




# RESOLUTELY PULLING AHEAD

ANNUAL REPORT 2018





**THE FIRST SHIMMER OF DAWN  
GLINTS UPON MASTS OF STEEL,  
HERALDING THE ADVENT OF A  
NEW DAY IN THE GROUP'S  
JOURNEY, AND WITH IT AN  
EMBOLDENED DRIVE TO AFFIRM  
THE GROUP'S RESOLVE TO  
RESOLUTELY PULL AHEAD AND  
REALISE GREATER HEIGHTS.**

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# VISION

To be a world-class organisation in providing high quality and safe services to our clients anywhere in the world.

# MISSION

To maximise shareholders' value and exceed customers' expectations as an integrated services specialist and provider of infrastructure businesses in heavy lift and haulage, marine transportation and engineering services through our focus on high safety standards and reliable services.



**OVER  
40 YEARS**  
of proven track record.

**18<sup>TH</sup>**  
largest crane-owning  
company worldwide.



# CORPORATE PROFILE



Listed in 1999, Tiong Woon Corporation Holding Ltd (“Tiong Woon” or the “Group”) is a leading one-stop integrated heavy lift specialist and service provider, supporting mainly the oil and gas, petrochemical, infrastructure and construction sectors.

The Group manages turnkey projects for engineering, procurement and construction (“EPC”) contractors and project owners from planning and design of heavy lifting and haulage requirements to the execution stage in which the heavy equipment is transported, lifted and installed at customers’ facilities. Tiong Woon also possesses its own heavy lift and haulage equipment, tugboats and barges which enable the Group to widen its integrated services offering to its clients.

Headquartered in Singapore, Tiong Woon has establishments in Malaysia, Indonesia, Thailand, Philippines, Vietnam, China, Myanmar, Sri Lanka, India and Saudi Arabia.

It is ranked as the 18th largest crane-owning company worldwide by International Cranes and Specialized Transport, a reputable trade magazine, in its IC50 2018 survey.

Tiong Woon has been appointed as the sole distributor for IHI crawler cranes in ASEAN countries (except Indonesia), authorised dealer for all XCMG products in Southeast Asia and exclusive distributor for Zoomlion tower cranes in Singapore. These companies will use Singapore as the regional hub in the Asia Pacific region.

Under the strong leadership and far-sighted vision of the Group’s management team, Tiong Woon is committed to providing high quality and safe services, on time and on budget to its clients anywhere in the world.

# TIONG WOON GROUP OF COMPANIES

## 1. SINGAPORE

Tiong Woon Corporation Holding Ltd  
Tiong Woon Crane & Transport (Pte) Ltd  
Tiong Woon Crane Pte Ltd  
Tiong Woon Project & Contracting Pte. Ltd.  
Tiong Woon Enterprise Pte Ltd  
Tiong Woon International Pte. Ltd.  
Tiong Woon Tower Crane Pte. Ltd.  
Tiong Woon Marine Pte Ltd  
Tiong Woon Offshore Pte. Ltd.  
TW (Sabah) Pte Ltd  
Tiong Woon Logistics Pte. Ltd.  
Tiong Woon China Consortium Pte. Ltd.  
Tower Cranes Services Pte. Ltd.  
Tiong Woon Crane & Equipment Pte. Ltd.

## 2. MALAYSIA

Tiong Woon Crane & Transport (M) Sdn Bhd  
Tiong Woon Crane Sdn Bhd  
Tiong Woon Offshore Sdn Bhd

## 3. INDIA

Tiong Woon Project & Contracting (India)  
Private Limited

## 4. INDONESIA

P.T. TWC Indonesia  
P.T. Tiong Woon Indonesia

## 5. PHILIPPINES

Tiong Woon Philippines, Inc

## 6. CHINA

Tiong Woon (Huizhou) Industrial Services Co., Ltd

## 7. THAILAND

Tiong Woon Thai Co. Ltd  
Thai Contracting & Enterprises Co., Ltd

## 8. VIETNAM

Tiong Woon Vietnam Company Limited

## 9. SAUDI ARABIA

TWC Arabia Ltd

## 10. MYANMAR

Tiong Woon Myanmar Company Limited

## 11. SRI LANKA

Tiong Woon Crane & Transport Lanka (Pvt) Ltd  
Golden Argo (Pvt) Ltd





## CHAIRMAN'S MESSAGE



**"WE BELIEVE THAT  
OUR CAPABILITIES AND  
STRONG TRACK RECORD  
WILL HELP US RIDE OUT  
ANY CHALLENGING TIMES  
AHEAD AND RESPOND  
TO ANY POTENTIAL  
UPSWING IN DEMAND."**

**MR ANG KAH HONG**

*Executive Chairman and Managing Director*

# CHAIRMAN'S MESSAGE

## DEAR SHAREHOLDERS,

The current financial year was fraught with challenges and intense competition with weaker demand for heavy lifting and haulage services and depressed rental rates. Despite the challenging and competitive environment, the Group achieved revenue of \$97.7 million for the 12 months ended 30 June 2018 ("FY2018"), as compared to \$114.8 million posted in the previous financial year ("FY2017").

