



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](http://www.sinheng.com.sg)

CO REG. NO: 198101305R

GST REG. NO: M2-0043237-1

---

**PROPOSED INVESTMENT OF 70% INTEREST IN FC HEAVY MACHINERY SDN. BHD.  
BY OUR WHOLLY-OWNED SUBSIDIARY IN MALAYSIA**

---

**1. INTRODUCTION**

The Board of Directors of Sin Heng Heavy Machinery Limited (the “**Company**”) wishes to announce that its wholly-owned subsidiary, SH Heavy Machinery Sdn. Bhd. (“**SHHMSB**”), has on today entered into a Joint Venture agreement (“**Agreement**”) with Mr Chen Fock Cheong (“**Mr Chen**”) through a newly established joint venture company known as FC Heavy Machinery Sdn. Bhd. (“**FCHMSB**”), to acquire the cranes, aerial lifts and selected assets of Fock Cheong Enterprise Sdn. Bhd. (“**FCE**”) and Sejaya Maju Enterprise Sdn. Bhd. (“**SME**”) and assume the businesses of FCE and SME subsisting as at the completion of the acquisition (the “**Proposed Investment**”).

SHHMSB will subscribe for 70% equity stake in FCHMSB and Mr. Chen, the owner of FCE and SME, will subscribe for the remaining 30% stake in FCHMSB. Upon completion of the Proposed Investment, FCHMSB will become a subsidiary of the Company.

**2. CONSIDERATION**

A total investment of RM6.875 million (approximately SGD2.865 million) was arrived at by taking into account the aggregate net asset value of the acquired assets of approximately RM9.822 million (approximately SGD4.09 million) as at 31 March 2011. The aggregate net asset value was derived based on total value of the assets acquired mutually agreed between the parties on a willing seller, willing buyer basis less the total outstanding finance lease liabilities.

The objective of the Proposed Investment is to expand the Company’s business in Malaysia by leveraging on the well-established network and operating track records of FCE and SME in the business of cranes and aerial lifts rental in Malaysia. The Proposed Investment will enhance our presence in Malaysia and allow us to provide a more holistic and integrated rental solution to our customers.

The Proposed Investment will be funded through the Company’s internal cash resources and is not expected to have any material impact on the earnings per share and the net tangible assets per share of the Company for the current financial year ending 30 June 2011.

**3. COMPLETION**

Completion of the Proposed Investment is subject to the fulfillment of all the conditions precedent (unless otherwise waived by mutual consent) and satisfactory completion of legal, financial, business and operational due diligence.

The Company will keep the shareholders informed of the progress of this matter and will make further appropriate announcements as and when required.

#### **4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Company's Directors or substantial shareholders of the Company has any interest, direct or indirect in the Proposed Investment.

By Order of the Board

Tan Cheng Guan  
Executive Director

1 June 2011

---

*DBS Bank Ltd. is the Joint Issue Manager, Underwriter and Placement Agent and Stirling Coleman Capital Limited is the Joint Issue Manager for the Company's listing on the SGX-ST.*