above, the areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

In the current financial year, the Group has adopted all the new and revised FRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised FRS did not result in any changes to the Group's and the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that are relevant to the Group and the Company were issued but not effective, and have not been adopted early in these financial statements:

			Effective date (annual periods beginning on or after)
FRS 109	:	Financial Instruments	1 January 2018
FRS 115	:	Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	:	Classification to FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 116	:	Leases	1 January 2019
INT FRS 122	:	Foreign Currency Transactions and Advance Consideration	1 January 2018
INT FRS 123	:	Uncertainty over Income Tax Treatments	1 January 2019

Consequential amendments were also made to various standards as a result of these new or revised standards.

Except as disclosed below, the management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

The Group has completed its preliminary assessment of the classification and measurement of its financial assets and liabilities, and expects that financial assets and liabilities currently measured at amortised cost will continue to qualify for measurement at amortised cost under FRS 109.

Impairment

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment loss allowances as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade receivables and other receivables, due to earlier recognition of credit losses. The Group expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition. For other receivables, the Group will initially provide for 12 months expected losses under the three-stage model.

Under the new impairment model, the Group and the Company estimate that the impairment loss allowances on trade receivables is not expected to be significant to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

During the financial year, the only major revenue stream of the Group is pertaining to the sale of goods. The revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.

The Group currently recognises revenue upon delivery of the goods to the customers based on the respective contracted price depending on whether the goods delivered is to fulfill the initial purchase order or repeated order. Under FRS 115, the Group will be required to calculate the transaction price of the remaining goods not yet delivered (from initial purchase orders and repeated orders) at the date when the repeated order was made and recognise revenue upon delivery of the remaining goods to the customers based on the calculated transaction price.

The Group has completed its assessment of FRS 115, and expects that there is no material impact on the financial statements of the Group and the Company in the period of their initial adoption as the Group does not have any revenue contracts with customers.

FRS 116 Leases

FRS 116 supersedes FRS 17 *Leases* and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 116 Leases (Continued)

On initial adoption of FRS 116, there may be a potentially insignificant impact on the accounting treatment for leases, which the Group as lessee currently accounts for as operating leases where the operating lease commitments are disclosed in Note 24 to the financial statements. On adoption of FRS 116, the Group will be required to capitalise its rented office premises and office equipment on the statement of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments. However, the Group is in the process of making a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2019 with either full or modified retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries and joint venture are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.5 Employee benefits

Retirement benefit costs

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within twelve months from the reporting date as a result of services rendered by employees up to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Employee benefits (Continued)

Share-based payments

Share options

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. At the end of each financial year, the Group revises the estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to the share option reserve.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Performance shares

The performance share plan of the Group is accounted as equity-settled share-based payments. Equity-settled share-based payments are measured at fair value at the date of grant. The performance share expense is amortised and recognised in profit or loss on a straight-line basis over the vesting period. At the end of each financial year, the Group revises the estimate of the number of performance shares that are expected to vest. The impact of the revision of the original estimates, if any, is recognised over the remaining vesting period with a corresponding adjustment to equity.

2.6 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2.7 Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the taxation authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, and interests in joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination.

Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Income tax (Continued)

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.9 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items are included in profit or loss for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised in equity.

For the purposes of presenting consolidated financial statements, the results and financial positions of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing exchange rate at the end of financial year;
- income and expenses are translated at average exchange rate for the financial year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- all resulting foreign currency exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends on ordinary shares are recorded in the financial year in which the dividends are approved by the shareholders.

2.11 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that the future economic benefits, in excess of the standard of performance of the property, plant and equipment before the expenditure was made, will flow to the Group and the Company, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

	Years
Leasehold property	20
Computers	3
Furniture and fittings	3
Office equipment	3 to 5
Renovation	3 to 5
Motor vehicles	3 to 4
Site equipment	10 to 20

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charges for depreciation is made in respect of these assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Land lease prepayment

Land lease prepayment represents land use rights, which are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses, if any. The land use rights are amortised over the lease term of 45 years.

2.13 Intangible assets

Computer software

Computer software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software is subsequently carried at cost less accumulated amortisation and any impairment losses.

Amortisation is calculated on the straight-line method so as to write off the costs of the computer software over their estimated useful lives of three years.

2.14 Joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries (Note 2.2). The Group classifies its interests in joint arrangements as joint venture where the Group has rights to only the net assets of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- the structure of the joint arrangement;
- the legal form of joint arrangements structured through a separate vehicle;
- the contractual terms of the joint arrangement agreement; and
- any other facts and circumstances (including any other contractual arrangements).

2.15 Joint venture

Joint venture is initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is accounted as goodwill and is included in the carrying amount of the investment in joint venture.

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group's share of net assets of joint venture and distributions received are adjusted against the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Joint venture (Continued)

Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the joint venture.

Where the Group transacts with a joint venture, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

Investment in a joint venture is stated at cost in the Company's statement of financial position less impairment loss, if any.

2.16 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.17 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group or the Company becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial assets

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets as loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

Trade and other receivables (excluding prepayments and other recoverable) and cash and cash equivalents which have fixed or determinable payments that are not quoted in active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, where applicable, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables (excluding advance payments from customers) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.18 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated costs to be incurred in marketing, selling and distribution. Obsolete, slow-moving and defective inventories are written down to its net realisable value.

2.20 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits, net of fixed deposits pledged.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decision.

2.22 Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Company.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

- (i) Impairment of investments in subsidiaries

The Group and the Company follow the guidance of FRS 36 in determining whether an investment is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the recoverable amount of investments is less than their carrying amount and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

(i) Allowance for doubtful receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when it believes that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers the historical experience and changes to the customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Note 15 to the financial statements.

(ii) Write-down of inventories

Inventory is valued at the lower of actual cost and net realisable value. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Market price is generally the inventory's selling price quoted from the market of similar items. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete merchandise and identifies items of inventory which have a market price that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's results, cash flows and financial position. The carrying amount of the Group's inventories is disclosed in Note 14 to the financial statements.

(iii) Provision for tax liabilities and penalties

The Group has exposure to potential tax-related liabilities and penalties in relation to the Write-off as described in Note 29 to the financial statements. The Group recognised provision of tax-related liabilities and penalties based on their best estimates of the likely circumstances. When the Group has established a present or constructive obligation and a reliable estimate can be made of the amount of the obligation, a provision of tax-related liabilities and penalties will be made.

4. REVENUE

Sale of goods

Group	
2017 US\$'000	2016 US\$'000
448	1,289

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

5. OTHER INCOME

	Group	
	2017 US\$'000	2016 US\$'000
GST refund	–	68
Service rendered to a joint venture	–	40
Gain on disposal of an associate	–	17
Reversal of impairment loss on amount due from a joint venture (Note 15)	73	–
Distribution received from a joint venture (Note 14)	66	–
Foreign exchange gain, net	632	–
Gain on disposal of inventory sold as scrap	27	–
Reversal of overprovision of withholding tax	35	–
Miscellaneous income	88	61
	921	186

6. LOSS BEFORE INCOME TAX

This is arrived at after charging:

	Group	
	2017 US\$'000	2016 US\$'000
<i>Administrative and other expenses</i>		
Audit fees		
– auditors of the Company	48	65
– other auditors	4	4
Non-audit fees		
– auditors of the Company	1	–
Write-down of inventories (Note 14)	460	364
Amortisation of land lease prepayment	20	25
Amortisation of intangible assets	13	43
Professional fees	456	743
Depreciation of property, plant and equipment	207	312
Foreign exchange loss, net	–	331
Loss on disposal of plant and equipment	1	55
Loss on disposal of a subsidiary	24	–
Operating lease expenses	120	109
Transportation and travelling	72	247
Provision for tax-related liabilities	373	–
Impairment loss on trade and other receivables	10	323
Impairment loss on investment in a joint venture	–	15
Impairment loss on non-current assets held for sale	2,182	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

6. LOSS BEFORE INCOME TAX (CONTINUED)

The loss before income tax also includes the following:

Employee benefits

Salaries, bonuses and allowances
Defined contribution plans
Share-based payment (credited)/expensed
Other employee benefits

Group	
2017 US\$'000	2016 US\$'000
1,005	1,827
85	119
(42)	23
42	72
1,090	2,041

Employee benefits are recognised in the following line items in the consolidated statement of comprehensive income:

Group	
2017 US\$'000	2016 US\$'000
Cost of sales	47
Administrative and other expenses	1,994
1,090	2,041

Employee benefits include key management personnel remuneration as shown in Note 25 to the financial statements.

7. INCOME TAX EXPENSE/(CREDIT)

Current income tax
– current year
– under/(over) provision in prior years
Total income tax expense/(credit)

Group	
2017 US\$'000	2016 US\$'000
–	4
24	(11)
24	(7)

Domestic income tax is calculated at 17% (2016: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore statutory income tax rate of 17% (2016: 17%) to loss before income tax as a result of the following differences:

	Group	
	2017 US\$'000	2016 US\$'000
Loss before income tax	(4,659)	(4,593)
Income tax calculated at statutory income tax rate of 17%	(792)	(781)
Effect of different tax rate in other countries	(263)	(83)
Tax effect of expenses not deductible	695	118
Tax effect of income not subject to tax	(133)	(1)
Unrecognised deferred tax assets	493	908
Under/(over) provision of current income tax in prior years	24	(11)
Tax incentive and rebate	–	(8)
Utilisation of previously unrecognised deferred tax assets	–	(153)
Others	–	4
	24	(7)

The Group has unutilised tax loss carry forwards available for offsetting against future taxable income as follows:

	Group	
	2017 US\$'000	2016 US\$'000
At beginning of the year	7,131	5,651
Adjustments	(778)	(2,746)
Arising during the year	2,588	5,133
Utilised during the year	–	(902)
Currency translation adjustment	(7)	(5)
At end of the year	8,934	7,131

	Group	
	2017 US\$'000	2016 US\$'000
Deferred tax assets not recognised in respect of the above unutilised tax losses carry forward	1,636	1,255

The deferred tax assets have not been recognised in the financial statements due to the unpredictability of future revenue streams.

The unutilised tax losses arising from the subsidiary in the jurisdiction of the People's Republic of China can only be utilised for set-off against its future taxable profits within five years from the date the tax losses were incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

7. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

The expiry for these unutilised tax losses are as follows:

	Group	
	2017 US\$'000	2016 US\$'000
People's Republic of China		
Year		
2019	581	88
2020	–	–
2021	222	446
2022	659	–
	1,462	534

Except as disclosed above, the remaining unutilised tax losses may be carried indefinitely subject to the tax legislations and conditions imposed by Inland Revenue Authority of Singapore ("IRAS").

8. LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the Group's loss attributable to equity holders of the Company by the actual number of ordinary shares in issue during the financial year.

Diluted loss per share

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of potential dilutive ordinary shares: share options and performance shares.

At the end of the reporting period, diluted loss per share is the same as the basic loss per share because the potential ordinary shares to be converted are anti-dilutive as the effect of the shares conversion would be to decrease the loss per share. Share options granted under the ESOS (Note 22) have not been included in the calculation of diluted loss per share because they are anti-dilutive.

