

**REPLY TO SGX QUERY AND CLARIFICATION ANNOUNCEMENT
PERTAINING TO DEEDS OF SETTLEMENT**

The Board of Directors of Sinwa Limited (the “Company”) would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) dated 13 December 2017 (“SGX Query”) as follows:

SGX Query 1:

We refer to the Company’s announcement of 8 December 2017 “Deeds of Settlement”. Please disclose details of the impairment loss that was recognised in the “previous year” and would be reversed in the Company’s 4Q 2017FY financial results.

Company's response to SGX Query 1:

The Company had disclosed the details of the impairment loss in the Note 20 of the audited financial statements for FY2016. The allowance for impairment on asset classified held for sale was S\$15,116,000 and recognised in FY 2016.

Based on the Deeds of Settlement, the Company can reverse the impairment loss up to S\$2,118,000 (equivalent to US\$1,566,000, with exchange rate US\$1: S\$1.3526). However, the reversal of impairment loss will only be recognised in the financial period in which the settlement amounts were received.

SGX Query 2:

Please provide details of impairment losses provided in the previous years including the relevant financial years.

Company's response to SGX Query 2:

The details of impairment loss were stated in the Company’s response to SGX query 1 above, and the impairment loss was provided in FY2016.

The Board also wishes to clarify that the amount of “S\$750,000” stated under item (a) in the “Deeds of Settlement” announcement of 8 December 2017 should be in “**US\$**” instead “S\$”.

By Order of the Board

Bruce William Rann
Chief Executive Officer and Executive Director
14 December 2017