



SHINVEST HOLDING LTD.  
旭阳控股有限公司

# IN HARMONIOUS CONNECTION

SUSTAINABILITY REPORT 2019

# CONTENTS

BOARD STATEMENT	01
ORGANISATIONAL PROFILE	02
SUSTAINABILITY APPROACH	03
ECONOMIC	05
ENVIRONMENTAL	06
SOCIAL	07
GOVERNANCE	11
GRI STANDARDS CONTENT INDEX	12



# BOARD STATEMENT

We are pleased to present the annual Sustainability Report of Shinvest Holding Limited ("Shinvest", the "Company", and together with its subsidiaries, the "Group") for our financial year ended 31 August 2019 ("FY2019"). This report is prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B, and references to the Global Reporting Initiative ("GRI") Standards, Core option. We have chosen to report using the GRI Standards because it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures. Moreover, the structured framework promotes the reporting of a full and balanced picture of Shinvest's material matters and the management of its impact. This report highlights the key economic, environmental, social and governance ("EESG") related initiatives carried throughout a 12-month period, from 1 September 2018 to 31 August 2019.

Sustainability is a part of the Group's wider strategy to create long-term value for all its stakeholders. As such, the key material EESG factors for the Group have been identified and cautiously reviewed by the management. The data and information provided has not been verified by an independent third party. We relied on internal data monitoring and verification to ensure the accuracy of data and information. The board of directors of the Group (the "Board") oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group's strategic direction and policies.

In addition to Shinvest Holding Ltd ("Shinvest"), Sin Hong Hardware Pte. Ltd ("Sin Hong") is also covered in this Report. In March 2019, we disposed our equity interest in a subsidiary, GD Tech Private Co., Limited to the founder. This has affected the disclosures and data presented in this report as compared to the disclosures in the 2018 report.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. Please send your comments and suggestions to [vunyew\\_siow@shinvest.com.sg](mailto:vunyew_siow@shinvest.com.sg).

31 January 2020



# ORGANISATIONAL PROFILE

Shinvest Holding Ltd. (“Shinvest” or the “Company”), was incorporated in 1989 and has been listed on the Mainboard of Singapore Exchange Limited since 13 October 1999. The Company underwent a corporate restructuring exercise approved by shareholders on 30 July 2009, which saw the company divesting most of its loss-making subsidiaries.

The Company returned to profit in 2010 after the acquisition of Sin Hong Hardware Pte Ltd (“Sin Hong”). Subsequently, in March 2014, the Company invested 10% equity interest in Espressif Group, comprising Espressif Incorporated, Espressif Systems (Shanghai) Pte Ltd and Espressif Microelectronics Wuxi Pte Ltd (“Espressif Group”). Over the years, Espressif Group had embarked on a series of restructuring and fund raising exercise. On 22 July 2019, Espressif Systems (Shanghai) Co., Ltd. (“Espressif Shanghai”) was listed on Shanghai Stock Exchange STAR Market. As a consequence of these changes, the Company is now directly holding 6% of equity interest of Espressif Shanghai.

Sin Hong is an integral part of the manufacturing value chain providing a wide range of industrial fasteners and a specialist in Standard, Non-standard and Customised Fasteners. Sin Hong caters to customers with special parts or custom-made parts for assembly requirement in various industries manufacturing suited to customers requirement. It serves both the domestic market and international market, countries coverage includes United States of America, Europe, Malaysia and Indonesia.

Espressif Shanghai is a privately held fabless semiconductor design group, specializing in wireless connectivity chipsets and software solutions for tablets, TV boxes, Internet of Things (“IoT”), as well as wearable electronics applications, and focused on improving lives through innovation and collaboration. It is dedicated to provide high quality and highly integrated connectivity semiconductor solutions to clients worldwide. Users can now easily embed its WiFi solution, based on the latest silicon technologies, within other systems, with complete and extensive functionalities, minimal cost and small form factor.

