SIN HENG
HEAVY MACHINERY LIMITED

STAYING STEADFAST | ANNUAL REPORT 2016

新興重型機械有限公司

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Sin Heng Heavy Machinery Limited

A Leading and Renowned
Regional Lifting Service Provider

COMPANY PROFILE

With a history tracing back to 1969, we have accumulated nearly five decades of experience and expertise in providing comprehensive lifting solutions to our customers in infrastructure and geotechnic, construction, offshore and marine as well as oil and gas industries. Many of the landmark projects in Singapore that we were involved include the Newton Flyover – one of the first dual carriage flyovers in Singapore, Benjamin Sheares Bridge, Pan-Island Expressway, Central Expressway, and more recently, Singapore Flyer, Resorts World at Sentosa, Marina Bay Sands Integrated Resort, Marina Bay Financial Centre, Marina Coastal Expressway, Jurong Rock Caverns, Jurong East MRT Modification Project, National University of Singapore Flyover, Exxonmobil SPT Project, Google Data Centre Project, Thomson-East Coast MRT Line and Changi Airport Terminal 5. Regionally, we are also involved in major projects such as Malaysia's Pengerang Integrated Petroleum Complex, Vietnam's Noi Bai International Airport and Son Duong Deepwater Seaport as well as Myanmar's Yangon International Airport expansion.

In recognition of our service excellence and achievements over the years, we were named Singapore's third most enterprising company in the prestigious Enterprise 50 Awards (2009). We also obtained the bizSAFE3 certification by the Workplace Safety and Health Council for our strict compliance with safety and efficiency standards at worksites. In February 2010, we achieved yet another milestone in our history with our successful initial public offering and listing on the Mainboard of the Singapore Exchange.

Today, as we continuously renew and expand our equipment fleet and pursue new and exciting business frontiers, we remain firmly committed to providing our customers with the best lifting solutions. We strongly believe that our commitment will lead us towards our vision of becoming the leading integrated lifting service provider in Asia.

OUR BUSINESS

Our core business activities are rental and trading of cranes, aerial lifts and other lifting equipment. In addition, we undertake the sales and distribution of related parts. To-date, we have built up a vast portfolio of customers across many countries.

OUR DISTRIBUTORSHIPS

Our dedication and reliability through the years have earned us the faith and confidence of our equipment principals. This is evidenced in us being awarded the much coveted regional distributorship rights. We have been awarded the dealership rights for the sales and distribution of cranes and parts for Kobelco, one of the world's top crane manufacturers. We are now one of the world's biggest customers of Kobelco cranes. We are also the distributor for Kato, one of the world's leading hydraulic crane manufacturers, to deal in cranes and parts. In addition, we have been granted the distributorships to deal in Mighty Crane (mini crawler cranes) and Arcomet (self-erecting cranes). More recently, we have also been awarded the distributorship of Manitowoc's Grove range of all-terrain cranes.

OUR PROFESSIONALISM

Our team of well-trained staff takes pride in providing prompt and effective lifting solutions that meet the exacting demands and requirements of our customers in the most professional approach. With our broad technical expertise and excellent after-sales services, we deliver operational, service and safety excellence to our customers.

OUR OVERSEAS PRESENCE

We have been actively seeking new geographic regions to expand our business reach and network. Since 2009, we have established footholds in Malaysia and Vietnam through the setting up of wholly-owned subsidiaries and joint ventures together with our trusted local partners. In addition, we have also widened our regional reach through establishing wholly-owned subsidiaries in Myanmar, Indonesia and Hong Kong. Our overseas operations are fully equipped with a comprehensive range of quality cranes and aerial lifts and are supported by our team of professionals.

"By staying focused to our core strengths and capabilities, we aim to provide optimised lifting solutions and high quality services to continue winning over customers."

MR TAN AH LYE
Executive Chairman
and Interim CEO

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

The financial year ended 30 June 2016 ("**FY2016**") was a year with challenges. Macro-economic headwinds, such as the slowdown in global and regional economies, the low oil and commodities prices, the volatile foreign currencies movements and the interest rate uncertainties, continue to persist in FY2016. These led to weaker customer demand, reduced business opportunities and intensified competition in our operating environment, which in turn, negatively impacted our financial performance for FY2016.

FINANCIAL RESULTS

Revenue for FY2016 decreased by 48.2% to S$92.1 million as revenue from both rental segment and trading segment were lower. Revenue from rental business decreased by 11.1% to S$41.4 million mainly due to the muted construction and infrastructural activities in the region, resulting in more competitive rental rates. Revenue from trading business decreased by 61.4% to S$50.7 million largely due to the moderation in customer demand for equipment purchases. The lower revenue led to the decline in the Group's gross profit by 58.6% to S$13.1 million. In response to the decline in profitability, the Group swiftly implemented cost containment measures which saw selling and administrative expenses decreased by 32.6% and 12.2% to S$1.6 million and S$14.5 million respectively. The Group also took steps to sharpen its business focus by divesting its minority stake in a non-core associate, Songcheon Engineering Pte. Ltd. As a result, a one-off accounting loss of S$1.6 million was recognised.

The Group recorded an overall loss after tax of S$4.0 million for FY2016.

FINANCIAL POSITION

Notwithstanding the loss, our financial position as at the end of FY2016 remained sound. Our cash and bank balances stood at S$33.4 million as at 30 June 2016, while total unsecured loans amounted to S$15.3 million. Through careful and prudent management of working capital and balance sheet, the Group recorded a net positive operating cashflow of S$12.5 million for FY2016.

NEW GROVE DISTRIBUTORSHIP

Throughout FY2016, the Group continued to work hard to expand our business. In December 2015, we were awarded the distributorship of Manitowoc's Grove range of all-terrain cranes for Indonesia. This new distributorship took effect from 1 January 2016. As part of the agreement, we will also provide after-sales service and parts for Grove cranes in Indonesia. Manitowoc's Grove brand is one of the most recognised and reliable names in the industry. This new partnership will further enhance Sin Heng's position as a leading crane distributor in the region.

RE-COMPOSITION OF BOARD AND RE-DESIGNATION OF SENIOR EXECUTIVES

Recently, the Board has also streamlined its composition and re-designated the roles of several senior executives. Firstly, Mr Hiroshi Takahashi and Mr Yoshihiro Kawahara have resigned as Executive Director and Non-Executive Director respectively in May 2016. On behalf of the Board, I would like to express our sincere appreciation to them for their invaluable contributions to the Group during their tenure. I would also like to warmly welcome Mr Atsushi Shimizu, who has joined the Board as a Non-Executive and Non-Independent Director from May 2016.

Next, with effect from 1 July 2016, I have taken on an executive role as Executive Chairman as well as assume the role of Interim CEO to take charge of the overall operations and financial performance of the Group until a replacement CEO is identified and appointed. With effect from the same date, Mr Don Tan had stepped down as Managing Director. He is currently appointed as Director of Operations, overseeing the Singapore crane rental division and several overseas subsidiaries of the Group. The Group COO, Mr William Teo, has also been re-designated as Senior Head, Business Development of the Group with effect from the same date. On behalf of the Board, I would like to thank Mr Don Tan and Mr William Teo for their dedicated contributions to the Group in their previous roles and we are looking forward to their continued contributions in their new appointments.

CHAIRMAN'S STATEMENT

OUTLOOK AND STRATEGY

With significant uncertainties still surrounding the global and regional economies, we expect the path ahead to remain bumpy for the foreseeable future. By staying focused to our core strengths and capabilities, we aim to provide optimised lifting solutions and high quality services to continue winning over customers. We will also strive to maintain a strong financial position through active and prudent management of our working capital and balance sheet which will put us a good stead to capitalise on opportunities that will arise as market conditions improve.

IN APPRECIATION

At this juncture, I would like to sincerely thank our Board members, management team and staff for their loyalty, commitment and dedication to the Group. To our principals, customers, business associates and shareholders, I would like to extend heartfelt gratitude for your unwavering support and belief in us, which is crucial to see us through the challenging times ahead.

Mr Tan Ah Lye
Executive Chairman
and Interim CEO

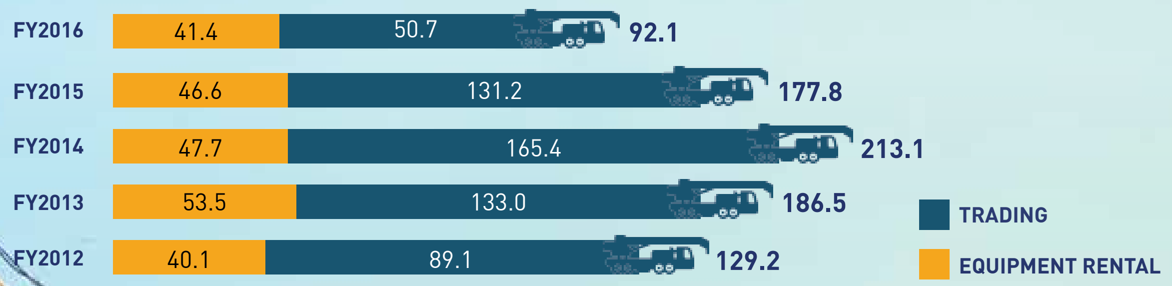
OUR GLOBAL NETWORK

FINANCIAL HIGHLIGHTS

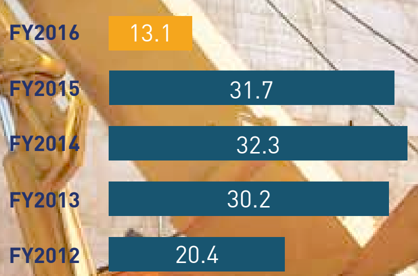
Equipment Rental Fleet

	FY2012	FY2013	FY2014	FY2015	FY2016
Aggregate crane lifting capacity (tons)	15,253	14,658	15,654	17,327	18,782
Average crane lifting capacity (tons)	96	100	108	116	107
Cranes (units)	159	147	145	150	176
Aerial Lifts (units)	198	267	304	279	281

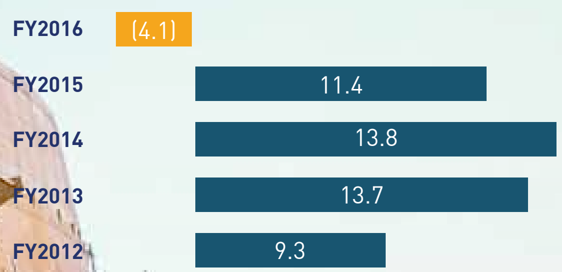
Revenue
(S$Million)



Gross Profit
(S$Million)



Profit (Loss) Attributable to Owners of the Company
(S$Million)



OPERATIONS REVIEW

FY2016 has been a challenging year as the global and regional economies continue to suffer in the aftermath of slower consumer demand, sharp fall in oil and commodities prices as well as volatilities and uncertainties surrounding foreign currencies movements and interest rates.

FINANCIAL RESULTS THROUGH CHALLENGING TIMES

The Group's revenue for FY2016 decreased by 48.2% to S$92.1 million as revenue from both rental segment and trading segment fell.

Revenue from equipment rental business decreased by 11.1% to S$41.4 million for FY2016. This was mainly attributable to the slowdown in construction and infrastructural activities in Singapore and regional countries such as Myanmar and Vietnam where we have rental operations. In addition, political uncertainties in some neighbouring countries also

caused unplanned delays and budget reduction by project owners. These led to increased competition amongst equipment rental companies and consequently putting a downward pressure on rental rates. To overcome this, we have constantly sought out rental opportunities in the region and redeployed our equipment fleet accordingly. We have also rationalised certain under-utilised equipment and try to keep our fleet well-utilised.

Revenue from trading business decreased by 61.4% to S$50.7 million for FY2016. The decline was mainly due to the overall reduction in demand for equipment purchases as many customers delay or put off big-ticket capital expenditures. This has caused the total quantity of equipment sold in FY2016 to decline as compared to previous years. Nevertheless, we continue to keenly pursue potential sales leads and deliver uncompromised solutions to cater to our customers' equipment needs.

The Group also swiftly implemented cost containment measures to alleviate the fall in profitability. These include managing staff costs through natural attrition, re-allocation of staff duties and remuneration freeze, as well as cutting operating expenditures. The measures delivered tangible results as selling and administrative expenses decreased by 32.6% and 12.2% to S$1.6 million and S$14.5 million respectively.

During FY2016, we also made a strategic decision, after having critically evaluated the growth opportunities, risk profiles and prevailing economic environment, to divest our minority stake in a non-core associate, Songcheon. Though the divestment resulted in the Group having to record a one-off accounting loss of S$1.6 million, it has enabled the Group to completely exit and monetise this passive investment.

As a result of the key factors detailed above, the Group registered a loss after tax of S$4.0 million for FY2016.

OPERATIONS REVIEW

RESILIENT BALANCE SHEET POSITION

The Group's financial position remained strong and resilient. As at 30 June 2016, the Group has net assets of S$122.8 million, of which cash and bank balances amounted to S$33.4 million vis-à-vis total unsecured loans of S$15.3 million. The Group also maintained a healthy positive working capital of S$27.0 million.

As at 30 June 2016, total current assets amounted to S$93.2 million or 41.9% of our total assets. Current assets comprised mainly cash and bank balances, trade receivables and inventories. Total current assets decreased by S$9.2 million as compared to 30 June 2015 mainly due to the decrease in trade receivables and lower cash and bank balances, offset by the increase in inventories.

Non-current assets amounted to S$129.2 million or 58.1% of our total assets as at 30 June 2016. Non-current assets comprised predominantly fixed assets. Total non-current assets increased by S$4.0 million mainly as compared to 30 June 2015 due to the renewal and expansion of our equipment rental fleet, offset by the divestment of our investment in Songcheon.

As at 30 June 2016, the Group's current liabilities amounted to S$66.2 million or 66.5% of our total liabilities. Current liabilities comprised mostly bills payable, trade payables, other payables as well as the current portion of finance leases and bank loans. Total current liabilities decreased by S$5.5 million as compared to 30 June 2015, mainly due to the repayment of bills payable, offset by increases in finance leases and bank loans.

