

SINWA LIMITED
(Company Registration No. 200206542H)
(Incorporated in Singapore)

ACQUISITION OF BUSINESS AND NET ASSETS OF WORLD HAND SHIPPING LIMITED

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Sinwa Limited (the “**Company**”) wishes to announce that the Company has entered into a conditional sale and purchase agreement (the “**Agreement**”) on 16 February 2011 with World Hand Shipping Limited (the “**World Hand**”), Mr. Sze Po Shu (“**SPS**”) and Mdm Lam Lai Ping (“**LLP**”) whereby (i) the Company and SPS will set up a 75%:25% joint venture company (“**JVC**”) in Hong Kong with an issued and paid up capital of HK\$4,500,000 and (ii) World Hand will transfer its entire ship supply business (the “**Business**”), assets less liabilities (the “**Net Assets**”), goodwill as a going concern upon the terms and subject to the conditions of the Agreement (hereinafter referred to as the “**Proposed Acquisition**”). The total consideration for 75% of the Business, Net Assets and Goodwill is HK\$3,375,000 (the “**Purchase Consideration**”). It has been agreed that World Hand will transfer net assets less liabilities of not less than HK\$2,400,000 to the JVC.

For the 25% of the shareholdings in the JVC held by SPS after the Proposed Acquisition, the Company and the SPS may enter into a Call and Put Option, to be exercised after five (5) years following the completion of the Proposed Acquisition, the form of payment of the consideration for the 25% shareholdings shall be mutually agreed at the time of the entry into the Call and Put Option

2. INFORMATION ON WORLD HAND SHIPPING LIMITED

World Hand Shipping Limited is a company incorporated in Hong Kong with an issued and paid up capital of HK\$10,000 consisting of 10,000 shares at the issue price of HK\$1 each. The principal business of World Hand is ship supply. SPS owns 50% and LLP owns 35%, respectively, of the issued and paid up capital of World Hand. The remaining of its issued and paid up capital is held by SPS’s family members.

The unaudited book value of the Net Assets being acquired as at 31 December 2010 is HK\$2,365,277 after adjusting for amounts due to and from related parties.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration

The consideration (“**Consideration**”) for 75% of the Business and the Net Assets of World Hand shall be a sum of Hong Kong Dollars Three Million Three Hundred and Seventy-Five Thousand (HK\$3,375,000) in cash. The Consideration was arrived at on a willing buyer and willing seller basis, after taking into account the value of the Net Assets of approximately HK\$2,400,000 as at 31 December 2010, the earnings potential arising from the strategic alliance of the Company and SPS in Hong Kong and the region.

3.2 Conditions Precedent

The obligation of the parties to complete the acquisition of the Net Assets and Business is subject to, inter alia, the fulfillment of the following conditions:

- (a) Satisfactory Due Diligence. The results of such legal and/or financial due diligence investigation on the Business and Net Assets of World Hand conducted by the Company and/or its advisors, being satisfactory to the Company in its absolute discretion. In this regard, the parties hereby agree that in the event that the Company

deems the results of such due diligence investigations as unsatisfactory, the Company may at its discretion, terminate this Agreement without any compensation or liability to World Hand.

- (b) Representations and Covenants. The warranties contained in this Agreement shall be true in all material respects on and as of the Completion Date with the same force and effect as though made on and as of the Completion Date. The Vendor and the Purchaser shall on the Completion Date have performed and complied with all covenants and agreements required by this Agreement to be performed or complied with by the Vendor and the Purchaser on, or prior to, the Completion Date;
- (c) Consents and Approvals. All consents, authorisations, approvals, clearances, orders, waivers and alike that are necessary or required to be obtained by any party in connection with the transactions as contemplated herein under any and all applicable laws and regulations having been obtained and being in full force (including expiry of waiting periods) and all consents, authorisations, approvals, orders, waivers and alike that are necessary or required to be obtained by Vendor from any counter parties to any of the Contracts, including the equipment lease agreements, relevant governmental authorities or from any other third parties in connection with the transfer of the Vendor's interests in the Assets, having been obtained and are in full force (including expiry of waiting periods);
- (d) Service Agreement. The signing of a five year service agreement between the JVC and SPS on terms mutually agreeable to the Company and SPS; and
- (e) Transfer of Business Notice. World Hand confirming to the Company in writing that it has had no claim notified to it in response to the notices served by it under the Transfer of Businesses (Protection of Creditors) Ordinance of Hong Kong pursuant to Clause 8A, and such notices have become complete for the purpose of that Ordinance

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

This Proposed Acquisition is in line with the Group's strategic plans to expand its range of products and services to its customers and clients in Hong Kong and the region.

5. SOURCE OF FUNDS

The Company will finance the Proposed Acquisition from the proceeds of the rights issue completed in October 2010, Company's internal source of funds and bank borrowings.

6. FINANCING EFFECTS OF THE TRANSACTION

The Proposed Acquisition is not expected to have a material effect on the net tangible assets and consolidated earnings per share of the Company and its subsidiaries (the "Group") for the financial year ending 31 December 2011.

The relative figures computed on the bases set out in Rules 1006(a) to Rule 1006(d) of the SGX-ST Listing Manual – Section B: Rules of Catalist are as follows:-

Rule 1006		Relative Computation (%)
(a)	Net assets value of assets to be disposed of compared to the Group's net asset value.	Not Applicable
(b)	Net profit attributable to the assets to be acquired , compared with the Group's net profits	1.7
(c)	Aggregate value of consideration given or received, compared with the Company's market capitalisation based on total number of issued shares excluding treasury shares	0.8

(d)	Number of equity securities* issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable
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* Based on the volume weighted average closing price per share on 15 February 2011 of S\$0.2052, being the last market day prior to signing of the Agreement.

Based on the relative numbers above, the Proposed Acquisition is a non-discloseable transaction under Rule 1008(1) of the Listing Manual. The announcement is a voluntary announcement.

7. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or controlling shareholders or substantial shareholders of the Company has any interest, directly or indirectly, in the above transaction.

8. DOCUMENTS FOR INSPECTION

A copy of the Sale and Purchase Agreement is available for inspection during normal business hours at the Company's registered office at 28 Joo Koon Circle, Singapore 629057 for a period of three months from the date hereof.

By Order of the Board

Tan Lay Ling
Executive Director
16 February 2011