Basic and diluted loss per share attributable to owners of the parent is calculated as follows:

	Group	
	2017 US\$'000	2016 US\$'000
Loss attributable to owners of the parent	(4,679)	(4,531)
	Number of shares	Number of shares
Actual number of ordinary shares for basic loss per share ('000)	249,680	249,680
Basic loss per share (cents)	(1.87)	(1.81)
Diluted loss per share (cents)	(1.87)	(1.81)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property US\$'000	Computers US\$'000	Furniture and fittings US\$'000	Office equipment US\$'000	Renovation US\$'000	Motor vehicles US\$'000	Site equipment US\$'000	Total US\$'000
Cost								
Balance at 1 January 2017	4,649	109	30	29	604	15	480	5,916
Additions	-	1	-	1	-	-	-	2
Disposals/Write-off	-	(42)	(11)	(6)	(401)	(15)	(388)	(863)
Disposal of a subsidiary (Note 12)	-	(1)	-	-	-	-	-	(1)
Reclassified as non-current assets held for sale (Note 17)	(4,793)	-	-	-	-	-	(65)	(4,858)
Currency realignment	144	-	-	-	13	-	(27)	130
Balance at 31 December 2017	-	67	19	24	216	-	-	326
Accumulated depreciation and impairment losses								
Balance at 1 January 2017	1,159	99	29	26	591	12	423	2,339
Depreciation for the financial year	166	7	1	2	13	2	16	207
Disposals/Write-off	-	(42)	(11)	(6)	(401)	(14)	(388)	(862)
Reclassified as non-current assets held for sale (Note 17)	(1,359)	-	-	-	-	-	(22)	(1,381)
Currency realignment	34	-	-	-	12	-	(29)	17
Balance at 31 December 2017	-	64	19	22	215	-	-	320
Net carrying amount								
At 31 December 2017	-	3	-	2	1	-	-	6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Leasehold property US\$'000	Computers US\$'000	Furniture and fittings US\$'000	Office equipment US\$'000	Renovation US\$'000	Motor vehicles US\$'000	Site equipment US\$'000	Total US\$'000
Cost								
Balance at 1 January 2016	4,975	111	39	29	653	15	539	6,361
Additions	–	–	–	–	26	–	–	26
Disposals/Write-off	–	(2)	(8)	–	(48)	–	(55)	(113)
Currency realignment	(326)	–	(1)	–	(27)	–	(4)	(358)
Balance at 31 December 2016	4,649	109	30	29	604	15	480	5,916
Accumulated depreciation and impairment losses								
Balance at 1 January 2016	1,016	88	32	23	590	7	426	2,182
Depreciation for the financial year	219	13	2	3	65	5	5	312
Disposals/Write-off	–	(2)	(4)	–	(37)	–	(8)	(51)
Currency realignment	(76)	–	(1)	–	(27)	–	–	(104)
Balance at 31 December 2016	1,159	99	29	26	591	12	423	2,339
Net carrying amount								
At 31 December 2016	3,490	10	1	3	13	3	57	3,577

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Computers US\$'000	Furniture and fittings US\$'000	Office equipment US\$'000	Renovation US\$'000	Motor vehicles US\$'000	Total US\$'000
Cost						
Balance at 1 January 2017	100	19	22	214	8	363
Additions	4	-	3	-	-	7
Disposals/Write-off	(42)	-	(3)	-	(8)	(53)
Balance at 31 December 2017	62	19	22	214	-	317
Accumulated depreciation						
Balance at 1 January 2017	94	18	21	202	5	340
Depreciation for the financial year	7	1	2	12	2	24
Disposals/Write-off	(42)	-	(3)	-	(7)	(52)
Balance at 31 December 2017	59	19	20	214	-	312
Net carrying amount						
At 31 December 2017	3	-	2	-	-	5

Company	Computers US\$'000	Furniture and fittings US\$'000	Office equipment US\$'000	Renovation US\$'000	Motor vehicles US\$'000	Site equipment US\$'000	Total US\$'000
Cost							
Balance at 1 January 2016	102	20	22	211	8	55	418
Additions	-	-	-	25	-	-	25
Disposals	(2)	(1)	-	(22)	-	(55)	(80)
Balance at 31 December 2016	100	19	22	214	8	-	363
Accumulated depreciation							
Balance at 1 January 2016	85	18	19	168	-	6	296
Depreciation for the financial year	11	1	2	45	5	2	66
Disposals	(2)	(1)	-	(11)	-	(8)	(22)
Balance at 31 December 2016	94	18	21	202	5	-	340
Net carrying amount							
At 31 December 2016	6	1	1	12	3	-	23

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment were as follows:

	Group	
	2017 US\$'000	2016 US\$'000
Additions during the financial year	2	26
Provision for reinstatement costs	–	(25)
Cash payments to purchase plant and equipment	2	1

10. LAND LEASE PREPAYMENT

	Group	
	2017 US\$'000	2016 US\$'000
Cost		
Balance at beginning of financial year	1,074	1,148
Reclassified as non-current assets held for sale (Note 17)	(1,107)	–
Currency realignment	33	(74)
Balance at end of financial year	–	1,074
Accumulated amortisation		
Balance at beginning of financial year	153	138
Amortisation for the financial year	20	25
Reclassified as non-current assets held for sale (Note 17)	(178)	–
Currency realignment	5	(10)
Balance at end of financial year	–	153
Net carrying amount		
At end of financial year	–	921
Remaining amortisation period	–	41 years

Land lease prepayment represents land use rights held by a subsidiary company in the People's Republic of China.

Amortisation expense has been included in "Administrative and other expenses" in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

11. INTANGIBLE ASSETS

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Computer software				
Cost				
Balance at beginning of financial year	137	131	117	111
Additions	10	6	20	6
Balance at end of financial year	147	137	137	117
Accumulated amortisation				
Balance at beginning of financial year	117	74	108	73
Amortisation for the financial year	13	43	12	35
Balance at end of financial year	130	117	120	108
Net carrying amount				
At end of financial year	17	20	17	9

Amortisation expense has been included in "Administrative and other expenses" in the consolidated statement of comprehensive income.

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2017 US\$'000	2016 US\$'000
Unquoted equity shares, at cost	6,001	6,001
Allowance for impairment losses	(6,001)	(3,162)
	–	2,839

Movement in the allowance for impairment losses are as follows:

	Company	
	2017 US\$'000	2016 US\$'000
Balance at beginning of financial year	3,162	2,630
Allowance made during the year	2,839	532
Balance at end of financial year	6,001	3,162

During the year, management performed an impairment assessment for its significant subsidiaries which have either suffered losses during the year or are inactive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The recoverable amount of the investment in Jiangyin SBI Offshore Equipment Co., Ltd. ("JSBI") was determined on the basis of the subsidiary's fair value less costs to sell which was estimated by the management using the following basis:

- (i) by reference to the recoverable amounts of the non-current assets of the subsidiary which are represented by the fair value of leasehold property and related land use rights recorded as land lease prepayment and cash held by the subsidiary; and
- (ii) the fair value of the current assets and liabilities are determined by management to approximate their carrying amounts due to short-term maturity.

The Company's carrying amount of the investment in this subsidiary was determined to exceed its recoverable amount and consequently an impairment loss of US\$2,839,000 (2016: US\$532,000) was recognised in profit or loss.

Based on the management's impairment assessment, the recoverable amount of JSBI was US\$Nil as the net cash proceeds of US\$2,537,000 (Note 17) realised from the sale of the JSBI's leasehold property and related land lease prepayment would be used to repay the amount due to the Company which is repayable on demand.

The details of the Group's significant subsidiaries are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest and voting power held		Proportion of ownership held by non-controlling interests	
		2017	2016	2017	2016
		%	%	%	%
<i>Held by the Company</i>					
Jiangyin SBI Offshore Equipment Co., Ltd. ⁽¹⁾ (People’s Republic of China)	Manufacturing of offshore rig equipment	100	100	–	–
Neptune Life-Saving Pte. Ltd. ⁽²⁾ (Republic of Singapore)	Marketing, distribution and servicing of offshore and marine equipment	–	100	–	–
Solar Energy Investments Pte. Ltd. ⁽³⁾ (Republic of Singapore)	Design, engineer, construct, develop, own, operate, maintain and storage of solar photovoltaic energy systems and plants	100	100	–	–
Solar Africa Investments (Pty) Ltd ⁽⁴⁾ (South Africa)	Develop, own, operate and maintain solar photovoltaic energy systems and plants	–	100	–	–
Graess Energy Pte. Ltd. ⁽⁵⁾ (Republic of Singapore)	Dormant	51	51	49	49

(1) Audited by Jiangsu Welsen Certified Public Accountants Co., Ltd., People's Republic of China.

(2) Struck off on 9 March 2017.

(3) Audited by BDO LLP, Singapore.

(4) Disposed on 13 October 2017.

(5) In the process of liquidation as of 31 December 2017 and subsequently struck off on 8 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

12. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Significant restriction

Cash and bank balances of approximately US\$813,000, equivalent to RMB5,300,000 (2016: US\$900,000, equivalent to RMB6,253,000) held with a subsidiary in the People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

Disposal of indirect subsidiary

On 13 October 2017, the Group disposed of its entire interest in Solar Africa Investments (Pty) Ltd, a subsidiary of Solar Energy Investments Pte. Ltd. for a cash consideration of US\$1.

The effects of the disposal as at the date of disposal were:

	Carrying Amount US\$'000
Plant and equipment	1
Cash and cash equivalents	27
Trade and other receivables	16
Total assets	44
Trade and other payables	(39)
Total liability	(39)
Net identifiable assets disposed of	5

The effects of disposal on cash flows are as follows:

	2017 US\$'000
Net identifiable assets disposed (as above)	5
Reclassification of currency translation reserve on disposal	19
	24
Loss on disposal	(24)
Cash proceed from disposal	–
Less: Cash and cash equivalents disposed	(27)
Net cash outflow on disposal	(27)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

13. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Equity shares, at cost			50	50
Allowance for impairment losses			(50)	(50)
			<u>-</u>	<u>-</u>
At beginning of financial year	-	868		
Share of results, net of tax	-	(30)		
Dividend received	-	(823)		
Allowance for impairment losses	-	(15)		
At end of financial year	<u>-</u>	<u>-</u>		

In the previous financial year, the Company entered into a Settlement Agreement (the "Agreement") with the joint venturer and mutually agreed to terminate the joint venture agreement and the joint venture will be struck off upon resolution of all liabilities and obligations.

The details of the joint venture are as follows:

Name of joint venture (Country of incorporation and principal place of business)	Principal activities	Effective equity interest held by the Group	
		2017 %	2016 %
RBV Energy (Singapore) Pte. Ltd. ⁽¹⁾ (Republic of Singapore)	Manufacture and supply of equipment for marine/offshore industry	50	50

Note:

(1) Not required to be audited under the laws of country of incorporation.

The Group has not recognised losses relating to the joint venture where its share of losses exceed the Group's carrying amount of its investment in the joint venture. The Group's cumulative share of unrecognised losses were US\$30,000 (2016: US\$Nil) of which US\$30,000 (2016: US\$Nil) was the share of the current year's losses. The Group has no obligation in respect of those losses.

14. INVENTORIES

	Group and Company	
	2017 US\$'000	2016 US\$'000
Finished goods	-	459

During the financial year, the Company carried out a review of the net realisable values of its inventories and the review led to the recognition of a write-down on inventories of approximately US\$460,000 (2016: US\$364,000).

During the year, the joint venture transferred inventories amounting to US\$66,000 to the Group as distribution of assets.

In the previous financial year, the joint venture transferred inventories amounting to US\$823,000 to the Group as payment-in-lieu of the dividend declared by the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Trade receivables				
– third parties	185	381	185	381
Other receivables				
– third parties	87	28	49	12
– subsidiaries	–	–	5,036	4,719
– joint venture	–	323	–	323
– a former Director	–	432	–	432
– other recoverable	23	22	–	–
– rental and other deposits	3	19	3	15
– prepayments	181	117	18	113
	294	941	5,106	5,614
Allowance for doubtful receivables				
– third parties	(10)	–	–	–
– subsidiaries	–	–	(1,729)	(266)
– joint venture	–	(323)	–	(323)
Total trade and other receivables	469	999	3,562	5,406

Trade receivables are non-interest bearing and generally on 30 days (2016: 30 to 60 days) credit terms.

The non-trade receivables due from subsidiaries and joint venture comprise advances which are unsecured, non-interest bearing and repayable on demand, except for amounts due from subsidiaries and joint venture of approximately US\$753,000 and US\$Nil respectively (2016: US\$517,000 and US\$250,000 respectively), which bear interest from 4.5% to 6.25% (2016: 3.25% to 7%) per annum.

Other receivables from subsidiaries

As at 31 December 2017, the net amount less allowance due from a China subsidiary, JSBI, to the Company amounted to US\$3.15 million of which included an amount of RMB17.3 million (equivalent to US\$2.65 million) that was written off in the audited 2015 financial statements of JSBI for the People's Republic of China ("PRC") statutory and tax filing purposes as disclosed in Note 29 to the financial statements.

