



SIN HENG
HEAVY MACHINERY LIMITED

SUSTAINABILITY REPORT
2017



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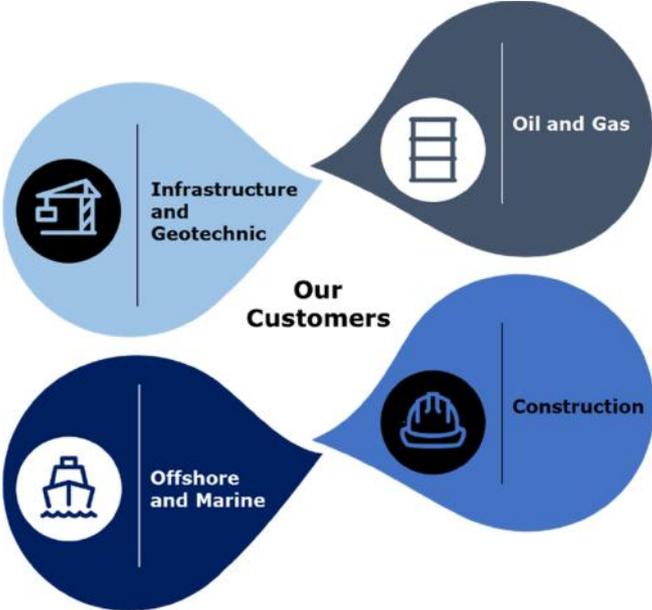
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INTRODUCTION

ABOUT SIN HENG HEAVY MACHINERY LIMITED

Sin Heng Heavy Machinery Limited (“Sin Heng”, the “Company” or “We”) is a public company listed on the main board of Singapore Exchange (SGX). Established in 1969, Sin Heng is approaching its fifth decade of providing comprehensive lifting solutions to customers in infrastructure and geotechnic, construction, offshore and marine, as well as oil and gas industries.

Our company is specialised in the rental and trading of cranes, aerial lifts and other lifting equipment. We also undertake the sales and distribution of related parts. Over the years, we have consistently been awarded many major projects in Singapore and across the region. Additionally, we have secured the regional distributorship rights for many of the world’s top crane manufacturers such as Kobelco, Kato, Arcomet and Grove.



Our operations are headquartered in Singapore and we are always actively seeking for new geographic regions to expand our business reach and network. To date, we have established foothold in Vietnam, Myanmar, Indonesia and Hong Kong through wholly-owned subsidiaries and in Malaysia via joint venture with a trusted local partner. We also have strong networks in Canada, Europe, United States of America, Middle East, India, South Korea, Japan, Taiwan, Thailand, Brunei, Australia, South Africa and New Zealand. We currently own a fleet of 200 cranes and 260 aerial lifts, with an aggregate crane lifting capacity of 20,600 tons.

OUR VISION



OUR COMMITMENT

We believe that our commitment towards providing quality service as we embark on continuous expansion has brought us closer towards achieving our vision of becoming the leading integrated lifting service provider in Asia. Our team of well-trained employees takes pride in providing prompt and effective lifting solutions that meet the exacting demands and requirements of our customers in the most professional services.

OUR BRAND VALUE

With our broad technical expertise and excellent after-sales services, we deliver operational, service and safety excellence to our customers. Above all, we strongly believe in upholding the highest standards of ethical values and principles of behaviour in our business activities.

MEMBERSHIP OF ASSOCIATION

Currently, we hold membership in the Master Builders Association Malaysia (MBAM). MBAM aims to provide a synergy of services to members for the betterment of the construction industry. This will allow Sin Heng to develop strategic relationships within the industry and further drive value creation for all stakeholders.

ABOUT THIS REPORT

SCOPE OF THE REPORT

The inaugural Sustainability Report (the "Report") of Sin Heng Heavy Machinery Limited has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, the international standard for sustainability reporting. This report is prepared with reference to the primary components set in Singapore Exchange Securities Trading Limited's ("SGX-ST") Listing Rule 711B on a 'comply or explain' basis.

This report aims to provide an overview of our environmental, social and governance (ESG) performance in Singapore and Malaysia for the Financial Year (FY) 2017. It highlights relevant strategies and business initiatives as well as to demonstrate how the company is a sustainable and responsible business with a positive impact on our stakeholders. All data and activities reported were from 1 January 2017 to 31 December 2017, unless stated otherwise. To show continual progress over the years, we intend to report our performance annually.

