



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

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**CHANGES OF SHAREHOLDING IN SUBSIDIARIES**

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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. (“**SHSB**”) has entered into a sale and purchase agreement (the “**SPA**”) to purchase:

- (i) 150,000 ordinary shares (the “**Sale Shares**”), representing 30% of the total issued and paid-up shares capital of FC Heavy Machinery Sdn. Bhd. (“**FC**”) from Mr. Chen Fock Cheong (the “**Vendor**”), the legal and beneficial owner of the Sale Shares at the purchase price of RM714,074.00 (“**Sale Shares Purchase Price**”); and
- (ii) the debt of RM3,091,550.79 (“**Debt**”) owed by FC to the Vendor comprising of advances made by the Vendor to FC.

(collectively, the “**Proposed Transaction**”)

SHSB is the legal and beneficial owner of 350,000 ordinary shares of RM1.00 each representing 70% of the total issued and paid up shares capital of FC.

Pursuant to the SPA, SHSB shall obtain:-

- (i) approval of the board and shareholders (if applicable) of SHSB for the purchase of the Sale Shares and the Debt pursuant to the terms of the SPA;
- (ii) approval of the board and shareholders (if applicable) of SHSB:-
  - a) to increase the issued and paid up share capital of SHSB by way of an allotment of an additional 200,000 ordinary shares with a par value of RM1.00 each; and
  - b) to allot and issue of :-
    - (aa) 180,000 ordinary shares with a par value of RM1.00 each, representing 15% of the enlarged issued share capital of SHSB to the Vendor at the issue price of RM10.115 per share for a total consideration of RM1,820,700.00 (“**SHSB 15% Shares Value**”);
    - (bb) 20,000 ordinary shares with a par value of RM1.00 each to the Company at the issue price of RM10.115 per share for a total consideration of RM202,300.00.

The SHSB 15% Shares Value received by the Vendor at completion shall be dealt with and treated as follows:-

- (a) as payment to the Vendor of the Sale Shares Purchase Price in the full amount of RM714,074.00 out of the SHSB 15% Shares Value; and
- (b) as part payment of the Debt in the amount of RM1,106,626.00 being the balance of the SHSB 15% Shares Value.

The Sale Shares Purchase Price of RM714,074.00 is based on FC's net tangible asset value in its unaudited financial statements as at 31 December 2013.

Upon the completion of the Proposed Transaction:

- (a) SHSB's shareholding in the issued and paid up share capital of FC will be increased from 70% to 100%;
- (b) the Company's shareholding in the issued and paid up share capital of SHSB will be reduced from 100% to 85% and SHSB remains as a subsidiary of the Company; and
- (c) the Company's shareholding in the issued and paid up share capital of FC will be increased from 70% to 85% and FC remains as a subsidiary of the Company.

The Proposed Transaction is not expected to have any material impact on the consolidated earnings per share and the net tangible asset per share of the Company and its Group for the financial year ending 30 June 2014.

Save as for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company, SHSB and/or FC, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the above Proposed Transaction.

By Order of the Board

Tan Cheng Soon Don  
Managing Director

24 June 2014