The carrying amount of amount due from JSBI of US\$3.15 million is supported by the net assets of JSBI represented by leasehold property and related land lease prepayment classified as non-current assets held for sale of US\$2.3 million and cash of US\$0.81 million held by JSBI.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivables from a former Director

In the previous financial year, the Company filed a Writ of Summons against a former Director to demand payment for the remaining balance of US\$432,000 of a down payment made for a business opportunity which was secured by a guarantee from the former Director. During the financial year, the Company received payment from the former Director.

Movements in the allowance for impairment of other receivables are as follows:

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
At 1 January	323	–	589	4,716
Allowances charged to profit or loss	10	323	1,729	589
Reversal	(73)	–	(99)	–
Written off	(250)	–	(490)	(4,716)
At 31 December	10	323	1,729	589

As at 31 December 2017, the Group and the Company have recognised an impairment loss of US\$10,000 (2016: US\$323,000) and US\$1,729,000 (2016: US\$589,000) respectively in profit or loss under "Administrative and other expenses" subsequent to the assessment performed by the management on the net recoverable amount due from the third parties, subsidiaries and joint venture.

During the financial year, the Group and the Company made reversal of impairment loss amounting to US\$73,000 and US\$99,000 respectively due to recovery of balances.

The allowances made in the prior financial year by the Group and the Company amounting to US\$250,000 (2016: US\$Nil) and US\$490,000 (2016: US\$4,716,000) respectively had been written off as they are deemed irrecoverable.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
United States dollar	206	488	1,453	2,010
Singapore dollar	59	487	80	806
Chinese renminbi	204	22	2,029	2,590
Others	–	2	–	–
	469	999	3,562	5,406

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in consolidated statement of cash flows comprise the following:

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Cash and bank balances	748	3,593	672	3,319
Fixed deposits	13,974	12,678	13,208	11,958
Cash and cash equivalents in the statement of financial position	14,722	16,271	13,880	15,277
Fixed deposits pledged	(142)	(588)		
Cash and cash equivalents as per consolidated statement of cash flows	14,580	15,683		

Fixed deposits with financial institutions mature on varying periods within 12 months (2016: 12 months) from the end of the financial year with a weighted average interest rate of 1.37% (2016: 0.99%) per annum.

For the purpose of presenting the statement of cash flows, cash and cash equivalents include fixed deposits with an average maturity of more than 3 months, as there are no significant costs or penalties in converting these fixed deposits into liquid cash before maturity.

At the end of the financial year, fixed deposits of US\$142,000 (2016: US\$588,000) were pledged as securities for banking facilities granted to the Group and the Company.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
United States dollar	9,658	9,914	9,649	9,888
Singapore dollar	4,260	5,404	4,231	5,372
British pound	–	17	–	17
Chinese renminbi	804	892	–	–
South African Rand	–	44	–	–
	14,722	16,271	13,880	15,277

17. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2017 US\$'000	2016 US\$'000
At beginning of financial year	–	–
Reclassified from property, plant and equipment (Note 9)	3,477	–
Reclassified from land lease prepayment (Note 10)	929	–
Impairment losses	(2,182)	–
Currency realignment	75	–
At end of financial year	2,299	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

17. NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)

On 27 December 2017, the Company's wholly-owned subsidiary, JSBI entered into a sale and purchase agreement with a third party, for the sale of a leasehold property and related land lease prepayment for a cash consideration of RMB18,000,000 (equivalent to US\$2,761,000).

Accordingly, the leasehold property (Note 9) and land lease prepayment (Note 10) have been classified as non-current assets held for sale and an impairment loss of US\$2,182,000 has been recognised in the profit or loss to reduce the assets' carrying amount to fair value less costs to sell.

The costs to sell includes a 5% commission amounting to RMB900,000 (equivalent to US\$138,000) to a referral, an offshore company owned by Mr. Tan Woo Thian who is a substantial shareholder of the Company. The commission will be payable upon the completion of the sale of assets.

Subsequent to the financial year, the sale of these assets was completed and cash proceeds of RMB16,029,000 (equivalent to US\$2,537,000) was received on 15 March 2018. The difference of RMB1,971,000 (equivalent to US\$224,000) between the cash consideration and the cash proceeds arose from the tax paid by JSBI in relation to the sale of the assets, to PRC tax authorities on 28 February 2018.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Trade payables				
– third parties	–	476	–	468
Non-trade payables				
– third parties	170	130	160	109
– a subsidiary	–	–	128	118
Accrued operating expenses	791	353	489	436
Advance payments from customers	–	18	–	18
	961	977	777	1,149

Trade payables are non-interest bearing and are normally settled between 30 to 60 days (2016: 30 to 60 days) credit term.

Non-trade payables due to third parties and a subsidiary are unsecured, non-interest bearing and repayable on demand.

As at 31 December 2017, the Company has made a provision of US\$146,000 based on invoices received from PwC as the terms of engagement provided that the Company would be liable for any costs incurred by PwC in the event that third parties commenced proceedings against PwC in relation to the services it rendered to the Company as disclosed in Note 28 to the financial statements. The amount is recorded in "Accrued operating expenses".

As at 31 December 2017, the Group has recorded a provision of US\$373,000 for tax-related liabilities in relation to the Write-off as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

18. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
United States dollar	87	617	214	831
Singapore dollar	322	332	425	317
Chinese renminbi	552	21	138	–
Others	–	7	–	1
	961	977	777	1,149

19. DEFERRED TAX LIABILITIES

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
At beginning and end of financial year	4	4	4	4

The following are the major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the financial year.

	Accelerated tax depreciation US\$'000	Others US\$'000	Total US\$'000
Group			
At 1 January 2016, 31 December 2016 and 2017	6	(2)	4

20. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	US\$'000
Issued and fully paid		
2017		
At beginning and end of financial year	249,680,100	25,253
2016		
At beginning and end of financial year	249,680,100	25,253

The Company has one class of ordinary shares which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

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21. OTHER RESERVES

		Group		Company	
		2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Share-based payment reserve	(a)	223	265	223	265
Equity – Non-Controlling Interests (“NCI”)	(b)	(167)	(35)	–	–
		56	230	223	265

(a) Share-based payment reserve

The share-based payment reserve represents equity-settled share options and performance shares granted to employees and certain Directors (Note 22). The reserve is made up of the cumulative value of services received from employees and certain Directors for the issue of share options and performance shares over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options and performance shares from the grant dates of equity-settled share options and performance shares to be awarded upon satisfaction of terms and conditions specified in PSP.

(b) Equity – NCI

The Equity – NCI represents the differences between the considerations paid to acquire the remaining equity interest in the share capital of a subsidiary in prior years.

The movements of other reserves of the Group and the Company are presented in the consolidated statement of changes in equity.

22. SHARE-BASED PAYMENT RESERVE

The Company has a share options scheme and a performance share plan for certain employees and Directors of the Company.

The SBI Offshore Employee Share Option Scheme (“ESOS”) was approved and adopted by its members at an Extraordinary General Meeting held on 28 September 2009.

The SBI Offshore Performance Share Plan (“PSP”) was approved and adopted by its members at an Extraordinary General Meeting held on 30 April 2013.

The ESOS and PSP are administered by the Remuneration Committee (the “RC”), comprising Mr. Mahtani Bhagwandas, Chairman of the RC, Mr. Ling Yew Kong and Mr. Lawrence Kwan.

In exercising its discretion, the RC must act in accordance with any guidelines that may be provided by the Board of Directors (“Board”). The RC shall refer any matter not falling within the scope of its terms of reference to the Board. The RC shall have the power, from time to time, to make and vary such regulations for the implementation and administration of the ESOS and PSP as it thinks fit.

No participants have received 5% or more of the total number of shares other than disclosed below.

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22. SHARE-BASED PAYMENT RESERVE (CONTINUED)

ESOS

Options are exercisable at price based on the average of the last done prices for the shares of the Company on the SGX-ST for the five market days preceding the date of grant. The RC may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. If the options remain unexercised after the first anniversary of the day granted until the tenth anniversary, the options will expire. Options are forfeited if the employees leave the Company before the options vest.

(a) Options granted

Options granted on 8 January 2013

10,000,000 share options were granted to Mr. Chan Lai Thong, former Executive Director and Chief Executive Officer, at the exercise price of S\$0.10 on 8 January 2013. The options are vested over various vesting periods after the first anniversary, second, third, fourth and fifth anniversary in respect of 20% respectively of the options granted and exercisable until 8 January 2023.

On 21 August 2017, the Company announced the cessation of Mr. Chan Lai Thong as Chief Executive Officer with effect from 16 August 2017, which resulted in the forfeiture of 20% of share options, which are exercisable at any time after the fifth anniversary of the date of grant.

(b) Unissued shares under options

At the end of the financial year, the number of unissued shares under options was as follows:

Date of grant	At beginning of the year	Forfeited	Exercised during the year	At end of the year	Exercise price S\$	Exercise period
8.1.2013	10,000,000	(2,000,000)	–	8,000,000	0.10	8.1.2014 to 8.1.2023

The table below summarises the number of unissued shares under options, their exercise price as at the end of the financial year as well as the movements during the financial year.

	2017		2016	
	Number of options	Exercise price S\$	Number of options	Exercise price S\$
At 1 January	10,000,000	0.10	10,000,000	0.10
Forfeited	(2,000,000)	0.10	–	–
At 31 December	8,000,000	0.10	10,000,000	0.10

(c) Options termination

Options may lapse or be exercised earlier in circumstances which include the termination of the employment of the employees in the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22. SHARE-BASED PAYMENT RESERVE (CONTINUED)

ESOS (Continued)

There was no option being exercised during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

The total amount recognised in the financial statements for share-based payment transactions with employees is summarised as follows:

	Group and Company	
	2017	2016
	US\$'000	US\$'000
Share-based payment (credited)/expensed – ESOS	(42)	23

PSP

The PSP is targeted to incentivise participants in key positions who are able to drive the growth of the Company to excel in their performance and encourage greater dedication and loyalty to the Company.

(a) Eligible participants

(i) Employees

- confirmed full-time employees who have attained the age of 21 years on or before the date of award; or
- Executive Directors who are Controlling Shareholders and Executive Directors who are Associates of Controlling Shareholders; and

(ii) Independent Directors and Non-Executive Directors who, in the opinion of the RC, have contributed or will contribute to the success of the Group.

There shall be no restriction on the eligibility of any participant to participate in any other share option or share incentive schemes implemented or to be implemented by the Company or the Group.

(b) Maximum allowable allotment

The aggregate number of shares which may be issued pursuant to PSP granted on any date, when added to the number of new shares issued and/or issuable in respect of all PSP granted and any other share scheme which the Company may implement from time to time, including but not limited to the scheme, will not exceed 15% of the total issued shares in the capital of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the grant date.

The following additional limits must not be exceeded:

- (i) The aggregate number of shares available to controlling shareholders and their associates must not exceed 25% of the shares available under PSP; and
- (ii) The number of shares available to each controlling shareholder or his associate must not exceed 10% of the shares available under PSP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

22. SHARE-BASED PAYMENT RESERVE (CONTINUED)

PSP (Continued)

(b) Maximum allowable allotment (Continued)

The number of shares to be awarded to the participants in accordance with PSP shall be determined by the RC at its absolute discretion, such discretion shall be exercised taking into account criteria such as the rank and the responsibilities, performance, years of service and potential for future development of the participant.

(c) Duration

PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years, commencing on the date on which PSP is adopted by the Company in a general meeting, provided always that PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in a general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of PSP, any awards made to participants prior to such expiry or termination will continue to remain valid.

There were no performance shares granted under PSP during the financial year.

There were no unissued shares under PSP as at the end of the financial year.

23. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's foreign operations whose functional currency are different from that of the Group's presentation currency which is United States dollar and is non-distributable.