## PERFORMANCE REVIEW

The Group's revenue declined in FY2018, mainly due to lower contributions from the Heavy Lift and Haulage; and Engineering Services segments. Fewer heavy lift and haulage projects were executed in Singapore and the Middle East but this was compensated by the improved contributions from Malaysia and Thailand in FY2018. In addition, there was a completion of an engineering project in the Middle East and the disposal of an engineering services subsidiary.

The Heavy Lift and Haulage segment remained our largest revenue contributor, accounting for 93% of Group revenue. Geographically, Singapore remained the main contributor, accounting for 62%, followed by Malaysia which contributed 11%.

Despite the fall in revenue, gross profit margin improved from 23% in FY2017 to 26% in FY2018. Gross profit was \$25.4 million in FY2018, slightly down from \$26.6 million in FY2017. The improvement in gross profit margin was mainly due to the write-back of allowance for foreseeable loss on a completed engineering contract and improved performance from the Marine Transportation segment.

The Group recorded a lower other gains of \$0.4 million in FY2018 as compared to \$2.6 million in FY2017, which was mainly attributable to the gain on disposal of plant and equipment that was offset by operational exchange loss and loss from the disposal of a subsidiary. Other operating expenses were \$20.6 million in FY2018, a decrease of \$11.6 million or 36% from \$32.2 million in FY2017. This was mainly due to bad debts recovered and net impairment loss on receivables written back in FY2018. In addition, there was a reduction in manpower costs and other operating expenses.

The Group recorded a net profit attributable to shareholders of \$1.2 million in FY2018, as compared to the net loss of \$9.6 million in FY2017.

# CHAIRMAN'S MESSAGE

The Group's shareholders' funds as at 30 June 2018 was \$249.5 million, translating into net asset value per share of \$1.07. With careful management of our working capital needs, cash flows generated from operating activities was \$23.9 million.

## RESOLUTELY PULLING AHEAD

The Group remains committed to effectively managing operating costs and business risks to stay competitive. We have completed our major engineering project in Saudi Arabia and disposed our marine engineering companies in order to divest of our non-core businesses which are non-profitable so that the Group can focus on its core businesses, consolidate its resources and streamline its operations. We will continue to build our core competencies in the Heavy Lifting, Haulage and Marine Transportation segments; and improve our efficiency and productivity across our businesses.

We believe that our capabilities and strong track record as a one-stop integrated services provider in project management for heavy lift and haulage and marine transportation will help us ride out any challenging times ahead and respond to any potential upswing in demand.

## NOTE OF APPRECIATION

I would like to express my sincere appreciation to our Board, for their invaluable guidance and advice. On behalf of the Board, I would like to convey my heartfelt thanks to our management and staff, for their commitment and perseverance to the Group during these challenging times.

Last but not the least, I would also like to thank our shareholders, customers and business associates for your unwavering support and trust in Tiong Woon. We will grow from strength to strength and drive our business further.

Thank you.

Yours sincerely,

**MR ANG KAH HONG**

*Executive Chairman and Managing Director*



Despite the decrease in business activities across most segments, Tiong Woon is able to sustain its businesses by leveraging on its strong track record and capabilities as a one-stop integrated services provider in project management for heavy lift and haulage; and marine transportation.

Tiong Woon remains committed to focusing on our core competencies to deliver high quality and reliable services and solutions to our customers.

## HEAVY LIFT AND HAULAGE

Having established itself as a reliable heavy lift and haulage provider supporting the oil and gas, petrochemical, infrastructure and construction industries, the Heavy Lift and Haulage segment continues to be the largest contributor to Tiong Woon's revenue.

In FY2018, the heavy lift and haulage segment accounted for 93% of Group revenue. Revenue from this segment decreased 7% year-on-year, or \$7.1 million, to \$91.2 million, mainly due to fewer projects executed in Singapore and the Middle East but compensated by the increased contributions in projects from Malaysia and Thailand in FY2018.

Despite a decrease in business activities in our key markets, Tiong Woon continues to manage its fleet to achieve optimal performance. In terms of lifting assets, Tiong Woon owned 512 cranes with a capacity of up to 1,600 tonne as at 30 June 2018. It had 281 units of haulage assets, comprising prime movers, low beds, trailers and tow trucks, as at 30 June 2018. The average utilisation rate for its heavy lift assets was 56% in FY2018.

## MARINE TRANSPORTATION

Tiong Woon's fleet of tugs and barges are mainly used to transport heavy machinery and equipment to support its projects in the other business segments, and for external charter as well.

Turnover from the Marine Transportation segment increased 4% year-on-year to \$3.5 million in FY2018, mainly due to new projects secured in Singapore and Brunei.