The content of this report was defined by the four reporting principles established by GRI Standards, which are stakeholder inclusiveness, sustainability context, materiality as well as completeness.

The Stakeholder Inclusiveness principle was implemented in determining the report context through the stakeholder engagement and materiality assessment workshop conducted in September 2017 to understand the reasonable expectations as well as interests of internal and external stakeholders. In addition, we select our stakeholders based on influence, representation, responsibility, dependency and proximity.

The Sustainability Context principle was implemented in determining the report context which covered the ESG aspects.

The Materiality principle was implemented in determining the report context through the stakeholder engagement and materiality assessment workshop with a combination of internal and external factors to be considered when assessing whether a topic is material.

The Completeness principle was implemented by examining specific and material topics to check the data availability and determination of the topics' boundaries.

IN SCOPE ENTITIES

In Scope Entities	Economic Performance	Environmental Compliance	Occupational Health and Safety	Training and Education
Singapore				
Sin Heng Heavy Machinery Limited				
Sin Heng Aerial Lifts Pte Ltd				
SH Equipment Pte Ltd		Not in scope	Not in scope	Not in scope
Malaysia				
SH Heavy Machinery Sdn Bhd				
SH Equipment Holdings Sdn Bhd		Not in scope	Not in scope	Not in scope
Bestari Industrial Holdings Sdn Bhd		Not in scope	Not in scope	Not in scope
Vietnam				
Sin Heng Vina Co. Ltd		Not in scope	Not in scope	Not in scope
Indonesia				
PT SH Machinery Indonesia		Not in scope	Not in scope	Not in scope
Hong Kong				
SH Equipment (HK) Limited		Not in scope	Not in scope	Not in scope
Myanmar				
SH Equipment (Myanmar) Company Limited		Not in scope	Not in scope	Not in scope

ACHIEVEMENTS

Achievements	Year
 Third most enterprising company in Enterprise 50 Awards (2009)	2009
 Awarded bizSAFE level 3 certification by Workplace Safety and Health Council	2016

CONTACT US

As part of our continued efforts to improve our reporting, we welcome stakeholders to submit their comments to us. For any questions or to deliver feedback about this report, please contact:

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MESSAGE FROM BOARD

BOARD STATEMENT

Sin Heng proudly presents our 2017 Sustainability Report. This report is our company's very first Sustainability Report being published as a requirement mandated by the Singapore Stock Exchange (SGX), demonstrating our commitment to sustainable business operations. It will highlight Sin Heng's sustainability initiatives, best practices and performance.

This is aligned with the ever-increasing importance and emphasis on sustainability across global financial markets. At Sin Heng, we view this increased emphasis on sustainability as an opportunity to further improve our business operations and address material ESG issues relevant to our stakeholders. Sustainable practices are essential in building a reliable and resilient business, and will subsequently drive long-term value creation for our stakeholders.

Sustainability is closely linked to our business in rental and trading of cranes, aerial lifts and other lifting equipment as well as our sales and distribution of spare parts for these types of equipment.

Instead of rendering our old or outdated equipment as obsolete, we can salvage parts which can still be reused, remanufactured and recycled without losing their properties. This brings forth the concept of a circular economy that can exist within our business.

Within Sin Heng, our Board of Directors ("the Board") is responsible for providing leadership and establishing the Group's values and ethical standards to meet stakeholders expectations. The Board is dedicated to integrating Sin Heng's sustainability and business goals. We believe that embracing the challenges that come with conducting a business sustainably will bring about greater responsibility, productivity and success in the years to come.

Upon receiving valuable insights from our stakeholders, we have identified four material ESG factors – namely, Economic Performance, Environmental Compliance, Occupational Health and Safety, and Training and Education. These factors not only heavily influence stakeholders' decisions, but also have significant impact on our business. They will be discussed in further detail in this report.

For economic performance, following the loss experienced in FY 2016, we undertook cost reduction initiatives. In spite of slow growth in the construction and marine sectors this year, the company managed to achieve a profit for FY 2017. Our financial position remains robust and we are confident in maintaining healthy returns for our investors.

We look forward to reporting our sustainability performance annually and engaging our stakeholders regularly. In the future, we will progressively include more metrics and quantitative targets to measure our sustainability performance – with the ultimate goal of building a reasonable and sustainable business.