# SUSTAINABILITY APPROACH

## OUR SUSTAINABILITY METHODOLOGY



## STAKEHOLDERS ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material aspects relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, shareholders, employees, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

Stakeholders	Engagement Platforms	Frequency
 <b>Suppliers</b>	Vendor Assessments	Annually
	Emails/Calls	Continuously
	Face-to-face meetings	Quarterly
 <b>Shareholders</b>	Annual General Meeting/ Extraordinary General Meeting	Annually
	Annual Report	Annually
	Announcement	Quarterly
	Websites-Investor Relationship	Continuously
 <b>Customers</b>	Face-to-face meetings	Annually
	Email feedback	Continuously
	Customer cold calls	Continuously
 <b>Employees</b>	Staff Appraisal	Periodically
	Whistle blowing policy updates	Annually
	Department & Management Meetings	Quarterly
	Staff Bonding Sessions	Quarterly
 <b>Board</b>	Board Meetings	Half yearly
	Board Circulation via E-mails	Half yearly
 <b>Government and Regulators</b>	Regular Reports	Continuously
	Websites	Continuously
	Calls	Continuously
 <b>Local Communities</b>	Corporate Social Responsibility Programmes	Annually

# MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of relevant aspects. Relevant aspects are then prioritised to identify material factors which are subject to validation. The end result of this process is a list of material factors disclosed in the Sustainability Report. Process of which is as shown below



The Group has conducted a materiality assessment during the year with the help of an external consultant. We engaged our employees from different departments, seeking our internal stakeholders' feedback for prioritisation of these topics. Going forward, materiality review will be conducted every year, incorporating inputs gathered from stakeholders' engagements.

In order to determine if an aspect is material, we assessed its potential impact on the economy, environment and society and its influence on the stakeholders. Applying the guidance from GRI, we have identified the following as our material aspects:



## ECONOMIC

- Economic Performance
- Anti-Corruption



## ENVIRONMENTAL

- Energy
- Environmental Compliance



## SOCIAL

- Diversity and Equal Opportunity
- Occupational Health and Safety
- Training and Education
- Local Communities



## GOVERNANCE

- Corporate Governance
- Business Ethics and Compliance
- Enterprise Risk Management

## ECONOMIC PERFORMANCE

Shinvest firmly believes that the focus on financial sustainability is critical and is fully committed to the highest standards of corporate governance. The Group's basic principle is that long-term profitability and shareholders' value is ensured by taking into account the interests of all stakeholders, such as shareholders, employees, suppliers and society as a whole.

In a period characterised by the International Monetary Fund ("IMF") as a "synchronised slowdown", overall global economic sentiment remained subdued across FY2019, with manufacturing and global trade being notably hard hit. This downturn, termed by the IMF as the "slowest-paced" since the global financial crisis, was markedly underscored by the twin deadlocks of the prolonged US-China trade war and Brexit negotiations. Amidst these sluggish conditions, and the deconsolidation of subsidiary GD Tech (H.K.) Privated Limited, the Group's revenue reduced 14.5% year-on-year (YoY) to S\$15.4 million in FY2019, as compared to S\$18.0 million in the financial year ended 31 August 2018 ("FY2018"). Segmentally, the Export Strategic Business Unit (SBU) continued to serve as the largest contributor to sales from continuing operations in FY2019, forming 47.6% of the Group's revenue (FY2018: 53.1%). Meanwhile, buoyed by a relatively more robust market, the Retail SBU saw its percentage contribution to sales move up by 5.4 percentage points to 35.7% in FY2019. On the other hand, revenue contribution from the Original Equipment Manufacturing (OEM) SBU remained relatively stable at 16.7% for FY2019 (FY2018: 16.6%).

While gross profit slid 8.3% YoY to S\$5.3 million, the Group's gross profit margin improved by 2.3 percentage points to 34.3% in FY2019. The Group was also able to achieve a profit before income tax of S\$83.8 million, a sizeable step up from S\$2.2 million in FY2018.

The strong financial results in FY2019 is a starting point for the Group's focus on generating and sustaining positive cash flow. We will continue to identify and execute measures to facilitate good cash flow over the coming years.

