SINWA LIMITED
(Company Registration No. 200206542H)
(Incorporated in Singapore)

THE PROPOSED DISPOSAL OF LIFTBOAT KNOWN AS KS TITAN 2 BY ASSOCIATED COMPANY, YAKKI INTERNATIONAL PTE. LTD.

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1. INTRODUCTION

The Board of Directors of Sinwa Limited's (the "**Company**") wishes to announce that its joint venture company with KS Energy Services Limited ("**KS Energy**"), Yakki International Pte. Ltd ("**Yakki**") has entered into an Agreement with Hercules Oilfield Services Ltd. ("**Purchaser**") on 25 February 2013 for the sale of its self-propelled offshore jack-up barge ("**KS Titan 2**" or "**liftboat**") for the purchase price of US$42,000,000 (equivalent to approximately S$52,067,400, based on the exchange rate of US$1:S$1.2397) ("**Consideration**") in accordance with the term and conditions of the Agreement. (the "**Proposed Disposal**").

2. INFORMATION ON YAKKI

Yakki is a company incorporated in Singapore and is in the business of building and owning KS Titan 2. Its issued and paid up capital is US$500,000 (equivalent to approximately S$619,850, based on the exchange rate of US$1:S$1.2397), with 50% of the issued and paid up capital owned by the Company and the remaining 50% owned by KS Energy.

3. INFORMATION ON THE PURCHASER

The Purchaser, Hercules Oilfield Services Ltd, was introduced by KS Energy. The Group has no previous dealings with the Purchaser. Based on public records, the Purchaser is a subsidiary of Hercules International Holdings, Ltd, which is a subsidiary of Hercules Offshore, Inc. a public listed company on Nasdaq in U.S. The Purchaser is incorporated in Cayman Island.

The Purchaser is not in any way related to the Group, the Directors or any of the Substantial Shareholders of the Company.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

The terms of the Proposed Disposal, *inter alia,* are set out below,

4.1 Consideration

The total cash Consideration of the Proposed Disposal under the Agreement is US$42,000,000 (equivalent to approximately S$52,067,400, based on the exchange rate of US$1:S$1.2397). The Group's share of the Consideration will be 50% or US$21,000,000 (equivalent to approximately S$26,033,700, based on the exchange rate of US$1:S$1.2397).

As security for the correct fulfilment of the Agreement, the Purchaser shall pay a deposit of 30% (thirty per cent) of the Consideration upon the execution of the Agreement. The Purchaser has paid the said deposit to Yakki. The balance of the Consideration (less the deposit) shall be paid free of bank charges to Yakki on delivery of KS Titan 2.

The Consideration was arrived at on a willing-buyer, willing-seller basis, following arms' length negotiations between Yakki and the Purchaser, after taking into account, the period of utilisation or charter is lower than the period of offhire since the day Yakki took delivery of KS Titan 2, the high stacking and holding costs, the carrying value in the books of the Company and the 3 indicative offers varying from US$35,000,000 (equivalent to approximately S$43,389,500, based on the exchange rate of US$1:S$1.2397) to US$42,000,000 (equivalent to approximately S$52,067,400, based on the exchange rate of US$1:S$1.2397) from 3 different parties.

The Company commissioned a desktop valuation on KS Titan 2 by an independent valuer, Ritchie & Bisset (Far East) Pte Ltd, a licensed appraisers and valuation surveyor, on 19 December 2012, and they have estimated the value of the liftboat at US$50,000,000 (equivalent to approximately S$61,985,000, based on the exchange rate of US$1:S$1.2397). The Consideration of US$42,000,000 (equivalent to approximately S$52,067,400, based on the exchange rate of US$1:S$1.2397) is close to the carrying value in the books of the Company as well as the range of market offers received.

4.2 Conditions precedent

Under Rule 1014 of the Listing Manual, the Company is required to obtain shareholders’ approval as the relative number 1006(a) and 1006(c) exceeds 20%. Accordingly, the Agreement shall be conditional upon the approval of the Shareholders. The Company is seeking approval from the Shareholders at this EGM to fulfil this condition precedent under the Listing Manual.

4.3 Notices, time and delivery

The expected time of delivery is 1 March 2013. The date of cancelling is 14 March 2013.

5. RATIONALE FOR THE TRANSACTION

The Directors are of the view that the Proposed Disposal is in the best interests of the Company and its Shareholders to stop further losses arising from KS Titan 2 due to its inability to secure charters, prevent the Group’s profits and assets from being further eroded from the losses sustained in KS Titan 2.

In addition, the Directors have also considered the following factors:

(i) Since Yakki took over KS Titan 2, the employment/utilisation rate of KS Titan 2 has been substantially lower than the stacking period;

(ii) There are newer liftboats with higher operating capacity than KS Titan 2 available in the market. KS Titan 2 has limitations in (i) its leg length of only 200ft, thereby restricting its deployment options and (ii) its accommodation units with capacity of 55 men as compared to newer units which can accommodate more than 100 men;

(iii) The Company has concerns on the operating costs of the vessel during hire and off hire with the Operators, which is a subsidiary of KS Energy, thereby giving rise to disagreement on the operating costs of KS Titan 2 between the joint venture partners; and

(iv) In relation to the two charter contracts secured by KS Energy, and/or its subsidiary, In relation to the operations of KS Titan 2, the Company lacks the relevant expertise, know-how and experience of the operations of KS Titan 2. Therefore, the Company is fully relying on KS Energy and/or its subsidiary for management expertise, to the extent of being over reliant.

Accordingly, the Directors are of the view that with the Proposed Disposal, the Group will be able to recover part of its investments in the chartering business and redeploy the cash proceeds of approximately US$21,000,000(equivalent to approximately S$26,033,700, based on the exchange rate of US$1:S$1.2397) to expand its core business in marine supplies and logistics.

