



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

No. 26, Gul Road, Jurong Industrial Estate, Singapore 629346  
Tel: (65) 6-861 6111, Fax: (65) 6-863 8616  
Website: [www.sinheng.com.sg](http://www.sinheng.com.sg)  
CO REG. NO: 198101305R  
GST REG. NO: M2-0043237-1

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**CLARIFICATION ON THE ANNOUNCEMENT OF FULL YEARLY RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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The Board of Directors (“**Board**”) of Sin Heng Heavy Machinery Limited (“**Company**” and together with its subsidiaries, “**Group**”) refers to the announcement made by the Company of its Unaudited Second Half Year and Full Year Financial Statements Announcement for the financial year ended 31 December 2020 (“**Results Announcement**”) released to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 26 February 2021 (Announcement Reference: SG210226OTHRQAJK).

The Board wishes to provide the additional information in response to the SGX-ST’s queries as follows: -

**Query 1:**

Please explain why the interest income amounted to only \$328,000 during FY2020 when the Company has significant cash and bank balance amounting to \$32.6 million.

**Company’s Response to Query 1:**

The Group’s cash and bank balances detailed by geographical segments are as below:

	S\$’000
Singapore	30,300
Other countries	2,319
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	<u>32,619</u>

The interest income derived mainly from cash placed with reputable banks in current accounts and fixed deposits. In Singapore, the current accounts yielded low interest rates at less than 0.4% per annum and not all bank accounts are interest-bearing. The interest rate for fixed deposits earned ranges from 0.35% to 1.85% per annum in FY2020. Accordingly, the Group’s interest income for FY2020 approximately to only S\$328,000.

## Query 2:

Please disclose:

- (i) the aging of the Group's trade receivables;
- (ii) the Company's plans to recover the trade receivables;
- (iii) The Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade receivables; and
- (iv) The Board's assessment of the recoverability of the remaining trade receivables.

### Company's Response to Query 2:

- (i) Please find below the aging summary of the Group's trade receivables as at 31 December 2020:

(S\$'000)	Current	30 days	60 days	90 days	>120 days	Total
Trade receivables	10,683	8,016	1,552	593	4,072	24,916
Less: Impairment						<u>(1,762)</u>
						<u>23,154</u>

- (ii) The Group conducts regular review of the collection status of the trade receivables and is monitoring the status closely. The Group will take necessary steps including sending reminders, calls, re-structure payment plan and when necessary, legal letters to chase for payment.
- (iii) The impairment of the trade receivables was assessed based on the expected credit losses under SFRS(I) 9, taking into consideration the creditworthiness, historical payment trend, ageing data of the trade receivables. The Board, together with the management, is of the view that the methodologies used to determine the value of the impairment of trade receivables are reasonable.
- (iv) Based on the Board and management's assessment, the Board is of the view that there is no recoverability issue with remaining trade receivables.

### BY ORDER OF THE BOARD

Tan Ah Lye  
Executive Director and Chief Executive Officer  
12 March 2021