For detailed financial results, please refer to the following sections in our FY2019 Annual Report:

- Financial Review, page 2
- Outlook and Strategy, page 3
- Financial Statements, pages 33 to 130

## ANTI CORRUPTION

We do not tolerate corruption in any form. This has been made clear to all of the Group's directors, officers, employees, and external suppliers and business partners. Dedicated whistle-blowing hotlines using both email and mail are set up so that anyone wanting to report any business ethics issue can do so confidentially. Any report of corruption will be escalated to the attention of the Audit Committee.

There has also been no reported incidents of corruption during the reporting period. We aim to achieve zero incidents of corruption in the future as well.



# ENVIRONMENTAL

Shinvest endeavors to minimise the potential impact of our operations on the environment by implementing proper processes for waste reduction and waste management. We are committed to reduce our carbon footprint and the consumption of natural resources in all possible aspects of business operations. We encourage the use of renewable materials and resources, and where possible, reduce waste through re-using and recycling. We avoid any unnecessary use of hazardous materials and products and take all reasonable steps to protect the environment when such materials must be used, stored or disposed of.

## ENERGY

Shinvest, as a Group, we are fully aware of our responsibility for nurturing the environment and lessening negative environmental consequences at our work sites and the environment where we operate.

In order to manage energy effectively, we monitor our electricity consumption at our work places. All the air conditioners must be switched off after office hours including lunch break with an automatic timer switch. Thermostat is set at low energy saving 78 degrees Fahrenheit. All lights and computers must be switched off when not in use.

It is our Group's policy to use recycled paper and work towards a paperless culture. All staff were told to avoid any unnecessary printing and keeping softcopy of all documents and reports. We do not encourage fax but emails from customers and suppliers.

We recently implemented a new ERP system which will greatly reduce the use of papers and assist us in achieving our aim of cutting down paper consumption by half in 2020.

About 70% of our warehouses Hi-Bay lights were replaced by LED lights. We also replaced spoilt electric appliances with energy saving type (e.g., air conditioner units). We will continue to use energy on a required basis and avoid wastage. In FY2019, our energy consumption was as follows:

	2018	2019
Total Electricity Consumption	421,522 kwh	365,483 kwh
Electricity Consumption per unit	444.53 kwh/sqm	385.43 kwh/sqm

This is different from the figure last year (for only 1 warehouse). This is adjusted to include total of 3 warehouses.

## ENVIRONMENTAL COMPLIANCE

Here at Shinvest, compliance with relevant Codes and Regulations on environmental issues is a must. The Group has implemented policies and procedures designed to ensure compliance with the most relevant laws and regulations. We take steps at all workplaces to ensure the requirements are met throughout the duration of the projects.

In FY2019, there were zero incidence of non-compliance with laws and regulations resulting in significant fines or sanctions. We aim to achieve zero incidence of non-compliance with laws and regulations resulting in significant fines or sanctions.



