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Sinwa's full-year net profit up 20.1% to \$4.9M on sales of \$57.2M

- *Rides on growth in marine industry and oil and gas sector*
- *First time contributions from its two-year Shell contract*

Singapore – 23 February 2004 – SESDAQ-listed **Sinwa KS Limited** (“Sinwa”), a regional marine supply and logistics provider, today announced a 20.1% growth in net profit to \$4.9 million for the year ended 31 December 2003.

Group revenue increased by 35.6% to \$57.2 million, boosted by strong contributions from its Supply and Projects businesses as a result of a buoyant marine industry and a strong oil and gas sector. The Group's Agency business declined due to lower business volumes.

Based on the Group's latest full-year results, earnings per share on a fully diluted basis increased to 4.05 cents from 3.37 cents previously, while net assets per share more than doubled, from 5.44 cents to 12.15 cents.

“In spite of a bleak first half, we are pleased that Sinwa has turned in yet another positive set of operating results for 2003 considering the uncertainties of the industry immediately after the Iraqi conflict and the SARS outbreak in the first half of the year, coupled with the intense, competitive situation both in Singapore and overseas,” said Mike Sim, Executive Chairman and CEO of Sinwa.

“Three main factors made these results possible. Firstly, our acquisition of additional warehousing facilities next to our existing premises enabled us to fully support all of our existing and new customers’ requirements.”

“Secondly, the award of the Shell tanker contract, which began in May 2003, to supply all of Shell’s vessels calling at Singapore for the next two years, with an option to renew for another two years helped boost our supply business.”

“Thirdly, direct and aggressive marketing of our services to European shipowners and operators. Europe continues to be our biggest market, accounting for almost 80% of our total revenue during the year,” Mr Sim said.

The Group’s customers from Asia accounted for 9.3%, and those from Other Countries accounted for 11.2%.

For the 12 months of FY2003, sales from Sinwa’s core Supply business increased by 36.8% to \$52.8 million mainly due to an initial billing of \$1.8 million as part of the Group’s two-year Shell supply contract; an increase in the number of new vessels supplied with initial stores (from 16 in FY2002 to 36 in FY2003); contributions from its appointed marine supply and logistics companies in Dalian, Shanghai and Guangzhou in the PRC; as well as an increase in number of vessels serviced from 3,371 in FY2002 to 4,304 in FY2003.

“Our China operations in Dalian, Shanghai and Guangzhou recorded strong growth in 2003 with combined revenues of \$2.4 million,” Mr Sim said.

The Group’s Projects business increased by 56.9% to \$3.6 million, boosted by the completion of six thermal insulation projects compared to only four in FY2002. Contributing 6.3% of Group revenue, Projects continues to be the most profitable business segment with gross profit margins of 59.1% in FY2003.

Lower business volumes, however, led to a 34.8% decline in its Agency business to \$859,000. In FY2002, the Group’s Agency revenue had been boosted by agency services rendered to two vessels that were dry docked in Singapore.

The Directors have recommended a first and final dividend of 1 cent per ordinary share (par value of 5 cents), which if approved, will be paid to shareholders on 21 May 2004.

“Shipping is expected to stay strongly buoyant for at least the next two quarters of the current year. Shipyards in Korea and China are now fully booked up to mid 2006, whilst the oil and gas industry continues to be driven by the almost insatiable energy needs of China, and increased oil and gas exploration activities in Malaysia and Indonesia,” Mr Sim commented.

Going forward, the Group expects its Supply operations to continue on a steady growth path, in tandem with the positive sentiments in the general shipping market. Strong growth is expected to come from its China operations, and from its new business unit which stocks and markets a wide range of deck fittings and equipment for both the general marine as well as oil and gas sectors.

The outlook for its Projects business remains bullish as it taps new possibilities for the supply, installation and maintenance of general ventilation and conditioning equipment for ships and oil rigs. Sinwa's Agency business is also expected to do better in the current year.

Said Mr Sim: "Competition in the Supply business, particularly for ship owners in the European markets will continue to remain keen, especially when we are looking to further increase our market share in the Scandinavian and Greek markets. Global sourcing, bulk purchasing and more effective cost and human resource management will be keystones to maintaining both our profit margins and our premier position in the marine supply and logistics market."

"Barring unforeseen circumstances, FY2004 should be another good year for Sinwa," he added.

About Sinwa KS Limited

With a history that dates back to the 1960s, Sinwa KS, a winner of EDB/Business Time's Enterprise 50 Awards in 1998, is today an established ISO 9001:2000-certified marine supply and logistics company servicing the oil and gas industry and sea-going vessels in Singapore, UAE, the PRC and Timor Leste.

Sinwa KS's core business is supplying a wide range of ships' stores, provisions and equipment to ships and oil rigs, as well as providing their operators and owners with shipping agency and related services.

Since 1999, the Group has also expanded its capabilities to include the supply, fabrication and installation of thermal insulation materials on gas and chemical vessels. This, together with its marine supply management, consultancy and contract labour supply to oil rigs, has helped the Group to further diversify its business and geographical reach.

The Group's acquisition of KS Seafirst, a wholly-owned subsidiary of Mainboard-listed KS Tech Limited, in 2002, has enabled the Group to access and increase its reach in the oil and gas industry. Through KS Seafirst's representative office in Timor Leste, Sinwa KS also provides contract labour to the oil and gas industry there.

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