

CLOSING OF THE DISPOSAL

Unless otherwise expressly defined herein, all capitalised terms in this announcement shall bear the same meanings ascribed to them under the Company's announcements dated 13 November 2018, 4 January 2019, 11 January 2019, 18 January 2019, and 22 January 2019 (collectively, the "Announcements"), and the circular to shareholders dated 7 January 2019 (the "Circular").

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**" or the "**Directors**") of Sinwa Limited (the "**Company**") refers to the Announcements and the Circular in relation to the Disposal and the Australian Properties Sale.
- 1.2 The Board is pleased to announce that the completion of the Disposal ("**Closing**") has taken place on 1 February 2019. As stated in paragraph 3.7.2 of the Circular, Sinwa SS (HK) Co. Limited is in the process of being struck off. As the striking off of Sinwa SS (HK) Co. Limited has not been completed as at Closing, the Company and the Purchaser have agreed that Sinwa SS (HK) Co. Limited will not be transferred as part of the Disposal but retained as a subsidiary of the Company to facilitate the completion of the striking off.
- 1.3 Prior to Closing today, the Company and the Purchaser have entered into a supplemental agreement to the share purchase and loan assignment agreement dated 13 November 2018 (the "**SPA**") (the "**Supplemental Agreement**") in relation to banking facilities made available to Sinwa (Singapore) in an aggregate principal amount of S\$5,000,000, which are secured by a corporate guarantee from the Company (the "**Guarantee**"). Pursuant to the Supplemental Agreement, the Company and the Purchaser have agreed that the Purchaser shall use its reasonable endeavours to procure the release and/or replacement of the Company as guarantor under the Guarantee as soon as reasonably practicable. Pending such release and/or replacement, the Purchaser has undertaken to reimburse the Company all amounts paid by the Company pursuant to the Guarantee being enforced against the Company.

2. CASH BALANCE

- 2.1 Following the Closing of the Disposal, the estimated total cash at bank and on hand is approximately S\$93,000,000, as stated in paragraph 5.4 of the Circular.
- 2.2 As set out in paragraph 3.1.3(a) of the Circular, the Consideration will be increased by an additional S\$27,400 per calendar day between 1 January 2019 up to 31 January 2019, amounting to a total sum of S\$849,400 (the "**Closing Delay Adjustment**").
- 2.3 Accordingly, the estimated total cash at bank and on hand, taking into account the Closing Delay Adjustment, is approximately S\$93,600,000.

3. USE OF PROCEEDS

- 3.1 As stated in paragraph 5.4 of the Circular, the Board intends to make an initial distribution of approximately S\$67,000,000 to Shareholders by way of a special dividend on a pro rata basis based on the number of Shares held by Shareholders as at a date to be determined.

- 3.2 As stated in paragraph 2.3 of the announcement dated 11 January 2019, the Company had on 10 January 2019 received a confirmation from the SGX-ST that no waiver of Rule 1018(1)(a) of the Listing Manual is required for the aforesaid special dividend.
- 3.3 The Company will seek Shareholders' approval for the payment of the special dividend at the annual general meeting of the Company to be convened in April 2019. Further announcements in relation to the above will be made as and when appropriate.

4. ESCROW ACCOUNT

- 4.1 As a consequence of the Disposal, the Company has ceased to have any operating subsidiaries or businesses and has become a cash company as defined under Rule 1018 of the Listing Manual. Pursuant to Rule 1018(1) of the Listing Manual, the Company must place 90% of its cash and short-dated securities (including existing cash balance and the consideration arising from the Disposal) in an account opened with and operated by an escrow agent which is part of a financial institution licensed and approved by the Monetary Authority of Singapore (the "**Rule 1018 Escrow Account**").
- 4.2 The Company has opened the SGX Escrow Account with United Overseas Bank Limited and will be depositing the net sale proceeds from the Disposal, amounting to approximately S\$69,865,000 as set out in paragraph 3.1.1(a) of the Circular, together with the Closing Delay Adjustment, into the Rule 1018 Escrow Account. As set out in paragraph 3.1.1(b) of the Circular, the Purchaser will deposit the Escrow Sum of S\$5,000,000 into the escrow agent account pending the adjustments to the Consideration.
- 4.3 In compliance with Rule 1018(1)(b) of the Listing Manual, the Company will provide monthly valuations of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business to the market via SGXNet.
- 4.4 As stated in paragraph 8.6 of the Circular, the SGX-ST will remove the Company from the Official List if it is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company may apply to the SGX-ST for a maximum 6-month extension to the 12-month period if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the 6-month extension period. In the event the Company is unable to meet the milestones or complete the relevant acquisition despite the time extension granted, no further extension will be granted and the Company will be removed from the Official List and a cash exit offer in accordance with Rule 1309 should be made to Shareholders within 6 months.

5. CONTINUED TRADING OF THE SHARES

- 5.1 As stated in paragraph 2.3 of the announcement dated 11 January 2019, the Company had on 10 January 2019 received a confirmation from the SGX-ST that the SGX-ST has no objection to the Company's application for continued trading in its securities after Closing, subject to the following:-
- (a) Compliance with the SGX-ST's continuing listing requirements;
 - (b) The submission of contractual undertakings from the Directors of the Company, controlling shareholder, and their associates to observe the moratorium on the transfer or disposal of all their interests, direct and indirect, in the securities of the Company as required under Listing Rule 1018(1) of the Listing Manual (collectively, the "**Contractual Undertakings**"); and
 - (c) The Company providing monthly valuation of its assets and utilisation of cash, and quarterly updates of milestones in obtaining a new business to the market via SGXNet.

- 5.2 The list of Contractual Undertakings has been disclosed in paragraph 8.4 of the Circular. As stated in the announcement dated 18 January 2019, the Company has received confirmation from the SGX-ST that the SGX-ST has no objection to the Company's application for a waiver with regard to compliance with Rule 1018(1) of the Listing Manual in respect of the requirement to provide a contractual undertaking by an associate of Mr Sim Yong Teng who holds 8,900 shares in the Company, representing approximately 0.0026% of the issued and paid-up share capital of the Company.
- 5.3 Based on the above, the Company has satisfied, and will take the necessary steps to continue to satisfy, the conditions set out above.

6. CAUTIONARY STATEMENT

The Board wishes to remind the Shareholders that there is no assurance that the SGX-ST will not suspend the trading and listing of the Shares or that the Company will be able to acquire a new business that meets the SGX-ST's requirements for a new listing within the timeframe prescribed by the SGX-ST. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

By Order of the Board

Tan Lay Ling
Executive Director and Chief Operating Officer
1 February 2019