As at 30 June 2018, Tiong Woon had a fleet of 6 tugboats with a working capacity of 500-3200 bhp and 9 barges ranging in length from 140 to 280 feet.

With fewer projects, the average utilisation rate of its fleet was 41%.

## ENGINEERING SERVICES

The Engineering Services segment provides marine services, including dredging, rock and shore protection, berth and jetty construction, reclamation, revetment and pipe laying; as well as project services such as engineering design and specifications for haulage, lifting, erection and installation of structures, machinery and equipment.

In FY2018, turnover from Engineering Services segment decreased 91% year-on-year to \$0.9 million, mainly due to the completion of a project in the Middle East and disposal of a subsidiary.

## TRADING

Tiong Woon is the sole distributor for IHI crawler cranes in ASEAN (except Indonesia); authorised dealer for all XCMG products in Southeast Asia; and exclusive distributor for Zoomlion tower cranes in Singapore. Besides the sale of new and used equipment, the Group also sells our own flagship Data Logger Brands: Model TWDL/6800 for Crawler Cranes and Model Hirschmann DLG/02-01 for Mobile Cranes. These approved data loggers are able to record key operational parameters and allow crane owners to retrieve and monitor the lifting operations.

Turnover from the Trading segment decreased 27% year-on-year to \$2.1 million as the Group sold fewer equipment in FY2018.

## BUSINESS OUTLOOK

The Group expects that the ongoing public sector infrastructure development in Singapore will lend support for more business opportunities. Whilst the increase in infrastructure spending will spur demand for heavy lifting and haulage services, the landscape is expected to remain competitive.

With its global network and business presence in India, Malaysia, Thailand, Indonesia, Vietnam, Saudi Arabia, Myanmar, Sri Lanka and Philippines, Tiong Woon is in a strategic position to explore new business opportunities and improve its competitiveness in other regions. Tiong Woon will strive to drive growth, improve profitability and enhance shareholders' value.

## PROJECT GALLERY

Tiong Woon provides services to the oil and gas, petrochemical, infrastructure, and construction sectors, among others. The following pages display some of Tiong Woon's most noteworthy projects, a testament to the range of services provided and equipment utilised.



**Location:** Maxwell Road, Singapore  
**Scope of Work:** Heavy Lifting Services  
**Equipment:** 350/700 Ton Mobile Cranes



**Location:** Jurong West, Singapore  
**Scope of Work:** Tower Crane Supply  
**Equipment:** 64 Ton Tower Crane



**Location:** Uma Oya, Sri Lanka  
**Scope of Work:** Lifting Services  
**Equipment:** 55 Ton Crawler Crane



## PROJECT GALLERY



**Location:** Johor, Malaysia  
**Scope of Work:** Haulage Services  
**Equipment:** Goldhofer SPMT Trailers



**Location:** Johor, Malaysia  
**Scope of Work:** Heavy Lifting Services  
**Equipment:** 1600 Ton Crawler Crane



**Location:** Lampang, Thailand  
**Scope of Work:** Heavy Lifting Services  
**Equipment:** 50/130 Ton Mobile Cranes, 300 Ton Crawler Crane



## PROJECT GALLERY



**Location:** Soc Trang, Vietnam  
**Scope of Work:** Heavy Lifting Services  
**Equipment:** 250 Ton Crawler Crane



**Location:** Binh Son, Vietnam  
**Scope of Work:** Heavy Lifting Services  
**Equipment:** 500 Ton Mobile Crane



**Location:** Rajasthan, India  
**Scope of Work:** Heavy Lifting Services  
**Equipment:** 300/550 Ton Crawler Cranes



**Location:** Pune, India  
**Scope of Work:** Tower Crane Supply  
**Equipment:** 18 Ton Tower Crane



## PROJECT GALLERY



**Location:** Al Kharj, Saudi Arabia  
**Scope of Work:** Equipment Rental  
**Equipment:** 50/55/80/120/200/280 Ton Crawler Cranes, 100 Ton Mobile Crane, 70 Ton Rough Terrain Crane



**Location:** Yangon, Myanmar  
**Scope of Work:** Heavy Lifting Services  
**Equipment:** 160 Ton Mobile Crane



**Location:** Shenzhen, China  
**Scope of Work:** Heavy Lifting Services  
**Equipment:** 550 Ton Crawler Crane



**Location:** Guangzhou, China  
**Scope of Work:** Heavy Lifting Services  
**Equipment:** 225/260 Ton Crawler Cranes

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## BOARD OF DIRECTORS



**Mr Ang Kah Hong** is the Executive Chairman and Managing Director of Tiong Woon Corporation Holding Ltd. He joined the Board of Directors on 21 August 1997. Since its inception in 1980, he has been a Director of the Group's subsidiary, Tiong Woon Crane & Transport (Pte) Ltd. He has more than 40 years of experience in the management of heavy lift and haulage operations.