24. OPERATING LEASE COMMITMENTS

Group and Company as a lessee

At the end of the financial year, the Group and the Company have commitments in respect of non-cancellable operating leases in respect of office premise and office equipment as follows:

	Group and Company	
	2017	2016
	US\$'000	US\$'000
Future minimum lease payments payable:		
Within one year	71	34
After one year but within five years	35	7
Total	106	41

The above operating lease commitments are based on existing rental rates at the end of the financial year and the lease of office premise and office equipment have remaining lease term of 1.5 years and 2 years respectively (2016: 6 months and 3 years). Operating lease of office premise has an option to renew for a further of 2 years at rates to be agreed with the landlord. There are no contingent rental payments and restriction imposed in relation to the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
With subsidiaries				
Loans to subsidiaries	–	–	311	517
Interest on loans to subsidiaries	–	–	43	37
Payment on behalf of subsidiaries	–	–	173	347
Payment on behalf by subsidiaries	–	–	19	21
Waiver of debts to subsidiaries	–	–	382	1,380
Purchase of plant and equipment from a subsidiary	–	–	17	–
With a joint venture				
Payment on behalf of a joint venture	–	17	–	17
Interest received from a joint venture	–	18	–	18
Services rendered to a joint venture	–	40	–	40
Dividends from a joint venture	–	823	–	823
Waiver of debts granted to a joint venture	16	–	16	–

Compensation of key management personnel

The remuneration of the key management personnel included under employee benefits in Note 6 to the financial statements was as follows:

	Group	
	2017 US\$'000	2016 US\$'000
Directors' fees	161	112
Salaries and other short-term benefits	501	816
Post-employment benefits	23	25
	685	953
Comprise amounts paid to:		
Directors of the Company	487	670
Other key management personnel	198	283
	685	953

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker.

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, China, Southeast Asia other than Singapore, Europe, United States, and others. All these locations are engaged in providing products.

The Group has only one business segment which is the marketing and distribution segment. This segment includes sales of goods of offshore rig equipment to third parties.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed by the management of respective entities within the Group.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated on consolidation.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

26. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operate in five main geographical areas contributed more than 10% of consolidated revenue and total assets. Revenue is based on the country in which the customer is located. Segment assets are shown by the geographical area in which the assets are located.

	Singapore US\$'000	People's Republic of China US\$'000	Southeast Asia other than Singapore US\$'000	Europe US\$'000	United States of America US\$'000	Others US\$'000	Total US\$'000
2017							
Revenue							
Revenue from external customers	419	2	–	–	27	–	448
Assets							
Segment assets	14,197	3,316	–	–	–	–	17,513
2016							
Revenue							
Revenue from external customers	1,181	3	38	66	1	–	1,289
Assets							
Segment assets	16,805	5,390	6	–	–	46	22,247

Major customers

The revenue from three major customers of the Group for the financial year is as follows:

	Group	
	2017 US\$'000	2016 US\$'000
Customer A	5	836
Customer B	411	324
Customer C	27	–
	443	1,160

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

The Group's and the Company's activities expose them to credit risk, market risk (foreign exchange risk) and liquidity risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of the Company are responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's and the Company's management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

27.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group's and the Company's major classes of financial assets are cash and cash equivalents and trade and other receivables. Cash and cash equivalents are placed with creditworthy financial institutions, 94% (2016: 93%) of the Group's and 99% (2016: 99%) of the Company's cash and cash equivalents are placed with 2 (2016: 2) financial institutions.

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for the top 1 (2016: 1) trade receivables from third parties, which accounted for 85% (2016: 78%) and 85% (2016: 78%) of the total trade receivables of the Group and Company, respectively. The Company's non-trade receivables from subsidiaries accounted for 93% (2016: 82%) of the total trade and other receivables.

Trade receivables that are past due but not impaired are substantially with companies with good collection track record with the Group and the Company.

The age analysis of trade receivables that are past due but not impaired is as follows:

	Group		Company	
	Gross receivables 2017 US\$'000	Gross receivables 2016 US\$'000	Gross receivables 2017 US\$'000	Gross receivables 2016 US\$'000
Past due 1 to 2 months	–	269	–	269
Past due over 2 to 3 months	79	–	79	–
Past due over 3 months	79	85	79	85

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.2 Market risk

(i) Foreign exchange risk management

Currency risk arises from transactions denominated in currencies other than the functional currency of the entities within the Group. The Group transacts business in various foreign currencies, including Singapore dollar ("SGD"), Chinese renminbi ("RMB"), and British pound ("GBP") and hence is exposed to foreign currency risks. The Group does not use any derivative financial instruments to hedge these exposures.

The Group and the Company monitor its foreign currency exchange risks closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

It is not the Group's and the Company's policy to take speculative positions in foreign currencies. Where appropriate, the Group and the Company will enter into foreign currency forward contracts with their principal bankers to mitigate the foreign currency risks (mainly export sales and import purchases). At the end of the respective financial year, there are no outstanding forward foreign currency contracts.

In relation to the Group's investments in foreign operations where net assets are exposed to currency translation risks, they are not hedged as currency positions in these foreign currencies are considered to be long-term in nature. Differences arising from such translation are recorded under the foreign currency translation reserve.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year were as follows:

	Assets		Liabilities	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
Group				
SGD	4,305	5,866	322	332
GBP	–	17	–	–
RMB	2,874	3,504	167	21
Others	–	46	–	7
Company				
SGD	4,297	6,157	425	317
GBP	–	17	–	–
RMB	2,029	2,590	138	–
Others	–	–	–	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.2 Market risk (Continued)

- (i) Foreign exchange risk management (Continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to SGD and RMB. The following table details the Group's and the Company's sensitivity to a 2% (2016: 2%) change in SGD and RMB against the entity's functional currency. This sensitivity analysis assumes an instantaneous 2% (2016: 2%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The effect on profit or loss will have a corresponding effect on the equity.

	Profit or Loss Increase/(Decrease)			
	Group		Company	
	2017 US\$'000	2016 US\$'000	2017 US\$'000	2016 US\$'000
SGD				
Strengthens against USD	80	111	77	117
Weakens against USD	(80)	(111)	(77)	(117)
RMB				
Strengthens against USD	54	70	38	52
Weakens against USD	(54)	(70)	(38)	(52)

- (ii) Interest rate risk

The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to short-term bank deposits as shown in Note 16 to the financial statements.

The Group's and the Company's results are not significantly affected by the changes in interest rates as the short-term bank deposits are at fixed interest rates. It is the Group's and the Company's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group and the Company.

27.3 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage the operating cash flows so as to finance the Group's and the Company's operations. As part of its overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintains sufficient levels of cash and cash equivalents to meet their working capital requirements.

As at 31 December 2017 and 31 December 2016, the Group's and the Company's remaining contractual maturity for its non-derivative financial instruments was within the next 12 months. Therefore, the management considers the Group's and the Company's undiscounted cash flows of its financial instruments, based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay, are approximate their carrying amount of cash and cash equivalents, trade and other receivables and payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.4 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. The Group's and the Company's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued share capital, other reserves, foreign currency translation reserve and accumulated losses.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group and the Company are in compliance with all externally imposed capital requirements which are bank covenants in respect of bank facilities for the financial years ended 31 December 2017 and 2016.

27.5 Fair value of financial assets and financial liabilities

The carrying amounts of the cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relative short term maturity of these financial instruments.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

27. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

27.5 Fair value of financial assets and financial liabilities (Continued)

The carrying amounts of financial assets and financial liabilities recorded at amortised costs, which approximate their fair value, are detailed in the following table.

	Group		Company	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Trade and other receivables, excluding prepayments and other recoverable	265	860	3,544	5,293
Cash and cash equivalents	14,722	16,271	13,880	15,277
Total loans and receivables	14,987	17,131	17,424	20,570
Financial liabilities				
Trade and other payables, excluding advance payments from customers, representing total financial liabilities at amortised cost	576	959	777	1,131

28. UPDATE ON ACQUISITION AND DISPOSAL OF AN ASSOCIATE – JIANGYIN NEPTUNE MARINE APPLIANCE CO., LTD. ("NPT TRANSACTIONS")

In 2008, the Company acquired a 35% equity interest in Jiangyin Neptune Marine Appliance Co., Ltd. ("NPT") at a consideration of US\$1.75 million through an undated equity transfer agreement (save for a reference to the year 2008) ("Undated Acquisition ETA") prior to the listing on SGX-ST. This acquisition had been recorded as an investment in an associate in the Company's and Group's financial statements.

On 18 August 2015, the Company entered into an equity transfer agreement to dispose NPT to Mr. Hua Hanshou ("Mr. Hua"), a controlling shareholder of NPT, for a consideration of US\$3.5 million ("First Disposal ETA").

On 1 December 2015, at the request of Mr. Hua, the Company transferred the assignment of the rights and obligations from Mr. Hua to Jiangyin Wanjia Yacht Co., Ltd ("Jiangyin Wanjia") who was and is still the existing majority shareholder of NPT, holding 55% equity interest in NPT. A Novation Agreement was signed by both parties.

As at 31 December 2015, the Company had received a total of US\$3 million as advance payment and the remaining balance of US\$500,000 was to be paid in 5 instalments over 5 years.

On 4 January 2016, the Group had completed the disposal of NPT.

In connection with the completion of the disposal of NPT, certain issues relating to the NPT Transactions were brought to the Board's attention and PricewaterhouseCoopers LLP ("PwC") was appointed in July 2016 to review the facts and circumstances surrounding the NPT transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. UPDATE ON ACQUISITION AND DISPOSAL OF AN ASSOCIATE – JIANGYIN NEPTUNE MARINE APPLIANCE CO., LTD. (“NPT TRANSACTIONS”) (CONTINUED)

The PwC NPT Findings dated 6 September 2016, highlighted that there were two sets of agreements purportedly entered into in connection with each of the acquisition and disposal of NPT and their contents differ, especially with regard to the acquisition and disposal consideration. In particular, PwC noted the existence of another equity transfer agreement dated 20 October 2008 to acquire the same 35% equity interest in NPT but at a consideration of US\$350,000 (“Dated Acquisition ETA”) and the existence of a second disposal equity transfer agreement (“Second Disposal ETA”) that was entered between the Company and Jiangyin Wanjia on 8 December 2015 for the Company to dispose of its 35% equity interest in NPT to Jiangyin Wanjia at a consideration of US\$1.75 million. The existence of the First Disposal ETA and Second Disposal ETA with different considerations from the Undated Acquisition ETA and the Dated Acquisition ETA raises serious concern as to which of them were valid. This gives rise to potential legal implications as there was no satisfactory explanation provided to PwC as to the reason for having two different sets of documents for the same transaction.

The Board of Directors (the “Board”) noted the legal implications arising from the existence of two sets of agreements in connection with each of the acquisition and disposal of NPT as highlighted by PwC including possible breaches of People’s Republic of China (“PRC”) tax laws, the Securities and Futures Act (Chapter 289 of Singapore) (“SFA”) and Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited: Rules of Catalyst (“Catalist Rules”).

Accordingly, on 15 September 2016, the Board lodged a report with the Commercial Affairs Department of the Singapore Police Force (“CAD”) in relation to a possible breach of securities laws or other offences, or other potential breaches involving the NPT Transactions.

The Board also appointed a Special Investigation Committee (“Committee”) to lead the Company’s investigation in respect of the PwC NPT Findings.

On 8 November 2016, the Company also appointed Unilegal LLC as its legal advisor to perform a review of the PwC NPT Findings.

On 15 November 2016, a supplemental agreement was signed between the Company and Jiangyin Wanjia to adjust the consideration from US\$3.5 million to US\$3.32 million subject to an early full settlement of US\$320,000 which was received on the same day. Accordingly, the Group recorded a gain on disposal of approximately US\$17,000, which represented the excess of cash consideration over the carrying amount of the investment in the associate at the date of disposal, net of withholding tax and professional fees for the year ended 31 December 2016.

As announced by the Company on 10 March 2017, the Company has received Unilegal LLC’s progress update in relation to, amongst others, the interim findings relating to the NPT Transactions.

As announced by the Company on 30 September 2017, the Board has received Unilegal LLC’s Final Report dated 29 September 2017 (the “Final Report”) in relation to the NPT Transactions.