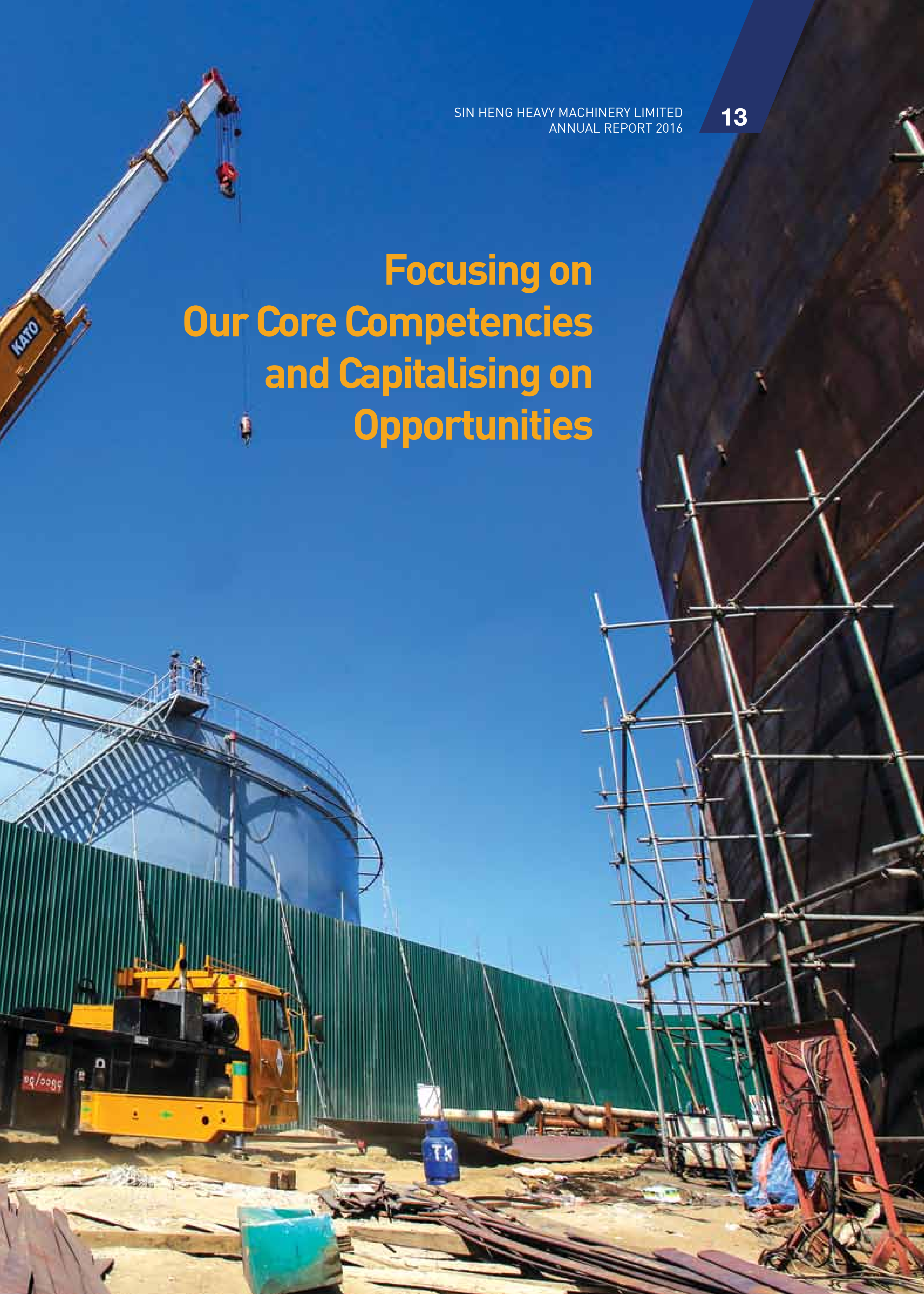
Non-current liabilities amounted to S$33.4 million or 33.5% of our total liabilities as at 30 June 2016. Non-current liabilities comprised non-current portion of finance leases and bank loans as well as deferred tax liabilities. Total non-current liabilities increased by S$9.7 million as compared to 30 June 2015, mainly due to the drawdown of finance leases and bank loans.

OPERATIONS REVIEW

MOVING AHEAD

In view of the poor economic sentiments in Singapore and surrounding regional markets, we expect the operating environment to stay difficult and challenging in the coming financial year. Notwithstanding that, we continue to hold steadfast to our belief that the Group remains strong and resilient. Through focusing on our core competencies and careful management of our balance sheet, we are cautiously confident that the Group will ride out the current down cycle and is well-poised to capitalise on opportunities as markets recover.

Focusing on Our Core Competencies and Capitalising on Opportunities



TRACK RECORD OF PROJECTS

1981 to 1989

- Changi Airport Flyover
- Central Expressway
- Benjamin Sheares Bridge
- Ayer Rajah Expressway
- Toa Payoh Flyover

1990 to 1999

- Pan-Island Expressway
- Reclamation of Jurong Island
- Cuppage Centre
- Hewlett Packard Factory
- Raffles Hospital
- SIA Complex
- Fusionpolis
- Changi Airport Terminal 2 Extension
- Petrochemical Corporation of Singapore's Petrochemical Complex

2000 to 2009

- Sentosa Light Rail System
- Braddell / Thomson / Lornie Road Interchange
- Changi Water Reclamation Plant
- Jurong Rock Caverns
- Marina Coastal Expressway
- Marina Bay Financial Centre
- Marina Bay Sands Integrated Resort
- Resorts World at Sentosa
- National University of Singapore Flyover
- Jurong East MRT Modification Project

2010 to present

- Neste Oil Project in Tuas
- MRT Downtown Lines
- Exxonmobil SPT Project
- Google Data Centre Project
- Evonik Me5 Project @ Jurong Island
- Low Cost Carrier Terminal (Malaysia)
- Kelana Jaya LRT Line Extension (Malaysia)
- Pengerang Oil Terminal (Malaysia)
- Sungai Buloh – Kajang MRT (Malaysia)
- Sampyung - Hoa Hiep Combined Cycle Power Plant (Vietnam)
- Nghi Son Power Plant (Vietnam)
- Thi Vai Terminal (Vietnam)
- Noi Bai International Airport (Vietnam)
- Thomson-East Coast MRT Line
- Sentosa Pedestrian Overhead Bridge
- Ng Teng Fong General Hospital
- Manjung 4 Power Plant (Malaysia)
- Tanjung Bin 4 Power Plant (Malaysia)
- Connaught Bridge Power Plant (Malaysia)
- Son Duong Deepwater Seaport (Vietnam)
- Formosa's Vietnam Steel Complex (Vietnam)
- Van Cong Bridge (Vietnam)
- Omon Power Plant Project (Vietnam)
- Yangon International Airport Expansion (Myanmar)
- Changi Airport Terminal 5


SIN HENG

BOARD OF DIRECTORS

MR TAN AH LYE

EXECUTIVE CHAIRMAN AND INTERIM CEO

Mr Tan Ah Lye, the founder of the Company, is one of the pioneers in the lifting industry in Singapore. He started as a sole proprietor in 1969 and has more than 40 years of experience in cranes, aerial lifts and construction-related equipment. Mr Tan is very familiar with the business and operational aspects of the Company and is also very well-versed with the technicality of the equipment. With his many years of valuable experience and knowledge, Mr Tan has also built up a vast network across many industries and close relationships with our major suppliers.

MR TAN CHENG GUAN

EXECUTIVE DIRECTOR

Mr Tan Cheng Guan joined the Company in 1993 and worked his way up to his current position as an Executive Director. Mr Tan is the head of our crane trading business, and has been instrumental in growing the scope and revenue of this business segment. He is responsible for developing new procurement channels, promoting sales, identifying new business opportunities and customers and managing relationships with existing customers. Mr Tan has more than 20 years of experience in the business of rental and trading of cranes and other equipment. He is also in charge of the management of our operations in Malaysia and Indonesia. Mr Tan is also in charge of our maintenance service team. He graduated from Singapore Polytechnic in 1990 with a Diploma in Mechanical Engineering.

MR TAN CHENG KWONG

EXECUTIVE DIRECTOR

Mr Tan Cheng Kwong joined the Company in 1995 and worked his way up to his current position as an Executive Director. Mr Tan is in charge of the management and operations of Sin Heng Aerial Lifts since 1999. Mr Tan has 20 years of experience in the business of rental and trading of equipment. Under his management, our aerial lift business has grown significantly and we are now one of the leading aerial lift companies in Singapore.

MR HIDEKI OKADA

EXECUTIVE DIRECTOR

Mr Hideki Okada was appointed as an Executive Director of the Company in May 2012. He joined the Toyota Tsusho Group in 1997. He was in charge of the sales of construction equipment and commercial trucks under ODA Projects for Asia & Middle-East Countries which include Afghanistan, Bhutan, Indonesia, Cambodia, China, Laos, Nepal, Thailand, Vietnam and Iraq. Through his experience with Japanese trading firms, he has a strong network with many manufacturers not only in Japan but also in America and Europe.

BOARD OF DIRECTORS

MR HIDEYUKI MORITA

NON-EXECUTIVE DIRECTOR

Mr Hideyuki Morita was appointed as a Non-Executive Director of the Company in July 2015. He is also appointed as a member of Audit and Risk Committee, Nominating Committee and Remuneration Committee at the same time. He joined former Tomen Corporation (later merged to Toyota Tsusho Corporation in 2006) in 1981. He has been constantly in charge of the Construction Machinery business from the beginning of his career till today.

He worked in Indonesia, Iran and Syria as a permanent representative. Also he worked as a President of Toyota Tsusho Philippines Corporation from 2010 to 2015. He is now a Senior Project General Manager of Construction Machinery & Project Department at the Tokyo Head Office. He graduated with Bachelor in Faculty of Economics from Keio University in 1981.

MR ATSUSHI SHIMIZU

NON-EXECUTIVE DIRECTOR

Mr Atsushi Shimizu was appointed as a Non-Executive Director of the Company in May 2016. He joined Toyota Tsusho Corporation in 1985 where he started his career with the Vehicle Export Department. From there, he progressed to the Corporate Department and was posted to U.S.A as the Treasurer of Toyota Tsusho America Inc. from 2004 to 2009. Subsequently, he was promoted to the General Manager of Finance of Toyota Tsusho Corporation from 2010 to 2015. He is presently the Executive Vice President of Toyota Tsusho Asia Pacific Pte. Ltd., overseeing all the corporate functions of Toyota Tsusho Corporation's subsidiaries in the Asia Pacific region. Mr Shimizu has accumulated significant experience in fields of accounting, human resource, investments, corporate planning, finance and investor relations.

MR YEO YUN SENG, BERNARD

INDEPENDENT DIRECTOR

Mr Yeo Yun Seng, Bernard has been our Independent Director since December 2009. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee and Nominating Committee. Mr Yeo runs a consultancy practice advising small and medium enterprises.

He has been in this business since 1997 and specializes in strategic advisory work, turning unprofitable businesses around, growing business units, grooming key executives including chief executive officers in preparation for listing, and overseas business expansion. Mr. Yeo is an independent director and chairman of the remuneration committee of RH Petrogas Limited.

Mr Yeo started his career in audit in 1973 with Turquands Ernst and Whinney. He was financial controller for France Scott Pte Ltd (a Sime Darby Group Company in Singapore) during 1977-1980, finance and personnel manager for Nemic-Lambda (S) Pte Ltd (a Japanese company) during 1980-1983, and finance and administration manager for Airpax Components Far East Pte Ltd (a US company) during 1983-1986. He joined Compaq Asia in 1986 and was its chief financial officer for Asia Pacific when he left in 1996.

MR TAN KEH YAN, PETER

INDEPENDENT DIRECTOR

Mr Tan Keh Yan, Peter has been our Independent Director since December 2009. He is the Chairman of the Nominating Committee and a member of the Audit and Risk Committee and Remuneration Committee. He joined DBS Bank in 1972. From 1998 to 2001, Mr Tan was the Executive Director of DBS Finance Ltd. He became the Bank's managing director of Enterprise Banking Department from 2001 to 2003. In early 2004, he joined Redwood Capital Pte Ltd, a wealth management and financial advisory firm and was its managing director until 2005 when he left.

Currently, he is an independent director of two other SGX-listed companies, namely Asia Enterprises Holding Ltd and Maxi-Cash Financial Services Corporation Ltd. Mr Tan graduated with a Bachelor of Science (Honors) from the University of Singapore in 1972 and a Master of Business Administration from the University of California, Los Angeles in 1985.

BOARD OF DIRECTORS

MR RENNY YEO AH KIANG

INDEPENDENT DIRECTOR

Mr Renny Yeo Ah Kiang has been our Independent Director since December 2009. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit and Risk Committee. He is also an independent non-executive director of Catalist-listed OEL (Holdings) Ltd.

He holds a Higher National Diploma (HND) in Electrical & Electronic Engineering from Southampton College of Technology UK and a Master in Management from Asia Institute of Management, Philippines. He has nearly 40 years of working experience in the field of shipbuilding/ship repairing, electrical engineering and cable industries. He is a full member of the Singapore Institute of Directors.

Mr Yeo formerly held seats on various government Boards and Committees including Board member of Building and Construction Authority, Board member of the Productivity & Standards Board, Director of PSB Corporation Pte Ltd, founding Board member of the Singapore Green Building Council, the President of the Singapore National Committee (SNC) of The International Electrotechnical Commission (IEC), Member of the Standard Council-SPRING, Chairman of Electrical & Electronic Product Standards Committee-SPRING, Emeritus President and President of Singapore Manufacturers' Federation, Member of the National Productivity Council (NPC). Prior to Mr Yeo's retirement in 2009, he was also the Executive Chairman and Director of Draka Cableteq Asia Pacific and its subsidiaries in Asia.

Mr Yeo is currently a SPRING Board member, the Chairman of The Singapore Accreditation Council-SAC (SPRING) and Advisor of Electrical & Electronic Product Standards Committee (SPRING). He is also a Director of Singapore Business Advisors & Consultants Council Ltd (SBACC), Member of the SBACC Governing Council and Member of the Board of Governors of Singapore Manufacturers' Federation.

Mr Yeo is also a Director of KPH Properties Holdings Sdn Bhd and its subsidiaries in Malaysia. He was conferred the Pingkat Bakti Masyarakat (Public Service Medal) by The President of the Republic of Singapore (2000) and awarded the SPRING Singapore distinguished Partner Award (2011), SISIR Standards Council Distinguished Award (1994).

MR SOH SAI KIANG

LEAD INDEPENDENT DIRECTOR

Mr Soh Sai Kiang joined us as our Independent Director with effect from 1 August 2012. He is a member of Audit and Risk Committee, Nominating Committee and Remuneration Committee. Mr Soh has been Head of Business Development and the Director of Capital Markets (Singapore) at UOB Kay Hian Pte Ltd since 2001, handling capital fund raising and debt financing. From 1999 to 2001, he was the Head of Internet Trading in Lum Chang Securities Pte. Ltd. (subsequently known as DBS Vickers Securities Pte. Ltd.), where he was responsible for managing the Internet trading business.

He is also co-founder and Non-Executive Chairman of Catalist-listed Artivision Technologies Ltd, and was appointed as its Director on 7 June 2007. Mr Soh graduated with a Bachelor of Arts (Merit) degree in Economics and Political Science from the National University of Singapore in 1993.

CORPORATE INFORMATION

BOARD OF DIRECTORS:

TAN AH LYE
Executive Chairman
and Interim CEO

TAN CHENG GUAN
Executive Director

TAN CHENG KWONG
Executive Director

HIDEKI OKADA
Executive Director

HIDEYUKI MORITA
Non-Executive Director

ATSUSHI SHIMIZU
Non-Executive Director

SOH SAI KIANG
Lead Independent Director

YEO YUN SENG, BERNARD
Independent Director

TAN KEH YAN, PETER
Independent Director

RENNY YEO AH KIANG
Independent Director

AUDIT & RISK COMMITTEE:

YEO YUN SENG, BERNARD
Chairman

TAN KEH YAN, PETER

RENNY YEO AH KIANG

HIDEYUKI MORITA

SOH SAI KIANG

NOMINATING COMMITTEE:

TAN KEH YAN, PETER
Chairman

YEO YUN SENG, BERNARD

RENNY YEO AH KIANG

HIDEYUKI MORITA

SOH SAI KIANG

REMUNERATION COMMITTEE:

RENNY YEO AH KIANG
Chairman

YEO YUN SENG, BERNARD

TAN KEH YAN, PETER

HIDEYUKI MORITA

SOH SAI KIANG

JOINT COMPANY SECRETARIES:

OO CHEONG KWAN KELVYN AND SHIRLEY TAN SEY LIY

REGISTERED OFFICE:

**26 GUL ROAD
SINGAPORE 629346**

SHARE REGISTRAR AND SHARE TRANSFER OFFICE:

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
50 Raffles Place #32-01
Singapore Land Tower, Singapore
048623

AUDITORS:

DELOITTE & TOUCHE LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809
Partner-in-charge: Ng Meng Chuan
(Appointed since FY2016)

CORPORATE GOVERNANCE REPORT

The Board of Directors ("**Board**") of Sin Heng Heavy Machinery Limited (the "**Company**") recognises the importance of and is committed to maintaining a high standard of corporate governance. The Company is guided in its corporate governance practices by the Code of Corporate Governance 2012 (the "**Code**") so as to protect shareholders' interests and enhance long-term shareholders' value and corporate transparency. This Corporate Governance Report outlines the Group's corporate governance processes and activities during the financial year ended 30 June 2016 ("**FY2016**") with specific reference to the Code.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board is responsible for the overall direction and management of the Company and its subsidiaries (the "**Group**"). The principle duties of the Board includes the following:

- Protection and enhancement of long-term shareholders' value
- Safe-guarding of shareholders' and other stakeholders' interests and the Company's assets through the enhancement of corporate performance and accountability
- Oversees and approves the formulation of the Group's overall long-term strategic objectives and directions, and sets its values and standards
- Responsible for the Group's overall performance objectives, financial plans and annual budget; major investments, divestments and funding proposals
- Financial performance reviews, risk management, and corporate governance practices
- Ensuring the Group's compliance with all laws and regulations relevant to the Group's business

The Board also considers sustainability issues, such as environmental and social factors, as part of its strategic formulation of the Group's objectives and directions. In addition to the foregoing, the Board also approves the policies and guidelines for the Board, our Management's remuneration and the appointment of Directors.

