



SINWA LIMITED

(Company Registration No. : 200206542H)

JOINT VENTURE WITH KS ENERGY SERVICES LIMITED TO BUILD, OWN AND CHARTER SELF-PROPELLED JACK-UP BARGE

The Board of Directors of Sinwa Limited (“Sinwa”) is pleased to announce that it has on 20 September 2006, entered into a 50:50 joint venture (“JV”) with KS Energy Services Limited (“KS Energy”) to build and own a self-propelled offshore jack-up barge (the “Rig”).

The JV Agreement is conditional upon, inter alia, the following:-

1. approval from the shareholders of Sinwa at a general meeting to be convened;
2. approval from the relevant authorities including the SGX; and
3. the JV obtaining a bank loan of US\$40,000,000 for the purpose of financing the construction of the Rig.

The Rig, which is currently under construction in North America, is targeted to be completed and delivered in December 2007. Upon completion, it is anticipated that the Rig will be chartered (including operation) to a Central American based national oil company for use in the Gulf of Mexico.

The anticipated aggregate charter revenue as well as management and support services of the Rig is approximately US\$109.5 million over 5 years comprising an initial term of three years with an option to extend for another two years. At the end of the charter, the JV anticipates that it will negotiate a new charter-party and/or re-deploy the Rig for other operations.

This self-propelled jack-up Rig is unlike a conventional jack-up rig which is fixed to one position. The self-propulsion ability of the Rig allows it to move from one location to the next in servicing offshore production platforms as a mobile workshop with full accommodation. This allows the platform to be efficiently deployed.

The initial issued and paid-up capital of the JV will be US\$500,000. The project cost will be funded by a combination of equity and bank borrowings. Sinwa will fund its share of the investment with internal resources and borrowings. The role of Sinwa, together with KS Energy in the JV is the supply of parts and other procurement services to support the Rig operations, whilst KS Energy will undertake the construction, installation, commissioning, supervision and management.

The Board of Directors believes that the JV will benefit the Company in the long term as Sinwa diversifies its core business and makes its first foray into the oil and gas industry with an established partner. Sinwa will leverage on its proven marine procurement and logistics strengths. This investment is not expected to have any material impact on the Company's consolidated earnings and net tangible assets per share in the current financial year ending 31 December 2006.

None of the Directors or substantial or controlling shareholders of Sinwa has any interest, direct or indirect, in the above transaction.

By Order of the Board

Jason Yow
Company secretary
21 September 2006