6. INTENDED USE OF THE PROPOSED DISPOSAL PROCEEDS

It is the intention of the Directors to deploy the proceeds from the Proposed Disposal to expand the core business of the Group in marine supplies and logistics, to fund its working capital, regional expansion, consider reducing its bank borrowing and provide a dividend distribution.

The Company will make the necessary announcements as and when such funds are materially disbursed, where there is any material deviation from the stated use of proceeds and subsequently provide a status report on the use of such proceeds and any material deviations therefrom in its annual report.

Pending the deployment of the net proceeds from the Proposed Disposal, the net proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

7. RELATIVE FIGURES UNDER THE LISTING MANUAL RULE 1006

For the purpose of Chapter 10 of the SGX-ST Listing Manual (the "**Listing Manual**"), the relative figures for the Proposed Disposal, based on the last unaudited results of the Group as at 30 September 2012, using the applicable bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Computation (S$)	Percentage (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value as at 30 September 2012	28,030,405/ 89,156,000	31.44%

(b)	Net profits (for the 9 months ended 30 September 2012) attributable to the assets disposed of, compared with the Group's net profits (for the 9 months ended 30 September 2012)	(1,996,705)/ 770,000	-259.31%
(c)	Aggregate value of consideration received or market value whichever is higher, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares as of the market day preceding the date of this Agreement on 24 February 2013 (Based on closing price of S$0.114)(1)	30,992,500/38,153,444	81.23%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	This basis of computation is not applicable as this is a disposal and no equity shares will be issued	

Notes:

1. The Group's 50% share of the value based on the valuation report is US$25,000,000 (equivalent to approximately S$30,992,500, based on the exchange rate of US$1:S$1.2397) as compared to the book value of the asset of S$28,030,405 and the consideration received of US$21,000,000 (equivalent to approximately S$26,033,700, based on the exchange rate of US$1:S$1.2397).

As the relative number under Rule 1006(a) and Rule 1006(c) exceeds 20%, the Proposed Disposal would therefore constitute a major transaction under Chapter 10 of the Listing Manual. Rule 1014(2) of the Listing Manual provides, *inter alia*, that a major transaction must be made conditional upon the shareholders' approval in a general meeting. Therefore, the Proposed Disposal is conditional upon the approval by the Shareholders in a general meeting.

8. FINANCIAL EFFECTS OF THE TRANSACTION

The proforma financial effects of the Proposed Disposal on the Group are set out below. The proforma financial are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and/or results of the Group's operations after the completion of the Proposed Disposal and are not indicative of the future financial position and earnings of the Group.

For the purpose of illustration and assuming that the Proposed Disposal had been completed on 31 December 2011, being the end of the most recently audited completed financial year, and based on the Group's audited consolidated financial statements as at 31 December 2011, the effect on the NTA per share of the Group as at 31 December 2011, would be as follows:

Effect of the Proposed Disposal on Net Tangible Asset per share (NTA)

	Before Proposed Disposal	**After the Proposed Disposal**
NTA	S$91,085,000	S$89,088,295
Number of Shares	334,679,335	334,679,335
NTA per share	S$0.2722	S$0.2662

Based on the above table, there will be a -2% change in the NTA after the Proposed Disposal.

Effect of the Proposed Disposal on Earnings per share (EPS)

Assuming that the Proposed Disposal had been completed on 1 January 2011, being the beginning of the most recently audited completed financial year, and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2011, the effect on the EPS of the Group for the financial year ended 31 December 2011 would be as follows,

	Before Proposed Disposal	**After the Proposed Disposal**
Earnings	S$5,470,000	S$3,473,295
Number of Shares	334,679,335	334,679,335
EPS	S$0.0163	S$0.0104

Based on the above table, there would be a change of -36% in the EPS after the Proposed Disposal.

Based on the latest announced unaudited financial statements of the Group for the financial period ended 30 September 2012 and based on the exchange rate of US$1.00 : S$1.2397, the loss on disposal to the Group would be expected to be as follows:,

	Total Consideration (US$)	**Company's share (US$)**	**Company's share (S$)**
Consideration	42,000,000	21,000,000	26,033,700
Net book value of KS Titan 2	45,221,271	22,610,635	28,030,405
Loss	(3,221,271)	(1,610,635)	(1,996,705)

9. UNDERTAKINGS FROM SHAREHOLDERS TO VOTE IN FAVOUR OF THE RESOLUTION

The Company has obtained undertakings from certain shareholders, namely Evenstar Investments Pte Ltd and Sim Yong Teng (who collectively holds 43.29%) and several other shareholders (including Kim Seng Holdings Pte Ltd who holds 3.479%) who collectively hold approximately 50.559% of the issued and paid up capital of the Company to vote in favour of the Proposed Disposal at the EGM.

10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, save for their shareholding interests in the Company, none of the Company's Directors or Substantial Shareholders or their associates as defined in the Listing Manual (except for Yakki) has any interest, direct or indirect in the Proposed Disposal and/or Yakki.

11. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the completion of the Proposed Disposal is conditional upon the approval from the Company's shareholders in respect of the Proposed Disposal being obtained (if required), and are therefore advised to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bankers, solicitors or other professional advisers if they have any doubt about the actions they should take.

12. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Disposal.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by Shareholders at the registered office of the Company at 28 Joo Koon Circle, Singapore 629057 during normal business hours for 3 months from the date of the announcement:

(i) Memorandum and Articles of Association of the Company;

(ii) The Annual Report of the Company for the financial year ended 31 December 2011;

(iii) The Joint Venture Agreement;

(iv) The Agreement; and

(v) Desktop valuation report.

By Order of the Board

Bruce William Rann
Chief Executive Officer and Executive Director
26 February 2013