

**THE CAPITAL REDUCTION AND CASH DISTRIBUTION; AND
THE CHANGE OF NAME**

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or the “**Directors**”) of Sinwa Limited (the “**Company**”) wishes to announce that, subject to the approval of the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting (the “**EGM**”) to be convened, it is proposed that:-
- (a) The Company undertakes a capital reduction exercise (the “**Capital Reduction**”) pursuant to Section 78A and Section 78C of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) to return to Shareholders surplus capital in excess of the Company’s needs, by way of a cash distribution of approximately S\$0.11 for each ordinary share in the share capital of the Company (“**Share**”) held by Shareholders (the “**Cash Distribution**”); and
 - (b) The name of the Company be changed from “Sinwa Limited” to “Winas Limited” (the “**Change of Name**”).
- 1.2 The books of the Company will be closed at a books closure date to be determined by the Board for the purpose of determining the entitlements of Shareholders in connection with the Cash Distribution.

2. THE CAPITAL REDUCTION AND CASH DISTRIBUTION

2.1 Details of the Capital Reduction and Cash Distribution

- 2.1.1 The Capital Reduction and Cash Distribution will be effected in the following manner:-
- (a) Reducing the issued and paid-up share capital of the Company by approximately S\$37,519,000 from S\$41,002,000 (as at the date of this announcement) to S\$3,483,000; and
 - (b) Distributing to Shareholders the sum of approximately S\$37,519,000 based on the issued and paid-up share capital of the Company of S\$41,002,000 comprising 341,079,335 Shares (as at the date of this announcement and excluding 2,177,532 treasury shares).
- 2.1.2 The Cash Distribution amount of S\$37,519,000 comprises the issued and paid-up capital in excess of the immediate requirements of the Company, assuming that the sale proceeds of S\$8,600,000 from the Australian Properties Sale (as defined below) are received by end April 2019.
- 2.1.3 As at the date of this announcement, the Company has an issued and paid-up share capital of S\$41,002,000. Upon the completion of the Capital Reduction and Cash Distribution, the Company will have an issued and paid-up share capital of S\$3,483,000. The cash balance in the Company before and after the Capital Reduction and Cash Distribution is expected to be S\$41,693,000 and S\$4,174,070 respectively.

2.2 Rationale of the Capital Reduction and Cash Distribution

- 2.2.1 As announced in 13 November 2018, the Company has entered into a share purchase and loan assignment agreement with Asia Ship Chandlery Holdings Pte. Ltd (the “**SPA**”). Following the announcement dated 1 February 2019 on the completion of the disposal of the entire issued and paid-up share capital in its wholly-owned subsidiaries pursuant to the SPA (the “**Disposal**”), and the resulting cash balance in the Company following the Disposal, the Company intends to

distribute the excess cash to Shareholders via the Capital Reduction and Cash Distribution, while taking into account the need to retain sufficient capital for its operational needs.

- 2.2.2 The Directors are of the view that the Capital Reduction is in the best interests of the Company as the Cash Distribution comprises the paid-up capital in excess of the immediate requirements of the Company. If effected, the Capital Reduction and Cash Distribution would result in the Company having a more efficient capital structure, thereby improving Shareholders' return on equity. In determining the level of capital to be returned to Shareholders, the Company has ensured that it retains sufficient capital for its business and operational needs.

2.3 Financial Effects of the Capital Reduction and Cash Distribution

2.3.1 Assumptions

- (a) For illustrative purposes only and based on the unaudited financial statements of the Company for the financial year ended 31 December 2018 ("**FY2018**"), the pro forma financial effects of the Capital Reduction and Cash Distribution on the Company are as set out below. Shareholders should note that the pro forma financial effects are for illustrative purposes only and are not indicative or a projection of the results and financial position of the Company following the Capital Reduction and Cash Distribution.
- (b) The pro forma financial effects are calculated on the assumptions that:-
- (i) The Disposal was completed on 31 December 2018.
 - (ii) The sale of the Australian properties under the SPA (the "**Australian Properties Sale**") have been completed, and the sale proceeds from the Australian Properties Sale are not less than S\$8,600,000.
 - (iii) The payment of the proposed special dividend of S\$64,805,000 was completed on 31 December 2018.
 - (iv) The Capital Reduction and Cash Distribution were completed on 31 December 2018.
 - (v) The aggregate amount of cash required for the Cash Distribution will be generated through the Company's available liquid cash sources on hand.
 - (vi) The estimated transaction costs of approximately S\$35,000 have been taken into account in the computation of the financial effects.

