



**Securities Investors Association (Singapore)**

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: [admin@sias.org.sg](mailto:admin@sias.org.sg) [www.sias.org.sg](http://www.sias.org.sg)

UEN No: S99SS0111B

GST Reg No: M90367530Y

**Issuer:** Sin Heng Heavy Machinery Limited

**Stock code:** BKA

**Meeting details:**

Date: 29 April 2022

Time: 10.00 a.m.

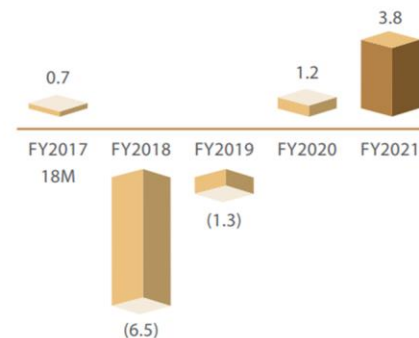
Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

**Q1.** The group is an established provider of heavy lifting services in Singapore, with its core business in rental and trading of cranes, aerial lifts and other heavy lifting equipment. As shown in the financial highlights (page 4; reproduced below), revenue has decreased from \$86.7 million and plateaued at \$53-54 million in the past two year although profit attributable to owners of the company has improved consistently in the past 4 years.

**REVENUE**  
(S\$Million)



**PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY**  
(S\$Million)



(Adapted from company annual report)

- (i) **Can management help shareholders better understand the structural changes in the industry as the construction sector slowly emerges from two years of disruption caused by the COVID-19 pandemic? Is the current level of activities/revenue the new normal for the group?**
- (ii) **With brent crude prices crossing US\$100 per barrel, how will this affect the group's oil and gas customers and therefore demand for the group's cranes and lifting equipment? Have the group received more enquiries from these customers?**

The carrying amount of the group's property, plant and equipment has decreased to \$59.3 million as at 31 December 2021 from \$65.1 million from a year ago. PPE was \$79.1 million in FY2019, \$106.6 million in FY2018 and \$133.2 million in FY2017 (restated). Over 4 years, the group's PPE has decreased by 55% to \$59.3 million.

- (iii) **Can management help shareholders understand if it has actively managed down its PPE by selling off the excess PPE as inventories? How quickly can the group scale up, should there be any strong rebound in demand in the future?**

- (iv) **In addition, what is the sentiment on the ground in the group's trading segment? What are the profiles of the main customers in the trading segment in the past two years?**

The group has exited Vietnam whereas in Myanmar, the political uncertainty following the coup has forced the group to re-evaluate its business strategy.

- (v) **How much has the group invested in Myanmar? Is the Myanmar unit self-sustaining in terms of cash flow? When will management make the decision on the Myanmar business?**

**Q2.** With revenue staying relatively flat in the \$53.4 to \$53.7 million range, the group's trade receivables decreased to \$8.37 million as at 31 December 2021 from \$23.2 million a year ago.

As disclosed in Note 8 (pages 98 to 100 – Trade receivables), the credit period remains at 30 to 180 days.

- (i) **What are the reasons for the significant decrease? Has management been more prudent in granting credit and more focused on collection?**

Despite the substantially lower amount of trade receivables, the amount of trade receivables past due more than 12 months have increased to \$2.85 million (gross carrying amount) from \$1.96 million.

- (ii) **What are the profiles of the customers with long outstanding debt? What is the upper limit on the age of the overdue debt?**

Separately, as shown in Note 14 (page 108 – Financial assets at fair value through profit or loss), the company acquired \$1.8 million in short-term notes and \$349,000 in quoted equity shares (at fair value).

- (iii) **Are the investments in line with the group's long term objectives? What are the underlying investments and who is overseeing the group's investments? Are these speculative in nature?**

**Q3.** On 12 July 2021, the company announced the appointment of Mr Lim Keng Hoe (Lin Qinghe) to the board. The profile of Mr Lim Keng Hoe (Lin Qinghe) can be found on page 17 of the annual report. Additional information on Mr Lim Keng Hoe who is seeking his re-election can be found on pages 46 to 47.

As noted in the announcement of appointment, Mr Lim Keng Hoe (Lin Qinghe) is a first time director on a company listed on SGX<sup>1</sup>.

- (i) **Can the nominating committee (NC) elaborate further on the search and nomination process for directors, especially independent directors? As disclosed in the corporate governance report, the NC is responsible for identifying and recommending potential candidate for appointment. How was Mr Lim Keng Hoe (Lin Qinghe) identified by the NC?**

Date Of Appointment	12/07/2021
Name Of Person	Lim Keng Hoe (Lin Qinghe)
Age	49
Country Of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee, having considered the qualification and experience of Mr Lim Keng Hoe (Lin Qinghe), recommended his appointment as the Independent Director of the Company. The recommendation was approved by the Board of Directors.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, a member of the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee
Professional qualifications	Bachelor of Science (Computer & Information Sciences)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or any of its principal subsidiaries	Nil
Conflict of interests (including any competing business)	Nil

<sup>1</sup> <https://links.sgx.com/1.0.0/corporate-announcements/44S1YSKM6ZZ4BZC8/d87d6049fa046cf73ded124649c618eb1174e6ca41ea9f668cdc001d031daf39>

- (ii) **In addition, can the board/NC elaborate further on the rationale and selection criteria (as required by the SGX announcement template)?**
- (iii) **On page 23, the board has stated that it is in the [process] of establishing the board diversity policy. Would the NC help shareholders understand what has caused the delay given that the Code of corporate governance 2018 was introduced over 3 years ago and came into effect on 1 January 2021? When will the board diversity policy be finalised?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

**Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.**

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation  
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)