The Board has adopted a set of internal controls and guidelines for our Management to operate within. These internal controls and guidelines set authorisation and approval limits for operating matters. Apart from matters that specifically require the Board's approval, such as investments, acquisitions, disposals, borrowings, issue of shares, dividend distributions and other returns to shareholders, the Board approves operational matters where the value of a transaction exceeds these limits. To assist in the execution of its responsibilities, the Board is supported by three committees, namely the Audit and Risk Committee ("**ARC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively "**Board Committees**"):

CORPORATE GOVERNANCE REPORT

Each committee functions within clearly defined terms of reference and operating procedures. The effectiveness of each committee is also constantly reviewed by the Board.

In line with the recent changes of the Companies Act, all references to the Memorandum and Articles of Association and Articles will be superseded with Constitution and Regulation.

The Board will conduct regular scheduled meetings on a quarterly basis. Ad-hoc meetings can also be convened when circumstances require. If necessary, Board meetings may be conducted by way of telephone or video conferencing as permitted under Regulation 116 of the Company's Constitution which permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

Formal Board meetings are held at least four times a year to approve the quarterly and full year results announcements and to oversee the business affairs of the Group. The schedule of all the Board Committees meetings for the calendar year is usually given to all the Directors well in advance. The Board is free to seek clarification and information from Management on all matters within their purview. Ad-hoc meetings are convened at such other times as may be necessary to address any specific significant matters that may arise. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions.

The following table sets out the attendance of each Director at the Board and Board Committees meetings held during the financial year ended 30 June 2016 ("**FY2016**"):

Name of Director	Board	ARC	NC	RC
	Number of Meetings held: 4	Number of Meetings held: 4	Number of Meetings held: 3	Number of Meetings held: 4
	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Tan Ah Lye	4	–	1*	1*
Tan Cheng Soon Don [1]	4	3*	1*	–
Tan Cheng Guan	4	–	–	–
Tan Cheng Kwong	4	–	–	–
Hiroshi Takahashi [2]	4	3*	1*	1*
Hideki Okada	4	–	–	–
Yasuhiro Kakihara [3]	–	–	–	–
Yoshihiro Kawahara [4]	3	2*	1*	2*
Yeo Yun Seng, Bernard	4	4	3	4
Tan Keh Yan, Peter	4	4	3	4
Renny Yeo Ah Kiang	4	4	3	4
Soh Sai Kiang	4	4	3	4
Hideyuki Morita [5]	4	4	3	4
Atsushi Shimizu [6]	–	–	–	–

CORPORATE GOVERNANCE REPORT

Notes:

* By invitation
(1) Resigned on 1 July 2016
(2) Resigned on 28 May 2016
(3) Resigned on 31 July 2015
(4) Resigned on 31 May 2016
(5) Appointed on 31 July 2015
(6) Appointed on 31 May 2016

The Group had adopted a set of internal guidelines setting forth financial authorisation and approval limits for investments, acquisitions and disposals. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board.

Appropriate briefing and orientation will be arranged for newly appointed Directors to familiarise them with the Group's business operations, strategic directions, Directors' duties and responsibilities and the corporate governance practices. They will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's business.

The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the SGX-ST Listing Rules that affect the Company and/or the Directors in discharging their duties.

Newly appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board meetings.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Presently, the Board comprises four Executive Directors, two Non-Executive Directors and four Independent Directors:-

Name of Director	Board	ARC	NC	RC
Tan Ah Lye	Executive Chairman and Interim Chief Executive Officer ("CEO")	–	–	–
Tan Cheng Guan	Executive Director	–	–	–
Tan Cheng Kwong	Executive Director	–	–	–
Hideki Okada	Executive Director	–	–	–
Hideyuki Morita	Non-Executive Director	Member	Member	Member
Atsushi Shimizu	Non-Executive Director	–	–	–
Yeo Yun Seng, Bernard	Independent Director	Chairman	Member	Member
Tan Keh Yan, Peter	Independent Director	Member	Chairman	Member
Renny Yeo Ah Kiang	Independent Director	Member	Member	Chairman
Soh Sai Kiang	Lead Independent Director	Member	Member	Member

The NC considers an "independent" Director as one who has no relationship with the Company, its related corporations or its officers that could interfere or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company.

The NC has reviewed the independence of each Independent Director and is of the view that these Directors are independent.

The Independent Directors participate actively during Board meetings. The Company has benefited from Management's access to its Directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees. The Independent Directors communicate amongst themselves and with the Company's auditors and Senior Management. When necessary, the Company coordinates informal meetings for Independent Directors to meet without the presence of the Executive Directors and/or Management.

There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

CORPORATE GOVERNANCE REPORT

The NC has reviewed the size and composition of the Board. The NC is satisfied that after taking into account the scope and nature of operations of the Group in the year under review, the current Board size is appropriate and effective. It is not necessary to have Independent Directors make up at least half of the Board at present. Nonetheless, the Company is constantly on the lookout for suitable candidates to join the Board as Independent Directors as part of its review process.

The Board comprises Directors who as a whole, have core competencies and diversity of experience to enable them to lead and control the Group effectively. Such competencies and experiences include industry knowledge, strategic planning, business and general management and finance.

Independent Directors exercise no Management functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined and take into account the long-term interests of not only the shareholders, but also of the employees, customers, suppliers and the communities in which the Group conducts its business and reviewing the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The NC considers its Independent Directors to be of sufficient calibre and size and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

The Company co-ordinates informal meeting sessions for Independent Directors to meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Mr. Tan Ah Lye, who is the Executive Chairman and Interim CEO of the Company is in charge of the overall operations and finance performance of the Company.

The responsibilities of the Executive Chairman include:

- Achieving the Group's vision, overarching strategy and promoting the highest standards of corporate governance.
- Leads the Board to ensure its effectiveness on all aspects of its role and set its agenda.
- Ensures the Directors receive accurate, timely and clear information and effective communication with shareholders.
- Encourages constructive relations between the Board and Management and facilitates the effective contribution of non-Executive Directors.
- implementation and management of the Company's business.

The Company Secretaries may be called to assist the Executive Chairman in any of the above.

CORPORATE GOVERNANCE REPORT

The Board had appointed Mr. Soh Sai Kiang as the Lead Independent Director to co-ordinate and to lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the main liaison on Board issues between the Independent Directors and Executive Chairman. He is available to shareholders where they have concerns which contact through the normal channels of the Executive Chairman or Financial Controller has failed to resolve or is inappropriate.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors, where necessary, and the Lead Independent Director will provide feedback to the Executive Chairman after such meetings.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC consists of four (4) Independent Directors and a Non-Executive Director as follow:

Mr. Tan Keh Yan, Peter (Chairman)
Mr. Renny Yeo Ah Kiang
Mr. Yeo Yun Seng, Bernard
Mr. Soh Sai Kiang
Mr. Hideyuki Morita

The NC is guided by its written terms of reference which clearly sets out its authority and duties. The NC is responsible for, *inter-alia:*

(i) reviewing and making recommendations to the Board on all candidates nominated (whether by the Board, shareholders or otherwise) for appointment to the Board and on re-nomination of our Directors, taking into account the composition and progressive renewal of the Board and each Director's competencies, commitment, prior contribution and performance;

(ii) making recommendations to the Board on matters relating to the review of Board succession plans for directors, the development of a process for evaluating the performance of the Board, Board Committees and Directors and on the review of training programmes for the Board;

(iii) determining annually and as and when circumstances require whether or not a Director is independent;

(iv) deciding whether or not a Director with multiple board representation is able to and has been adequately carrying out his duties as a Director;

(v) assessing the performance of the Board, Board Committees and contribution of each Director to the effectiveness of the Board; and

(vi) reviewing and approving any new employment of related persons and the proposed terms of their employment.

CORPORATE GOVERNANCE REPORT

The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities.

The NC may engage consultants to undertake research on, or assess, candidates applying for new positions on the Board, or to engage such other independent experts, as it considers necessary to carry out its duties and responsibilities. Recommendations for new Directors are put to the Board for its consideration.

New Directors are appointed by way of a Board resolution following which they are subject to re-election at the next AGM.

The Company's Constitution requires one-third of the Board (except for the Managing Director) to retire by rotation at every AGM. Directors who retire are eligible to offer themselves for re-election. Pursuant to Regulation 96 of the Company's Constitution, Directors of the Company who were newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM.

Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director.

For the financial year under review, the NC is of the view that the Independent Directors of the Company are independent (as defined in the Code) and are able to exercise judgment on the corporate affairs of the Group independent of the Management.

The NC has recommended to the Board that Mr. Tan Cheng Guan, Mr. Renny Yeo Ah Kiang, Mr. Tan Keh Yan, Peter and Mr. Atsushi Shimizu, be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendations.

Mr. Tan Ah Lye who is over the age of 70 was re-appointed as Director to hold office from the date of the last AGM held on 28 October 2015 until the forthcoming AGM pursuant to Section 153(6) of the Companies Act, Chapter 50. The Section 153(6) of the Companies Act, Chapter 50 was repealed when the Companies (Amendment) Act 2014 came into effect on 3 January 2016. As his appointment will lapse at the forthcoming AGM, Mr. Tan Ah Lye will have to be re-appointed to continue in office. Upon his re-appointment at the conclusion of the forthcoming AGM, going forward, Mr. Tan Ah Lye's re-appointment will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act, Chapter 50 as repealed. Mr. Tan Ah Lye will then be subject to retirement by rotation under the Company's Constitution. Mr. Tan Ah Lye will submit himself for re-appointment at the forthcoming AGM.

Mr. Renny Yeo Ah Kiang, being a member of the NC who is retiring at the AGM, abstained from voting on the resolution in respect of his re-nomination as a Director. Mr. Tan Keh Yan, Peter, being the Chairman of the NC, had abstained from voting on the resolution in respect of his re-appointment as a Director.

CORPORATE GOVERNANCE REPORT

Although some of the Board members have multiple board representations, the NC, after discussion with the said Directors, is satisfied that sufficient time and attention has been given by the Directors to the Group. The NC and the Board have determined that the maximum number of board representations by each board member is not more than five (5) listed companies. The NC will continue to review from time to time the board representations of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

There is no alternate director being appointed to the Board.

The key information regarding the Directors such as directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments are set out in page 43 of the Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

All Directors review and evaluate the performance and assess the effectiveness of the Board and Board Committees as a whole and the results of each assessment are considered by the NC, which has the responsibility of assisting the Board in the evaluation of the Board's and Board Committees' effectiveness. Factors such as the (1) structure and size of the Board and Board Committees, (2) the manner in which the Board and Board Committees meetings are conducted, (3) Board and Board committees accountability, (4) process to review and approve the corporate strategy and planning, (5) the Board's access to information, and (6) access to the Key Management to ensure the establishment of a risk management system and internal control are applied to evaluate the Board's, Board Committees' and each Director's performance. Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution in respect of the assessment of his own performance or re-nomination as a Director. The NC held three (3) meeting during FY2016.

The Company also has in place a formal process for assessment of the contribution by each Director to the effectiveness of the Board. The NC assesses each Director's performance and evaluates the Board's and Board Committees' performance as a whole annually using objective and appropriate quantitative and qualitative criteria, such as those factors above, which were recommended by the NC. In reviewing the overall Board performance, the NC also took into consideration the Board's ability to monitor Management's achievement of the strategic directions/objectives set and approved by the Board.

Assessment parameters for Directors' performance include their level of participation at Board and Board committee meetings and the quality of their contribution to Board processes and the business strategies and performance of the Group. The NC's evaluation of the individual Directors for FY2016 was facilitated this year with feedback from the NC members on areas relating to the Board's competencies and effectiveness. The results of the evaluation process were used by the NC, in its consultation with the Executive Chairman to effect continuing improvements on Board processes.

The NC has recommended the adoption of the formal annual evaluation form for the Board Committees to further enhance the effectiveness of the Board Committees. The Board has accepted the NC's recommendation and the formal annual evaluation form for the Board Committees would be adopted with effect from the financial year ending 30 June 2017.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board to fulfill its responsibility, the Management strives to provide Board members with adequate and timely information for Board and Board Committees meetings on an on-going basis. The Board and Board Committees papers are prepared for each meeting and are disseminated to the members before the meetings. The Board and Board Committees papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees meetings. Directors are given separate and independent access to the Group's Management and Company Secretaries to address any enquiries.

The Company Secretaries or their representative administer, attend and prepare minutes of Board and Board Committees meetings, and assist the Chairman of the Board and/or the Board Committees in ensuring that proper procedures at such meetings are followed and reviewed so that the Board and the Board Committees function effectively. Directors may seek professional advice in furtherance of their duties and the costs will be borne by the Company. The appointment and removal of the Company Secretaries is subject to the approval of the Board.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC consists of four (4) Independent Directors and a Non-Executive Director as follow:

Mr. Renny Yeo Ah Kiang (Chairman)
Mr. Yeo Yun Seng, Bernard
Mr. Tan Keh Yan, Peter
Mr. Soh Sai Kiang
Mr. Hideyuki Morita

The RC is guided by its written terms of reference which clearly set out its authority and duties. The RC is responsible for, *inter-alia:*

(i) recommending to the Board a framework of remuneration for our Directors, Managing Director, Financial Controller and other Executive Officers whom the RC may decide from time to time;

CORPORATE GOVERNANCE REPORT

(ii) determining specific remuneration packages for each of them. Recommendations of the RC are submitted for endorsement by the entire Board. All aspects of remuneration including, but not limited to, directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the RC. Each member of the RC is required to abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the RC with respect to his remuneration package. If a member of the RC has an interest in a matter being deliberated by the RC, he is required to abstain from participating in the review and the approval process of the RC in relation to that matter; and

(iii) To review and submit its recommendations for endorsement by the Board, any long term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith.

No Director will be involved in determining his own remuneration.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company.

In reviewing the service agreements of the Executive Directors and key executives of the Company, the RC will review the Company's obligations arising in the event of termination of these service agreements, to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the RC takes into account the respective performance of our Group and of each individual. In its deliberation, the RC takes into consideration remuneration packages, employment conditions within the industry and benchmarks against comparable companies and the report conducted by the external consulting firm, Hay Group, in FY2014.

The RC reviews the services contracts between an Executive Director and the Company to ensure it is comparable to industry standards before giving its recommendations to the Board.

The RC recognises that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company and should attract, retain and motivate the Directors to provide good stewardship of the Company and to ensure the Key Management successfully manages the Company. The Company links the remuneration paid to the Executive Directors and Key Management to the Company's and each individual performances, based on an annual appraisal and using indicators such as core values, competencies, key result areas, performance rating and potential of the employees.