He is mainly responsible for envisioning the Group as a regional integrated heavy lift, heavy haulage and marine transportation service provider. His key responsibilities include identifying, formulating, developing and implementing corporate objectives and business strategies for the Group. Mr Ang is also actively involved in corporate development activities. His leadership has proven to be instrumental and invaluable to the growth of the Group's businesses.

**Mr Ang Kha King** is an Executive Director and joined the Board of Directors on 21 August 1997. He is one of the founding members and a Director of the Group's subsidiary, Tiong Woon Crane & Transport (Pte) Ltd, since its inception in 1980. His key responsibilities include reviewing the internal decision-making processes of the Group's existing businesses and overseeing its external operations. He actively supervises its key Operations and Maintenance Division to ensure that there are adequate machines and equipment available for its heavy lift and haulage assignments.



**Mr Tan Swee Khim** is an Executive Director and was appointed to the Board of Directors on 23 August 1999. Since 1993, he has been a Director of the Group's subsidiary, Tiong Woon Crane & Transport (Pte) Ltd. As the Managing Director of Tiong Woon Crane & Transport (Pte) Ltd, he is responsible for managing and overseeing the Group's heavy lift and haulage activities with regards to marketing, operations, maintenance and project engineering in Singapore as well as the regional markets.

He is also responsible for spearheading the Group's marketing activities to promote its services to both new and existing clients and identifying business opportunities for the Group. Mr Tan is the acting Group Managing Director in the absence of Mr Ang Kah Hong.





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## BOARD OF DIRECTORS

**Mr Ang Guan Hwa** is an Executive Director and was appointed to the Board of Directors on 22 March 2013. He holds a Bachelor of Science in Computing with Management from the University of Bradford (UK). He joined the Group as a marketing representative in 2002 and assumed leadership of the sales team a year later. Following his promotion to Senior Manager in 2006, he took on additional responsibilities of business development, customer service, operations, workshop and safety development. He was appointed as the acting Chief Operating Officer in 2009 and was promoted to Group Chief Operating Officer in January 2010, responsible for the operational activities of the Group. Having been a senior management staff of Tiong Woon Group for over ten years, Mr Ang has accumulated considerable management skills and business know-how.



**Mr Wong King Kheng** was appointed as an Independent Director on 23 August 1999. He is the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. Following the Company's Code of Corporate Governance 2012, he has been appointed as the Lead Independent Director on 27 August 2013. He is presently the Managing Partner of K K Wong and Associates, a public accounting firm in Singapore which he founded in 2000. He is also the Managing Director and a substantial shareholder of Soh & Wong Management Consultants Pte Ltd, which he founded in 1988.

From 1989 to 2000, Mr Wong was the Founder and Managing Partner of Soh, Wong & Partners, a public accounting firm. Prior to that, he was an Audit Manager in Deloitte Haskins & Sells, Singapore, an international accounting firm. He is qualified as a Member of the Institute of Chartered Accountants in England and Wales and is presently a Member of the Institute of Singapore Chartered Accountants. He also sits on the boards of a number of other listed companies as an Independent Director.



**Mrs Carrie Cheong** was appointed as an Independent Director of the Company on 1 July 2009. She is the Chairperson of both the Nominating and Remuneration Committees and a member of the Audit Committee.

She is a Director and Chief Executive Officer of Carrie Cheong & Ethel Low Consulting Pte Ltd, a company which provides business advisory services, financial management and corporate services. She has extensive experience relating to corporate planning and financial exercises including corporate restructuring, initial public offers, and mergers and acquisitions. Mrs Cheong holds a Master of Business Administration from the University of Brunel, United Kingdom. She is a Fellow of the Association of Chartered Certified Accountants, a member of the Institute of Singapore Chartered Accountants, a Practising Chartered Secretary and an Associate of The Institute of Chartered Secretaries and Administrators. She also serves as an Independent Director and Chairperson of the Audit Committee on the board of another public-listed company in Singapore.



# FINANCIAL HIGHLIGHTS

## PROFIT AND LOSS STATEMENT

Financial Year Ended 30 June	2018	2017	2016	2015	2014
<b>\$'000</b>					
Turnover	<b>97,683</b>	114,794	139,435	145,669	165,283
Gross Profit	<b>25,360</b>	26,648	33,241	40,550	56,120
Profit /(Loss) before Tax (PBT)	<b>1,350</b>	(7,454)	(8,686)	14,658	22,768
Profit /(Loss) after Tax (PAT)	<b>940</b>	(9,883)	(9,990)	11,212	18,691
<b>Profit Margin (%)</b>					
GP Margin	<b>26.0</b>	23.2	23.8	27.8	34.0
PBT Margin	<b>1.4</b>	NM	NM	10.1	13.8
PAT Margin	<b>1.0</b>	NM	NM	7.7	11.3

