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SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Sinwa's earnings declined in FY2010 to S$3.2 million, but Group remains upbeat about 2011 with recent M&A activities

- **Revenue declined by 9% to S$117.3 million due to revenue reduction in charter and marine supply segments**
- **Higher finance and administrative expenses affected the bottom line**
- **Group expects positive contributions from recent acquisitions and expects more positive corporate actions**
- **Strong balance sheet with cash and cash equivalents increasing from S$15.0 million to S$26.9 million and net gearing reducing from 43% to 33%**

Singapore, 25 February 2011 – Listed on the SGX Mainboard and Asia Pacific's leading marine supply and logistics player, **Sinwa Limited** ("Sinwa" or "the Group"), reported its financial results for the twelve months ended 31 December 2010 ("FY2010").

The 9% decline in revenue for FY2010 to S$117.3 million was mainly due to two segments:
- The chartering revenue was lower by 44% to S$8.0 million due to off-hire of the Group's jointly held liftboat for whole of FY2010 and also as charter hire for the jointly held seismic vessel expired in early September 2010; and
- Marine supply revenue declined by 4% to S$106.5 million as the Group completed a 18-months marine supply contract for the construction of 25 new vessels in 1Q2010 in Singapore. There was also a slowdown in the Australian offshore business with the explosion and subsequent fire on the West Atlas Oil Rig in the Montana Field (off Darwin Australia).

Group's gross profit margin declined in FY2010 to 28.2% from 30.0% as FY2009 had more contributions from the chartering side that commanded higher margin. Thus, gross profit declined by 14% in FY2010 to S$33.1 million.

The administrative expenses for the Group increased by 26% to S$21.0 million in FY2010 mainly due to the S$2.8 million of stacking costs of the liftboat during the off hire period, increased depreciation of S$0.7 million for the newly constructed warehouses in Australia and the full year depreciation of the chartering fleet, and increased staff costs of S$0.6 million.

The financial expenses increased from S$1.1 million in FY2009 to S$4.6 million in FY2010 mainly due to interest on the bank borrowings of A$10.8 million for the construction of the two warehouses in Australia (FY2009: A$4.7 million), interest on the loan of US$3.5 million to acquire the anchor handling tug in 4Q2009 and net foreign exchange loss of S$2.8 million.

The Group successfully completed a Rights Issue in October 2010 that generated S$15.3 million and together with the release of pledged bank fixed deposits of S$5.4 million, helped the cash and cash equivalents on the balance sheet to increase to S$26.9 million as at 31 December 2010. The net gearing[1] was significantly reduced from 43% to 33%.

“2010 was a tough year for Sinwa and business outlook remains challenging and highly competitive in the region amid uncertain global economic scenario. Having said that, we will focus on strengthening our market position and growing our core marine supply and logistics business in Singapore, Australia, China and the region.

We are pleased to start 2011 on a positive note. In January, we announced the acquisition of a 70% stake in Rapid Offshore & Marine (RO&M) Group for S$12.25 million. RO&M is a leading HVAC&R[2] and Integrated M&E[3] one-stop solution provider in the global marine and offshore industry and RO&M has been actively providing services/solutions to the FPSO industry. In fact, RO&M has successfully completed HVAC&R systems for more than 20% of the global FPSO fleet.

In February 2011, we announced that Sinwa is setting up a new company in Hong Kong to acquire the business, net assets and goodwill of World Hand Shipping Limited, a company in marine supply business in Hong Kong. Sinwa is taking a 75% stake in the new company for HK$3.375 million.

Both these acquisitions are expected to contribute positively to Sinwa. Also, we firmly believe that these complementary businesses will provide synergies in cross-selling each others’ products and services and expand the scope of coverage in marine supplies, logistics, offshore support services, HVAC&R and integrated M&E”.

Mr Mike Sim, Executive Chairman and CEO of Sinwa

Barring any unforeseen circumstances, the Group expects FY2011 to be a profitable year.

[1] Net gearing = (Net debt) / Equity

[2] Heating, ventilation, air conditioning, and refrigeration

[3] Mechanical and engineering

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ABOUT SINWA LIMITED (Bloomberg Ticker: SKS SP)

Sinwa Limited was listed on the SGX SESDAQ in February 2003 and was upgraded to the Main Board of the Singapore Exchange in April 2005.

Sinwa is Asia-Pacific's leading marine supply and logistics company servicing the offshore and general marine industry. Sinwa's main operations and head office are in Singapore, with subsidiaries and offices in Australia and China.

Founded in the 1960s, Sinwa's core business includes the supply of a wide range of ships' heavy deck and engine equipment, ships' spares, general hardware and provisions to the offshore and general maritime industry, and providing a full and comprehensive range of shipping agency, logistics, warehousing and related support services. In 2006, Sinwa diversified into the oil and gas industry and has since formed joint ventures and acquired a lift boat and a seismic vessel. The Group also owns an anchor handling tug, which was acquired in October 2009.

For more information, please visit www.sinwaglobal.com

Issued for and on behalf of Sinwa Limited

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