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Directors' fees will be paid or payable to the Independent Directors and Non-Executive Directors in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors and Non-Executive Directors shall not be over-compensated to the extent that their independence may be compromised. The Directors' fees are endorsed by the RC and recommended by the Board for shareholders' approval at the AGM of the Company.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Each of our Executive Directors has a service contract that covers a period of three years. All our Directors, except for Executive Directors, receive directors' fees for their responsibilities and contributions to the Board. The fees are subject to shareholders' approval at the AGM.

There is no employee of our Group who is an immediate family member of a Director or Substantial Shareholder whose remuneration exceeds S$50,000 for FY2016.

Having considered several factors, the Board is of the opinion that given the confidentiality of and commercial sensitivity attached to the remuneration matters and to be in line with the interest of the Company, the remuneration of each Director and Key Management will be disclosed in band-wide manner.

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The following table shows a breakdown of the remuneration of our Executive Directors, Non-Executive Directors and Key Management in percentage terms for FY2016:

	Salary (%)	Bonus & profit sharing (%)	Shares Awarded (%)	Other Benefits (%)	Fees (%)	Total (%)
Executive Directors:						
S$750,001 to S$1,000,000						
Tan Cheng Soon Don [a]	85	7	–	8	–	100
S$500,001 to S$750,000						
Tan Cheng Guan	84	7	–	9	–	100
Tan Cheng Kwong (Chen Qingguang)	85	7	–	8	–	100
Below S$250,00						
Hiroshi Takahashi [b] [g]	82	7	–	11	–	100
Hideki Okada	81	7	–	12	–	100
Non Executive Directors:						
Below S$250,000						
Tan Ah Lye	–	–	–	13	87	100
Yasuhiro Kakihara [c] [g]	–	–	–	–	–	–
Yeo Yun Seng, Bernard	–	–	–	–	100	100
Tan Keh Yan, Peter	–	–	–	–	100	100
Renny Yeo Ah Kiang	–	–	–	–	100	100
Soh Sai Kiang	–	–	–	–	100	100
Yoshihiro Kawahara [d] [g]	–	–	–	–	100	100
Hideyuki Morita [e]	–	–	–	–	100	100
Atsushi Shimizu [f]	–	–	–	–	100	100
Key Management:						
S$250,001 to S$500,000						
Chen Fook Cheong	84	9	–	7	–	100
Teo Thiam Chuan William	86	7	–	7	–	100
Below S$250,000						
Yang Yung Kang	83	7	–	10	–	100
Goh Chin Wah	80	12	–	8	–	100
Tan Roh Tang	72	15	–	13	–	100

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(a) Mr. Tan Cheng Soon Don resigned as Executive Director and Managing Director with effect from 1 July 2016.
(b) Mr. Hiroshi Takahashi resigned as Executive Director with effect from 28 May 2016.
(c) Mr. Yasuhiro Kakihara resigned as Non-Executive Director with effect from 31 July 2015.
(d) Mr. Yoshihiro Kawahara resigned as Non-Executive Director with effect from 31 May 2016.
(e) Mr. Hideyuki Morita has been appointed as Non-Executive Director with effect from 31 July 2015.
(f) Mr. Atsushi Shimizu has been appointed as Non-Executive Director with effect from 31 May 2016
(g) Save for the payment to be made to Mr. Yasuhiro Kakihara and Mr. Yoshihiro Kawahara, there are no termination, retirement and post-employment benefits that were granted to Mr. Yasuhiro Mr. Kakihara and Mr. Yoshihiro Kawahara.

The annual aggregate amount of the total remuneration paid/payable to the Directors and Key Management (who are not Directors or the CEO) amounted to S$2,919,000 and S$1,231,000 respectively.

For FY2016, there were no terminations, retirement or post-employment benefits granted to Directors and relevant key management personnel other than the standard contractual notice period and termination payment in lieu of service.

Share Award Scheme

The Company has in place an employee share option scheme which allows certain of its confirmed employees, Non-Executive Director (including Independent Directors), controlling shareholders or their associate and Executive Director ("**Participants**") to participate in the Company's growth. It was introduced in order to motivate each Participant to optimize his performance standard, efficiency, maintain a high level of contribution to our Company and to retain key employees and directors to instill their loyalty and a stronger identification by the participants with the long-term prosperity of our Company. Up until 30 June 2016, our Company has not issued any options to the Participants.

(C) ACCOUNTABILITY AND AUDIT Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Accountability to our shareholders is demonstrated through the presentation of our annual financial statements, quarterly results announcements and announcements released via the SGXNet.

The Management provides the Board with management accounts of the Company's performance, position and prospects on a quarterly basis and when deemed appropriate by particular circumstances.

In line with the SGX-ST Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Interim CEO and the Financial Controller have provided assurance to the Board on the integrity of the Group's financial statements.

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The Management maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of quarterly and full year financial statements of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that the management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

As part of the ongoing risk management process, the Risk Management Working Team will conduct a risk assessment and evaluation periodically, when deemed appropriate, and provide for significant risks to be managed through regular reviews by the Management, Board and Board committees, adoption of adequate and cost-effective system of internal controls. The ARC reviews the Group's risk management process established by the Management to ensure that there are adequate internal controls in place to manage the significant risks identified.

The Board is responsible for the governance of risk and overall internal control framework and is fully aware of the value of a sound system of risk management and internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

As at the date of this Annual Report, the ARC has met with the Key Management, internal and external auditors to review the internal and external auditors' audit plans and the adequacy of risk management mechanisms implemented within the Group. As part the annual statutory audit on financial statements, the internal and external auditors also report to the ARC and the appropriate level of Management on any material weaknesses in financial internal controls over the areas which are significant to the audit.

For the year under review, the Directors have received assurance from the Interim CEO and Financial Controller that:

a. The financial records have been properly maintained and the financial statements for FY2016 give a true and fair view in all material respects, of the Company's operations and finances; and

b. The Group's internal control and risk management systems are operating effectively in all material respects given its current business environment.

Based on the reports from the internal and external auditors and concurrence of the ARC, the Board is of the opinion that there were adequate and effective internal controls to address the financial, operational, compliance and information technology controls and risk management systems as at 30 June 2016 for the nature and size of the Group's assets and ensure the integrity of the financial statements. The Management continues to focus on improving the standard of internal control, corporate governance and the mitigation of high risk areas.

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The system of internal controls established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business activities. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Associates and joint ventures which the Company does not control are not dealt with for the purpose of this statement.

Audit and Risk Committee

Principle 12: The Board should establish an Audit and Risk Committee with written terms of reference which clearly set out its authority and duties.

The ARC consists of our four (4) Independent Directors and a Non-Executive Director as follow:

Mr. Yeo Yun Seng, Bernard, (Chairman)
Mr. Tan Keh Yan, Peter
Mr. Soh Sai Kiang
Mr. Renny Yeo Ah Kiang
Mr. Hideyuki Morita

The Company has adopted and has complied with the principles of corporate governance under the Code in relation to the roles and responsibilities of the ARC.

In line with the SGX-ST Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Interim CEO and the Financial Controller have provided assurance to the Board on the integrity of the Group's financial statements.

In accordance with the terms of reference adopted by the Audit and Risk Committee, the duties and powers of the ARC include, *inter alia*:

(i) assisting the Board in the discharge of its responsibilities on financial and accounting matters;

(ii) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(iii) reviewing with the external auditors on the audit plans, including the nature and scope of the audit before the audit commences, audit report, Management letter and Management's response and evaluate the system of internal controls;

(iv) reviewing the quarterly, half-year and annual financial statements before submission to the Board for approval;

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(v) discussing problems and concerns, if any, rising from the quarterly, interim and final audits, in consultation with the external auditors and internal auditors where necessary;

(vi) to meet with internal auditors and external auditors without the presence of the Management, at least annually, to discuss any problems and concerns they may have;

(vii) reviewing the effectiveness of the Company's internal audit function;

(viii) reviewing assistance given by Management to the internal auditors and external auditors;

(ix) reviewing annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the external auditors;

(x) reviewing the guidelines and procedures of interested person transactions falling within the scope of the SGX-ST Listing Manual;

(xi) oversee of risk management; and

(xii) nominating external auditors for re-appointment.

Apart from the duties listed above, the ARC is given the task of commissioning investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position, and to review its findings.

The ARC has full access to and has the co-operation of the Management, and has been given the resources required for it to discharge its function properly. It has full discretion to invite any Director or Executive Officer to attend its meetings.

In July 2010, SGX-ST and ACRA launched the "Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors" which aims to facilitate the ARC in evaluating the external auditors. Accordingly, the ARC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the said Guidance.

The ARC recommends to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors and approves the remuneration of the external auditors. The ARC has recommended to the Board that Deloitte & Touche LLP be nominated for the re-appointment as external auditors of the Company at the forthcoming AGM.

In appointing the audit firms for the Group, the ARC and the Board are satisfied that the appointment of different auditing firms for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company. The Group has complied with Rules 716 of the SGX-ST Listing Manual in relation to the engagement of its auditors.

The ARC will meet with the external auditors and internal auditors without the presence of the Management, as and when necessary, to review the adequacy of audit arrangement, with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the external auditors and internal auditors.

CORPORATE GOVERNANCE REPORT

Annually, the ARC meets with the external auditors without the presence of the Management and conducts a review of all non-audit services provided by the auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. Fees paid or payable by the Group to the external auditors (and member firms) of the Company for audit services and non-audit services for FY2016 amounted to S$135,100 and S$21,400 respectively. The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the engagement of its auditors.

The ARC is kept updated annually or from time to time on any changes to the accounting and financial reporting standards by the external auditors. No former partner or director of the Company's existing auditing firm has acted as a member of the ARC.

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

(i) independent investigations are carried out in an appropriate and timely manner;

(ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

(iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith and without malice.

As of to-date, there were no reports received through the whistle blowing mechanism.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The ARC is responsible for (1) establishing an independent internal audit function, (2) reviewing the internal audit program and ensuring coordination between internal auditors, external auditors and our Management, and (3) ensuring that the internal auditor meets or exceeds the standards set by nationally or internationally recognised professional bodies.

The Group outsources its internal audit functions to professional accounting firm to carry out the internal audit function ("**Internal Auditor**"). In accordance with the annual internal audit plan approved by the ARC, the Internal Auditor conducts internal audit reviews of the Group to assist the Board and the ARC to assess the effectiveness of key internal controls covering financial, operational and compliance on an on-going basis. Procedures are in place for the Internal Auditor to report independently their findings and recommendations to the ARC for review. Management will update the ARC on the implementation status of the remedial action plans.

CORPORATE GOVERNANCE REPORT

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while the Management is responsible for establishing and implementing the internal controls procedures in a timely and appropriate manner.

The role of the Internal Auditor is to assist the ARC in assessing if the controls are adequate, effective and functioning as intended, to undertake investigations as directed by the ARC and to conduct regular risk-based audits covering higher risk areas. The ARC is satisfied that the Internal Auditor has adequate resources to perform its function effectively.

The ARC would annually review the adequacy and effectiveness of the internal audit function of the Group. The ARC is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience.

(D) SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the SGX-ST Listing Manual and the Companies Act, Chapter 50, the Board's policy is that all shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Shareholders are informed of general meetings through the announcement released to the SGXNet and notices contained in the Annual Report or circulars sent to all shareholders. These notices are also advertised in a national newspaper. All shareholders are entitled to attend the general meetings and are provided the opportunity to participate in the general meetings. If any shareholder is unable to attend, he/ she is allowed to appoint up to two proxies to vote on his/ her behalf at the general meeting through proxy forms sent in advance. The Company's Constitution does not include the nominee or custodial services to appoint more than two proxies.

On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "**Relevant Intermediary**" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant Intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is mainly made through:-

CORPORATE GOVERNANCE REPORT

- Annual Report that are prepared and sent to all shareholders. The Board ensures that the Annual Report includes all relevant material information about the Company and the Group, and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;

- Quarterly announcements containing a summary of the financial information and affairs of the Group for that period; and

- The Company's website at www.sinheng.com.sg, where shareholders can access information and the corporate profile of the Group.

The Company does not practice selective disclosure. Price sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. All shareholders of the Company will receive the Annual Report with an accompanying notice of AGM by post. The notice of AGM is also published in the newspaper within the mandatory period, the AGM of which is to be held within four months after the close of the financial year.

The Group does not have a formal dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. For FY2016, the Board does not recommend any payment of dividends as the Company requires the existing cash to fund its operating activities.

CONDUCT OF SHAREHOLDER MEETING

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The shareholders are encouraged to attend the Company's general meetings. Notice of the general meeting is dispatched to shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting.

Each item of special business included in the notice of the general meetings will be accompanied by explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings.

The Chairman of the ARC, NC and RC are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. Furthermore, the external auditors are present to assist the Board in addressing any relevant queries raised by the shareholders.

The Company acknowledges that voting by poll in all its general meetings is integral in the enhancement of corporate governance. The Company adheres to the requirements of the Listing Manual of the SGX-ST and the Code, all resolutions at the Company's general meetings are put to vote by poll. The detailed results of each resolution are announced via SGXNet after the general meetings.

CORPORATE GOVERNANCE REPORT

(E) DEALINGS IN COMPANY'S SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, the Company had adopted a Code of Best Practices to provide guidance to its officers on securities transactions by the Company and its officers.

The Company and its officers are not allowed to deal in the Company's shares during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year, and one month before the announcement of the Company's full year financial results, and ending on the date of the announcement of the relevant results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price sensitive information and they are not to deal in the Company's securities on short-term considerations.

(F) INTERESTED PERSON TRANSACTIONS

The Company has established a procedure for review and approval of the Company's interested person transactions ("**IPTs**") to ensure that they were conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

There were no IPTs between the Group and any of its interested persons (namely, Directors, Executive Officers or controlling shareholders of the Group or the associates of such Directors, Executive Officers or controlling shareholders) subsisting for FY2016, save for the following:

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Toyota Tsusho Corporation	Nil	S$72,200

(G) RISK MANAGEMENT

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights significant matters to the ARC and the Board. The significant risk management policies are disclosed in the audited financial statements of this Annual Report.

CORPORATE GOVERNANCE REPORT

(H) MATERIAL CONTRACTS

Except as disclosed in Interested Person Transactions above, there is no material contract or loan entered into by the Company or any of its subsidiaries involving interests of any Director or controlling shareholder during the financial year ended 30 June 2016.

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Directorship Date First Appointed	Date of Last Re-election	Directorships in Other Listed Companies and Other Major Appointments	Past Directorships in Other Listed Companies and Other Major Appointments Over the Preceding 3 Years
Tan Ah Lye	31 October 2012	28 October 2015	NIL	NIL
Tan Cheng Guan	1 July 1996	30 October 2014	NIL	NIL
Tan Cheng Kwong	1 July 1996	28 October 2015	NIL	NIL
Hideki Okada	25 May 2012	28 October 2015	NIL	NIL
Hideyuki Morita	31 July 2015	28 October 2015	NIL	NIL
Atsushi Shimizu	31 May 2016	–	NIL	NIL
Yeo Yun Seng, Bernard	21 December 2009	30 October 2014	1. RH Petrogas Limited	1. UE E & C Ltd. 2. MFS Technology Ltd
Tan Keh Yan, Peter	21 December 2009	31 October 2013	1. Asia Enterprises Holding Ltd 2. Maxi-Cash Financial Services Corporation Ltd.	1. CHT (Holdings) Ltd
Renny Yeo Ah Kiang [1]	21 December 2009	31 October 2013	1. OEL (Holdings) Ltd. 2. KayLim Resources Bhd	NIL
Soh Sai Kiang	1 August 2012	28 October 2015	1. Artivision Technologies Ltd	NIL

(1) Other principal commitment for Mr. Renny Yeo Ah Kiang are:
- Formerly Member of the National Productivity Council (NPC)
- Board Member of SPRING Singapore
- Chairman of The Singapore Accreditation Council (SAC) (SPRING)

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DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2016.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 51 to 118 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this report are:

Tan Ah Lye	
Tan Cheng Guan	
Tan Cheng Kwong	
Yeo Yun Seng, Bernard	
Tan Keh Yan, Peter	
Renny Yeo Ah Kiang	
Hideki Okada	
Soh Sai Kiang	
Hideyuki Morita	(Appointed on 31 July 2015)
Atsushi Shimizu	(Appointed on 31 May 2016)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

Name of directors and companies in which interest are held	Shareholdings registered in name of directors or nominees: At beginning of financial year	Shareholdings registered in name of directors or nominees: At end of financial year	Shareholdings in which directors are deemed to have an interest: At beginning of financial year	Shareholdings in which directors are deemed to have an interest: At end of financial year
The Company				
(Ordinary Shares)				
Tan Ah Lye	-	304,000	161,366,000	32,273,200*

By virtue of Section 7 of the Companies Act, Mr Tan Ah Lye is deemed to have an interest in the Company and all the related corporations of the Company as at 30 June 2016.

