



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

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THE PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ORDINARY SHARES INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

The Board of directors (the "**Board**") of Sin Heng Heavy Machinery Limited (the "**Company**") wishes to announce that the Company is proposing to undertake a share consolidation (the "**Proposed Share Consolidation**") of every five (5) existing ordinary shares in the capital of the Company ("**Existing Shares**") as at a books closure date ("**Books Closure Date**") to be determined by the directors of the Company ("**Directors**"), into one (1) consolidated share ("**Consolidated Share**"), fractional entitlements to be disregarded and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

2. THE PROPOSED SHARE CONSOLIDATION

Under the Proposed Share Consolidation, every five (5) Existing Shares registered in the name of each shareholder of the Company ("**Shareholder**") as at the Books Closure Date will be consolidated to constitute one (1) Consolidated Share.

Shareholders should note that the number of Consolidated Shares which they will be entitled to, based on their holdings of Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation shall be disregarded and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

Shareholders should also note that in the event the Directors, in their absolute discretion, decide to cancel the aggregated fractions of Consolidated Shares arising from the Proposed Share Consolidation, affected Shareholders will not be paid for such fractional shares cancelled and not issued.

Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares.

The Proposed Share Consolidation will not involve any diminishing of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Company and its subsidiaries. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation.

As at the date of this announcement, the Company has a share capital of S\$41,846,000 divided into 574,445,000 Existing Shares. On the assumption that there will be no new shares issued by the Company up to the Books Closure Date, following the completion of the Proposed Share Consolidation, the Company will have a share capital of S\$41,846,000 divided into 114,889,000 Consolidated Shares.

3. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

A minimum trading price of S\$0.20 as a continuing listing requirement for Mainboard-listed issuers (the "**MTP Requirement**") was implemented as of 2 March 2015. A transition period of 12 months from the date of implementation will be given to affected issuers to undertake corporate actions to meet the MTP Requirement. Those who are unable to meet the MTP Requirement after the 12-month transition period will be placed on the watch-list ("**Watch-list**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Affected issuers on the Watch-list that are unable to comply with the MTP Requirement will be delisted after a further 36-month cure period which ends on 28 February 2019.

The Board intends to fully comply with the MTP Requirement as part of its continuing listing obligations, and has therefore proposed the Proposed Share Consolidation. Having regard to historical trading prices and possible fluctuations in trading prices, the Board believes that a sufficient buffer has been provided in arriving at the proposed share consolidation ratio of five (5) Existing Shares into one (1) Consolidated Share.

Shareholders should, however, note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

4. APPROVALS AND CONDITIONS

The Proposed Share Consolidation is subject to, *inter alia*:

- (a) the SGX-ST's approval for the listing and quotation of all the Consolidated Shares on the Mainboard of the SGX-ST; and
- (b) Shareholders' approval by way of an ordinary resolution at an extraordinary general meeting to be convened by the Company.

Pursuant to the Proposed Share Consolidation, an application will be made to the SGX-ST for the listing and quotation of the Consolidated Shares on the Mainboard of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

However, Shareholders should note that whilst the Board is seeking Shareholders' approval for the Proposed Share Consolidation, the Directors may decide not to proceed with the Proposed Share Consolidation if the Directors are of the view that, after taking into account all relevant factors, it is not beneficial to the Company to do so. In such a case, an announcement will be made by the Company to notify Shareholders of the reasons why the Directors have decided not to proceed with the Proposed Share Consolidation.

5. DESPATCH OF CIRCULAR

Subject to the receipt of the approval in-principle from the SGX-ST, a circular containing, *inter alia*, further information on the Proposed Share Consolidation will be despatched to Shareholders in due course.

Meanwhile, Shareholders are advised to exercise caution when dealing in the Company's shares. Shareholders should consult their stockbrokers, solicitors or other professional advisers if they have any doubts about the action they should take.

By Order of the Board

Tan Cheng Soon Don
Managing Director

18 August 2015