



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

No. 26, Gul Road, Jurong Industrial Estate, Singapore 629346

Tel: (65) 6-861 6111, Fax: (65) 6-863 8616

Website: www.sinheng.com.sg

CO REG. NO: 198101305R

GST REG. NO: M2-0043237-1

1. CLARIFICATION ON THE UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS

2. DISPOSAL OF INTEREST IN AN ASSOCIATED COMPANY

1. CLARIFICATION ON THE UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS

The board of directors ("**Directors**") of Sin Heng Heavy Machinery Limited (the "**Company**") wishes to clarify that in relation to the Company's announcement on 28 October 2015 relating to the unaudited first quarter financial statements for the period from 1 July 2015 to 30 September 2015 (reference number SG1510280THR44TM) ("**Results Announcement**"), the share of results of its associate should be S\$81,000 instead of S\$148,000. This was mainly due to adjustment for the late receipt of the associate's supplier's invoices relating to the financial period ended 30 September 2015. Such updates were only received by the Company from the associate subsequent to the release of the Results Announcement.

As a result of the updates, the key items in the Consolidated Statement of Profit and Loss and other Comprehensive Income and Statement of Financial Position of the Results Announcement should read as follows:

Consolidated Statement of Profit and Loss and other Comprehensive Income

	As set out in the Results Announcement S\$'000	As Updated S\$'000
Share of results of associate	148	81
Profit before income tax	702	635
Profit for the period	365	298

Statement of Financial Position

	As set out in the Results Announcement S\$'000	As Updated S\$'000
Investment in associates	2,716	2,649
Net Assets	129,633	129,566

Shareholders are to note that there are also changes to the other sections of the Results Announcement arising from the adjustment to the share of results from its associate, including but not limited to profit attributable to shareholders, total comprehensive income as well as balance sheet items. These changes will be incorporated in the Company's unaudited second quarter financial statements announcement.

2. DISPOSAL OF INTEREST IN AN ASSOCIATED COMPANY

(a) Introduction

The Directors also wish to announce that the Company has on 12 November 2015 entered into a sale and purchase agreement (the "**SPA**") with Zap Piling Pte. Ltd. for the disposal of 1,200,000 issued and fully paid-up ordinary shares ("**Sale Shares**") in the capital of Songcheon Engineering Pte. Ltd. ("**Songcheon**"), representing its entire interest of 20% of the issued and fully paid-up share capital of Songcheon (the "**Disposal**"). The Disposal was completed today and the Company has ceased to have any shareholding interest in Songcheon.

(b) Information on Songcheon

Songcheon is in the business of rental of diaphragm wall excavation rigs and provision of geotechnic engineering services. Songcheon leases equipment to contractors and also provides engineering services to construct diaphragm walls.

(c) Rationale For Disposal

The Directors carry out periodic reviews of the strategy and business options of the Company and its subsidiaries (the "**Group**"), taking into consideration the growth opportunities, risk profiles, prevailing economic environment and outlook. Even though Songcheon has contributed to the Group's growth since it was incorporated, the Company now only holds a minority stake in Songcheon and largely adopts a passive stance on the operations of Songcheon. The Board is of the view that given its minority stake, it will not be able to effectively align the risk profile of Songcheon with the Company's risk profile and therefore the divestment will allow the Company to dispose a non-core asset. The proceeds from the Disposal will be used as working capital of the Company.

(d) Principal Terms Of The Disposal

The aggregate consideration for the Disposal was S\$1,000,000 and the consideration was fully satisfied by payment in cash. The consideration was arrived at on a willing buyer and willing seller basis, after taking into account the Company's net cost of investment in Songcheon as well as the book value and the net tangible asset value of Songcheon.

There were no material conditions attached to the Disposal.

(e) Financial Effects Of The Disposal

The financial effects of the Disposal on the Group set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Disposal. The financial effects of the Disposal set out below have been prepared based on the Group's unaudited first quarter financial statements for the period between 1 July 2015 and 30 September 2015 ("**1Q2016**") and the Group's audited financial statements for the financial year ended 30 June 2015 ("**FY2015**"), as the case may be.

(i) Asset Value and Net Profits

Based on the unaudited first quarter financial statements of the Group for 1Q2016 as updated pursuant to paragraph 1 of this announcement, the book value attributable to the Sale Shares is approximately S\$2,649,000 and the net profits attributable to the Sale Shares is approximately S\$81,000. Accordingly, assuming the Disposal had been effected on 30 September 2015, the deficit of the proceeds for the Disposal over the book value attributable to the Sale Shares will be approximately S\$1,649,000.

(ii) Net tangible assets ("NTA")

The effects of the Disposal on the audited NTA per share of the Group as at 30 June 2015, assuming the Disposal had been effected on 30 June 2015, are summarised below:

	Before the Disposal	After the Disposal
NTA (S\$'000) ⁽¹⁾	132,310	130,661
Number of shares ('000) ⁽²⁾	573,844	573,844
NTA per share (cents)	23.06	22.77

Notes:

- (1) NTA is computed based on total assets less total liabilities and intangible assets.
(2) The total number of issued shares excluding treasury share as at 30 June 2015

(iii) Earnings per share ("EPS")

The effects of the Disposal on the audited EPS of the Group for FY2015, assuming the Disposal had been effected at the beginning of FY2015, are summarised below:

	Before the Disposal	After the Disposal
Profit (Loss) attributable to equity holders of the Company (S\$'000)	11,436	9,787
Weighted average number of shares ('000)	573,985	573,985
EPS (cents)	1.99	1.71

(f) Relative Figures Under Rule 1006

The relative figures in relation to the Disposal computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), which are based on the Group's unaudited first quarter financial statements for 1Q2016 (as updated pursuant to paragraph 1 of this announcement), are as follows:

Rule 1006(a)	Net asset value of the Sale Shares compared with the Group's net asset value	2.0% ⁽¹⁾
Rule 1006(b)	Net profits attributable to the Sale Shares compared with the Group's net profits	12.8% ⁽²⁾
Rule 1006(c)	Consideration received for the Disposal compared with the Company's market capitalization	1.2% ⁽³⁾
Rule 1006(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

- (1) The relative figure is calculated based on the Group's updated net asset value of S\$129,566,000 as set out in paragraph 1 above.
- (2) The relative figure is calculated based on the Group's updated net profits before tax of S\$635,000 and the net profits attributable to the Sale Shares of S\$81,000 as set out in paragraph 1 above.
- (3) Using the weighted average market price on 11 November 2015, being the market day immediately preceding the date of the SPA, the Company's market capitalization calculated based on the total number of issued shares excluding treasury shares is approximately S\$ 81.5 million.

The Disposal constitutes a discloseable transaction as defined in Rule 1010 of the Listing Manual which does not require shareholder approval.

(g) Directors' Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Disposal and accordingly, no service contract is proposed to be entered into between the Company and any such person.

(h) Interests Of Directors And Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interests, direct or indirect, in the above transaction.

(i) Inspection of the SPA

A copy of the SPA is available for inspection at the registered office of the Company at 26 Gul Road Singapore 629346 during normal business hours for three (3) months from the date of this Announcement.

By Order of the Board

Tan Cheng Soon Don
Managing Director

12 November 2015