STAKEHOLDER ENGAGEMENT AND MATERIALITY REVIEW

STAKEHOLDER ENGAGEMENT

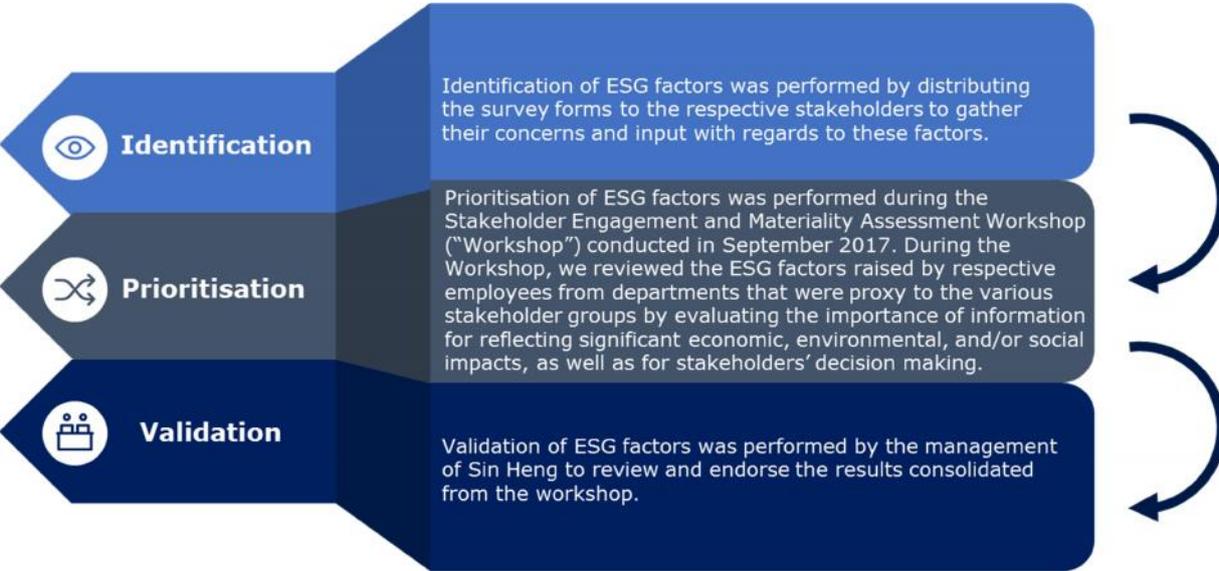
At Sin Heng, communication with our stakeholders is a top priority. We value all of our stakeholders and believe that strong, long-lasting relationships with effective two-way communication are integral in shaping our business.

We recognise that stakeholders play a strategic role in maintaining our company’s long-term growth, as well as responsible business development in ESG aspects. We engage our stakeholders regularly through various platforms to inform them of our sustainability initiatives, and at the same time, gain a deeper understanding of their expectations and concerns with regards to our operations. Thereafter, we can adjust our strategies and targets appropriately to achieve our sustainability goals.

Our business activities involve a diverse range of stakeholders, but we select our stakeholders based on influence, representation, responsibility, dependency and proximity. We narrowed down the relevant stakeholder groups for the purposes of this report, allowing us to focus on investors, customers, regulators, suppliers and employees. In 2017, we engaged all of these stakeholders to obtain their views on the most material sustainability issues that should be covered in this report through surveys.

RESULTS FROM MATERIALITY ASSESSMENT

The materiality assessment process was conducted based on a three-step approach to identify the material ESG factors: (1) Identification of ESG factors; (2) Prioritisation of ESG factors; (3) Validation of ESG factors:



MATERIAL ASPECTS AND INDICATORS IDENTIFIED

TOP PRIORITIES		
Material Aspects	GRI Standards ESG Indicators	
Economic Performance	GRI 201-1	Direct economic value generated and distributed
Environmental Compliance	GRI 307-1	Non-compliance with environmental laws and regulations
Occupational Health and Safety	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities
Training and Education	GRI 404-3	Percentage of employees receiving regular performance and career development reviews

EMERGING PRIORITIES		
Material Aspects	GRI Standards ESG Indicators	
Procurement Practices	GRI 204-1	Proportion of spending on local suppliers
Energy	GRI 302-1	Energy consumption within the organisation
Training and Education	GRI 404-2	Programs for upgrading employee skills and transition assistance programs

This sustainability report will be focusing on ESG factors classified as top priorities. ESG factors classified as emerging priorities may be covered in our future reports.