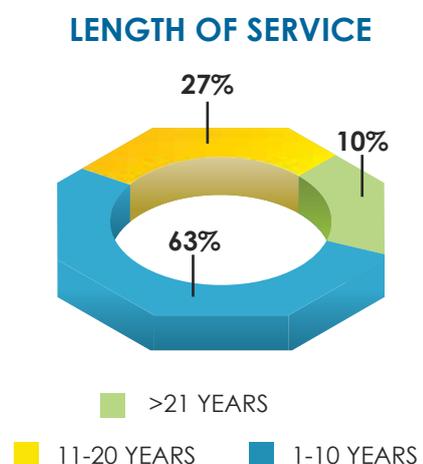
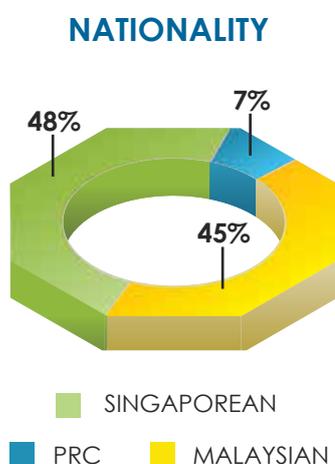
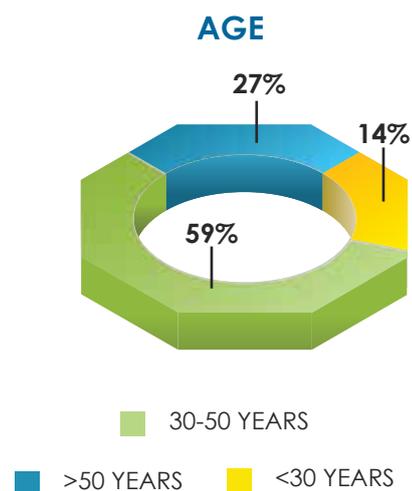
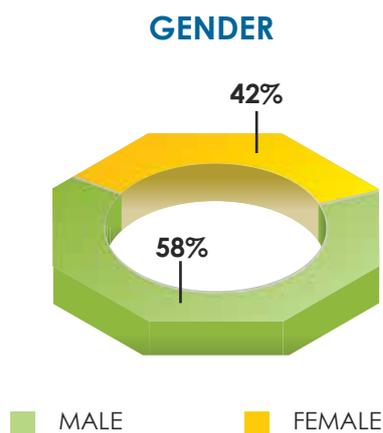
The employees of the Group are one of the most important assets and their contribution and support are valued at all times. We regularly review compensation and benefit policies according to industry benchmarks, financial results as well as the individual performance of employees. Other fringe benefits and pension fund contributions are provided to retain loyal employees with the aim of forming a professional staff and management team that can bring the Group to greater success. Staff satisfaction can be seen from our recent low staff turnover. Furthermore, the Group places great emphasis on the training and development of employees and regard excellent employees as a key factor in its competitiveness.

We respect human rights, support the elimination of all forms of forced and compulsory labour, especially child labour, and do not tolerate any discrimination in respect of employment and occupation.

## DIVERSITY AND EQUAL OPPORTUNITY

A diverse workforce is an asset in today's ever-changing global marketplace. We cultivate an inclusive culture where employees with various backgrounds and qualities are highly motivated, engaged and connected. We do not discriminate one's race, age, gender, religion, ethnicity, disability or nationality.

As at 31 August 2019, we had a workforce of 73 full-time employees. Our headcounts for Shinvest and Sin Hong were distributed as follows:



# SOCIAL

The ratio of female employees in the Group is relatively low but this is not unusual in our industry due to the nature of our business.

Throughout the year, we held a range of team-building activities such as Durian Party, Christmas Lunch & Gift Exchange, CNY Buffet & Yu Sheng, and Company Dinner & Dance to facilitate team bonding.



## OCCUPATIONAL HEALTH AND SAFETY

As human resource is a major contributing factor in our organization, our employees' safety and health at the workplace is one of our top priorities, and our ultimate goal is to have a zero accident workplace. We are committed to managing and reducing safety and health risks through effective risk management.

We have established a strict set of workplace health, safety and security policies. Detailed Workplace Safety and Security Clause and Industrial Accident Compensation Clause are both stated in the Employee Handbook. This covers the standard procedures to identify hazards relating to occupational health and safety, evaluate risks associated with these hazards and to ensure that appropriate actions are taken to manage the risks involved. In addition, all environmental aspects and occupational health safety hazards which are within our control or under our management, as well as those that we cannot control or directly manage but are expected to affect health and safety, are covered in the policies.

Given that we value and prioritise our employees' health and safety within our organization, achieving these certifications and implementing the framework of systems required is vital to our organization. The implementation of these frameworks has enabled us to systematically identify, reduce and mitigate risks involved in the operations of our organization. Sin Hong was ISO9001:2015 certified valid from 10 January 2018 to 9 January 2021 for sales and distribution of fasteners and hardware.