## STATEMENT OF FINANCIAL POSITION

As At 30 June	2018	2017	2016	2015	2014
<b>\$'000</b>					
Current Assets	<b>54,542</b>	57,582	73,587	88,302	109,735
Non-Current Assets	<b>358,553</b>	385,922	399,409	404,560	333,022
Total Assets	<b>413,095</b>	443,504	472,996	492,862	442,757
Current Liabilities	<b>51,561</b>	73,961	86,413	93,637	95,425
Non-Current Liabilities	<b>111,801</b>	121,955	131,725	130,438	88,347
Total Liabilities	<b>163,362</b>	195,916	218,138	224,075	183,772
Net Assets	<b>249,733</b>	247,588	254,858	268,787	258,985
<b>Per Share (Singapore Cents)</b>					
Earnings/(Loss) - Basic	<b>0.51</b>	(4.15)	(4.16)	5.15	8.14
Earnings/(Loss) - Diluted	<b>0.51</b>	(4.15)	(4.16)	5.15	8.14
Net Asset Value	<b>107.45</b>	106.23	110.69	116.50	112.07
Dividend	-	-	0.2	0.8	0.8
Weighted Average Number of Shares*	<b>232,235,253</b>	232,235,253	232,235,253	232,235,253	232,235,253
Total Number of Shares at Year End*	<b>232,235,253</b>	232,235,253	232,235,253	232,235,253	232,235,253

### Note:

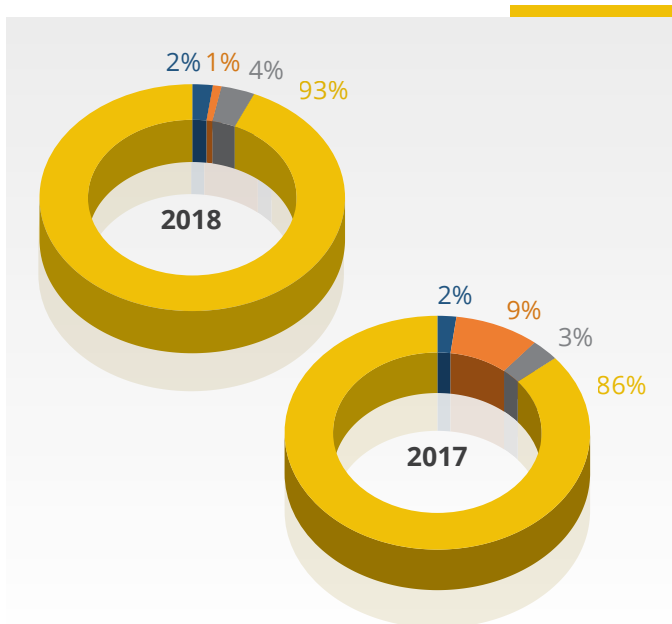
\* FY2014 and FY2015 restated for the post share consolidation completed on 26 February 2016



# FINANCIAL HIGHLIGHTS

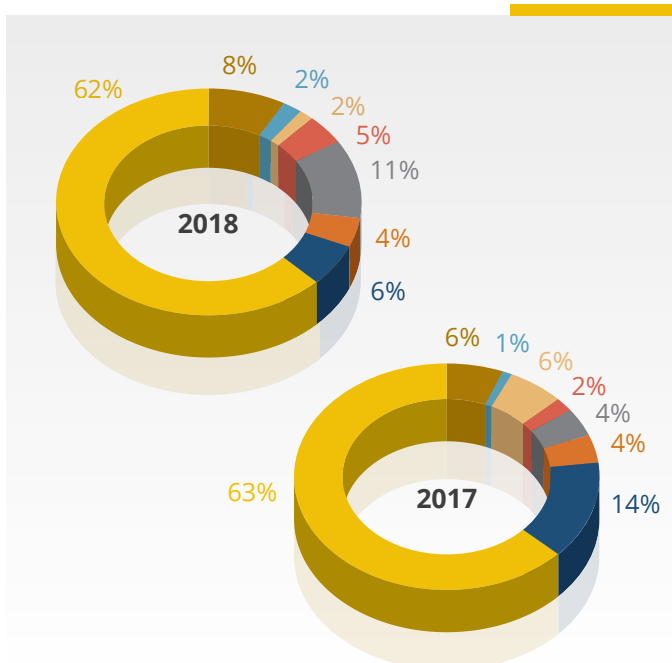
## BY BUSINESS SEGMENT

	2018	2017
\$'000		
Heavy Lift and Haulage	91,202	98,255
Marine Transportation	3,463	3,314
Engineering Services	899	10,338
Trading	2,119	2,887
Total	97,683	114,794



## BY GEOGRAPHICAL SEGMENT

	2018	2017
\$'000		
Singapore	61,029	72,124
Middle East	5,921	16,471
India	4,079	4,447
Malaysia	10,969	3,973
Thailand	4,156	2,704
Indonesia	1,501	6,798
China	2,023	1,696
Others	8,005	6,581
Total	97,683	114,794



# CORPORATE RESPONSIBILITY



Tiong Woon is committed to conduct its business with integrity, and to grow its business in a sustainable manner by anticipating and responding to the changing economic, social, governance and environmental conditions.