REPORTING SCOPE AND BOUNDARIES

Material Aspects	List of ESG Indicators	Aspect Boundary
Economic Performance	GRI 201-1: Direct economic value generated and distributed	Within Organisation
Environmental Compliance	GRI 307-1: Non-compliance with environmental laws and regulations	Within Organisation
Occupational Health and Safety	GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	Within Organisation
Training and Education	GRI 404-3: Percentage of employees receiving regular performance and career development reviews	Within Organisation

ECONOMIC PERFORMANCE

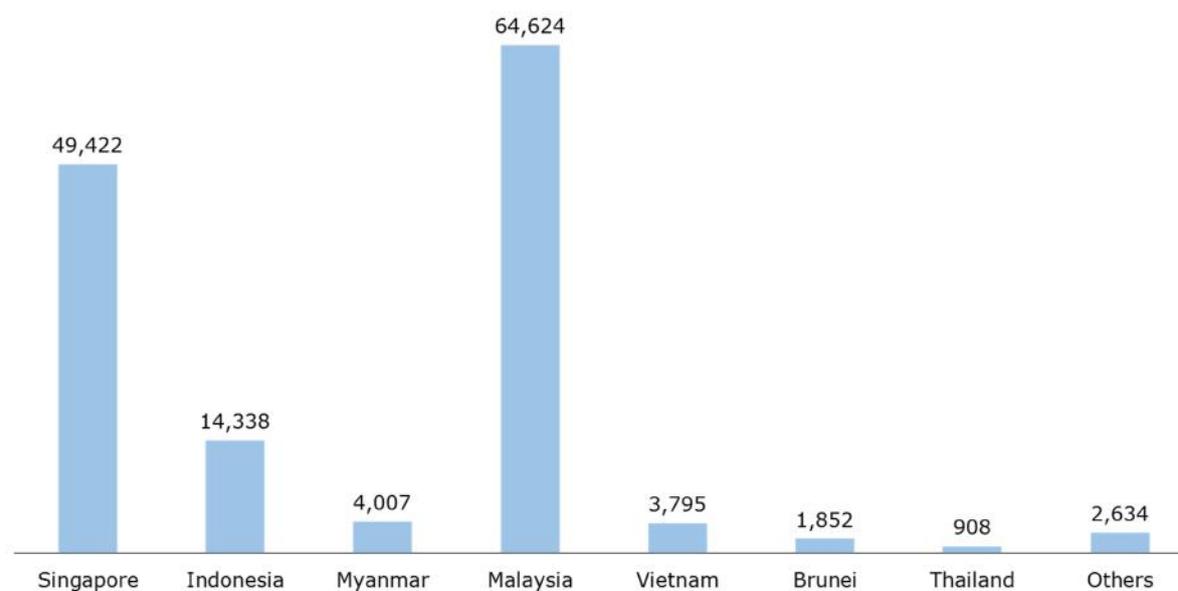
HIGHLIGHT ON ECONOMIC PERFORMANCE

The economic highlights of Sin Heng's performance for 18 months from 1 July 2016 to 31 December 2017 (FY 2017) is shown in the table below.

Revenue:	S\$141.6 million
Profit before income tax:	S\$5.7 million
Profit for the year:	S\$1.3 million

Sin Heng achieved a total revenue of S\$141.6 million from a combination of its equipment rental business and trading business in FY 2017.

REVENUE BY GEOGRAPHICAL SEGMENT (S\$'000)



For a more detailed breakdown of its FY 2017 financial results, please refer to the relevant sections in Sin Heng Heavy Machinery Limited's Annual Report 2017 (Annual Report).

ENVIRONMENT

OUR APPROACH

Compliance with environmental laws and regulations is a sure way of conducting business in an ethical manner and upholding principles of integrity. We understand that engaging in environmentally friendly practices not only helps to further our business goals by managing costs but believe that it is our duty as a responsible corporate citizen. By managing our business better through environmentally sustainable efforts, we also create greater long-term value for our stakeholders.

We record all reported cases of environmental non-compliance and significant cases of fines and sanctions brought to the attention of the Board.

ENVIRONMENTAL COMPLIANCE

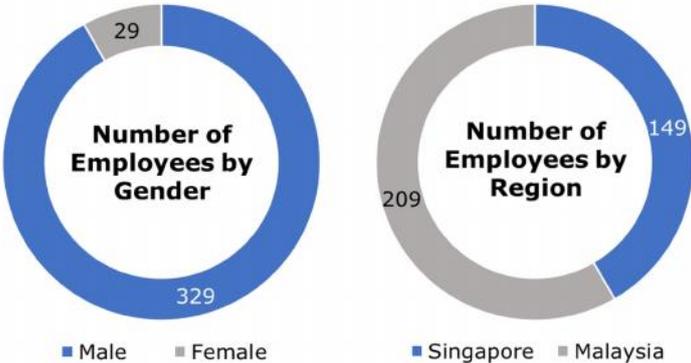
In order to ensure legal compliance, we analyse and follow the environmental laws and regulations in the countries which we operate in closely. To effectively manage noise and emissions pollution, we comply with site requirements on our cranes. This includes abiding by crane age limits, periodic inspection of cranes, measures to reduce noise pollution and recycling waste oil in line with the regulations set out by the National Environment Agency (NEA).

