



新興重型機械有限公司
SIN HENG HEAVY MACHINERY LIMITED

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CLARIFICATION ON THE ANNOUNCEMENT OF FIRST QUARTER RESULTS ENDED 31 MARCH 2019

The Board of Directors (“**Board**”) of Sin Heng Heavy Machinery Limited (“**Company**” and together with its subsidiaries, “**Group**”) refers to the First Quarter Results ended 31 March 2019 (“**Results Announcement**”) released to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 14 May 2019 (Announcement Reference: SG190514OTHR539B).

The Board wishes to provide the additional information in response to the SGX-ST’s queries as follows: -

Query 1:

Please explain the material variances in: (i) trade receivables; (ii) bills payable; and (iii) inventories, on page 3 of the Results Announcement.

Company’s Response to Query 1:

- (i) **Trade receivables** was S\$15.2M as at 31 March 2019, a decrease of 15% and 38% as compared to S\$17.9M as at 31 December 2018 and S\$24.5M as at 31 December 2017 respectively. The decrease was mainly due to lower revenue generated in both Trading and Equipment rental businesses.
- (ii) **Bills payable** was S\$4.1M as at 31 March 2019, a decrease of 23% and 54% as compared to S\$5.3M as at 31 December 2018 and S\$8.9M as at 31 December 2017 respectively. The decrease was mainly due to lesser cranes purchased under bills financing (in line with the decline in revenue) and repayment of trust receipts that were due during the period.
- (iii) **Inventories** was S\$4.8M as at 31 March 2019, an increase of 27% and 9% as compared to S\$3.8M as at 31 December 2018 and S\$4.4M as at 31 December 2017 respectively. This was mainly due to purchase of cranes in end March 2019 for sales to be made in 2nd Quarter FY2019.

Query 2:

Please explain the nature of the “bills payable”.

Company’s Response to Query 2:

Bills payable consists mainly of opening of letters of credit converted to trust receipts for the purchase of cranes.

BY ORDER OF THE BOARD

Tan Ah Lye
Executive Director and Chief Executive Officer
22 May 2019