



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

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CO REG. NO: 198101305R

GST REG. NO: M2-0043237-1

**RESPONSE TO QUESTIONS FROM SHAREHOLDERS FOR THE ANNUAL GENERAL
MEETING TO BE HELD ON 30 APRIL 2021**

The Board of Directors (the “**Board**”) of Sin Heng Heavy Machinery Limited (the “**Company**”) refers to the announcement dated 8 April 2021 in relation to the Annual General Meeting to be held by way of electronic means on 30 April 2021 (the “**Announcement**”).

Further to the Announcement, the Board and Management had received questions from shareholders for the period between 8 April 2021 to 26 April 2021 (“**Questions**”). Questions received from shareholders but are not provided with any response are due to reasons of commercial sensitivity or not substantial and not relevant. The Company and the Board wishes to provide its responses to questions that are substantial and relevant as set out in the Appendix A.

The Company would like to thank all shareholders for questions submitted in advance.

BY ORDER OF THE BOARD

Tan Ah Lye
Executive Director and Chief Executive Officer
28 April 2021

Appendix A

Questions 1:

- (a) Will Sin Heng consider a formal dividend policy for the benefit of all shareholders and investors in considering Sin Heng as their investment?
- (b) Why the dividend payout is more than FY2020 earnings? Any particular reason(s) in doing so?

Company's Response:

Though the Company does not have a dividend policy, the Board of Directors will always carefully consider whether it is appropriate to pay any dividend at its board meeting periodically. The declaration of dividend, if any, will depend on various factors such as earnings, financial position, cash flows, capital needs, which the Board of Directors may deem appropriate.

As announced in page 9 of the 2020 Annual Report, with the result of our strategy to exit from the Vietnam market and the proceeds from the disposal of the Vietnam rental fleet, the Board of Directors recommended dividend of 5.0 Singapore cents, comprising first and final dividend of 0.5 Singapore cents and special dividend of 4.5 Singapore cents.

Questions 2:

Why the company proposed Share Issue Mandate, since the Company can choose to retain more cash rather than \$0.05 dividend for FY2020?

Company's Response:

The Resolution 11 in relation to the Share Issue Mandate allows the Company to have the flexibility to issue further shares, if required, at short notice or using new shares for acquisition purposes as long as any of the aforesaid transactions falls within the approval limits. This would also enable the Company to minimise costs as it would not be required to seek the shareholders for approval in light of the size and the impact that such share issuance or acquisition would have on the Company as a whole.

In view of the above mentioned, the Board of Directors is of the view that it would be in the best interest of the Company to have the ability to proceed with new share issuance at short notice and at minimum costs.

Questions 3:

If the \$0.05 dividend payout for FY2020, does the company see much better earnings ahead? What is the Company business strategy/plans moving forward?

Company's Response:

Please refer to response to question 1 on the rationale for the proposed dividend.

Due to the uncertainty of the COVID-19 situation, the Group will continue to align our operations to prevailing market condition by rationalizing our operations. The Group continues to remain focused and adopt a prudent cash management approach to enable the Group to renew or expand our rental fleet when market condition improves.

Questions 4:

What notable developments can shareholders expect from Sin Heng in the coming year(s)?

Company's Response:

As the COVID-19 pandemic continues to evolve and the uncertainties of the political situation in certain countries remain, the Group will focus to align our operations to prevailing market condition as mentioned in the response to question 3 above.

The Company will make the disclosure obligation under the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and will make announcement if there is any material development.

Questions 5:

Describe Sin Heng's financial performance over the past few years. What strategies have you put in place to maintain or accelerate the growth trajectory?

Company's Response:

The business environment for the past few years has been highly competitive. Following the loss in FY2016, the Company undertook cost management initiatives, improve operational efficiency and adopt prudent management of working capital. These measures in turn prepare the Company to maintain a sound financial foundation that will better position the Company to withstand any difficult business periods and take advantage of market opportunities.

The Company will continue to adopt a prudent cash management approach as the COVID-19 pandemic continues to evolve and the uncertainties of the political situation in certain countries remain.

Questions 6:

- (a) What are the factors that are critical to Sin Heng's success against competition? What differentiates Sin Heng from competition?
- (b) What is Sin Heng's value proposition to its shareholders and potential investors? What do you think investors may have overlooked about Sin Heng's business?

Company's Response:

The Company aims to be a sustainable equipment trading and rental company, offering quality construction equipment to our customers. With an established track record of more than 50 years, the Company has successfully established a market presence in the region and build an extensive portfolio of customers from diverse industries. The Company also holds much coveted regional distributorship rights for a variety of cranes. This is attributed to the consistent dedication and reliability the Company has demonstrated, which have gained the confidence and trust of major equipment principals, as well as our customers. However, these values might be overlooked and may not always reflected in the financial performances of the Company as the financial performances are dependent on various factors as well as industry cycle.

However, the Company is firmly committed, and will continue to provide the best services to our customers and business partners. The Company acknowledges that the current difficult and competitive operating environment and will always re-align our business strategy to create a competitive advantage for the Company.

Questions 7:

What are some of the key Environmental, Social and Governance factors that are material to the Group?

Company's Response:

Please refer to the Sustainability Report 2020 released via SGX-ST on 26 April 2021 for further details.