In FY 2017, there were no major incidences involving significant fines or non-monetary sanctions. We aim to maintain this level of performance and be a role model in our industry. We pride ourselves in delivering the highest of standards to all our stakeholders, including regulators.

SOCIAL

OUR APPROACH

Our people are central to our success. We pride ourselves in maintaining a harmonious and diverse workforce spanning different generations, genders, nationalities and skillsets. We employ 358 full-time staff in Singapore and Malaysia. The breakdown of our labour force based on our operations in Singapore and Malaysia and by gender demographics is as follows.



In building an inclusive workplace, we advocate the importance of team integration, a positive workplace culture and work ethos. We also conduct frequent staff appraisals to encourage all our employees to engage in continuous learning and development. This allows us to combine the best of strengths and use our different experiences to our advantage.

Additionally, we invest time and resources to ensure that our employees are adequately trained before undertaking their respective tasks. This includes gaining the relevant skillsets demanded of them and understanding the importance of workplace safety. We believe that this will help us to rise above our competitors in fulfillment of our vision.

OCCUPATIONAL HEALTH AND SAFETY

In compliance with the Singapore Workplace Safety and Health Act 2006, we place a large emphasis on cultivating good safety habits in all individuals. Our employees' health and safety is core to our business and workplace productivity. Any accident would have an adverse impact on our operations, in terms of work disruption, additional financial costs, legal penalties, as well as reputational damages. For our employees, the impact of a safety lapses could result in permanent disabilities, or even the loss of life. Such incidents would inevitably affect their families as well.

Hence, we conduct annual trainings on safe practices at work and encourage all employees to look out for one another. We provide employees with the relevant skills to perform their roles safely, such as by sending operators to courses such as Singapore Workforce Skills Qualification (WSQ) Construction Safety Orientation Courses. We also work closely with our

client's site management teams on safety issues, send our crane operators for the in-house Safety Induction Course conducted by site owners, and monitor their feedback on our crane operators to take quick corrective actions when necessary.

Additionally, our cranes regularly undergo inspection by Authorised Examiners appointed by the Ministry of Manpower (MOM). This ensures that our equipment is always safe to operate and all employees comply with relevant laws, control environmental pollution, as well as increase environmental health and safety (EHS) awareness amongst our employees.

As a result, a strong safety culture exists in Sin Heng, which extends beyond physical health to mental and emotional health as well. We wish to cultivate an environment that allows all employees to daily feel safe and happy at their workplace. In FY 2017, our efforts in strengthening the company's safety culture have shown results as we have experienced a zero-fatality and occupational disease rate.

However, we have had five injury incidents reported in FY 2017, which translates into 41 lost days per 200,000 hours worked. There were no cases of occupational diseases and work-related fatalities in the same year.

The diagram below shows a full breakdown on our company's occupational health and safety statistics for this year.



We aim to continue reducing the number of injuries occurred in a year by pushing out more safety initiatives.

TRAINING AND EDUCATION

We believe in encouraging holistic development of our employees and grooming them to their fullest potential, personally and professionally. Hence, we are committed to learning and development programme to drive productivity and develop personal effectiveness of each employee. Additionally, we conduct regular performance reviews and annual career development reviews to encourage employees to reflect on their performance, learn from their mistakes and build on their strengths. In 2017, all of our employees received their appraisal.

GOVERNANCE

CORPORATE GOVERNANCE

We recognise that good governance and integrity is essential to protect our reputation, avoid conflict of interests in our business activities and stay on the path towards a sustainable business culture that will generate long-term value creation for all our stakeholders.

For more details on Sin Heng's Corporate Governance, please refer to page 25 of the Sin Heng Heavy Machinery Limited Annual Report (Annual Report) 2017.