The key findings and recommendations of the Final Report, amongst others, are as follows:

- (a) Based on the legal advice of the PRC Lawyers as to PRC Laws, in relation to either the acquisition or the disposal of the 35% shareholding in NPT, the ETA which will be upheld as valid and legally enforceable under PRC laws will be the one which is properly submitted and approved by the relevant PRC authorities. In the current context, these would be, in the case of the acquisition, the Dated Acquisition ETA (with consideration amount of US\$350,000) and, in the case of the disposal, the Second Disposal ETA (with consideration amount of US\$1.75 million).
- (b) However, the Company had consistently announced and relied upon, in the case of the acquisition, the Undated Acquisition ETA (with the consideration amount of US\$1.75 million) and, in the case of the disposal, the First Disposal ETA (with the consideration amount of US\$3.5 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. UPDATE ON ACQUISITION AND DISPOSAL OF AN ASSOCIATE – JIANGYIN NEPTUNE MARINE APPLIANCE CO., LTD. (“NPT TRANSACTIONS”) (CONTINUED)

- (c) In any event, both the acquisition of the 35% shareholding in NPT and the subsequent disposal of that shareholding have been completed, all consideration amounts (even taking the Company’s position in paragraph (b) above) have been fully paid and the shareholding accordingly registered after the acquisition as well as after the disposal. With the exception of possible tax considerations (which are mentioned in paragraph (j) below), there are no indications of further issues arising from either the acquisition or the disposal. In other words, whichever of the 2 sets of Acquisition ETA’s or the 2 sets of the Disposal ETA’s applied, it appears that in practice there is little likelihood of further adverse consequences on the Company, and thus to that extent this issue may be academic.
- (d) The consideration amount borne by the Company for the acquisition of the 35% shareholding, through book entries of amounts owed to the Company by NPT, was shown to be US\$1.75 million (as provided in the Undated Acquisition ETA) as reported and announced by the Company. There is also evidence that the seller of the 35% shareholding, Mr. Chen Yen Ting, had acknowledged the receipt of the consideration amount. The Company subsequently paid a further US\$50,000 towards the consideration amount, and this was as agreed between the parties and announced by the Company.
- (e) The consideration amount received by the Company for the disposal of the 35% shareholding was shown to be the announced amount of US\$3.5 million (as provided by the First Disposal ETA), less an amount of US\$180,000 (which was the agreed discount given, and this is not disputed by any party).
- (f) There is a question as to whether the Dated Acquisition ETA (which provided for a consideration of US\$350,000) ought to have been highlighted and focused upon at the time of the preparation of the Prospectus of the Company (issued in respect of its initial public offering of shares). The Prospectus provided for only the Undated Acquisition ETA. The Dated Acquisition ETA appeared to have been noted in the Legal Due Diligence Report dated 26 October 2009 (in conjunction with the preparation of the Prospectus), but the Directors of the Company at that time who were aware of its existence appeared not to have drawn specific attention to it. (Both Jonathan Hui Choon Ho (“JH”) and David Tan Woo Thian (“DT”) have commented that (in effect) that the Dated Acquisition ETA was required by Mr. Hua on behalf of the seller and represented to them that it was a necessary PRC formality. JH has also asserted that (in effect) there was no need to rely on either Acquisition ETA’s at the time of preparing the Prospectus since the Company by then had already had the share certificate dated 3 March 2009 for the 35% shareholding in NPT.)
- (g) There is a question as to whether DT ought to have signed (which signature was expressed to be on behalf of the Company) the Second Disposal ETA (which provided for the consideration amount of US\$1.75 million). This was against the express instructions of the Board given to DT at the Board Meeting of 11 November 2015. (DT has made various assertions to the effect that he believed that, in connection with the execution of the Power of Attorney (“POA”), John Chan Lai Thong (“JC”) must have discussed and obtained the approval of the Board to this “fresh approach”, and also that Mr. Hua on behalf of the buyer had made it clear to him that if the Second Disposal ETA was not forthcoming the disposal by the Company of the 35% shareholding in NPT would not be completed. JC has denied such statement concerning himself.)
- (h) As a matter of good governance, the Company should note that the Novation Agreement (originally dated 1 December 2015) was re-dated 9 December 2015 but (albeit supported by legal advice) no Announcement was made to that effect.
- (i) As a matter of good governance, the Company should follow through on the possible existence of a second POA (reportedly dated the same date as the POA – i.e. 8 December 2015), and if it exists to take steps to obtain a copy.
- (j) Based on the advice of the PRC Lawyers, technically, although it cannot be said that all possible angles of all PRC tax issues arising from the 2 sets of Acquisition ETA’s and the 2 sets of the Disposal ETA’s have been resolved, it appears that a tax investigation by the PRC tax authorities into the matter has been conducted and action taken and penalties levied (which did not affect the Company). Accordingly, there is no indication that the Company will be imposed any further tax or penalties as arising from those discrepancies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

28. UPDATE ON ACQUISITION AND DISPOSAL OF AN ASSOCIATE – JIANGYIN NEPTUNE MARINE APPLIANCE CO., LTD. (“NPT TRANSACTIONS”) (CONTINUED)

- (k) The Board should consider whether to take further steps, including legal proceedings for breaches of duties and/or obligations to the Company, in relation to the signings and use, in the case of the acquisition of the 35% shareholding in NPT, the Dated Acquisition ETA and, in the case of the disposal of that shareholding, the Second Disposal ETA. In considering this matter, the Board should weigh the “costs vs. benefits” of any such proposed action, taking into account the likelihood that there has not been any direct financial loss so far resulting from those discrepancies.
- (l) In view of the above and the further available documents brought to the its attention, Unilegal does not recommend for now the taking of any Interrogatories Before Action against either DT or JH, as earlier mentioned in the Company’s Announcement of 10 March 2017.

In this connection, as announced by the Company on 6 October 2017, the Board, having reviewed and sought further legal advice on the Final Report and having evaluated *inter alia* the “commercial net benefits” of such actions, and after taking into account that there has been no direct material financial loss so far for the Company and the Group, has decided without prejudice that the Company will not take action for now against the former Directors i.e. DT and JH. In the event that any detrimental impact on the Group comes to light due to the discrepancies in the Final Report, the Board will assess, in consultation with legal advisors, if any action is warranted.

In addition, the provision for tax liabilities of US\$35,000 made in the prior year was reversed in the current year as disclosed in Note 5 to the financial statements. Save for this, management and the Board have determined that no further adjustments to the accompanying financial statements are necessary in relation to Unilegal’s Final Report on the NPT Transactions.

As announced by the Company on 30 March 2018, the CAD had completed their review in relation to the NPT Transactions and would be taking no further action.

Liabilities and potential claims in connection with PwC’s review of the NPT Transactions

In connection with the review of the NPT Transactions by PwC and the release of PwC’s findings in the prior financial year ended 31 December 2016, DT has commenced legal proceedings against PwC in the High Court of Singapore (the “Suit”). Under the terms of engagement between the Company and PwC (“Terms of Engagement”), the Company would be liable for any costs incurred by PwC in the event that third parties commenced proceedings against PwC in relation to the services it rendered to the Company. As at 31 December 2017, the Company had recognised liabilities of S\$199,000 (equivalent to US\$146,000) based on invoices received from PwC for the costs incurred by PwC in defending itself in the Suit.

In addition, there is a potential claim by the Company against PwC in respect of a dispute with the fees charged by PwC. The Company is seeking clarification from PwC regarding the fees charged.

As at the date of these financial statements, the Suit and clarification of the fees charged by PwC are on-going.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

29. WRITE OFF OF RMB17.3 MILLION RECEIVABLE FROM A CHINA SUBSIDIARY, JIANGYIN SBI OFFSHORE EQUIPMENT CO., LTD. ("JSBI") AND RECOVERABILITY OF THE SAID AMOUNT

As announced by the Company on 28 February 2018, the Board was made aware by its auditors of a difference between the audited 2015 accounts of the Company and those of the Company's wholly-owned subsidiary, JSBI, incorporated in the PRC.

Based on the Board's review, the difference arose because there was an amount of RMB17.3 million (equivalent to US\$2.65 million) payable by JSBI to the Company ("JSBI Payables") that was written off in the audited 2015 PRC financial statements of JSBI for statutory and tax filing purposes without the authorisation of the Board (the "Write-off"). Whilst the Write-off was made in the audited PRC financial statements, the Write-off was not made or adjusted for in the JSBI's accounting records to date. Hence, the intercompany balances could be and were eliminated on consolidation for the Group's financial statements in 2015 and 2016.

The Board has determined that there is no basis for the unauthorised Write-off as there were no records of minutes or Board resolutions passed to approve the Write-off and the Board will seek to reverse the written off amount.

After consultation with the PRC tax advisors, should the written off amount be reversed in JSBI's audited financial statements, the PRC tax authorities might deem the RMB17.3 million as income of JSBI and impose a value added tax ("VAT") of 17% (approximately RMB2.5 million on the VAT exclusive amount of RMB14.8 million) as the RMB17.3 million arose from the receipts of monies by JSBI on behalf of the Company.

Accordingly, a provision of RMB2.5 million (equivalent to US\$373,000) for potential tax-related liabilities has been recorded in the Group's financial statements for the year ended 31 December 2017. The Board has assessed and determined that a prior year adjustment is not required as the amount is not significant to the Group's financial statements for the prior periods.

Based on management and the Board's assessment, save for the provisions for potential tax exposure and possibility of further provisions for potential legal implications (as detailed below under "Contingent liabilities") which may be required to be recorded at JSBI or the Company:

- The Write-off had not resulted in any material direct financial loss to the Group and Company;
- The Group's financial statements for the current and prior financial years are not materially misstated as the intercompany balances were eliminated on consolidation; and
- The amount receivable from JSBI of RMB17.3 million recognised in the Company's financial statements are recoverable and supported by the recoverable amounts of JSBI's net assets comprising mainly cash held by JSBI, and the leasehold property and related land lease prepayment which had been sold to a third party as disclosed in Note 17 to the financial statements.

Contingent liabilities

In consultation with the Company's Sponsor and Singapore Exchange Securities Trading Limited, the Board will appoint an Independent Reviewer to investigate matter(s) that may have given rise to this issue, *inter-alia* breaches in rules, laws and regulations as well as lapses in control. As of the date of these financial statements, in respect of legal implications, no provisions have been made as the Board is the process of finalising the appointment of the Independent Reviewer and it is premature to ascertain if there are any legal implications prior to the conclusion of the independent review.

STATISTICS OF SHAREHOLDERS

AS AT 16 MARCH 2018

Total number of issued shares excluding treasury shares and subsidiary holdings	–	249,680,100
Number of treasury shares	–	Nil
Number of subsidiary holdings held	–	Nil
Class of shares	–	Ordinary shares
Voting rights	–	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	0	0.00	0	0.00
100 – 1,000	9	2.36	5,300	0.00
1,001 – 10,000	77	20.21	571,700	0.23
10,001 – 1,000,000	265	69.55	33,181,900	13.29
1,000,001 and above	30	7.88	215,921,200	86.48
	381	100.00	249,680,100	100.00

LIST OF TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members)

No.	Name	No. of shares	%
1	CE VENTURES OFFSHORE LTD	46,193,000	18.50
2	CITIBANK NOMINEES SINGAPORE PTE LTD	35,906,200	14.38
3	HUI CHOON HO	22,213,400	8.90
4	PHILLIP SECURITIES PTE LTD	12,380,300	4.96
5	MAYBANK KIM ENG SECURITIES PTE LTD	11,615,000	4.65
6	NG KIM MOY	10,197,200	4.08
7	JADE CHEN JIAYU	9,900,000	3.97
8	VIJAY KUMAR S/O SREEKUMAR PILLAI	7,196,600	2.88
9	CHEN DAZHI	6,225,000	2.49
10	OCBC SECURITIES PRIVATE LTD	5,335,600	2.14
11	CHAN LAI THONG	4,140,000	1.66
12	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	4,050,000	1.62
13	PANG SHUN PEN	4,000,000	1.60
14	ANPARASAN S/O KAMACHI	3,755,000	1.50
15	SONG FEIFEI	3,650,900	1.46
16	PEH BENG YONG	3,448,900	1.38
17	MRS CHAU-CHAN SUI YUNG	3,128,600	1.25
18	SARINDERJIT KAUR	2,500,000	1.00
19	DBS NOMINEES PTE LTD	2,432,500	0.97
20	GOH JU POH PAUL	2,300,000	0.92
TOTAL		200,568,200	80.31

STATISTICS OF SHAREHOLDERS

AS AT 16 MARCH 2018

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2018

(as shown in the Register of Substantial Shareholders)

No.	Name of Shareholder	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	Mirzan Bin Mahathir	–	–	46,193,000 ⁽¹⁾	18.50
2.	CE Ventures Offshore Ltd	45,832,900	18.36	–	–
3.	Tan Woo Thian	22,970,000	9.20	11,700,000 ⁽²⁾	4.69
4.	Hui Choon Ho	22,393,400	8.97	–	–

(1) Mr 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.

