

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

THE DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL IN SINWA SS PTE. LTD, SEAFIRST MARINE SERVICES PTE. LTD, SINWA OFFSHORE PTE. LTD, SINWA SHIP SUPPLY (HK) PTE. LTD, WINDSOR MARINE PTE. LTD AND SINWA AUSTRALIA PTY LTD (THE “DISPOSAL”)

1. INTRODUCTION

- 1.1 The Board of Directors of Sinwa Limited (the “**Company**”) wishes to announce that the Company has on 13 November 2018 entered into a conditional share purchase and loan assignment agreement (the “**SPA**”) with Asia Ship Chandlery Holdings Pte. Ltd (the “**Purchaser**”) pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase all the issued and paid-up capital of the following wholly-owned subsidiaries of the Company (the “**Sale Subsidiaries**”, and each a “**Sale Subsidiary**”) set out below, and the Company has further agreed to assign and transfer, and procure the assignment and transfer by Sinwa International Pte. Ltd. (“**SIPL**”), to the Purchaser of certain intercompany loans owing by the Sale Subsidiaries and their subsidiaries (collectively, the “**Sale Group**”) to the Company SIPL for an aggregate consideration of S\$74,865,000 (the “**Consideration**”), upon the terms and subject to the conditions of the SPA (the “**Disposal**”).

The Sale Subsidiaries are:

- (a) Sinwa SS Pte. Ltd.;
- (b) Seafirst Marine Services Pte. Ltd.;
- (c) Sinwa Offshore Pte. Ltd.;
- (d) Sinwa Ship Supply (HK) Pte. Ltd.;
- (e) Windsor Marine Pte. Ltd.; and
- (f) Sinwa Australia Pty Ltd.

In connection with the SPA, Mr Sim Yong Teng has entered into a service agreement with the Purchaser.

- 1.2 Rule 1014 of the MainBoard Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)

Under Rule 1014 of the Listing Manual, the Company is required to obtain the approval from the shareholders of the Company (“**Shareholders**”) in a general meeting (“**EGM**”) as the relative figure under Rule 1006(a), 1006(b) and 1006(c) exceeds 20%. Accordingly, completion of the transactions under the SPA is conditional upon the approval of the Shareholders. The Company will be seeking approval from the Shareholders by way of an ordinary resolution at an EGM to fulfil this condition precedent under the Listing Manual.

- 1.3 Rule 704(18)(c) of the Listing Manual

Upon the completion of the Disposal, the Sale Subsidiaries will cease to be subsidiaries of the Company.

- 1.4 Rule 1018 of the Listing Manual

Upon successful completion of the Disposal, the Company will cease to have any operating subsidiaries or businesses and will become a cash company as defined under Rule 1018 of the Listing Manual. Accordingly, the Company will have to comply with the requirements pursuant to Rule 1018 of the Listing Manual.

2. INFORMATION ON SALE SUBSIDIARIES

Sinwa SS Pte. Ltd, Seafirst Marine Services Pte. Ltd, Sinwa Offshore Pte. Ltd, Sinwa Ship Supply (HK) Pte. Ltd, Windsor Marine Pte. Ltd and Sinwa Australia Pty Ltd are wholly owned subsidiaries of the Company.

The principal businesses of these Sale Subsidiaries are in marine offshore supply and logistics. These Sale Subsidiaries serve more than 100 ports from 10 offices located in Singapore, China, Australia and Thailand.

3. INFORMATION ON THE PURCHASER

The Purchaser is a special purpose vehicle incorporated in Singapore on 7 November 2018 for the purposes of entering into the SPA, undertaking the transactions contemplated under the SPA and entering into other certain related arrangements in relation to the SPA.

The Purchaser will be capitalised jointly by affiliates of SYZ Capital AG (“**SYZ**”) and Mr Thomas Zimmerhaeckel prior to Closing (as defined below). Mr Thomas Zimmerhaeckel, a private equity investor, is a director of the Purchaser.

To the best knowledge, information and belief of the Company, SYZ is a private markets investment and advisory specialist offering access to investments in private equity, private debt and real estate. SYZ is an affiliate of SYZ Group, a family-owned banking group based in Switzerland.

The Purchaser is not in any way related to the Group, the Directors or any of the substantial shareholders of the Company.

Commitment letters have been provided by a licensed bank in Singapore, an affiliate of SYZ and Thomas Zimmerhaeckel in relation to the Purchaser’s funding of the Disposal.

4. PRINCIPAL TERMS OF THE DISPOSAL

The terms of the Disposal, *inter alia*, are set out below.

4.1 Shares and Consideration

The shares in the Subsidiaries shall be sold by the Company free from Encumbrances (as defined in the SPA) and together with all rights and advantages attaching to them as at 31 December 2018.