To prevent safety issues, we conduct safety training during employee enrollment. Safety goggles, ear plugs and safety boots were provided for all machine operating staffs. Proper attire is required for employees during office hours. The safety training conducted covers all risk areas. For example, trainings for safety machine handling is a must for all machine operators and fire drill is conducted minimum once a year.

We also have group insurance policies for our staff including workmen compensation, foreign worker medical insurance, key man insurance and business travel insurance.

We aim to achieve zero incident of workplace accidents in 2020.

## TRAINING AND EDUCATION

One of the Group's corporate goals is to develop its human capital through continuous training. We organize both internal and external programs for employees from time to time. The cost of the training would be borne by the company in full, however the employee shall have to pay the cost in the event that they do not complete the course, fail on the program or do not meet the minimum attendance requirements.

External courses must be of direct relevance to the work of the employee. Application for training courses must be made on the Training Application forms and is to be submitted / approved by the Department Head and the General Manager / CEO via the Human Resource and Administration Department. All employees receive regular performance and career development reviews during the annual appraisals.

In 2019, Sin Hong has provided three internal Basic and Advanced Product Training to our employees:

No.	Topic of training	Number of attendees	Training hours per session
1	LEAN SIX SIGMA	21	1.5
2	5S Warehouse	21	1.5
3	5S Office	15	1.5

Sin Hong has also sent the employees to attend the following external trainings:

No.	Topic of training	Number of attendees	Training hours per session
1	WSQ Manage Productivity improvement to Achieve Business Objectives	20	160
2	WSQ Implement Lean Six Sigma	20	640
3	WSQ Plan and Implement Productivity Framework	20	160
4	ISCA – Analysis & Review of FRS Course	1	16
5	UMW – Operate Forklift Driver Training Course	2	72



# SOCIAL

## LOCAL COMMUNITY ENGAGEMENT

Shinvest aims to contribute back to the community and advocate the best practices within the Group to achieve sustainable growth. The focus for FY2019 was to support the less privileged through activities that promote an enhanced sense of well-being.



On 21 June 2019, Sin Hong embarked on its inaugural Corporate Social Responsibility programme through its in-house fund raising activities for Dover Park Hospice in Singapore. Our employees donated and the Company matched dollar to dollar. Snacks and goodie bags were also distributed to the patient. On 3 July 2019, Shinvest participated in the "NTU President's Charity Golf Cup 2019" and made a donation of S\$5,000 to NTU. In July 2019, Shinvest also sponsored Chuan Pictures a total of S\$3000 for the NDP MV "Our Singapore" for the 2019 NDP music video.

We aim to provide two to three activities for the local communities in 2020.



## CORPORATE GOVERNANCE

The Board and the Management of Shinvest commit to the best practices of the corporate governance to ensure sustainability of the Group's operations. We believe that the constant drive to upkeep corporate excellence will allow us to establish a more transparent, accountable and equitable system, thereby the increasing the value of the Company and the value to our shareholders. Throughout FY2019, we adhered to the principles and guidelines set out in the Code of Corporate Governance 2018 and will continue to do so in the coming years. Please refer to the pages 10 to 22 of the 2019 Annual Report for the details of the Group's Corporate Governance Report.

## BUSINESS ETHICS AND COMPLIANCE

When it comes to hiring, Shinvest takes seriously any possible conflict of interest. Our Code of Conduct clearly spells out our expectations from our staff and the consequences if any of the rules were violated or standards were not met. We also have clear and fair grievance procedures. Our target is to ensure all allegations received are promptly addressed. During the year, no allegations were received.

Business ethics is communicated to all our heads of business units regularly and they must fully understand that compliance with rules and regulations is a key part of running a responsible business. Shinvest regularly updates key staff with development in international and local regulations. We fully comply with all environmental rules and regulations, confidentiality clause, anti-competitive behaviour laws and all requirements on health and safety.

Cyber security and data privacy are important not just for compliance, but also to safeguard both our data and that of our customers. We take measures to guard against cyber risks for both our internal and external stakeholders by complying with the Personal Data Protection Act Policy. This policy also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised persons senior management on a need-to-know basis.