The directors' interests in the shares and options of the Company at 21 July 2016 were the same at 30 June 2016.

*On 18 November 2015, the Company completed the share consolidation of every five (5) ordinary shares into one (1) ordinary share in the capital of the Company, fractional entitlements to be disregarded ("Share Consolidation").

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Company, consisting of all non-executive directors, is chaired by Mr Yeo Yun Seng, Bernard, an independent director, and includes Mr Tan Keh Yan, Peter, an independent director, Mr Hideyuki Morita, a non-independent director, Mr Soh Sai Kiang, an independent director and Mr Renny Yeo Ah Kiang, an independent director. The Audit and Risk Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

e) the co-operation and assistance given by the management to the Group's external auditors; and

f) the re-appointment of the external auditors of the Group.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

Based on the reports from the internal and external auditors and concurrence of the Audit and Risk Committee, the Board is of the opinion that there were adequate and effective internal controls to address the financial, operational, compliance and information technology controls, and risk management systems as at 30 June 2016 for the nature and size of the Group's assets and ensure the integrity of the financial statements. The management continues to focus on improving the standard of internal controls, corporate governance and the mitigation of high risk areas.

The system of internal controls established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

DIRECTORS' STATEMENT

5 AUDIT AND RISK COMMITTEE (cont'd)

The Audit and Risk Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Tan Ah Lye

Hideki Okada

Date: 3 October 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SIN HENG HEAVY MACHINERY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Sin Heng Heavy Machinery Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 118.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SIN HENG HEAVY MACHINERY LIMITED

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Date: 3 October 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	33,358	45,391	14,368	16,018
Trade receivables	8	26,295	37,579	45,640	65,550
Other receivables and prepayments	9	1,321	1,943	7,883	9,136
Derivative financial instruments	10	329	117	321	24
Inventories	11	31,900	17,404	23,263	6,810
Total current assets		93,203	102,434	91,475	97,538
Non-current assets					
Property, plant and equipment	12	128,707	122,099	45,849	49,813
Investment in subsidiaries	13	–	–	26,942	14,200
Investment in associate	14	–	2,568	–	1,200
Available-for-sale investments	15	429	519	429	519
Other assets	16	63	63	63	63
Total non-current assets		129,199	125,249	73,283	65,795
Total assets		222,402	227,683	164,758	163,333
LIABILITIES AND EQUITY					
Current liabilities					
Bills payable	17	37,865	54,093	37,865	54,093
Current portion of bank loans	18	10,967	1,400	6,967	400
Trade payables	19	2,588	2,190	1,721	1,478
Other payables	20	4,783	5,212	3,601	3,622
Current portion of finance leases	21	9,141	6,544	5,265	3,815
Income tax payable		875	2,256	–	–
Total current liabilities		66,219	71,695	55,419	63,408

STATEMENTS OF FINANCIAL POSITION (cont'd)

AS AT 30 JUNE 2016

	Note	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Non-current liabilities					
Bank loans	18	4,333	2,300	3,333	300
Finance leases	21	21,048	12,813	10,723	6,501
Deferred tax liabilities	22	7,982	8,565	4,000	4,917
Total non-current liabilities		33,363	23,678	18,056	11,718
Capital and reserves					
Share capital	23	41,846	41,846	41,846	41,846
Retained earnings		84,602	91,817	49,782	46,593
Treasury shares	24	(106)	(83)	(106)	(83)
Translation reserves		(3,846)	(1,861)	–	–
Fair value reserve		(239)	(149)	(239)	(149)
Capital reserve		(711)	(711)	–	–
Total equity attributable to owners of the Company		121,546	130,859	91,283	88,207
Non-controlling interest		1,274	1,451	–	–
Total equity		122,820	132,310	91,283	88,207
Total liabilities and equity		222,402	227,683	164,758	163,333

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
YEAR ENDED 30 JUNE 2016

		Group	
	Note	2016	2015
		$'000	$'000
Revenue	25	92,113	177,818
Cost of sales		(78,985)	(146,086)
Gross profit		13,128	31,732
Other operating income	26	3,295	4,811
Selling expenses		(1,574)	(2,334)
Administrative expenses		(14,522)	(16,535)
Other operating expenses		(2,650)	(995)
Finance costs	27	(1,602)	(1,641)
Share of results of associate	14	81	318
(Loss) Profit before income tax		(3,844)	15,356
Income tax expense	28	(130)	(3,336)
(Loss) Profit for the year	29	(3,974)	12,020
(Loss) Profit attributable to:			
Owners of the Company		(4,059)	11,436
Non-controlling interest		85	584
		(3,974)	12,020
(Loss) Earnings per share (cents):			
Basic	30	(3.54)	1.99
Diluted	30	(3.54)	1.99

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2016

	Note	Group 2016 $'000	Group 2015 $'000
(Loss) Profit for the year	29	(3,974)	12,020
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(2,247)	(1,438)
Transfer to profit or loss from equity on disposal of available-for-sale investments		–	(87)
Fair value loss on available-for-sale investments		(90)	(37)
Other comprehensive loss for the year, net of tax		(2,337)	(1,562)
Total comprehensive (loss) income for the year		(6,311)	10,458
Total comprehensive (loss) income attributable to:			
Owners of the Company		(6,134)	10,094
Non-controlling interest		(177)	364
		(6,311)	10,458

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2016

	Share capital $'000	Treasury shares $'000	Fair value reserve $'000	Translation reserves $'000	Capital reserve $'000	Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interest $'000	Total $'000
Group									
Balance at 1 July 2014	41,846	(54)	(25)	(643)	(402)	86,695	127,417	356	127,773
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	11,436	11,436	584	12,020
Other comprehensive loss for the year	–	–	(124)	(1,218)	–	–	(1,342)	(220)	(1,562)
Total	–	–	(124)	(1,218)	–	11,436	10,094	364	10,458
Transactions with owners, recognised directly in equity									
Effects of acquiring non-controlling interest in a subsidiary	–	–	–	–	71	–	71	(356)	(285)
Non-controlling interest arising from issue of share capital in a subsidiary	–	–	–	–	(380)	–	(380)	1,087	707
Dividends paid (Note 31)	–	–	–	–	–	(6,314)	(6,314)	–	(6,314)
Repurchase of shares	–	(29)	–	–	–	–	(29)	–	(29)
Total	–	(29)	–	–	(309)	(6,314)	(6,652)	731	(5,921)
Balance at 30 June 2015	41,846	(83)	(149)	(1,861)	(711)	91,817	130,859	1,451	132,310
Total comprehensive loss for the year									
Loss for the year	–	–	–	–	–	(4,059)	(4,059)	85	(3,974)
Other comprehensive loss for the year	–	–	(90)	(1,985)	–	–	(2,075)	(262)	(2,337)
Total	–	–	(90)	(1,985)	–	(4,059)	(6,134)	(177)	(6,311)
Transactions with owners, recognised directly in equity									
Dividends paid (Note 31)	–	–	–	–	–	(3,156)	(3,156)	–	(3,156)
Repurchase of shares	–	(23)	–	–	–	–	(23)	–	(23)
Total	–	(23)	–	–	–	(3,156)	(3,179)	–	(3,179)
Balance at 30 June 2016	41,846	(106)	(239)	(3,846)	(711)	84,602	121,546	1,274	122,820

STATEMENTS OF CHANGES IN EQUITY (cont'd)

YEAR ENDED 30 JUNE 2016

	Share capital $'000	Treasury shares $'000	Fair value reserve $'000	Retained earnings $'000	Total $'000
Company					
Balance at 1 July 2014	41,846	(54)	(25)	54,157	95,924
Total comprehensive loss for the year					
Loss for the year	–	–	–	(1,250)	(1,250)
Other comprehensive loss for the year	–	–	(124)	–	(124)
Total	–	–	(124)	(1,250)	(1,374)
Transactions with owners, recognised directly in equity					
Dividends paid (Note 31)	–	–	–	(6,314)	(6,314)
Repurchase of shares	–	(29)	–	–	(29)
Total	–	(29)	–	(6,314)	(6,343)
Balance at 30 June 2015	41,846	(83)	(149)	46,593	88,207
Total comprehensive income for the year					
Profit for the year	–	–	–	6,345	6,345
Other comprehensive loss for the year	–	–	(90)	–	(90)
Total	–	–	(90)	6,345	6,255
Transactions with owners, recognised directly in equity					
Dividends paid (Note 31)	–	–	–	(3,156)	(3,156)
Repurchase of shares	–	(23)	–	–	(23)
Total	–	(23)	–	(3,156)	(3,179)
Balance at 30 June 2016	41,846	(106)	(239)	49,782	91,283

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2016

	Group	
	2016	2015
	$'000	$'000
Operating activities		
(Loss) Profit before income tax	(3,844)	15,356
Adjustments for:		
Unrealised fair value (gain) loss from derivative financial instruments	(217)	45
Share of associate's results	(81)	(318)
Depreciation of property, plant and equipment	12,386	11,637
Allowance for doubtful debts	23	21
Interest expense	1,602	1,641
Interest income	(97)	(204)
Net unrealised foreign exchange adjustment	(89)	33
Bad debt written off	131	157
Bad debt written back	–	(46)
Loss (Gain) on disposal of investment in an associate	1,649	(345)
Gain on disposal of property, plant and equipment	(359)	(933)
Gain on disposal of available-for-sale investments	–	(88)
Property, plant and equipment written off	2	15
Operating cash flows before movements in working capital	11,106	26,971
Trade receivables	10,494	7,738
Other receivables and prepaid expenses	586	(363)
Inventories	(9,766)	1,579
Trade payables	1,961	588
Other payables	104	(836)
Cash generated from operations	14,485	35,677
Income tax paid	(1,939)	(3,795)
Net cash from operating activities	12,546	31,882

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

YEAR ENDED 30 JUNE 2016

	Group	
	2016	2015
	$'000	$'000
Investing activities		
Proceeds from capital reduction of investment in an associate	–	2,118
Proceeds from disposal of investment in an associate (Note 14)	1,000	345
Proceeds from disposal of available-for-sale investments	–	140
Interest received	97	204
Purchase of property, plant and equipment (Note A)	(13,005)	(20,600)
Purchase of club membership	–	(53)
Proceeds from disposal of property, plant and equipment	917	3,899
Net cash used in investing activities	(10,991)	(13,947)
Financing activities		
Bills payable	(16,228)	(16,354)
Dividends paid	(3,156)	(6,314)
Interest paid	(1,602)	(1,641)
Repayment of obligations under finance leases	(9,427)	(8,644)
Proceeds from finance leases	5,856	2,881
Repayment of bank loans	(1,400)	(617)
Proceeds from bank loans	13,000	3,000
Purchase of treasury shares	(23)	(29)
Net cash used in financing activities	(12,980)	(27,718)
Net decrease in cash and cash equivalents	(11,425)	(9,783)
Cash and cash equivalents at beginning of year	45,391	55,943
Effect of exchange rate changes on the cash and cash equivalents held in foreign currencies	(608)	(769)
Cash and cash equivalents at end of year (Note 7)	33,358	45,391

Note A

During the financial year ended 30 June 2016, the Group acquired property, plant and equipment (including inventory that are purchased and transferred to property, plant and equipment in the current year) with an aggregate cost of $27,998,509 (2015 : $24,551,065) for which $14,993,819 (2015 : $3,951,287) were acquired under finance leases (Note 21).

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

1 GENERAL

The Company (Registration No. 198101305R) is incorporated in Singapore with its registered office and principal place of business at 26 Gul Road, Singapore 629346. The Company was listed on the Singapore Exchange Securities Trading Limited on 3 February 2010. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are those of hiring and dealing in cranes and heavy machinery and provision of facilities and custody services. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2016 were authorised for issue by the Board of Directors on 3 October 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entity, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ADOPTION OF NEW AND REVISED STANDARDS - On 1 July 2015, the Group adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group were issued but not effective:

- FRS 109 *Financial Instruments*
- FRS 115 *Revenue from Contracts with Customers*
- FRS 116 *Leases*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*
- Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Improvements to Financial Reporting Standards (November 2014)

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.

- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 109 will take effect for companies with financial years beginning on or after 1 Janauary 2018, with retrospective application subject to transitional provisions. The management anticipates that the application of FRS 109 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidation financial statements.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contracts with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. In addition, extensive disclosures are required by FRS 115.

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

FRS 115 will take effect for companies with financial year beginning on or after 1 January 2018, with retrospective application required. The management anticipates that the initial application of the new FRS 115 will result in changes to the accounting policies relating to revenue recognition. Additional disclosures will also be made with respect of trade receivables and revenue, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the entity's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 115.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 Leases and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

FRS 116 will take effect for companies with financial years beginning on or after 1 Janauary 2019, with retrospective application subject to transitional provisions. The management anticipates that the application of FRS 116 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidation financial statements.

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.

- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.

- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.

- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The amendments to FRS 1 are effective for companies with annual periods beginning on or after 1 January 2016, with retrospective application subject to transitional provisions. The Group is currently assessing the potential impact of amendments to FRS 1 in the period of initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions of the acquirer in accordance with FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value throught profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

Certain shares held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised directly in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including cash and cash equivalents and trade and other receivables) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of the liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risk of changes in foreign exchange rates and interest rates.

The Group uses derivative financial instruments (primarily foreign exchange forward contracts) to hedge significant future transactions and cash flows in the management of its exchange rate exposures. The Group does not use any financial derivative instrument to manage its interest rates exposure. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the trade date, and are remeasured to fair value at the end of each reporting period. All changes in fair value are taken to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES - Inventories, comprising mainly cranes and aerial lifts, are stated at the lower of cost and net realisable value. For purchase inventories, cost of cranes and aerial lifts is determined on specific identification cost basis and comprises the costs of purchase and other costs incurred in bringing the inventories to their present location and condition. For inventories transferred from property, plant and equipment with the intention to sell, the deemed cost of the inventories are their net carrying value at the date of change in use. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated selling expenses.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment loss.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than freehold land which is not depreciated, over their estimated useful lives, using the straight-line method, on the following bases:

Workshop building	-	over lease period of 25 years
Cranes	-	6.67%
Aerial lifts	-	10%
Motor vehicles	-	20%
Plant and equipment	-	10 to 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment, other than for cranes and aerial lifts that are transferred to inventories, is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss. The sales consideration and deemed cost of cranes and aerial lifts that are transferred to inventories and subsequently disposed of are recognised as revenue and cost of sales respectively when the cranes and aerial lifts are transferred to the customer.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in which the investment is acquired.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Where a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate is recognised in the Group's consolidation financial statements only to the extent of interests in the associate that are not related to the Group.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services is recognised upon completion and delivery of services to the customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand, cash at bank and fixed deposits and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements, except for those involving estimation uncertainties as disclosed below.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' estimated useful lives as set out in Note 2 to the financial statements. As described in Note 2, the Group reviews the estimated useful life of property, plant and equipment at the end of each annual reporting period. Changes in future usage and technological development can impact the economic useful lives of these assets with consequential impact on future depreciation charge.