(2) 11,700,000 ordinary shares are held in the name of KGI Fraser Securities Pte Ltd.

COMPLIANCE WITH RULE 723 OF THE RULES OF CATALIST

As at 16 March 2018, based on the Register of Members and to the best knowledge of the Company, the percentage of shareholding held in the hands of the public is 52.14% The Company is therefore in compliance with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

APPENDIX

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THIS APPENDIX TO THE ANNUAL REPORT 2017 (AS DEFINED BELOW) ("APPENDIX") 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 ("**Company**"), you should forward the Annual Report 2017 including the Notice of Annual General Meeting (as defined below) and the proxy form and this Appendix 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 Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd., (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Appendix, including the accuracy, completeness or correctness of any of the figures used, statements made, opinions expressed or reports contained in this Appendix. The contact person for the Sponsor is Mr Liao H.K.. Telephone number: (65) 6221 0271.*

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



SBI OFFSHORE LIMITED

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

(Company Registration Number: 199407121D)

APPENDIX TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

APPENDIX

DATED 10 APRIL 2018

DEFINITION

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

"2017 AGM"	:	The annual general meeting of the Company held on 25 April 2017
"ACRA"	:	Accounting and Corporate Regulatory Authority
"Annual General Meeting"	:	The annual general meeting of the Company to be held on 25 April 2018
"Annual Report 2017"	:	The Company's annual report for the financial year ended 31 December 2017
"Approval Date"	:	Has the meaning ascribed to it in paragraph 2.2.1(a) of this Appendix
"Average Closing Price"	:	Has the meaning ascribed to it in paragraph 2.2.4(c) of this Appendix
"Board"	:	The board of directors of the Company as at the date of this Appendix
"Catalist"	:	The Catalist of the SGX-ST
"Catalist Rules"	:	Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Company"	:	SBI Offshore Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Constitution"	:	The constitution of the Company, as may be amended or modified from time to time
"Directors"	:	The directors of the Company as at the date of this Appendix
"EPS"	:	Earnings per Share
"FY2017"	:	Financial year of the Company ended 31 December 2017
"Group"	:	The Company, its subsidiaries and associated company (where applicable), collectively
"Latest Practicable Date"	:	27 March 2018, being the latest practicable date prior to the printing of this Appendix
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Market Share Purchase"	:	Has the meaning ascribed to it in paragraph 2.2.3(a)(i) of this Appendix
"NAV"	:	Net asset value
"Notice of Annual General Meeting"	:	The notice of the Annual General Meeting which is set out on pages 123 to 128 of the Annual Report 2017

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"Off-Market Share Purchase"	:	Has the meaning ascribed to it in paragraph 2.2.3(a)(ii) of this Appendix
"Relevant Period"	:	The period commencing from the date on which the ordinary resolution in relation to the Share Buyback Mandate is passed in a general meeting and expiring on the date the next annual general meeting of the Company is held or is required by law to be held or the date the said mandate is revoked or varied by the Company in a general meeting, whichever is the earlier
"SBI ESOS"	:	SBI Offshore Employee Share Option Scheme
"SBI PSP"	:	SBI Offshore Performance Share Plan
"SFA"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Buyback Mandate"	:	A general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares within the Relevant Period, in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Catalyst Rules
"Share Purchases"	:	The purchases or otherwise acquisitions of Shares by the Company pursuant to the terms of the Share Buyback Mandate
"Shareholders"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the Depositors who have Shares entered against their names in the Depository Register
"Shares"	:	Ordinary shares in the share capital of the Company
"Subsidiary Holdings"	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
"Substantial Shareholder"	:	A person (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
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"Treasury Share"	:	A Share that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled
"S\$" and "cents"	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
"US\$"	:	United States dollars, being the lawful currency of the United States of America

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The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

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 Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

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

References to “**you**”, “**your**”, and “**yours**” in this Appendix 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 Appendix 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, the SFA, the Catalist Rules or any statutory or regulatory modification thereof and not otherwise defined in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory or regulatory modification, unless the context otherwise requires.

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

APPENDIX

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SBI OFFSHORE LIMITED

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

(Company Registration Number: 199407121D)

Board of Directors

Mirzan Bin Mahathir	(Executive Non-Independent Chairman)
Lawrence Kwan	(Lead Independent Director)
Mahtani Bhagwandas	(Independent Director)
James Kho Chung Wah	(Independent Director)
Ling Yew Kong	(Independent Director)

Registered Office:

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

10 April 2018

To: The Shareholders of SBI Offshore Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

At the 2017 AGM, Shareholders had approved, *inter alia*, the adoption of the Share Buyback Mandate. The Share Buyback Mandate will, unless renewed, expires on the date of the Annual General Meeting.

In this regard, Shareholders' approval is being sought at the Annual General Meeting for the renewal of the Share Buyback Mandate by Ordinary Resolution 10 as set out in the Notice of Annual General Meeting.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Rationale for the Share Buyback Mandate

The rationales for the Company to undertake the purchase or acquisition of its Shares are as follows:

- (a) it may be considered as one of the ways through which the Shareholders' value may be increased by enhancing the return on equity and/or NAV per Share. The more undervalued the Shares are when they are purchased, the greater the effect is on the Shareholders' value. If Shares are undervalued, this may be the most profitable course of action for the Company;
- (b) buying back Shares may help mitigate short term market volatility, offset the effects of short term speculation and bolster Shareholders' confidence;
- (c) buying back Shares provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner; and
- (d) it is currently contemplated by the Company that the Shares purchased pursuant to the Share Buyback Mandate will be held as Treasury Shares. Please refer paragraph 2.3(c) on the possible application of Treasury Shares.

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2.2 Authority and Limits of the Share Buyback Mandate

The authority and limits placed on the Share Purchases under the Share Buyback Mandate are set out below:

2.2.1 Maximum Number of Shares

- (a) Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buyback Mandate shall not exceed 10% of the total number of issued ordinary share capital (excluding Treasury Shares and Subsidiary Holdings) as at the date of the Annual General Meeting at which approval for the proposed renewal of the Share Buyback Mandate is being sought (the "**Approval Date**"), unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, in which event the issued ordinary share capital of the Company shall be taken to be the amount of issued ordinary share capital of the Company as altered. For purposes of calculating the percentage of issued Shares, any Shares which are held as Treasury Shares and Subsidiary Holdings will be disregarded for the purpose of computing the 10% limit. Save for the foregoing, there is no other limit on shareholding (for example, foreign shareholding limit) which will affect the maximum number of Shares that the Company can acquire under the Share Buyback Mandate.
- (b) **For illustrative purposes only**, on the basis of 249,680,100 issued Shares (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the Annual General Meeting, not more than 24,968,010 Shares (representing 10% of the total number of issued ordinary share capital of the Company as at that date excluding Treasury Shares and Subsidiary Holdings) may be purchased by the Company pursuant to the Share Buyback Mandate.

2.2.2 Duration of Authority

- (a) Share Purchase may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:
 - (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
 - (ii) the date on which the Share Purchases are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting.
- (b) The authority conferred on the Directors by the Share Buyback Mandate to purchase Shares may be renewed at next annual general meeting of the Company and each subsequent annual general meeting of the Company.

2.2.3 Manner of Share Purchases

- (a) Share Purchase may be made by way of:
 - (i) an on-market share purchase ("**Market Share Purchase**"), transacted on the SGX-ST through the ready market and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) an off-market share purchase ("**Off-Market Share Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalyst Rules.

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- (b) The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Catalist Rules and the Companies Act, as they consider fit in the best interest of the Company in connection with or in relation to any equal access scheme or schemes. Pursuant to the Companies Act, an Off-Market Share Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:
 - (i) offers under the scheme are to be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
 - (ii) all of above-mentioned persons shall be given a reasonable opportunity to accept the offers made to them; and
 - (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.
- (c) In addition, the Catalist Rules provide that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:
 - (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptance;
 - (iii) the reasons for the proposed Share Purchase;
 - (iv) the consequences, if any, of Share Purchases that will arise under the Take-over Code or other applicable take-over rules;
 - (v) whether the Share Purchase, if made, could affect the listing of the Shares on Catalist;
 - (vi) details of any Share Purchases made by the Company during the previous 12 months (whether Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

2.2.4 Maximum Price

- (a) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.
- (b) However, the purchase price to be paid for the Shares pursuant to the Share Buyback Mandate must not exceed:
 - (i) in the case of a Market Share Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

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- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares, (the "**Maximum Price**") in either case, excluding related expenses of the Share Purchase.
- (c) For the above purposes, "**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the Market Share Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Share Purchase; and deemed to be adjusted for any corporate action, in accordance with the Catalist Rules, that occurs after the relevant five (5)-day period.

2.3 Status of Purchased Shares

Under Section 76B of the Companies Act, any Share which is purchased or acquired by the Company shall, unless held as a Treasury Share, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on cancellation. All Shares purchased or acquired by the Company, unless held as Treasury Shares, will be automatically delisted from the Catalist, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

Certain of the provisions on Treasury Shares under the Companies Act are summarised below:

(a) Maximum Holdings

The number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of issued Shares. In the event that the aggregate number of Treasury Shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess Treasury Shares in accordance with Section 76K of the Companies Act within six (6) months from the day the aforesaid limit is first exceeded or such further periods as ACRA may allow.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings, and for the purposes of the Companies Act, the Company shall be treated as having no right to vote in respect of Treasury Shares and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of the Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed.

Also, a subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller amount is allowed so long as the total value of the Treasury Shares after the sub-division or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time (but subject always to the Take-over Code):

- (i) sell the Treasury Shares (or any of them) for cash;
- (ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to an employees' share scheme (including but without limitation to the SBI PSP and/or SBI ESOS);

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- (iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares (or any of them); or
- (v) sell, transfer or otherwise use the Treasury Shares (or any of them) for such other purposes as may be prescribed by the Minister of Finance of Singapore.

The Shares purchased under the Share Buyback Mandate will be held as Treasury Shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time and on the cancellation of a Share, all rights and privileges attached to that Share will expire.

In addition, under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of Treasury Shares against the total number of Shares outstanding before and after such sale, transfer, cancellation and/or use; and
- (f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

2.4 Source of Funds

The Company may only apply funds for the Share Purchases as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash and in the case of a Market Share Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act stipulates that any purchases of Shares may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the Share Purchases is made out of profits, such consideration will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. However, where the consideration paid by the Company for the Share Purchases is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced.

The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its Share Purchases. The Directors do not propose to exercise the Share Buyback Mandate in a manner and to such extent that the financial position, liquidity and capital adequacy position of the Group would be materially adversely affected.

2.5 Financial Effects

The financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, whether the Share Purchases are made by way of Market Share Purchases or Off-Market Share Purchases, the price paid for such Shares and whether the Shares are held in treasury or cancelled.

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For illustrative purposes only, the financial effects on the Company and the Group arising from the Share Purchases, based on the audited financial statements of the Company and the Group for FY2017, are prepared assuming the following:

- (a) the Share Purchases comprised 24,968,010 Shares (representing the maximum 10% allowed under the Share Buyback Mandate of 249,680,100 issued Shares as at the Latest Practicable Date);
- (b) in the case of Market Share Purchases, the Maximum Price was S\$0.0748 (being 5% above the Average Closing Price prior to the Latest Practicable Date) and accordingly, the maximum amount of funds (including brokerage, stamp duties, commission, applicable goods and services tax and other related expenses assumed at S\$30,000) required for effecting such Market Share Purchases would amount to approximately S\$1,897,607 or equivalent to approximately US\$1,442,181 (based on the exchange rate of S\$1: US\$0.76);
- (c) in the case of Off-Market Share Purchases, the Maximum Price was S\$0.0854 (being 20% above the Average Closing Price prior to the Latest Practicable Date and accordingly, the maximum amount of funds (including brokerage, stamp duties, commission, applicable goods and services tax and other related expenses assumed at S\$80,000) required for effecting such Off-Market Share Purchases would amount to approximately S\$2,212,268 or equivalent to approximately US\$1,681,324 (based on the exchange rate of S\$1: US\$0.76);
- (d) the Share Purchases were made out of the Company's capital and profits as the Company has decided that any Share Purchases made under the Share Buyback Mandate for which approval is sought, will be made out of capital;
- (e) the Share Purchases took place on 31 December 2017 and the Shares purchased were:
 - (i) cancelled; or
 - (ii) held as Treasury Shares; and
- (f) the Share Purchases were financed by internal source of funds.