We are committed to:

- Minimise the negative impact of our operations on the environment;
- Care for the community;
- Provide safe and high quality products and services to our customers; and
- Provide a safe working environment for our employees.

## ENVIRONMENT

Preserving the environment is necessary for the long term sustainability of Tiong Woon's business. While creating value in the business, we aim to minimise the impact that our activities have on the environment.

We identify sources of air and noise emissions, and ensure that the air and noise emissions are in compliance with the Environmental Pollution Control (Air Impurities) Regulations and Environmental Pollution Control (Boundary Noise) and WSH (Noise)

Regulations 2011, respectively. Appropriate control measures are taken to minimise or prevent air and noise pollution from our operations.

We are watchful of our energy consumption and ensure that our employees follow guidelines for energy conservation to ensure efficient usage of energy.

## COMMUNITY

Tiong Woon has consistently contributed to the community over the years. As part of our ongoing outreach to the community, we have embarked on corporate social responsibility programs to support the less privileged in society. In FY2018, we have contributed to The UOB Heartbeat, organised a lunch treat to the elderly from the Blue Cross Thong Kheng Home, distributed food for the elderly and donated books to the needy. We will continue to play our part to work with local communities on various welfare programs.

Tiong Woon believes that, through our actions, we can raise the overall awareness of social responsibility and good corporate citizenship. Community engagement is an important ethos for the Group as this reinforces a sense of pride, promotes camaraderie and develops a culture of care and contribution in the workplace.



## PEOPLE DEVELOPMENT AND WORKPLACE SAFETY MANAGEMENT

Tiong Woon is reliant on our people to drive our businesses forward and therefore, we place emphasis on continuous learning and development for all our employees. We identify learning programmes based on various skill sets and knowledge requirements in order to equip our employees to not only handle increasingly complex challenges at work but to also boost their individual confidence, personal development, and overall competency and performance.

Operational level training of employees ranges from certification courses to on-the-job-training. Effective internal communication and cohesion activities also play vital roles in our overall corporate learning and development programme. A positive work environment with a cooperative and communicative corporate culture is conducive to productivity, efficiency, job satisfaction and good staff retention rates.

In addition to learning and development, we actively identify and groom potential leaders amongst our staff and put these selected individuals through mentorship and external leadership programmes. Ample opportunities are granted for them to grow and develop their potential.

We place emphasis on overall health and well-being for the staff. We have launched a sports and wellness club to encourage staff to keep fit and healthy. Our Company is equipped with gym facilities and class studios where staff can exercise regularly and participate in classes such as Yoga, Zumba and Kickboxing which are taught by certified instructors. In addition, a recreation lounge with karaoke system is created for staff to relax and promote team bonding. Our sports and wellness club has also organised series of lunch-time talks on health and wellness, in addition to sports and recreation activities.

Besides creating a work environment where our employees can grow and excel, Tiong Woon seeks to provide a safe working environment for all our employees.

Our main operating subsidiaries in Singapore i.e. Tiong Woon Crane & Transport (Pte) Ltd, Tiong Woon Crane Pte Ltd, Tiong Woon Enterprise Pte Ltd, Tiong Woon International Pte Ltd and Tiong Woon Project & Contracting Pte Ltd, which are involved in the provision of rental, assembly, installation and maintenance of crane, transportation equipment and related services are certified under ISO 9001:2015 (Quality Management Systems) and OHSAS 18001:2007 (Occupational Health and Safety Management Systems) and bizSAFE Level Star. Tiong Woon Logistics Pte Ltd is also certified under ISO 9001:2015 and has attained bizSAFE Level Star. Our Saudi Arabia and Thailand subsidiaries are certified under ISO 9001:2015 and OHSAS 18001:2007; whereas our Vietnam and China subsidiaries are certified under ISO 9001:2015. Our India subsidiary has also obtained the ISO 9001:2008 certification. This stringent framework allows us to identify and control health and safety factors, and reduce the risk of accidents at our work sites. Some of the initiatives that have been put in place to create a safe work environment and ensure compliance with government safety regulations include:

- Making sure employees have adequate training and are well-equipped to carry out their tasks safely;
- Methodical identification and assessment of risks before the commencement of any job;
- Having clearly defined roles and responsibilities in relation to safety;
- Conducting drills for better preparedness in the event of an emergency;
- Regular periodic review on the Group's safety targets and discussion on all safety issues, as well as remedial actions and preventive measures for near-miss incidents; and
- Clear and timely communication on safety issues and precautionary measures between staff to create awareness.

These help to reduce the loss of man-hours, increase productivity at our work sites and most importantly, ensure that our employees are able to work well and with a peace of mind.