The net carrying amounts of classes of property, plant and equipment are disclosed in Note 12 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

(b) *Key sources of estimation uncertainty (cont'd)*

Impairment of property, plant and equipment

Where there are indications of impairment of its assets, the management estimates the recoverable amounts of these assets to determine the extent of the impairment loss, if any. The recoverable amounts of these assets are determined based on the higher of fair value less cost to sell and value in use. The carrying amount of property, plant and equipment at the end of the reporting period is disclosed in Note 12 to the financial statements.

Allowance for inventories

In determining the net realisable value of the inventories, an estimation of the recoverable amount of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration the fluctuations of price or cost, seasonality, or any inventories on hand that may not be realised, as a result of events occurring after the end of the financial year to the extent that such events confirm conditions existing at the year end. The carrying amount of inventories is disclosed in Note 11 to the financial statements.

Allowance for trade and other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at the initial recognition). The carrying amounts of trade and other receivables are disclosed in Notes 8 and 9 to the financial statements respectively.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Financial assets				
Derivative financial instruments at fair value	329	117	321	24
Available-for-sale investments at fair value	429	519	429	519
Loans and receivables at amortised cost:				
Cash and cash equivalents	33,358	45,391	14,368	16,018
Trade receivables	26,295	37,579	45,640	65,550
Other receivables	263	528	7,616	8,853
	60,674	84,134	68,374	90,964
Financial liabilities				
Amortised cost:				
Bills payable	37,865	54,093	37,865	54,093
Bank loans	15,300	3,700	10,300	700
Trade payables	2,588	2,190	1,721	1,478
Other payables	4,783	5,212	3,601	3,622
Finance leases	30,189	19,357	15,988	10,316
	90,725	84,552	69,475	70,209

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives

The financial risk management of the Group is handled by management of the Company as part of the operations of the Group. Management seeks to mitigate risk through monitoring of exposures to financial risks arising on the normal course of operations. The Group may enter into foreign exchange forward contracts to mitigate its foreign exchange exposure from time to time.

(i) Credit risk management

The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

As at 30 June 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is represented by the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

At the end of the reporting period, there is no significant concentration of credit risk except for trade balances due from 3 major customers amounting to $7,913,575 (2015 : 4 major customers amounting to $10,334,407). Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Cash and fixed deposits are placed with reputable financial institutions which are regulated.

(ii) Interest rate risk management

The Group's exposure to changes in interest rates relates primarily to interest-bearing bills payable and bank loans as disclosed in Notes 17 and 18 for which interest rates are subject to fluctuation.

The impact of fluctuations in short-term interest rates on cash balances is relatively insignificant.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's loss for the year ended 30 June 2016 would increase/decrease by $525,000 (2015 : profit decrease/increase by $634,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(iii) Foreign currency risk management

The Group operates internationally, giving rise to market risk from changes in foreign exchange risks. As far as possible, the Group relies on natural hedge of matching foreign currency denominated assets and liabilities of the same currency.

The carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies, are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2016	2015	2016	2015	2016	2015	2016	2015
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Japanese yen	296	6,082	12,746	7,212	296	3,289	12,746	7,212
Malaysian Ringgit	190	202	–	–	190	202	–	–
Singapore dollars	1,205	2,024	–	–	–	–	–	–
United States dollars	6,621	7,634	1,483	73	173	3	1,433	–

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iii) Foreign currency risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, loss for the year (2015: profit for the year) will decrease (increase) (2015: increase (decrease)) by:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Impact arising from				
Japanese yen	1,245	113	1,245	392
Malaysian Ringgit	(19)	(20)	(19)	(20)
Singapore dollars	(120)	(202)	–	–
United States dollars	(514)	(756)	126	*

* Denotes amount less than $1,000

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, loss for the year (2015: profit for the year) will (decrease) increase (2015: (increase) decrease) by the same amounts.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management

Liquidity risk refers to the risk in which the Group may not be able to meet its short-term obligations. The Group maintains sufficient cash and cash equivalents and internally generated cash flows to finance their activities. The Group has adequate credit facilities to meet all its operational requirements.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following table details the Group's contracted maturities for non-derivative financial liabilities. The table below has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount at the financial liability at the end of the reporting period.

	Weighted average effective interest rate	Repayable on demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000
Group					
At 30 June 2016					
Non-interest bearing	–	7,371	–	–	7,371
Finance leases (fixed rate)	4.41	10,160	22,809	(2,780)	30,189
Fixed interest rate instrument	2.73	1,775	3,413	(188)	5,000
Variable interest rate instruments	1.69	47,726	1,015	(576)	48,165
		67,032	27,237	(3,544)	90,725
At 30 June 2015					
Non-interest bearing	–	7,402	–	–	7,402
Finance leases (fixed rate)	4.48	7,316	13,701	(1,660)	19,357
Variable interest rate instruments	1.24	56,166	2,359	(732)	57,793
		70,884	16,060	(2,392)	84,552

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) Liquidity risk management (cont'd)

Non-derivative financial liabilities (cont'd)

	Weighted average effective interest rate	Repayable on demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000
Company					
At 30 June 2016					
Non-interest bearing	–	5,322	–	–	5,322
Finance leases (fixed rate)	3.03	5,640	11,479	(1,131)	15,988
Fixed interest rate instrument	2.73	1,775	3,413	(188)	5,000
Variable interest rate instruments	1.55	43,647	–	(482)	43,165
		56,384	14,892	(1,801)	69,475
At 30 June 2015					
Non-interest bearing	–	5,100	–	–	5,100
Finance leases (fixed rate)	3.06	4,129	6,903	(716)	10,316
Variable interest rate instruments	1.16	55,097	302	(606)	54,793
		64,326	7,205	(1,322)	70,209

Non-derivative financial assets

All the non-derivative financial assets are repayable within one year and non-interest bearing (Notes 8 and 9), except for short-term interests on cash balances (Note 7) which is relatively insignificant to the Group and the Company.

Derivative financial instruments

The Group's derivative financial instruments comprise foreign exchange forward contracts amounting to $329,000 asset (2015 : $117,000 asset) with contracted cash flows all due within one year (2015 : due within one year) (Note 10).

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and financial liabilities are disclosed in the respective notes to financial statements.

The fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following level:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

There was no transfer between Level 1 and Level 2 of the fair value hierarchy in the period.

2016	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Financial assets				
Group				
Available-for-sale investments:				
- Quoted equities	429	429	–	–
Derivative financial instruments	329	–	329	–
Total	758	429	329	–
Company				
Available-for-sale investments:				
- Quoted equities	429	429	–	–
Derivative financial instruments	321	–	321	–
Total	750	429	321	–

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (cont'd)

(b) Financial risk management policies and objectives (cont'd)

(v) Fair value of financial assets and financial liabilities (cont'd)

2015	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000
Financial assets				
Group				
Available-for-sale investments:				
- Quoted equities	519	519	–	–
Derivative financial instruments	117	–	117	–
Total	636	519	117	–
Company				
Available-for-sale investments:				
- Quoted equities	519	519	–	–
Derivative financial instruments	24	–	24	–
Total	543	519	24	–

(c) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consisted of debts (which include e.g. bills payable, bank borrowings and finance leases as disclosed in Notes 17, 18 and 21 respectively) and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

As a part of the review of capital structure, management considers the cost of capital and the risks associated with each source of financing. The management of capital structure includes making decisions relating to payment of dividends and the redemption of existing loans. The Group's overall strategy remains unchanged from 2015.

5 RELATED COMPANY TRANSACTIONS

Related companies in these financial statements refer to members of the Company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless stated otherwise.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements and terms thereof are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

During the year, the Group entities entered into the following transactions with related parties:

	Group	
	2016	2015
	$'000	$'000
Associate		
Rental income	5	12
Servicing income	36	506
Interest income	–	8

Compensation of directors and key management personnel

The remuneration of directors and other members of key management are as follows:

	Group	
	2016	2015
	$'000	$'000
Short-term benefits	3,988	5,772
Post-employment benefits	162	115
	4,150	5,887

NOTES TO FINANCIAL STATEMENTS
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6 OTHER RELATED PARTY TRANSACTIONS (cont'd)

The remuneration of directors and key management is determined by the remuneration committee having regard the performance of individuals and market trends.

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cash at bank	33,098	43,689	14,365	16,015
Cash on hand	225	143	3	3
Fixed deposits	35	1,559	–	–
	33,358	45,391	14,368	16,018

As at 30 June 2016, fixed deposits bore average interest at 4.5% per annum (2015 : 4% per annum), for a tenure of approximately 1 month (2015 : 1 month).

8 TRADE RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Outside parties	26,368	37,260	15,297	16,669
Associate	–	372	–	372
Subsidiaries (Note 13)	–	–	30,343	48,509
	26,368	37,632	45,640	65,550
Less: Allowance for doubtful debts - outside parties	(73)	(53)	–	–
	26,295	37,579	45,640	65,550

The credit period ranges from 30 to 90 days for the years ended 30 June 2016 and 2015. No interest is charged on the outstanding trade receivables.

8 TRADE RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at the end of the reporting period:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Not past due and not impaired	20,836	24,021	19,877	25,978
Past due but not impaired:				
Less than 3 months	2,333	8,872	3,663	15,774
More than 3 months and less than 12 months	3,126	4,686	22,100	23,798
	26,295	37,579	45,640	65,550
Impaired receivables - individually assessed	73	53	–	–
Less: Allowance for impairment	(73)	(53)	–	–
	–	–	–	–
Total trade receivables, net	26,295	37,579	45,640	65,550

Included in the Group's trade receivables balance are debtors with a carrying amount of $5.459 million (2015: $13.558 million) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Included in the Company's trade receivables balance are debtors with a carrying amount of $25.763 million (2015 : $39.572 million) which are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful receivables as there had not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold and collateral over these balances.

NOTES TO FINANCIAL STATEMENTS
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8 TRADE RECEIVABLES (cont'd)

Movements in the allowance for doubtful debts in respect of trade receivables.

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Balance at beginning of the year	53	58	–	–
Increase in allowance recognised in profit or loss	23	21	–	–
Amount written off during the year	–	(3)	–	–
Amount written back during the year	–	(25)	–	–
Exchange differences	(3)	2	–	–
Balance at end of the year	73	53	–	–

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date that credit was initially granted up to the end of the reporting period. Other than the Group's 3 major customers (2015 : 4 major customers) as disclosed in Note 4, the concentration of credit risk is limited due to the customer base being diverse and unrelated. Accordingly, management believes that there is no further allowance required in excess of the allowance for doubtful debts. The Group does not hold any collateral over these balances.

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Subsidiaries (Note 13)	–	–	7,538	8,394
Associate	–	200	–	200
Deposits	151	257	46	219
Prepayments	1,058	1,415	267	283
Sundry debtors	112	71	32	40
	1,321	1,943	7,883	9,136

9 OTHER RECEIVABLES AND PREPAYMENTS (cont'd)

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

In 2015, the amount due from an associate is unsecured, bears interest of 8% per annum and repayable on demand.

All other receivables as at year end are within their cash collection cycles and are not past due, and there has not been a significant change in credit quality.

10 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2016		2015	
	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000
Foreign currency forward contracts	329	–	117	–

	Company			
	2016		2015	
	Assets	Liabilities	Assets	Liabilities
	$'000	$'000	$'000	$'000
Foreign currency forward contracts	321	–	24	–

The Group utilises foreign currency forward contracts to purchase and sell Singapore dollar ("SGD"), Malaysian Ringgit ("MYR"), United States dollar ("USD"), Japanese yen ("JPY") and Euro ("EUR") in the management of its exchange rate exposures.

NOTES TO FINANCIAL STATEMENTS
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10 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which the Group is committed are as follows:

	Group		Company	
	2016	2015	2016	2015
Sell SGD'000	18,319	18,466	18,319	18,466
Sell MYR'000	9,470	6,200	–	–
Sell JPY'000	–	20,800	–	20,800
Sell USD'000	80	–	80	–
Buy SGD'000	3,178	2,529	–	229
Buy JPY'000	1,328,344	1,679,000	1,328,344	1,679,000
Buy EUR'000	708	–	708	–

The fair value of the derivative financial assets and liabilities fall under level 2 of the fair value hierarchy. The fair values of these foreign currency forward contracts are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.

The changes in fair value of the forward foreign exchange contracts gain amounting to $217,000 (2015 : foreign exchange contract loss $45,000) have been taken up in profit or loss.

11 INVENTORIES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cranes and aerial lifts	31,900	17,404	23,263	6,810

NOTES TO FINANCIAL STATEMENTS
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12 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Workshop building $'000	Cranes $'000	Aerial lifts $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Group							
Cost:							
At 1 July 2014	3,605	3,951	119,677	18,585	4,451	1,915	152,184
Additions	–	–	6,958	263	1,667	683	9,571
Transfer from inventories	–	–	21,594	3,048	–	–	24,642
Transfer to inventories	–	–	(7,739)	(4,146)	–	–	(11,885)
Disposals	–	–	(2,878)	(388)	(1,601)	(2)	(4,869)
Written off	–	–	–	–	–	(28)	(28)
Exchange differences	(301)	–	(3,438)	(105)	(100)	(54)	(3,998)
At 30 June 2015	3,304	3,951	134,174	17,257	4,417	2,514	165,617
Additions	–	1,789	2,347	140	1,322	238	5,836
Transfer from inventories	–	–	24,631	1,871	–	–	26,502
Transfer to inventories	–	–	(17,931)	(2,996)	–	–	(20,927)
Disposals	–	–	(685)	(112)	(224)	(1)	(1,022)
Written off	–	–	–	–	(47)	(11)	(58)
Exchange differences	(197)	(16)	(3,324)	(50)	(86)	(48)	(3,721)
At 30 June 2016	3,107	5,724	139,212	16,110	5,382	2,692	172,227

NOTES TO FINANCIAL STATEMENTS

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12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land $'000	Workshop building $'000	Cranes $'000	Aerial lifts $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Group							
Accumulated depreciation:							
At 1 July 2014	–	2,213	26,763	4,080	2,596	1,175	36,827
Depreciation for the year	–	158	8,581	1,828	793	277	11,637
Transfer to inventories	–	–	(1,048)	(1,107)	–	–	(2,155)
Disposals	–	–	(655)	(86)	(1,162)	–	(1,903)
Written off	–	–	–	–	–	(13)	(13)
Exchange differences	–	–	(739)	(93)	(32)	(11)	(875)
At 30 June 2015	–	2,371	32,902	4,622	2,195	1,428	43,518
Depreciation for the year	–	158	9,381	1,691	813	343	12,386
Transfer to inventories	–	–	(10,597)	(812)	–	–	(11,409)
Disposals	–	–	(229)	(25)	(209)	(1)	(464)
Written off	–	–	–	–	(46)	(10)	(56)
Exchange differences	–	–	(384)	(29)	(25)	(17)	(455)
At 30 June 2016	–	2,529	31,073	5,447	2,728	1,743	43,520
Carrying amount:							
At 30 June 2016	3,107	3,195	108,139	10,663	2,654	949	128,707
At 30 June 2015	3,304	1,580	101,272	12,635	2,222	1,086	122,099

NOTES TO FINANCIAL STATEMENTS
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12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Workshop building $'000	Cranes $'000	Motor vehicles $'000	Plant and equipment $'000	Total $'000
Company					
Cost:					
At 1 July 2014	3,951	66,046	3,341	1,433	74,771
Additions	–	752	524	56	1,332
Transfer from inventories	–	7,219	–	–	7,219
Transfer to inventories	–	(2,383)	–	–	(2,383)
Written off	–	–	(1,061)	–	(1,061)
At 30 June 2015	3,951	71,634	2,804	1,489	79,878
Additions	–	380	814	12	1,206
Transfer from inventories	–	7,424	–	–	7,424
Transfer to inventories	–	(17,391)	–	–	(17,391)
Disposal	–	–	(185)	(1)	(186)
Written off	–	–	–	(2)	(2)
At 30 June 2016	3,951	62,047	3,433	1,498	70,929
Accumulated depreciation:					
At 1 July 2014	2,213	21,128	2,089	1,013	26,443
Depreciation for the year	158	4,364	479	112	5,113
Transfer to inventories	–	(622)	–	–	(622)
Written off	–	–	(869)	–	(869)
At 30 June 2015	2,371	24,870	1,699	1,125	30,065
Depreciation for the year	158	4,457	488	105	5,208
Transfer to inventories	–	(10,005)	–	–	(10,005)
Disposal	–	–	(185)	(1)	(186)
Written off	–	–	–	(2)	(2)
At 30 June 2016	2,529	19,322	2,002	1,227	25,080
Carrying amount:					
At 30 June 2016	1,422	42,725	1,431	271	45,849
At 30 June 2015	1,580	46,764	1,105	364	49,813

NOTES TO FINANCIAL STATEMENTS
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12 PROPERTY, PLANT AND EQUIPMENT (cont'd)

The carrying amount of property, plant and equipment that are held under finance leases (Note 21) are as follows:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Cranes	50,513	35,587	28,316	20,056
Motor vehicles	407	455	–	125
Plant and equipment	21	11	21	11
	50,941	36,053	28,337	20,192

13 INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	$'000	$'000
Unquoted equity shares - at cost	4,200	4,200
Loan to subsidiaries	22,742	10,000
	26,942	14,200

The loan amount is unsecured and repayment is at the discretion and ability of the subsidiaries. Accordingly, the loan to subsidiaries is deemed as part of the investment in subsidiaries.