The total cash Consideration of the Disposal under the SPA is S\$74,865,000 (the “**Closing Amount**”). The Closing Amount would be subject to post-Closing adjustments to account for differences in the actual cash balances and working capital as of 31 December 2018.

The Consideration was arrived at on a willing-buyer, willing-seller basis, following arms’ length negotiations between the Company and the Purchaser, after taking into account, *inter alia*, the net asset value (“**NAV**”) and net tangible assets (“**NTA**”) per share of the Sale Subsidiaries to be disposed.

4.2 Conditions precedent

The completion of the Disposal (“**Closing**”) is conditional upon satisfaction or waiver (as the case may be) of the following conditions, or their satisfaction subject only to Closing:

4.2.1 the passing at an EGM of the Company of the resolution to approve the Transaction in accordance with the terms of the SPA and without material amendments thereto, subject to any amendments as may be required by SGX-ST (the “**Resolution**”);

- 4.2.2 the consents of counterparties in respect of the Transaction having been obtained on terms acceptable to the Purchaser where the terms of any contract entered into by a Group Company, regulatory permit required to operate the Business or any other contract which is material to the Business, undertaking or obligation that the Purchaser deems necessary to continue as part of the Business contains any restrictions or prohibition on the change in control of the shareholdings and/or the boards of directors of any Group Company;
- 4.2.3 the licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals necessary for or in respect of the proposed acquisition of the Group by the Purchaser and which are material to the Business having been obtained from appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies on terms (if any) acceptable to the Purchaser and such licences, authorisations, orders, grants, confirmations, permissions, registrations and other approvals remaining in full force and effect;
- 4.2.4 the Business having been managed and conducted by the Seller in the ordinary course of business between the date of the SPA and Closing and no material assets of the Group Companies having been sold, transferred or disposed;
- 4.2.5 the Group Companies having a Cash balance of not less than the Target Cash Balance and not having declared, made or paid any dividend or other distribution to the Seller other than in accordance with the Upstream Plan;
- 4.2.6 the entry by the Seller and the Purchaser into the Escrow Agreement with the Escrow Agent, on the Agreed Terms, including the relevant provisions of Clause 8 of the SPA;
- 4.2.7 the entry by Tan Lay Ling into a service agreement on remuneration terms not less favourable than her existing service agreement and a re-investment agreement with the Purchaser, each on terms to be agreed between Tan Lay Ling and the Purchaser;
- 4.2.8 the obtainment of the W&I Insurance Policy by the Purchaser for the benefit of the Purchaser, each on terms acceptable to the Purchaser; and
- 4.2.9 no event or circumstance having occurred which has or is reasonably likely to have a Material Adverse Effect.

Capitalised terms used in Clause 4.2 above which are not defined in this announcement shall have the meanings given to them in the SPA.

4.3 Representations and Warranties

Pursuant to the SPA, the Company and the Purchaser have furnished representations and warranties typical for transactions such as the Disposal.

4.4 Shareholders' Irrevocable Undertakings

The following shareholders of the Company have given irrevocable undertakings to, *inter alia*, vote in favour of the Resolution at the EGM (collectively, the "**Irrevocable Undertakings**").

Name of shareholder	Shares held by shareholder as a proportion of the total number of issued shares (excluding treasury shares) (%)
Evenstar Investments Pte Ltd	41.09
Sim Yong Teng	1.74
Tan Lay Ling	1.40
Bruce William Rann	0.49
Goh Eng Eng	0.24

Ang Hock Beng	0.32
Other Shareholders	10.68 (collectively)
Total	55.96

4.5 Net Asset Value of the Sale Subsidiaries

The audited aggregate net asset value and audited net tangible asset value attributable to the shares in the Sale Subsidiaries as recorded in the audited financial statements of the Company as at 31st December 2017 was S\$59,660,000 and S\$59,112,000 respectively.

4.6 Australia Industrial Properties

Pursuant to the SPA, the Company has also appointed the Purchaser's Group (being the Purchaser and its subsidiaries from time to time) as its sole and exclusive agent to represent the Company and its subsidiaries (collectively, but excluding the Sale Group, the "**Seller's Group**") in selling either the properties located at 1932 Coolawanyah Road, Karratha Industrial Estate, Western Australia and 39 Jessie Lee Street, Henderson (the "**Australia Industrial Properties**") or all the shares of Sinwa Holdings (Australia) Pty Ltd, the holding company of the Australia Industrial Properties ("**SHAPL**") ("**Australian Properties Sale**") on or before 30 April 2019 on such terms as may be negotiated by the Purchaser's Group on behalf of the Seller's Group. The aggregate gross proceeds of the Australia Properties Sale shall be payable in full to the Seller Group. If the aggregate gross proceeds payable to the Seller's Group is less than S\$8,600,000, the Purchaser's Group shall make up for the difference. In addition, the Purchaser has granted to the Seller's Group an option to require the Purchaser's Group to acquire either all the shares of SHAPL or the Australia Industrial Properties for a sale price of S\$8,600,000 (the "**Put Option**"). The Put Option is exercisable (i) subject to Closing occurring and (ii) within five business days from and including 15 April 2019, if a sale and purchase agreement has not been entered into in relation to the Australia Properties Sale prior to 15 April 2019. If the Put Option is exercised, completion shall take place by 30 April 2019, subject to compliance with all applicable legal requirements and formalities.