Name of Subsidiary	ISO 9001:2015	ISO 9001:2008	OHSAS 18001:2007	Other Certifications
Tiong Woon Crane & Transport (Pte) Ltd	✓		✓	bizSAFE Star
Tiong Woon Crane Pte Ltd	✓		✓	bizSAFE Star
Tiong Woon Project & Contracting Pte. Ltd.	✓		✓	bizSAFE Star
Tiong Woon International Pte. Ltd.	✓		✓	bizSAFE Star
Tiong Woon Enterprise Pte. Ltd.	✓		✓	bizSAFE Star
Tiong Woon Logistics Pte. Ltd.	✓			bizSAFE Star
Tiong Woon Thai Co. Ltd	✓		✓	
TWC Arabia Ltd	✓		✓	
Tiong Woon Vietnam Company Limited	✓			
Tiong Woon (Huizhou) Industrial Services Co., Ltd	✓			
Tiong Woon Project & Contracting (India) Private Limited		✓		

# RISK FACTORS AND RISK MANAGEMENT



Risk management is an integral part of the management of our Group's business. The Group's risk management framework is designed to provide reasonable assurance that its business objectives are achieved and supported the Management by providing early warnings of any material change to the Group's risk profile. The risk management framework comprises the policies, guidelines, and tools to provide the information and guidance material needed to integrate risk management into the Group's operation and systems, and individual decision making process. Management is responsible for the identification of critical business risks and the development and implementation of appropriate risk management procedures to address these risks. The risk management and control procedures are reviewed and updated regularly to reflect changes in market conditions and the activities of the Group.

The following set out an overview of the key risks faced by Tong Woon, the nature and the extent of the Group's exposure to these risks and the mitigating actions in place that could help in managing these risks.

## MARKET AND POLITICAL RISK

In addition to extensive operations in Singapore, the Group also has operating subsidiaries in countries such as Malaysia, Vietnam, India, Indonesia, Thailand, China, Philippines, Sri Lanka, Myanmar and Middle East. The nature of our business involves the movement of heavy equipment in these countries. The subsidiaries in these countries are exposed to changes in government regulations and unfavorable political developments, which may limit the realisation of business opportunities and investments in those countries.



# RISK FACTORS AND RISK MANAGEMENT

The Group's business operations are exposed to economic uncertainties that continue to affect the global economy and international capital markets. Although these circumstances may be beyond its control, the Board and the Management consistently keep themselves up-to-date on the changes in political, economic and industrial developments so as to be able to anticipate or respond to any adverse changes in market conditions in a timely manner.

## BUSINESS RISK

Our operations are highly competitive. The Group faces stiff competition and is susceptible to price-cutting pressures from our competitors. Further, our competitors may possess greater financial resources and better equipment, while others may have lower costs of operations. The Group may possibly lose its competitive edge due to new market entrants or the growth of existing competitors.

The Group strives to maintain its competitiveness through its services and leveraging on its brand name while consistently monitoring and responding to market dynamics. The barriers to entry for new players are high. High capital investment in a sizeable fleet of heavy cranes, transportation equipment, tugboats and barges is necessary for companies involved in the provision of heavy lift, heavy haulage and marine transportation services.

The Group prides itself as a one-stop service centre, capable of providing integrated turnkey solutions which encompass heavy lift, heavy haulage and marine transportation. Customers can have access to the Group's large fleet of cranes and transportation equipment. As for its marine transportation services, the Group is able to provide marine transport services for cargoes weighing up to 3,600 tons to various parts of Asia. The ability of the Group to plan and provide integrated logistics support for transportation, and to install heavy equipment and structures on site, are cost savings and convenience which the Group can offer to its customers.

## BUSINESS CONTINUITY RISK

An organisation may encounter unforeseen circumstances to prevent the continuation of its business operations such as during crises or disasters. Tiong Woon recognises its exposure to internal and external threats and seeks to increase the resilience of the Group to potential business interruptions so as to minimise any disruptions to its critical business activities, people and assets. Over the years, the Group has focused on refining its business continuity management, to ensure that it can continue to maintain its competitive advantage and to maximise value for its stakeholders.

The Group strives to minimise unexpected losses and manage expected losses through a series of quality and people management programs, as well as through business continuity planning. In addition, the Group has been awarded ISO 9001:2015 and ISO 9001:2008 certifications for its local and certain overseas businesses. Although no individual is indispensable, the loss of specialised skills and the leadership of the Executive Chairman and Managing Director, Mr Ang Kah Hong, and the other founding members, including the key management, could result in business interruptions and a loss in shareholders' confidence. To dispel the worries, the Group has since put in place a structured succession planning program to identify and develop a team of talented employees based on their merit, who can take Tiong Woon to the next lap of growth. The Group believes that training a team of next-generation leaders is critical to the continuity of the business which should last beyond this generation.