RISK MANAGEMENT

We regularly review and improve our business and operational activities to identify areas of significant business risks as well as to take appropriate measures to control and mitigate these risks. We are committed to ensuring appropriate risk management procedures are implemented across our supply chain. We review all significant control policies and procedures and highlight significant matters to the Audit and Risk Committee (ARC) and the Board. The significant risk management policies are disclosed in the audited financial statements of the Annual Report.

WHISTLEBLOWING

A whistleblowing policy has also been established to provide employees or any other persons a safe channel to report any potential or actual improprieties in financial or other operational matters. This works for employees who have detected and wish to report instances of corruption, bribery, and extortion without the fear of retaliation.

COMMUNITIES

OUR APPROACH

Within Sin Heng, we promote a family-like culture and actively encourage our employees to bond and build on their team dynamics. Festive celebrations and other company events were organised to further this objective.

However, we are also aware that our operations also have effect on others outside the company, extending to the society and community at large. Having understood the scale of our reach across the globe, we strive to positively impact the lives of people in all the regions where we operate in and are constantly on the lookout for opportunities to do so.

HIGHLIGHTS OF FY 2017

LONG SERVICE AWARD



Presentation of long service awards

Employee who served Sin Heng ranging from 10 to 45 years

30 April 2017

HIGHLIGHTS OF FY 2017

FESTIVE CELEBRATIONS



Company lunch to jointly celebrate Chinese New Year & the official opening of our new building in Shah Alam, Malaysia
22 January 2017

GRI CONTENT INDEX

TABLE OF GRI CONTENT INDEX

GENERAL DISCLOSURES			
General Standard	Disclosure	URL(s)	Omission
ORGANISATIONAL PROFILE			
GRI 102: General Disclosures 2016	102-1 Name of the organisation	Introduction	
	102-2 Activities, brands, products and services	Introduction	
	102-3 Location of headquarters	Introduction	
	102-4 Location of operations	Introduction	
	102-5 Ownership and legal form	Annual Report 2017	
	102-6 Markets served	Introduction	
	102-7 Scale of the organisation	Introduction	
	102-8 Information on employees and other workers	Introduction	
	102-9 Supply chain	Introduction	
	102-10 Significant changes to organisation and its supply chain	No significant changes	
	102-11 Precautionary principle or approach	Introduction	
	102-12 External Initiatives	Introduction	
	102-13 Membership of association	Introduction	
STRATEGY			
GRI 102 : General Disclosures 2016	102-14 Statement from senior decision-maker	Message From Board	
ETHICS AND INTEGRITY			
GRI 102: General Disclosures 2016	102-16 Values, principles, standards and norms of behaviour	Introduction	

GOVERNANCE			
GRI 102: General Disclosures 2016	102-18 Governance structure	Governance	
STAKEHOLDER ENGAGEMENT			
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Stakeholder Engagement And Materiality Review	
	102-41 Collective bargaining agreements	Not Applicable	
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement And Materiality Review	
	102-43 Approach to stakeholder engagement	Stakeholder Engagement And Materiality Review	
	102-44 Key topics and concerns raised	Stakeholder Engagement And Materiality Review	
REPORTING PRACTICE			
GRI 102: General Disclosures 2016	102-45 Entities included in the consolidated financial statements	Annual Report 2017	
	102-46 Defining report content and topic Boundaries	Stakeholder Engagement And Materiality Review	
	102-47 List of material topics	Stakeholder Engagement And Materiality Review	
	102-48 Restatements of information	Not Applicable	
	102-49 Changes in reporting	Not Applicable	
	102-50 Reporting period	About This Report	
	102-51 Date of most recent report	Not Applicable	
	102-52 Reporting cycle	About This Report	
	102-53 Contact point for questions regarding the report	About This Report	
	102-54 Claims of reporting in accordance with the GRI Standards	About This Report	
	102-55 Content index	GRI Content Index	
	102-56 External assurance	About This Report	

CATEGORY: ECONOMIC			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Economic Performance	
	103-2 The management approach and its components	Economic Performance	
	103-3 Evaluation of the management approach	Economic Performance	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic Performance	
CATEGORY: ENVIRONMENT			
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Environment	
	103-2 The management approach and its components	Environment	
	103-3 Evaluation of the management approach	Environment	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Environment	
CATEGORY: SOCIAL			
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Social	
	103-2 The management approach and its components	Social	
	103-3 Evaluation of the management approach	Social	
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Social	

TRAINING AND EDUCATION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Social	
	103-2 The management approach and its components	Social	
	103-3 Evaluation of the management approach	Social	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Social	

Note: The column of "Omission" is intentionally left blank as there are no omissions made in the Sustainability Report.