For FY2019, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations and we aim to maintain this track record.

## ENTERPRISE RISK MANAGEMENT

The Board is overall responsible for determining the Group's risk appetite and tolerance, risk profile, overseeing the Group's risk management framework, reviewing the Group's key risks and mitigation strategies. The Management is responsible for designing, implementing and monitoring the risk management and internal controls system. The Audit Committee is supported by the Management in the review of these risks and effectiveness of mitigation strategies and controls.

The Risk Management Team, headed by the Chief Financial Officer assesses and reviews the Group's business and operational environment in order to identify areas of significant business, financial, operational and compliance risks, as well as appropriate measures to control and mitigate these risks.

The Risk Management Team, which works alongside with the AC, reports and highlights all significant risk matters to the Board for discussions and appropriate actions, if required. The Group has implemented an Enterprise Risk Management framework to enable it to assess, identify, manage and monitor key risks and controls in the Group's businesses.

The Group's Risk Register was reviewed and updated on 23 October 2019.

# GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description
<b>GRI 101: Foundation 2016</b>		
<b>GENERAL DISCLOSURE</b>		
	102-1	Name of organisation SHINVEST HOLDING LTD.
	102-2	Activities, brands, products and services Page 2
	102-3	Location of headquarters Singapore
	102-4	Location of operations Page 2
	102-5	Ownership and legal form Annual Report Page 7
	102-6	Markets served Page 2
	102-7	Scale of the organisation Page 2
	102-8	Information on employees and other workers Pages 7 to 8
	102-9	Supply chain Page 2
	102-10	Significant changes to the organisation and its supply chain Page 2
	102-11	Precautionary Principle or approach None
	102-12	External initiatives Page 10
	102-13	Membership of associations None
	102-14	Statement from senior decision maker Page 1
	102-16	Values, principles, standards and norms of behaviour Page 11
	102-18	Governance structure Annual Report Pages 10-22
	102-40	List of stakeholder groups Page 3
<b>GRI 102: General Disclosures</b>	102-41	Collective bargaining agreements None
	102-42	Identifying and selecting stakeholders Page 3
	102-43	Approach to stakeholder engagement Page 3
	102-44	Key topics and concerns raised Page 3
	102-45	Entities included in the consolidated financial statements Annual Report Page 74
	102-46	Defining report content and topic boundaries Page 4
	102-47	List of material topics Page 4
	102-48	Restatement of information Page 1
	102-49	Changes in reporting Not Applicable
	102-50	Reporting period 1 September 2018 to 31 August 2019
	102-51	Date of most recent previous report 31 August 2019
	102-52	Reporting cycle Annually
	102-53	Contact point for questions about the report Page 1
	102-54	Claims if reporting in accordance with the GRI Standards Page 1
	102-55	GRI content index Pages 12 to 13
	102-56	External Assurance We may seek external assurance in the future

# GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure	Reference / Description
<b>MATERIAL TOPICS</b>		
<b>GRI 201: Economic performance</b>	201-1	Direct economic value generated and distributed Page 5
<b>GRI 205: Anti-corruption</b>	205-1	Operations assessed for risks related to corruption Page 5
<b>GRI 302: Energy</b>	305-1	Energy consumption within the organisation Page 6
<b>GRI 307: Environmental compliance</b>	307-1	Non-compliance with environmental laws and regulations Page 6
<b>GRI 403: Occupational Health and Safety</b>	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities Page 8
<b>GRI 404: Training and Education</b>	404-1	Average hours of training per year per employee Page 9
<b>GRI 405: Diversity and equal opportunity</b>	405-1	Diversity of governance bodies and employees Page 7
<b>GRI 413: Local Communities</b>	413-1	Operations with local community engagement, impact assessments, and development programs Page 10



**SHINVEST HOLDING LTD.**  
**旭阳控股有限公司**

No. 3 Kian Teck Crescent,  
Singapore 628881