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2.5.1 Market Share Purchases

Assuming that the purchased Shares are cancelled:

	Group		Company	
	Before Share Purchases US\$'000	After Share Purchases US\$'000	Before Share Purchases US\$'000	After Share Purchases US\$'000
As at 31 December 2017				
Share capital	25,253	23,834	25,253	23,834
Other reserves	56	56	223	223
Foreign currency translation reserve	273	273	–	–
Treasury Shares	–	–	–	–
Accumulated losses	(9,034)	(9,057)	(8,793)	(8,816)
Non-controlling interests	–	–	–	–
Total Shareholders' Funds	16,548	15,106	16,683	15,241
Current assets	17,490	16,048	17,442	16,000
Current liabilities	961	961	777	777
Non-current assets	23	23	22	22
Non-current liabilities	4	4	4	4
Total borrowings ⁽¹⁾	–	–	–	–
NAV	16,548	15,106	16,683	15,241
Number of shares as at 31 December 2017 ('000)	249,680	224,712	249,680	224,712
Weighted average number of Shares during FY2017				
– Basic ('000)	249,680	224,712	249,680	224,712
– Diluted ('000)	249,680	224,712	249,680	224,712
Financial Ratios				
NAV per share ⁽²⁾ (cents)	6.63	6.72	6.68	6.78
Gearing ⁽³⁾ (times)	–	–	–	–
Current ratio ⁽⁴⁾ (times)	18.20	16.70	22.45	20.59
EPS (cents) ⁽⁵⁾				
– Basic	(1.87)	(2.09)	(2.44)	(2.72)

Notes:

- (1) "Total borrowings" represents the aggregate borrowings from banks, financial institutions and non-controlling shareholders.
- (2) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2017.
- (3) "Gearing" represents total borrowings divided by shareholders' funds.
- (4) "Current ratio" represents current assets divided by current liabilities.
- (5) "Basic EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares during FY2017.

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2.5.2 Market Share Purchases

Assuming that the purchased Shares are held as Treasury Shares:

	Group		Company	
	Before Share Purchases US\$'000	After Share Purchases US\$'000	Before Share Purchases US\$'000	After Share Purchases US\$'000
As at 31 December 2017				
Share capital	25,253	25,253	25,253	25,253
Other reserves	56	56	223	223
Foreign currency translation reserve	273	273	–	–
Treasury Shares	–	(1,442)	–	(1,442)
Accumulated losses	(9,034)	(9,034)	(8,793)	(8,793)
Non-controlling interests	–	–	–	–
Total Shareholders' Funds	16,548	15,106	16,683	15,241
Current assets	17,490	16,048	17,442	16,000
Current liabilities	961	961	777	777
Non-current assets	23	23	22	22
Non-current liabilities	4	4	4	4
Total borrowings ⁽¹⁾	–	–	–	–
NAV	16,548	15,106	16,683	15,241
Number of shares as at 31 December 2017 ('000)	249,680	224,712	249,680	224,712
Weighted average number of Shares during FY2017				
– Basic ('000)	249,680	224,712	249,680	224,712
– Diluted ('000)	249,680	224,712	249,680	224,712
Financial Ratios				
NAV per share ⁽²⁾ (cents)	6.63	6.72	6.68	6.78
Gearing ⁽³⁾ (times)	–	–	–	–
Current ratio ⁽⁴⁾ (times)	18.20	16.70	22.45	20.59
EPS (cents) ⁽⁵⁾				
– Basic	(1.87)	(2.08)	(2.44)	(2.71)

Notes:

- (1) "Total borrowings" represents the aggregate borrowings from banks, financial institutions and non-controlling shareholders.
- (2) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2017.
- (3) "Gearing" represents total borrowings divided by shareholders' funds.
- (4) "Current ratio" represents current assets divided by current liabilities.
- (5) "Basic EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares during FY2017.

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2.5.3 Off-Market Share Purchases

Assuming that the purchased Shares are cancelled:

	Group		Company	
	Before Share Purchases US\$'000	After Share Purchases US\$'000	Before Share Purchases US\$'000	After Share Purchases US\$'000
As at 31 December 2017				
Share capital	25,253	23,632	25,253	23,632
Other reserves	56	56	223	223
Foreign currency translation reserve	273	273	–	–
Treasury Shares	–	–	–	–
Accumulated losses	(9,034)	(9,094)	(8,793)	(8,853)
Non-controlling interests	–	–	–	–
Total Shareholders' Funds	16,548	14,867	16,683	15,002
Current assets	17,490	15,809	17,442	15,761
Current liabilities	961	961	777	777
Non-current assets	23	23	22	22
Non-current liabilities	4	4	4	4
Total borrowings ⁽¹⁾	–	–	–	–
NAV	16,548	14,867	16,683	15,002
Number of shares as at 31 December 2017 ('000)	249,680	224,712	249,680	224,712
Weighted average number of Shares during FY2017				
– Basic ('000)	249,680	224,712	249,680	224,712
– Diluted ('000)	249,680	224,712	249,680	224,712
Financial Ratios				
NAV per share ⁽²⁾ (cents)	6.63	6.62	6.68	6.68
Gearing ⁽³⁾ (times)	–	–	–	–
Current ratio ⁽⁴⁾ (times)	18.20	16.45	22.45	20.28
EPS (cents) ⁽⁵⁾				
– Basic	(1.87)	(2.11)	(2.44)	(2.74)

Notes:

- (1) "Total borrowings" represents the aggregate borrowings from banks, financial institutions and non-controlling shareholders.
- (2) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2017.
- (3) "Gearing" represents total borrowings divided by shareholders' funds.
- (4) "Current ratio" represents current assets divided by current liabilities.
- (5) "Basic EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares during FY2017.

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2.5.4 Off-Market Share Purchases

Assuming that the purchased Shares are held as Treasury Shares:

	Group		Company	
	Before Share Purchases US\$'000	After Share Purchases US\$'000	Before Share Purchases US\$'000	After Share Purchases US\$'000
As at 31 December 2017				
Share capital	25,253	25,253	25,253	25,253
Other reserves	56	56	223	223
Foreign currency translation reserve	273	273	–	–
Treasury Shares	–	(1,681)	–	(1,681)
Accumulated losses	(9,034)	(9,034)	(8,793)	(8,793)
Non-controlling interests	–	–	–	–
Total Shareholders' Funds	16,548	14,867	16,683	15,002
Current assets	17,490	15,809	17,442	15,761
Current liabilities	961	961	777	777
Non-current assets	23	23	22	22
Non-current liabilities	4	4	4	4
Total borrowings ⁽¹⁾	–	–	–	–
NAV	16,548	14,867	16,683	15,002
Number of shares as at 31 December 2017 ('000)	249,680	224,712	249,680	224,712
Weighted average number of Shares during FY2017				
– Basic ('000)	249,680	224,712	249,680	224,712
– Diluted ('000)	249,680	224,712	249,680	224,712
Financial Ratios				
NAV per share ⁽²⁾ (cents)	6.63	6.62	6.68	6.68
Gearing ⁽³⁾ (times)	–	–	–	–
Current ratio ⁽⁴⁾ (times)	18.20	16.45	22.45	20.28
EPS (cents) ⁽⁵⁾				
– Basic	(1.87)	(2.08)	(2.44)	(2.71)

Notes:

- (1) "Total borrowings" represents the aggregate borrowings from banks, financial institutions and non-controlling shareholders.
- (2) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 31 December 2017.
- (3) "Gearing" represents total borrowings divided by shareholders' funds.
- (4) "Current ratio" represents current assets divided by current liabilities.
- (5) "Basic EPS" represents profit after tax and non-controlling interests divided by the weighted average number of Shares during FY2017.

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The financial effects set out above are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited accounts of the Group and Company for FY2017, and is not necessarily representative of the future performance of the Group and the Company.

It should be noted that although the Share Buyback Mandate would authorise the Company to buy back up to 10% of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) as at the date that the Share Buyback Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) in full. Share Purchases pursuant to the Share Buyback Mandate will only be made in circumstances which it is considered to be in the best interests of the Company. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share Purchase before execution. The Directors do not propose to exercise the Share Buyback Mandate to such an extent as will adversely affect the financial condition of the Company.

2.6 Catalyst Rules

Under the Catalyst Rules, a listed company may purchase shares by way of Market Share Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five (5)-day period. The Maximum Price for a Share in relation to Market Share Purchases by the Company, referred to in paragraph 2.2.4 above, conforms to this restriction.

The Catalyst Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Share Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and (b) in the case of an Off-Market Share Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement shall include, *inter alia*, details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form of Appendix 8D prescribed by the Catalyst Rules.

While the Catalyst Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any Share Purchases pursuant to the Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalyst Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Share Purchases during the period commencing two (2) weeks before the announcement of the Company’s financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company’s financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of the Company’s half year and full year financial statements (if not required to announce quarterly financial statements).

2.7 Listing Status on the SGX-ST

The Company is required under Rule 723 of the Catalyst Rules to ensure that at least 10% of its issued Shares (excluding Treasury Shares and Subsidiary Holdings) are in the hands of the public. The “public”, as defined in the Catalyst Rules, are persons other than (i) the Directors, chief executive officer, Substantial Shareholders and controlling shareholders of the Company and its subsidiaries, as well as (ii) the associates of persons in (i).

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As at the Latest Practicable Date, there are approximately 130,181,700 issued Shares in the hands of the public (as defined above), representing approximately 52.14% of the total number of issued Shares of the Company. Assuming that the Company purchases its Shares through Market Share Purchases up to the full 10% limit pursuant to the Share Buyback Mandate from the public, the number of issued Shares in the hands of the public would be reduced to 105,213,690 Shares, representing approximately 46.82% of the total number of issued Shares of the Company. As at the Latest Practicable Date, the Company did not have any Treasury Shares and Subsidiary Holdings.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Share Purchases up to the full 10% limit pursuant to the Share Buyback Mandate without:

- (a) affecting adversely the listing status of the Shares on the Catalyst;
- (b) causing market illiquidity; or
- (c) affecting adversely the orderly trading of Shares.

In undertaking any Off-Market Share Purchase, the Company shall ensure that there will be sufficient number of Shares in public hands.

2.8 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share Purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.9 Implications of Take-over Code

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase of Shares by the Company are set out in Appendix 2 ("**TOC Appendix 2**") of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 of the Take-over Code provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:

- (a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or
- (b) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of 6 months.

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Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert: (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of its directors, their close relatives and related trusts); and (ii) a company, its parent, its subsidiaries and its fellow subsidiaries, any associated companies of the abovementioned companies, and any companies whose associated companies include any of the abovementioned companies. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test for associated company status.

As at Latest Practicable Date, based on the interest of the Substantial Shareholders recorded in the Register of Substantial Shareholders and the interests of the Directors recorded in the Register of Directors' Shareholdings, the Directors are not aware of any Shareholder and persons acting in concert with him who may become obligated to make a mandatory takeover offer for all the Shares in the event that the Directors exercise the power to buy back 24,968,010 Shares representing the maximum allowed under the Share Buyback Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Buyback Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.

2.10 Share Purchased by the Company

The Company has not undertaken any purchase or acquisition of its Shares in the twelve (12) months preceding the Latest Practicable Date.

2.11 Reporting Requirements

Within thirty (30) days of the passing of a Shareholders' resolution to approve the Share Buyback Mandate, the Directors shall lodge a copy of the relevant Shareholders' resolution with ACRA.

The Directors shall lodge with ACRA a notice of share purchase within thirty (30) days of a Share Purchase. Such notification shall include the date of the purchases, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the Share Purchase, the amount of consideration paid by the Company for the Share Purchase, whether the Shares were purchased out of the profits or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within thirty (30) days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of treasury shares in the prescribed form.