NOTES TO FINANCIAL STATEMENTS
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13 INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the Group's subsidiaries are as follows:

Name of subsidiary	Country of incorporation (or registration) and operation	Proportion of ownership interest and voting power held		Principal activity
		2016 %	2015 %	
Held by the Company				
Sin Heng Aerial Lifts Pte Ltd [1]	Singapore	100	100	Rental and trading of aerial lifts
SH Heavy Machinery Sdn Bhd [2]	Malaysia	85	85	Rental and trading of cranes
Sin Heng Vina Co. Ltd [3]	Vietnam	100	100	Rental and trading of cranes
SH Equipment Pte Ltd [4]	Singapore	100	100	Trading of equipment
PT SH Machinery Indonesia [5]	Indonesia	100	100	Dormant
SH Equipment Holdings Sdn Bhd [5]	Malaysia	100	100	Dormant
SH Equipment (HK) Limited [5]	Hong Kong	100	100	Rental and trading of cranes
Held by subsidiaries				
FC Heavy Machinery Sdn Bhd [2]	Malaysia	85	85	Dormant
SH Equipment (Myanmar) Company Limited [5]	Myanmar	100	100	Rental of equipment
Bestari Industrial Holdings Sdn.Bhd ("Bestari") [5], [6]	Malaysia	42	–	Dormant

NOTES TO FINANCIAL STATEMENTS

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13 INVESTMENT IN SUBSIDIARIES (cont'd)

(1) Audited by Deloitte & Touche LLP, Singapore

(2) Audited by Deloitte Malaysia

(3) Audited by Deloitte Vietnam Co., Ltd.

(4) Audited by Baker Tilly TFW LLP, Singapore

(5) Not audited as the subsidiary is not material for the Group's consolidated financial statements. Unaudited management accounts were used for consolidation purposes.

(6) Although the Group has only 42% ownership in Bestari, the management concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Bestari on the basis of the Group's absolute size of shareholding and the relative size and dispersion of the shareholdings owned by other shareholders.

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interest, before any intra-group elimination, is set out below:

	SH Heavy Machinery Sdn Bhd and its subsidiaries	
	2016	2015
	$'000	$'000
Current assets	15,593	25,867
Non-current assets	42,708	32,837
Current liabilities	17,785	30,607
Non-current liabilities	12,904	8,426
Equity attributable to equity holders of the Company	26,338	18,220
Non-controlling interest	1,274	1,451

NOTES TO FINANCIAL STATEMENTS

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13 INVESTMENT IN SUBSIDIARIES (cont'd)

	SH Heavy Machinery Sdn Bhd and its subsidiaries	
	2016	2015
	$'000	$'000
Revenue	25,848	59,435
Profit attributable to:		
Equity holders of the Company	481	3,307
Non-controlling interest	85	584
Profit for the year	566	3,891
Total comprehensive (loss) income attributable to:		
Equity holders of the Company	(1,001)	2,057
Non-controlling interest	(177)	364
Total comprehensive (loss) income for the year	(1,178)	2,421
Dividends paid to non-controlling interest	–	–
Net cash inflow from operating activities	4,282	17,648
Net cash outflow from investing activities	(5,965)	(11,338)
Net cash outflow from financing activities	(3,198)	(4,071)
Net cash (outflow) inflow	(4,881)	2,239

NOTES TO FINANCIAL STATEMENTS
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14 INVESTMENT IN ASSOCIATE

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Unquoted shares, at cost	–	1,200	–	1,200
Share of post-acquisition profits reserves, net of dividend received	–	1,368	–	–
	–	2,568	–	1,200

Details of the Group's associate are as follows:

Name of associate	Country of incorporation/ operations	Proportion of ownership interest and voting power held		Principal activities
		2016	2015	
		%	%	
Songcheon Engineering Pte Ltd ("Songcheon") [1]	Singapore	–	20	Construction projects and hiring of cranes

[1] On 12 November 2015, the Group disposed its entire shareholding in Songcheon, comprising 20% of the fully paid-up ordinary shares in the capital of Songcheon at a consideration of $1,000,000. Songcheon has thereby ceased to be an associated company of the Group. This transaction has resulted in the recognition of a loss in profit or loss, calculated as follows:

	2016
	$'000
Proceeds of disposal	1,000
Less: Carrying amount of investment at the beginning of the year	(2,568)
Less: Group's share of associate's profit up to the date of loss of significant influence	(81)
Loss recognised	(1,649)

NOTES TO FINANCIAL STATEMENTS
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14 INVESTMENT IN ASSOCIATE (cont'd)

Summarised financial information for financial year ended 30 June 2015 in respect of the Group's associate is set out below:

	2015 $'000
Total assets	22,510
Total liabilities	(9,670)
Net assets	12,840
Group's share of associate's net assets	2,568
Revenue	18,759
Profit for the year	1,587
Group's share of associate's profit for the year	318

15 AVAILABLE-FOR-SALE INVESTMENTS

	Group and Company	
	2016 $'000	2015 $'000
Quoted equity shares, at fair value	429	519

The investments above include investments in quoted equity shares that offer the Group the opportunity for return through dividend income and fair value gains. The fair values of these shares are based on the quoted closing market prices on the last market day of the financial year.

16 OTHER ASSETS

	Group and Company	
	2016 $'000	2015 $'000
Golf club memberships	122	122
Allowance for impairment	(59)	(59)
Golf club memberships, at fair value	63	63

NOTES TO FINANCIAL STATEMENTS
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17 BILLS PAYABLE

Bills payable are unsecured, repayable between 8 to 171 days (2015 : 22 to 167 days) and with interest rates ranging from 1.00% to 1.70% (2015 : 1.00% to 1.39%) per annum.

18 BANK LOANS

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Bank loan - unsecured	15,300	3,700	10,300	700
Less: Amount due for settlement within 12 months (shown under current liabilities)	(10,967)	(1,400)	(6,967)	(400)
Amount due for settlement after 12 months	4,333	2,300	3,333	300

The fair value of the bank loans approximate their carrying amounts at the end of the reporting period as their interest rates approximate current market interest rates on or near the end of the reporting period.

The effective interest rates for the bank loans are 2.48% (2015 : 2.57%) per annum.

19 TRADE PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Outside parties	2,588	2,190	1,721	1,478

The average credit period on purchases of goods is 30 to 90 days for the years ended 30 June 2016 and 2015. No interest is charged on the outstanding balance.

NOTES TO FINANCIAL STATEMENTS
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20 OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Outside parties	364	413	–	–
Accrued expenses	2,272	4,184	1,847	3,470
Deposits received	2,147	615	1,754	152
	4,783	5,212	3,601	3,622

Accrued expenses principally comprise amounts outstanding for personnel-related costs and other ongoing costs.

21 FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Group				
Amounts payable under finance leases:				
Within one year	10,160	7,316	9,141	6,544
In the second to fifth years inclusive	22,809	13,701	21,048	12,813
	32,969	21,017	30,189	19,357
Less: Future finance charges	(2,780)	(1,660)	–	–
Present value of lease obligations	30,189	19,357	30,189	19,357
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(9,141)	(6,544)
Amount due for settlement after 12 months			21,048	12,813

NOTES TO FINANCIAL STATEMENTS

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21 FINANCE LEASES (cont'd)

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Company				
Amounts payable under finance leases:				
Within one year	5,640	4,129	5,265	3,815
In the second to fifth years inclusive	11,479	6,903	10,723	6,501
	17,119	11,032	15,988	10,316
Less: Future finance charges	(1,131)	(716)	–	–
Present value of lease obligations	15,988	10,316	15,988	10,316
Less: Amounts due for settlement within 12 months (shown under current liabilities)			(5,265)	(3,815)
Amount due for settlement after 12 months			10,723	6,501

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average lease term is 4 years. For the year ended 30 June 2016, the average effective borrowing rate was 4.4% (2015 : 4.5%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in the functional currencies of the respective entities.

The carrying amount of the Group's finance leases approximate its fair value.

The Group's obligations under finance leases are secured by certain property, plant and equipment as disclosed in Note 12.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

22 DEFERRED TAX LIABILITIES

Movements of the net deferred tax liabilities recognised are as follows:

	Accelerated tax depreciation	
	Group	Company
	$'000	$'000
Balance at 1 July 2014	8,727	5,410
Charge (credit) to profit or loss (Note 28)	23	(493)
Exchange differences	(185)	–
Balance at 30 June 2015	8,565	4,917
Credit to profit or loss (Note 28)	(450)	(917)
Exchange differences	(133)	–
Balance at 30 June 2016	7,982	4,000

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Deferred tax liabilities	9,056	8,899	4,162	5,251
Deferred tax assets	(1,074)	(334)	(162)	(334)
	7,982	8,565	4,000	4,917

23 SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	'000	'000	$'000	$'000
	Number of ordinary shares			
Issued and paid-up:				
At beginning of the year	574,445	574,445	41,846	41,846
Share consolidation	(459,556)	–	–	–
At end of the year	114,889	574,445	41,846	41,846

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

23 SHARE CAPITAL (cont'd)

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

On 18 November 2015, the Company completed the share consolidation of every five (5) ordinary shares into one (1) ordinary share in the capital of the Company, fractional entitlements to be disregarded ("Share Consolidation").

24 TREASURY SHARES

	Group and Company			
	2016	2015	2016	2015
	'000	'000	$'000	$'000
	Number of ordinary shares			
At beginning of the year	601	420	83	54
Share consolidation	(481)	–	–	–
Repurchased during the year	50	181	23	29
At end of the year	170	601	106	83

On 18 November 2015, the Company completed the share consolidation of every five (5) ordinary shares into one (1) ordinary share in the capital of the Company, fractional entitlements to be disregarded ("Share Consolidation").

The Company acquired 50,000 (2015: 180,900) of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was $23,000 (2015: $29,000) and has been deducted from shareholders' equity. The shares are held as 'treasury shares'.

Subsequent to the financial year ended 30 June 2016, the Company has acquired 100,000 of its own shares through purchases on the Singapore Exchange. The total amount paid to acquire the shares was $35,000.

NOTES TO FINANCIAL STATEMENTS
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25 REVENUE

	Group	
	2016	2015
	$'000	$'000
Rental of cranes and aerial lifts	41,434	46,631
Trading of cranes and aerial lifts	50,679	131,187
	92,113	177,818

26 OTHER OPERATING INCOME

	Group	
	2016	2015
	$'000	$'000
Rental of office and warehouse space	184	190
Gain on derivative financial instruments	217	–
Insurance claim received	309	16
Gain on disposal of property, plant and equipment	359	933
Gain on disposal of associate	–	345
Gain on disposal of available for sale investment	–	88
Servicing income	1,825	2,620
Interest income	97	204
Others	304	415
	3,295	4,811

27 FINANCE COSTS

	Group	
	2016	2015
	$'000	$'000
Interest expenses on:		
Bills payable	472	594
Bank loans	178	23
Finance leases	952	1,024
	1,602	1,641

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

28 INCOME TAX EXPENSE

	Group	
	2016	2015
	$'000	$'000
Current tax expense:		
Current year	835	2,774
(Over) Under provision in prior years	(255)	539
Deferred tax expense:		
Current year	(810)	175
Under (Over) provision in prior years	360	(152)
	130	3,336

Domestic income tax is calculated at 17% (2015 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting (loss) profit as follows:

	Group	
	2016	2015
	$'000	$'000
(Loss) Profit before income tax	(3,844)	15,356
Income tax (benefit) expense at the income tax rate of 17% (2015 : 17%)	(654)	2,611
Tax effect of expenses not deductible for tax purpose, net	650	403
Tax effect of revenue that is exempt from taxation	–	(335)
Effect of different tax rates of overseas subsidiaries	68	548
Effect of tax incentive	(20)	(59)
Effect of utilisation of previously unrecognised tax losses and unutilised capital allowance	(28)	(194)
(Over) Under provision of current tax in prior years	(255)	539
Under (Over) provision of deferred tax in prior years	360	(152)
Singapore statutory stepped income exemption	(26)	(52)
Others	35	27
Total income tax expense	130	3,336

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

28 INCOME TAX EXPENSE (cont'd)

Subject to the agreement of the tax authority, at the end of the reporting period, the Group has unutilised tax loss and unutilised capital allowance of $Nil (2015 : $162,000) available for offset against future profits.

29 (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year has been arrived at after (crediting) / charging:

	Group	
	2016	2015
	$'000	$'000
Bad debts written off	131	157
Cost of defined contribution plans included in employee benefits expense	1,345	1,159
Directors' remuneration	2,919	4,394
Employee benefits expense (including directors' remuneration)	19,484	20,888
Depreciation of property, plant and equipment	12,386	11,637
Net foreign exchange loss	752	473
(Gain) loss on changes in fair value of derivatives financial instruments	(217)	45
Cost of inventories recognised as expense	46,266	113,787
Loss (gain) on disposal of investment in an associate	1,649	(345)
Audit fees:		
- paid to auditors of the Company	95	95
- paid to other auditors	69	73
Non-audit fees:		
- paid to auditors of the Company	21	21

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

30 (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share is calculated by dividing the (loss) profits for the financial year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

The calculation of the basic and diluted (loss) earnings per share is based on the following data:

	2016	2015
(Loss) Profit for the year attributable to owners of the Company ($'000)	(4,059)	11,436
Weighted average number of fully paid ordinary shares in issue ('000)	114,752	573,985*
Basic and diluted (loss) earnings per share (cents)	(3.54)	1.99*

* Due to the Share Consolidation in the capital of the Company, adjusted prior year weighted average number of fully paid ordinary shares in issue is 114.797 million and adjusted prior year earnings per share is 9.96 cents.

31 DIVIDENDS

On 28 November 2014, a tax-exempt final dividend of $3,731,162 ($0.0065 per share) in respect of financial year ended 30 June 2014 was declared and paid to the shareholders.

On 29 April 2015, a tax-exempt first interim dividend of $2,582,889 ($0.0045 per share) in respect of financial year ended 30 June 2015 was declared and paid to the shareholders.

On 18 November 2015, a tax-exempt final dividend of $3,156,143 ($0.0055 per share) in respect of financial year ended 30 June 2015 was declared and paid to the shareholders.

