

**SINWA LIMITED**

Registration No. 200206542H

**JOINT VENTURE WITH LONGZHU OILFIELD SERVICES (S) PTE LTD**

The Board of Directors of Sinwa Limited ("the Company") wishes to announce that its wholly-owned subsidiary, Sinwa International Pte. Ltd. ("Sinwa International") has entered into a Memorandum of Understanding ("MOU") with Longzhu Oilfield Services (S) Pte Ltd ("Longzhu") to establish LS Offshore Services Pty Ltd ("JV Co") pursuant to the MOU between Sinwa International and Longzhu.

Under the terms of the MOU, Sinwa International and Longzhu will have shareholdings in the JV Co in the proportion of 51% and 49%. The initial capital of the JV Co will be A\$200,000. Any additional working capital up to A\$1,000,000 will be injected, if required, in accordance with the shareholding proportion.

The JV Co will be incorporated in Perth, Australia. The principal activities of the JV Co are shipping agency, offshore marine supply and logistics.

The investment by the Company is not expected to have any material effect on the earnings per share or net tangible assets per share of the Group for the year ending 31 December 2006.

No director or substantial shareholder of the Company has an interest, direct or indirect, in the investment.