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3. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

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 Substantial Shareholders maintained under the provisions of the Companies Act, are as follows:

	As at the Latest Practicable Date			
	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Mirzan Bin Mahathir	—	—	46,193,000 ⁽¹⁾	18.50
Lawrence Kwan	—	—	—	—
Mahtani Bhagwandas	117,000	0.05	—	—
James Kho Chung Wah	—	—	—	—
Ling Yew Kong	—	—	—	—
Substantial Shareholder (other than Directors)				
CE Ventures Offshore Ltd	45,832,900	18.36	—	—
Tan Woo Thian	22,970,000	9.20	11,700,000 ⁽²⁾	4.69
Hui Choon Ho	22,393,400	8.97	—	—

Notes:

- (1) Mr 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.
- (2) 11,700,000 ordinary shares are held in the name of KGI Fraser Securities Pte Ltd.

4. DIRECTORS' RECOMMENDATION

The Directors, having considered, among others, the terms and rationales for the proposed Share Buyback Mandate, are of the view that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company and, accordingly, recommend that Shareholders vote in favour of ordinary resolution relating to the proposed renewal of the Share Buyback Mandate as set out in the Notice of Annual General Meeting.

5. ANNUAL GENERAL MEETING

The Annual General Meeting will be held at TKP Conference Center Raffles Place, 55 Market Street #03-01, Singapore 048941 on Wednesday, 25 April 2018 at 11.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolution set out in the Notice of Annual General Meeting.

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6. ACTION TO BE TAKEN BY SHAREHOLDERS

6.1 Appointment of Proxies

Shareholders who are unable to attend the Annual General Meeting and wish to appoint a proxy to attend and vote at the Annual General Meeting on their behalf will find attached to this Appendix, 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 Annual General Meeting. The completion and lodgement of the proxy form by a Shareholder does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so.

6.2 Depositors

A Depositor will not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the Annual General Meeting.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix 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 Appendix in its proper form and context.

8. 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 Appendix up to and including the date of the Annual General Meeting:

- (a) the Constitution; and
- (b) the Annual Report 2017.

Yours faithfully

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

MIRZAN BIN MAHATHIR

Executive Non-Independent Chairman

NOTICE OF ANNUAL GENERAL MEETING

SBI OFFSHORE LIMITED
(Company Registration No. 199407121D)
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of SBI Offshore Limited (the “**Company**”) will be held at TKP Conference Center Raffles Place, 55 Market Street #03-01, Singapore 048941 on Wednesday, 25 April 2018 at 11.00 a.m. for the following purposes:

Ordinary Business

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to Article 93 of the Articles of Association of the Company:

Mr Mahtani Bhagwandas [See Explanatory Note (i)]	(Resolution 2)
Mr Ling Yew Kong [See Explanatory Note (ii)]	(Resolution 3)
3. To approve the payment of the Directors’ fees of S\$227,000 for the financial year ended 31 December 2017. **(Resolution 4)**
4. To approve the payment of the Directors’ fees of S\$160,000 for the financial year ending 31 December 2018 to be paid on a quarterly basis in arrears. **(Resolution 5)**
5. To re-appoint Messrs BDO LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an annual general meeting.

As Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to allot and issue shares in the capital of the Company

That, pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and Rule 806 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), (“**Rules of Catalist**”), authority be and is hereby given to the Directors to:–

- (a)
 - (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force), issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed one hundred per cent (100%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) is based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of convertible securities outstanding or subsisting at the time this Resolution is passed;
 - (ii) new Shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be), were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Directors shall comply with the requirements imposed by the SGX-ST from time to time and the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act, and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iii)]

(Resolution 7)

8. Authority to grant options and issue shares under the SBI Offshore Employee Share Option Scheme

That, pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised and empowered to issue Shares to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the SBI Offshore Employee Share Option Scheme (the "**Scheme**") upon the exercise of such options and in accordance with the Scheme, provided always that the aggregate number of new Shares to be allotted and issued pursuant to the Scheme, (including options granted under the Scheme and any other scheme or SBI Offshore Performance Share Plan and any other plan for the time being of the Company), shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, shall continue in full force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

9. Authority to allot and issue shares under the SBI Offshore Performance Share Plan

That, pursuant to Section 161 of the Companies Act, the Directors be and are hereby authorised to grant awards in accordance with the provisions of the SBI Offshore Performance Share Plan (the “**Plan**”) and to allot and issue such number of fully paid shares from time to time as may be required to be issued pursuant to the vesting of awards under the Plan provided always that the aggregate number of new shares to be allotted and issued pursuant to the Plan (including options granted under the Plan, the Scheme and any other scheme or plan for the time being of the Company) shall not exceed fifteen per cent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, shall continue in full force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)]

(Resolution 9)

10. The proposed renewal of the Share Buyback Mandate

That:

(a) for the purposes of the Companies Act and Rules of Catalist, the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire issued shares in the capital of the Company from time to time (whether by way of Market Share Purchases (as defined below) or Off-Market Share Purchases (as defined below)) of up to the Prescribed Limit (as defined below) at such price(s) as may be determined by the Directors but not exceeding the Maximum Price (as defined below), whether by way of:

- (i) an on-market share purchase (each a “**Market Share Purchase**”), transacted on the SGX-ST through the ready market and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) an off-market share purchase (each an “**Off-Market Share Purchase**”) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Rules of Catalist,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Rules of Catalist as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (“**Share Buyback Mandate**”).

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buyback Mandate shall, at the discretion of the Directors, either be cancelled or held in treasury and dealt with in accordance with the Companies Act.

(c) unless revoked or varied by Shareholders in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting.

NOTICE OF ANNUAL GENERAL MEETING

- (d) for purposes of this Resolution,

"Prescribed Limit" means 10% of the total number of issued Shares as at the date of the AGM, unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, in which event the issued ordinary share capital of the Company shall be taken to be the amount of issued ordinary share capital of the Company as altered. For purposes of calculating the percentage of issued Shares, any Shares which are held as treasury shares will be disregarded for the purpose of computing the 10% limit;

"Relevant Period" means the period commencing from the date on which this Resolution in relation to the Share Buyback Mandate is passed and expiring on the date the next annual general meeting of the Company is held or is required by law to be held or the date the said mandate is revoked or varied by the Company in a general meeting, whichever is the earlier; and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price to be paid for the Shares pursuant to the Share Buyback Mandate (excluding related expenses) which must not exceed:

- (i) in the case of a Market Share Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares, where

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the Market Share Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Share Purchase; and deemed to be adjusted for any corporate action, in accordance with the Rules of Catalist, that occurs after the relevant five (5)-day period;

"Market Day" means a day on which the SGX-ST is open for trading in securities.

- (e) the Directors and each of them be and are hereby authorised and empowered to complete and do all such acts and things as they may consider necessary, desirable or expedient to give effect to this resolution as the Director(s) shall deem fit in the interests of the Company.

[See Explanatory Note (vi)]

(Resolution 10)

By Order of the Board

Chan Lai Yin
Company Secretary

Singapore, 10 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The detailed information of Mr Mahtani Bhagwandas can be found under the section entitled 'Board of Directors' of the Annual Report. Mr Mahtani Bhagwandas, if re-elected, will remain as Chairman of the Remuneration Committee and a member of the Audit and Risk Management Committee. The Board considers Mr Mahtani Bhagwandas to be independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationship (including immediate family relationships) between Mr Mahtani Bhagwandas and the other Directors and the Company or its 10% shareholders.
- (ii) The detailed information of Mr Ling Yew Kong can be found under the section entitled 'Board of Directors' of the Annual Report. Mr Ling Yew Kong, if re-elected, will remain as Member of the Audit and Risk Management Committee and Remuneration Committee. The Board considers Mr Ling Yew Kong to be independent for the purposes of Rule 704(7) of the Catalist Rules. There are no relationship (including immediate family relationships) between Mr Ling Yew Kong and the other Directors and the Company or its 10% shareholders.
- (iii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of the AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments in the Company. The aggregate number of Shares (including any Shares issued pursuant to Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed one hundred per cent (100%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings). For issues of Shares other than on a *pro-rata* basis to all shareholders, the aggregate number of Shares to be issued will not exceed fifty per cent (50%) of Company's total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any instruments made or granted under this authority.
- (iv) Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above AGM until the date of the next annual general meeting to grant options and to allot and issue Shares pursuant to the exercise of such options under the Scheme (including options granted under the Scheme and any other scheme or the Plan and any other plan for the time being of the Company) of up to a number not exceeding in total fifteen per cent (15%) of the total issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.
- (v) Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company, to grant awards and to allot and issue such number of fully paid shares from time to time as may be required to be issued pursuant to the Plan (including options granted under the Plan, the Scheme and any other scheme or plan for the time being of the Company) of up to a number not exceeding in total fifteen per cent (15%) of the total issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.
- (vi) Ordinary Resolution 10, if passed, will empower the Directors (from the date of this AGM until the date of the next annual general meeting or the date which the next annual general meeting is required by law to be held, or such authority is varied or revoked by Shareholders in a general meeting, whichever is earlier) to purchase or otherwise acquire its issued ordinary shares on the terms of the Share Buyback Mandate. Please refer to the Appendix to the Annual Report for further details.

Notes:

1. *A proxy need not be a member of the Company. A member entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote instead of him.*

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.
2. *A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.*

"Relevant intermediary" means:

- (a) *a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;*
- (b) *a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or*
- (c) *the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.*

NOTICE OF ANNUAL GENERAL MEETING

3. *If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.*
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 forty-eight (48) hours before the time for holding the AGM.*

This Notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the SGX-ST. The Company's Sponsor has not independently verified the contents of this Notice including the correctness of any of the figures used, statements or opinions made.

This Notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibilities for the contents of this Notice including the correctness of any of the statements or opinions made or reports contained in this Notice.

The contact person for the Sponsor is Mr Liao H.K.
Telephone number: 6221 0271

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

SBI OFFSHORE LIMITED

(Company Registration No. 199407121D)
(Incorporated in the Republic of Singapore)

IMPORTANT: FOR CPF INVESTOR ONLY

1. This Annual Report 2017 is forwarded to you at the request of your CPF Approved Nominee and is sent SOLELY FOR YOUR INFORMATION ONLY. CPF Investors who wish to vote should contact their CPF Approved Nominees.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We _____ (Name)

_____ (NRIC/Passport No./Company Registration No.)

of _____ (Address)

being a member/members of SBI Offshore Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting of the Company (the "**Meeting**") as my/our proxy/proxies to vote for me/us on my/our behalf, at the Meeting to be held at TKP Conference Center Raffles Place, 55 Market Street #03-01, Singapore 048941 on Wednesday, 25 April 2018 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the Meeting.

No.	Resolutions relating to:	No. of Votes	No. of Votes
		For*	Against*
1.	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017		
2.	Re-election of Mr Mahtani Bhagwandas as a Director of the Company		
3.	Re-election of Mr Ling Yew Kong as a Director of the Company		
4.	Approval for the payment of Directors' fees for the financial year ended 31 December 2017		
5.	Approval for the payment of Directors' fees for the financial year ending 31 December 2018 to be paid on a quarterly basis in arrears		
6.	Re-appointment of Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration		
7.	Authority to allot and issue shares		
8.	Authority to allot and issue shares under the SBI Offshore Employee Share Option Scheme		
9.	Authority to allot and issue shares under the SBI Offshore Performance Share Plan		
10.	Proposed renewal of the Share Buyback Mandate		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2018

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	



Signature(s) of Member(s)
or, Common Seal of Corporate Member

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a member of the Company.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

“Relevant intermediary” means:

- a. a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - b. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - c. the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all shares held by the member.
 6. 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 set for the Meeting.
 7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of 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 is signed on behalf of the appointor by an attorney, the 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.

GENERAL:

The Company shall be entitled to reject a proxy form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

An Investor who buys shares using CPF monies (“CPF Investor”) and/or SRS monies (“SRS Investor”) (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2018.

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SBI Offshore Limited

Company Registration No. I99407121D

20 Pioneer Crescent

#09-01 West Park BizCentral

Singapore 628555

Tel: +65 6848 1033 Fax: +65 6848 1011

www.sbioffshore.com