32 SEGMENT INFORMATION

Goods and Services from which reportable segments derive their revenue

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision maker have focused on the business operating units which in turn, are segregated based on their goods and services. This forms the basis of identifying the operating segments of the Group under FRS 108.

Operating segments are segregated into a single reportable operating segment if they have similar economic characteristics, such as long-term average gross margins, and are similar in respect of nature of services and processes, type of customers, methods of distribution, and/or their reported revenue, absolute amount of profit or loss and assets are not material to the consolidated totals of all operating segments.

The Group's reportable operating segments under FRS 108 are as follows:

Segment	**Principal activities**
Equipment rental	Rental of cranes and aerial lifts
Trading	Trading of cranes and aerial lifts

Segment revenue represents revenue generated from external customers. Segment profits represents the profit earned by each segment after allocating selling expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources, the chief operating decision maker monitors the tangible and financial assets and liabilities attributable to each segment. All assets and liabilities are allocated to reportable segments. Assets and liabilities, if any, used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

32 SEGMENT INFORMATION (cont'd)

Information regarding the Group's reportable segments is presented in the tables below.

	Equipment rental $'000	Trading $'000	Total $'000
2016			
Revenue			
Segment revenue	41,434	50,679	92,113
Results			
Segment results	9,752	3,376	13,128
Selling expenses	(708)	(866)	(1,574)
Other operating income			3,295
Administrative expenses			(14,522)
Other operating expenses			(2,650)
Finance costs	(1,041)	(561)	(1,602)
Share of results of associate			81
Loss before tax			(3,844)
Income tax expense			(130)
Loss for the year			(3,974)
Other information			
Capital expenditure*	26,302	1,697	27,999
Depreciation expense	11,788	598	12,386
Gain on disposal of property, plant and equipment	(359)	–	(359)
Property, plant and equipment written off	2	–	2
Assets and liabilities			
Segment assets	134,383	42,645	177,028
Unallocated corporate assets			45,374
Total assets			222,402
Segment liabilities	32,465	40,324	72,789
Unallocated corporate liabilities			26,793
Total liabilities			99,582

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

32 SEGMENT INFORMATION (cont'd)

	Equipment rental $'000	Trading $'000	Total $'000
2015			
Revenue			
Segment revenue	46,631	131,187	177,818
Results			
Segment results	15,530	16,202	31,732
Selling expenses	(612)	(1,722)	(2,334)
Other operating income			4,811
Administrative expenses			(16,535)
Other operating expenses			(995)
Finance costs	(1,036)	(605)	(1,641)
Share of results of associate			318
Profit before tax			15,356
Income tax expense			(3,336)
Profit for the year			12,020
Other information			
Capital expenditure*	23,267	1,284	24,551
Depreciation expense	11,087	550	11,637
Gain on disposal of property, plant and equipment	(933)	–	(933)
Property, plant and equipment written off	15	–	15
Assets and liabilities			
Segment assets	130,174	38,793	168,967
Unallocated corporate assets			58,716
Total assets			227,683
Segment liabilities	21,392	54,863	76,255
Unallocated corporate liabilities			19,118
Total liabilities			95,373

* Included in capital expenditure is certain property, plant and equipment acquired for which $14,993,819 (2015 : $3,951,287) were acquired under finance leases.

NOTES TO FINANCIAL STATEMENTS

30 JUNE 2016

32 SEGMENT INFORMATION (cont'd)

Revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment results represents the profit earned by each segment without allocation of central administrative expenses, share of profit of associate, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performances.

Geographical segment information

The following table provide details on the Group's revenue by location of customers by geographical area:

	Singapore $'000	Indonesia $'000	Myanmar $'000	Malaysia $'000	Vietnam $'000	Brunei $'000	Thailand $'000	Others $'000	Total $'000
2016									
Revenue from external customers	56,320	2,791	2,870	20,703	2,866	620	1,461	4,482	92,113
2015									
Revenue from external customers	67,994	21,129	11,845	61,039	5,228	4,443	2,084	4,056	177,818

The Group's segment assets by geographical location are detailed below:

Non-current assets

Property, plant and equipment	2016 $'000	2015 $'000
Singapore	54,782	61,906
Malaysia	47,588	36,104
Myanmar	12,128	10,555
Vietnam	13,485	13,467
Hong Kong	628	–
Indonesia	96	67
	128,707	122,099

Major customer information

There were no transactions with a single customer amounting to more than 10% of the Group's revenue for the financial year ended 30 June 2016 and 2015.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

33 CAPITAL COMMITMENTS

	Group	
	2016	2015
	$'000	$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted but not provided for in the financial statements	4,656	1,200

34 OPERATING LEASE ARRANGEMENTS

	2016	2015
The Group as lessee	$'000	$'000
Minimum lease payments under operating leases recognised as an expense in the year	593	498

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	$'000	$'000
Within one year	264	284
In the second to fifth years inclusive	920	912
After five years	950	1,105
	2,134	2,301

Operating lease payments represent rentals payable by the Group for certain of its leasehold land and staff accommodations. Leases are negotiated for an average term of 1 year and rentals are subjected to annual review.

NOTES TO FINANCIAL STATEMENTS
30 JUNE 2016

34 OPERATING LEASE ARRANGEMENTS (cont'd)

The Group as lessor	2016 $'000	2015 $'000
Rental income	183	183

At the end of the reporting period, the Group has contracted with tenants for the following minimum lease receipts:

	2016 $'000	2015 $'000
Within one year	30	55
In the second years inclusive	–	24
	30	79

The Group rents out its office premises under operating leases. Leases are negotiated for an average term of 2 years.

STATISTICS OF SHAREHOLDINGS
AS AT 20 SEPTEMBER 2016

Number of Issued and fully paid-up capital shares excluding treasury shares	-	114,618,800
Class of Shares	-	Ordinary shares
Voting Rights	-	One vote per share
Number of Ordinary Shares held as treasury shares (no voting rights)	-	270,180

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	127	7.08	700	0.00
100 - 1,000	155	8.64	89,644	0.08
1,001 - 10,000	920	51.28	4,567,201	3.99
10,001 - 1,000,000	584	32.50	32,956,597	28.75
1,000,001 AND ABOVE	9	0.50	77,004,658	67.18
TOTAL	**1,795**	**100.00**	**114,618,800**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 20 SEPTEMBER 2016
(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interests	
No.	Name	No. of shares held	%	No. of shares held	%
1.	TAL Holdings Pte Ltd	32,273,200	28.16	–	–
2.	Tan Ah Lye	304,000	0.27	32,273,200[1]	28.16
3.	Toyota Tsusho Corporation	30,950,000	27.00	–	–
4.	Toyota Motor Corporation	–	–	30,950,000[2]	27.00

Notes:

(1) Mr Tan Ah Lye owns more than 20% of the issued and paid up shares in the capital of TAL Holdings Pte. Ltd. ("**TALH**"). For the purpose of Section 7 of the Companies Act, Chapter 50 ("**Companies Act**"), Mr Tan Ah Lye is deemed to be interested in the shares held by TALH.

(2) Daiwa Capital Markets Singapore Ltd is holding shares as nominee on behalf of Toyota Tsusho Corporation ("**TTC**"). Toyota Motor Corporation is deemed interested in the shares held by TTC pursuant to Section 7 of the Companies Act by virtue of its shareholdings of more than 20% of shares in the capital of TTC.

STATISTICS OF SHAREHOLDINGS
AS AT 20 SEPTEMBER 2016

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TAL HOLDINGS PTE LTD	32,273,200	28.16
2	DAIWA CAPITAL MARKETS SINGAPORE LIMITED	30,950,000	27.00
3	DB NOMINEES (SINGAPORE) PTE LTD	2,859,300	2.49
4	DBS NOMINEES (PRIVATE) LIMITED	2,852,896	2.49
5	OCBC SECURITIES PRIVATE LIMITED	2,362,900	2.06
6	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,932,500	1.69
7	PHILLIP SECURITIES PTE LTD	1,384,241	1.21
8	LIM GUAN CHONG	1,252,061	1.09
9	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	1,137,560	0.99
10	HONG LEONG FINANCE NOMINEES PTE LTD	920,800	0.80
11	MAYBANK KIM ENG SECURITIES PTE. LTD	894,742	0.78
12	CIMB SECURITIES (SINGAPORE) PTE. LTD.	776,383	0.68
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	707,751	0.62
14	PANG BOON HEE	696,920	0.61
15	SIM KIM TENG ANNIE	687,800	0.60
16	SIM SZE MAY	680,000	0.59
17	RAFFLES NOMINEES (PTE) LIMITED	679,210	0.59
18	LOOI BOCK HEAY	500,000	0.44
19	WOO KOK SIN	478,400	0.42
20	CITIBANK NOMINEES SINGAPORE PTE LTD	465,800	0.41
	TOTAL	**84,492,464**	**73.72**

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on Shareholders' Information as at 20 September 2016, approximately 44.57% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Sin Heng Heavy Machinery Limited (the "**Company**") will be held at Raffles Marina, No. 10, Tuas West Drive, Singapore 638404 on Wednesday, 26 October 2016 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and Directors' Statement of the Company and the Group for the financial year ended 30 June 2016 together with the Auditors' Report thereon. **Resolution 1**

2. To re-elect the following Directors of the Company retiring pursuant to Regulation 89 and 96 of the Constitution of the Company:

Mr. Tan Cheng Guan	(Retiring under Regulation 89)	**Resolution 2**
Mr. Renny Yeo Ah Kiang	(Retiring under Regulation 89)	**Resolution 3**
Mr. Tan Keh Yan, Peter	(Retiring under Regulation 89)	**Resolution 4**
Mr. Atsushi Shimizu	(Retiring under Regulation 96)	**Resolution 5**

[See Explanatory Note (i) and (ii)].

3. To re-appoint Mr. Tan Ah Lye, Director of the Company who is over 70 years of age, retiring pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"). **Resolution 6**

4. To approve the payment of Directors' fees of S$397,660 for the financial year ended 30 June 2016 (2015: S$375,804). **Resolution 7**

5. To re-appoint Messrs Deloitte & Touche LLP, Certified Public Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **Resolution 8**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")**

   That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual of the "**SGX-ST**", the Directors of the Company be authorised and empowered to:

NOTICE OF ANNUAL GENERAL MEETING

(a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "**Share Issue Mandate**")

provided that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (iii)] **Resolution 9**

8. **Proposed Renewal of the Interested Person Transaction Mandate**

That:

(a) approval be and is hereby given, for the purposes of Chapter 9 ("**Chapter 9**") of the Listing Manual of the SGX-ST, in particular for the purposes of Rule 920 of the Listing Manual in relation to a general mandate from the shareholders of the Company of the SGX-ST, for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9), or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions (as described in Paragraph 5 of Appendix 1 of the circular to shareholders of the Company ("**Circular**") in relation to the proposed renewal of the interested person transaction mandate) with the Interested Persons (as that term is used in the Circular), provided that such transactions are made on normal commercial terms, not prejudicial to the interests of the Company and its minority shareholders, and in accordance with the guidelines and review procedures for such Interested Person Transactions (the "**IPT Mandate**");

(b) the approval given in paragraph (a) above shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company; and

(c) the Directors of the Company and any of them be and are hereby authorised to complete and do all such acts and things (including execution all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this Resolution.

[See Explanatory Note (iv)] **Resolution 10**

9. **Proposed Renewal of the Share Buy-Back Mandate**

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

NOTICE OF ANNUAL GENERAL MEETING

(i) on-market share buy-back, transacted on the ready market of the SGX-ST, or as the case may be, other stock exchange for the time being on which the Shares may be listed or quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose (the "**On-Market Share Buy-Back**"); and/or

(ii) off-market share buy-back (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual of the SGX-ST (the "**Off-Market Share Buy-Back**"),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the proposed Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the conclusion of the next AGM of the Company or the date by which such AGM is required by law to be held;

(ii) the date on which the purchases or acquisitions of the Shares by the Company pursuant to the proposed Share Buy-Back Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained by the proposed Share Buy-Back Mandate is varied or revoked by ordinary resolution of the Company in a general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means the number of Shares representing ten percent (10%) of the total issued ordinary share capital of the Company (excluding treasury shares) as at the date of the passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as defined hereinafter), in which event the issued ordinary share capital of the Company (excluding treasury shares) shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

NOTICE OF ANNUAL GENERAL MEETING

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, or the date on which the purchases of the Shares are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the shareholders of the Company in a general meeting; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Buy-back, 105% of the Average Closing Price;

(ii) in the case of an Off-Market Share Buy-back, 120% of the Average Closing Price,

where "**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days ("**Market Day**" being a day on which the SGX-ST is opened for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Buy-Back or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period; and

(d) the Directors of the Company and any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by the Share Buy-Back Mandate and/or this Resolution.

[See Explanatory Note (v)] **Resolution 11**

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 11 October 2016

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Renny Yeo Ah Kiang will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee and Nominating Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(ii) Mr. Tan Keh Yan, Peter will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and a member of the Audit and Risk Committee and Remuneration Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

(iii) Resolution 9 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty per centum (20%) may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

(iv) Resolution 10 above, if passed, will authorise the Interested Person Transactions as described in the Appendix 1 of the Circular and recurring in the year and will empower the Directors of the Company to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held whichever is the earlier.

(v) Resolution 11 above, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase ordinary shares of the Company by way of On-Market Share Buy-Back or Off-Market Share Buy-Back of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price as defined in the Appendix 2 of the Circular. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buy-Back Mandate on the audited consolidated financial accounts of the Group (as defined in the Circular) for the financial year ended 30 June 2016 are set out in greater detail in the Appendix 2 of the Circular.

Notes:

1. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. A Relevant Intermediary* may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.).

3. Where a member of the Company appoint two (2) proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

4. If the member is a corporation, the instrument appointing the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

NOTICE OF ANNUAL GENERAL MEETING

5. The instrument appointing a proxy must be deposited at the registered office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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SIN HENG HEAVY MACHINERY LIMITED

(Company Registration No. 198101305R)
(Incorporated In the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________ (Name) ______________________ (NRIC/Passport No./Co. Registration No.)

of ____ (Address)

being *a member/members of **SIN HENG HEAVY MACHINERY LIMITED** (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No of Shares	%

*and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No of Shares	%

as my/our proxy/proxies* to vote for me/us* on my/our* behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Raffles Marina, No. 10, Tuas West Drive, Singapore 638404, on Wednesday, 26 October 2016 at 10.00 a.m., and at any adjournment thereof. I/We* direct my/our proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

No.	Resolutions relating to:	No. of Votes 'For'**	No. of Votes 'Against'**
Ordinary Business			
1	Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 30 June 2016		
2	Re-election of Mr. Tan Cheng Guan as a Director		
3	Re-election of Mr. Renny Yeo Ah Kiang as a Director		
4	Re-election of Mr. Tan Keh Yan, Peter as a Director		
5	Re-election of Mr. Atsushi Shimizu as a Director		
6	Re-appointment of Mr. Tan Ah Lye as a Director pursuant to Section 153(6) of the Companies Act, Chapter 50		
7	Approval of Directors' fees amounting to S$397,660 for the financial year ended 30 June 2016 (2015: S$375,804)		
8	Re-appointment of Deloitte & Touche LLP as Auditors and to authorise the Directors of the Company to fix their remuneration		
Special Business			
9	Authority to issue new shares		
10	Renewal of the Interested Person Transactions Mandate		
11	Renewal of the Share Buy-Back Mandate		

** Delete where inapplicable*

*** If you wish to exercise all your votes 'For' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ____________ day of __________________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company who is not a Relevant Intermediary entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member who is not a Relevant Intermediary appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 October 2016.

Designed and Produced by SageStudio +65 6438 2990

SIN HENG
HEAVY MACHINERY LIMITED

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