5. RATIONALE FOR THE DISPOSAL

The Directors are of the view that the Disposal is in the best interests of the Company, taking into consideration the financial positions and business prospects of the Sale Subsidiaries. The Disposal is being entered into by the Company as part of its strategy to unlock value for the Shareholders.

6. PROCEEDS FROM THE DISPOSAL

The net sale proceeds from the Disposal, after deducting all costs and expenses, is estimated to be approximately S\$74,615,000. The excess of the net sale proceeds over the net assets value of the Sale Subsidiaries as at 31 December 2017 is approximately S\$14,955,000. The net gain on Disposal for the Company as at 31 December 2017 is approximately S\$45,035,000.

7. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

For the purpose of Chapter 10 of the Listing Manual, the relative figures for the Disposal, based on the last unaudited results of the Group as at 30 June 2018, using the applicable bases of comparison set out in Rule 1006 of the Listing Manual, are as follows:

Rule 1006	Bases	Computation (S\$)	Percentage (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value as at 30 June 2018	59,775,000/85,914,000	69.58 %

(b)	Net profits (for the 6 months ended 30 June 2018) attributable to the assets disposed of, compared with the Group's net profits (for the 6 months ended 30 June 2018)	7,930,000/5,087,000	155.89 %
(c)	Aggregate value of consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares (Based on the weighted average price of shares transacted on the market day preceding the date of the SPA)	74,865,000/85,270,000	87.80 %
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	This basis of computation is not applicable as this is a disposal and no equity shares will be issued	

As the relative figures under Rule 1006(a) and Rule 1006(c) exceed 20%, the Disposal would therefore constitute a major transaction under Chapter 10 of the Listing Manual. Rule 1014(2) of the Listing Manual provides, *inter alia*, that a major transaction must be made conditional upon the shareholders' approval in a general meeting. Therefore, the Disposal is conditional upon the approval by the Shareholders in a general meeting.

8. FINANCIAL EFFECTS OF THE DISPOSAL

The proforma financial effects of the Disposal on the Group are set out below. The proforma financials are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and /or results of the Group's operations after the completion of the Disposal and are not indicative of the future financial position and earnings of the Group.

For the purpose of illustration and assuming that the Disposal had been completed on 31 December 2017, being the end of the most recently audited completed financial year, and based on the Group's audited consolidated financial statements as at 31 December 2017, the effect on the NTA per share of the Group as at 31 December 2017, would be as follows:

Effect of the Disposal on Net Tangible Asset per share (NTA)

	Before Disposal	After the Disposal
NTA	S\$82,389,000	S\$97,892,000
Number of Shares	341,079,335	341,079,335
NTA per share	S\$0.24	S\$0.29

Based on the above table, there will be a 18.82% change in the NTA after the Disposal.

Effect of the Disposal on Earnings per share (EPS)

Assuming that the Disposal had been completed on 1 January 2017, being the beginning of the most recently audited completed financial year, and based on the Group's audited consolidated financial statements for the financial year ended 31 December 2017, the effect on the EPS of the Group for the financial year ended 31 December 2017 would be as follows:

	Before Disposal	After the Disposal
Earnings	S\$9,513,000	(S\$4,815,000)

Number of Shares	341,079,335	341,079,335
EPS	S\$0.028	(S\$0.014)

Based on the above table, the percentage change from a positive EPS to a negative EPS after the Disposal is not meaningful.

9. EGM AND CIRCULAR TO SHAREHOLDERS

The Company will convene the EGM to seek the approval of the Shareholders for the Disposal and a circular containing, *inter alia*, details thereof, together with the opinions and recommendations of the Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be dispatched to the Shareholders in due course.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed above, and save for their respective shareholding interests in the Company, none of the Company's Directors or Controlling Shareholders has any interest, direct or indirect, in the Disposal.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA may be inspected by Shareholders at the registered office of the Company at 28 Joo Koon Circle, Singapore 629057 during normal business hours for 3 months from the date of the announcement.

12. 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 Disposal, the Company and its subsidiaries and the directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. CAUTIONARY STATEMENT

The Company wishes to highlight that completion of the Disposal is subject to conditions precedents being fulfilled and there is no certainty or assurance that the Disposal will be completed or that no changes will be made to the terms of the SPA. 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.

14. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Disposal as appropriate or when there are developments on the same.

By Order of the Board

Tan Lay Ling
Executive Director and Chief Operating Officer
13 November 2018