2.3.2 Share Capital

The Capital Reduction and Cash Distribution will not have any impact on the number of Shares held by Shareholders after the capital reduction and Cash Distribution. The proforma financial effects of the Capital Reduction and Cash Distribution on the issued share capital of the Company based on the unaudited financial statements of the Company FY2018, are as follows:-

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
No. of Shares (including treasury shares)	343,256,867	343,256,867
No. of Shares (excluding treasury shares)	341,079,335	341,079,335
Amount of share capital (S\$) (excluding treasury shares)	41,002,000	3,483,000

2.3.3 Earnings per Share

The Capital Reduction and Cash Distribution will have no impact on the number of shares held by Shareholders. Accordingly, there is no impact on the EPS of the Company.

2.3.4 Net Asset Value (“NAV”)

The pro forma financial effects of the Capital Reduction and Cash Distribution on the NAV of the Company based on the unaudited financial statements of the Company for FY2018, are as follows:-

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Net asset value (S\$)	41,571,000	4,052,000
No. of Shares (excluding treasury shares)	341,079,335	341,079,335
NAV per Share (S\$)	0.122	0.012

2.3.5 Gearing

The pro forma financial effects of the Capital Reduction and Cash Distribution on the gearing ratio of the Company based on the unaudited financial statements of the Company for FY2018, are as follows:-

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Borrowings	0	0
NAV (S\$)	41,571,000	4,052,000
Gearing (%)	0	0

2.3.6 Return on Equity

The pro forma financial effects of the Capital Reduction and Cash Distribution on the return on equity of the Company based on the unaudited financial statements of the Company for FY2018, are as follows:-

	Before the Capital Reduction and Cash Distribution	After the Capital Reduction and Cash Distribution
Profit attributable to Shareholders (S\$)	51,934,000	51,934,000
Equity (S\$)	41,571,000	4,052,000
Return on equity (%)	124.93	1,281.69

2.4 Conditions of the Capital Reduction and Cash Distribution

2.4.1 The Cash Distribution is conditional on the completion of the Capital Reduction.

2.4.2 The Capital Reduction is subject to, *inter alia*, the following conditions:-

- (a) The Directors complying with the relevant solvency requirements set out in the Companies Act, including making the solvency statements (“**Solvency Statements**”).
- (b) The Company obtaining Shareholders’ approval for the special resolution in respect of the Capital Reduction and Cash Distribution (the “**Special Resolution**”) at the EGM.
- (c) The Company complying with the relevant publicity requirements set out in the Companies Act.
- (d) No creditor of the Company having made an application for the cancellation of the Special Resolution during the period of 6 weeks beginning with the date of the EGM, and, if such application was made, the withdrawal of such application or the dismissal thereof by the High Court of Singapore.

- (e) The lodgement with the Accounting and Corporate Regulatory Authority of Singapore (“ACRA”) of copies of the Solvency Statements made by the Directors, and the Special Resolution within 15 days beginning with the date of the EGM.
- (f) The lodgement with ACRA of further documents including but not limited to, a statement from the Directors confirming that the solvency requirements and publicity requirements have been met, after the end of the period of 6 weeks but before the end of the period of 8 weeks beginning with the date of the EGM.

3. CHANGE OF NAME

3.1 Rationale of the Change of Name

- 3.1.1 Under the SPA, the Company is required to change its name from “Sinwa Limited” to a name that does not refer to, or is otherwise a derivative of, the name “Sinwa”. Accordingly, the Company is seeking Shareholders’ approval to change the name of the Company to “Winas Limited”.

3.2 Approvals

- 3.2.1 ACRA has given its approval for the use of the name “Winas Limited”. The proposed name has been reserved until 30 May 2019.

3.3 No Impact on Existing Share Certificates

- 3.3.1 Shareholders should note that notwithstanding the Change of Name, the Company will not recall existing share certificates in respect of the Shares.
- 3.3.2 Existing share certificates bearing the name “Sinwa Limited” and issued prior to the date on which the Change of Name takes effect, will continue to be evidence of legal title. No further action is required to be taken on the part of Shareholders.

4. CIRCULAR TO SHAREHOLDERS

A circular containing further information on the Capital Reduction and Cash Distribution, the Change of Name, and the EGM will be despatched to Shareholders in due course.

5. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

None of the Directors or Substantial Shareholders have any interest, direct or indirect, in the Capital Reduction and Cash Distribution (other than through their shareholdings in the Company, if any) or in the Change of Name.

6. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Capital Reduction and Cash Distribution, as well as the Change of Name, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

By Order of the Board

Sim Yong Teng
Executive Chairman

26 February 2019