SINWA

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# Sinwa's first quarter net profit up 20.8% to $1.3M as sales grew 26.1% to $16.4M

- *Rides on growth in marine industry and oil and gas sector*
- *First time contribution from its offshore business*

**Singapore – 11 May 2004 –** SESDAQ-listed **Sinwa Limited** ("Sinwa"), a regional marine supply and logistics provider, today announced a 20.8% rise in net profit to $1.3 million for the period ended 31 March 2004.

This was achieved on the back of a 26.1% boost in Group revenue to $16.4 million, buoyed by strong contribution from its Supply business, which was brought about by the boom in the marine as well as oil and gas sectors. Sales from the Supply business grew 29.6%, offsetting the decline in Agency and Projects businesses due to lower business volumes.

Based on the Group's latest full-year results, earnings per share on a fully diluted basis increased to 1.07 cents while net assets per share rose to 13.22 cents.

"In the first quarter of FY2004, our Supply business increased 29.6% over the same period last year, bolstered by a marked increase in the number of vessels serviced in

Singapore, as well as billings from our Shell contract which we clinched in May last year, additional contributions from our operations in the PRC, and the sales of deck fittings and mooring equipment by our subsidiary Sinwa Offshore," said Mike Sim, Executive Chairman and CEO of Sinwa.

"This increase in our Supply business helped to mitigate the lower activities of our Agency and Projects businesses," he added.

During the first three months of FY2004, Sinwa's Supply business contributed 92.4% of total Group revenue, while Projects accounted for 3.7%, Agency 0.4% and Offshore, 3.5%. Sinwa's acquisition of additional warehousing facilities next to its existing premises provided the much-needed capacity to meet new and existing customers' requirements. The Group is currently one of the largest stockists of anchor chains in Singapore.

In addition, 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 further increased the Group's supply business.

The latest first quarter results showed that Sinwa's direct and aggressive marketing to European shipowners and operators had paid off as Europe continued to be Sinwa's most important market. European customers contributed 78.2% to the Group's revenue in the first quarter, up from 76.0% previously, while the Group's customers from Asia accounted for 9.8%, and those from Other Countries accounted for 12.0%.

Going forward, the Group expects its Supply business to ride on the momentum of growth fueled by the positive sentiments in the general shipping market. Strong growth will continue to be derived from its China operations in Guangzhou, Dalian and Shanghai, even as the Group looks to set up more business hubs in China's coastal port cities.

"For the rest of the year, we are confident that the shipping industry worldwide will continue to remain buoyant, despite recent negative reports on the impact of China's move to ease the overheating economy. Our China operations are performing very well, and we are looking at increasing our network to other locations along the coastline," Mr Sim said.

With the rising tide of the global trade boom, particularly in Asia, coupled with rising freight rates, shipping capacity has markedly increased due to more newbuilds commissioned to keep up with increased demand in the region. The strong momentum is expected to continue throughout the current year -- shipyards in Korea and China are fully booked up to mid 2006.

The Group's recently-established subsidiary Sinwa Offshore, which stocks and markets a wide range of deck fittings and equipment for both the general marine as well as oil and gas sectors, will also benefit from the booming oil and gas sectors in the region – particularly in the PRC, Malaysia and Indonesia.

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

"With a good showing in our first quarter results, we are very much on track to achieving our target for FY2004," Mr Sim said.

***About Sinwa Limited***

*With a history that dates back to the 1960s, Sinwa, 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'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 also provides contract labour to the oil and gas industry there.*

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