



SINWA LIMITED

(Company Registration No. : 200206542H)

PROPOSED PLACEMENT OF UP TO 33,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF SINWA LIMITED (THE "COMPANY") (THE "PLACEMENT")

The Board of Directors of Sinwa Limited ("Sinwa" or the "Company") wishes to announce that the Company proposes to raise additional capital by way of a placement and in connection thereto, the Company had on 17 January 2007 entered into a placement agreement (the "Placement Agreement") with Phillip Securities Pte Ltd (the "Placement Agent") pursuant to which the Placement Agent will procure the subscription for an aggregate of up to 33,000,000 new ordinary shares in the capital of the Company (the Placement Shares). The Placement Shares represent approximately 17.2% of the issued and paid up share capital of the Company as at the date of this announcement, at an issue price of S\$0.465 per Placement Share (the "Placement Price"), on the terms and subject to the conditions of the Placement Agreement (the "Placement").

The obligations of the Company and the Placement Agent under the Placement Agreement are conditional on, inter alia, receipt of the in-principle approval of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the Placement Shares on the SGX-ST.

The Placement Price of S\$0.465 for each Placement Share represents a discount of approximately 9.7% to the weighted average price of S\$0.515 of the Company's ordinary shares traded on the SGX-ST on the full day of 16 January 2007, being the market day immediately prior to the day the Placement Agreement was signed.

The Placement Shares represent up to approximately 17.2% of the existing issued and paid-up capital of the Company and will be pursuant to the power conferred on the Directors by the shareholders of the Company under section 161 of the Companies Act, Chapter 50 at the Annual General Meeting of the Company held on 26 April 2006.

The Placement shall be made pursuant to the private placement exemption set out in section 272B of the Securities and Futures Act Chapter 289.

If the 33,000,000 Placement Shares are issued in full, the Placement will increase the issued and paid-up share capital of the Company by approximately 141% from S\$10.55 million to S\$25.41 million and the number of ordinary shares will increase from 191,489,397 to 224,489,397.

Based on the audited accounts of the Company and its subsidiaries (the "Group") as at 31 December 2005, if the 33,000,000 Placement Shares are issued in full, the Placement will increase the net tangible asset per Share of the Group from 13.47 cents to 18.11 cents.

If the 33,000,000 Placement Shares are issued in full, the net proceeds of the Placement after deducting expenses pertaining thereto are estimated to be approximately S\$14.86 million. The Company intends to use the proceeds to expand the business operations in Australia and China and as working capital.

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

The Company will be submitting an application to the SGX-ST for the listing and quotation of the Placement Shares in due course.

By Order of the Board

Jason Yow
Company secretary
17 January 2007