# RISK FACTORS AND RISK MANAGEMENT

## OPERATIONAL RISK

The Group experiences risks which are common and inherent to the industry which the Group operates in. The following are some of the operational risks which have been identified and mitigation measures implemented to reduce the impact of these risks:

- **Breakdown of Machinery or Vessels Risk**

Our operations are subject to risks including the breakdown, failure or sub-standard performance of machinery or of our vessels, which may result in operational disruptions and downtime. While our Group minimises the breakdown of our machinery by having a comprehensive and regular maintenance programme, the repair of certain equipment may take two to three months. In such an event, we may be unable to meet our contractual obligations with our customers and the opportunity cost in terms of income foregone may be substantial. The Group's policy is to constantly renew its fleet of cranes and transportation equipment to keep them in good working condition. This policy, coupled with a stringent equipment quality control policy, augurs well for the Group's customers in terms of equipment reliability.

- **Human Capital Risk**

The industry which the Group operates in requires specialised professionals and skilled labour, for example, in operating cranes and other heavy lift and haulage equipment. It relies heavily on its engineers, crane operators, riggers and support team comprising technicians, electricians and mechanics for maintenance and repair services. To retain key employees, the Group continuously reviews their remuneration packages to provide benefits comparable to its competitors. The Group places great emphasis on supporting the professional and personal growth of our employees to develop the necessary skills, competencies and behaviours to handle increasingly complex challenges. The Group regularly trains and upgrades the skill and knowledge of its employees through quality and people management programs.

- **Contract Risk**

The Group estimates the total costs when it enters into fixed price contracts for the Heavy Lift and Haulage and Engineering Services segments. The actual costs incurred and the profits the Group can realise on a fixed-price contract may vary due to factors such as unanticipated variations in labour and equipment productivity over the term of a contract, unanticipated increases in labour, raw material, subcontracting and overhead costs, unexpected expenses as a result of bad weather, and delivery delays and/or corrective measures for poor workmanship. Depending on the size of the project, variations from estimated contract performance could reduce the Group's earnings. The Group has implemented a cost monitoring and control regime to mitigate the risks of costs overrun. The Group ensures that every stage of the project from on-site surveys, planning, scheduling, deployment of equipment, logistics to final execution are carefully planned, reviewed and monitored by experienced engineers, foremen and supervisors. The project manager, who is also a qualified engineer, coordinates the efforts of the various departments in the Group including logistics, operations and project departments. These projects are overseen by the Executive Directors. This is to ensure that costs can be controlled and timely remedial responses can be activated to control the impact of such overruns.

## CREDIT RISK

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. Credit risk is managed through the application of credit approvals, performing credit evaluations, setting credit limits and monitoring procedures. It is the Group's policy to trade with creditworthy customers so as to reduce concentration of credit risk. To ensure minimal bad debts, the Group carries out credit reviews and background checks on all new



# RISK FACTORS AND RISK MANAGEMENT

customers as part of the Group's formal credit control policy procedure. The payments history of the Group's customers is monitored closely and appropriate measures are taken to ensure full payment. Cash terms or advance payments are required for customers with lower credit standing. As the Group faces the normal business risks associated with ageing collections, it has adopted a prudent accounting policy of making specific provisions once trade debts are deemed not collectible.

## INTEREST RATE RISK

Interest rate risk is managed by the Group on an ongoing basis with the objective of limiting the extent to which the Group's results could be affected by an adverse movement in interest rate. The Group's cash balances are placed with reputable banks and financial institutions. For financing obtained through bank borrowings and finance lease arrangements, the Group's policy is to obtain the most favorable interest rates available and to minimise its foreign currency exposure.

## LIQUIDITY RISK

The objective of liquidity management is to ensure that the Group has sufficient funds to meet its contractual and financial obligations as and when they fall due. To manage liquidity risk, the Group monitors its net operating cash flow and maintains a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effects of fluctuations in cash flows. Over the years, the Group has enhanced its ability to generate cash from operating activities.

## FOREIGN EXCHANGE RISK

Our Group operates mainly in Asia and the Middle East with dominant operations in Singapore. Entities in our Group regularly transact in currencies other than their respective functional currencies. The Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposures to the net assets of the Group's operations are managed by natural hedges of matching assets and liabilities. The Group does not have a formal hedging policy with respect to its foreign exchange exposure but it minimises such risks by actively monitoring its foreign currency exposure on an ongoing basis and taking appropriate hedging measures, where practicable. Where possible, the Group hedges foreign currency purchases at contracted forward exchange rates.

## CAPITAL STRUCTURE RISK

In managing capital, the Group's objectives are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to provide appropriate returns to shareholders and benefits for other stakeholders through pricing its services at levels commensurate with the level of risks it is exposed to. The capital structure of the Group consists of loans and borrowings, issued share capital and retained earnings. Regular review is performed to ensure optimal capital structure taking into consideration future capital requirements and capital efficiency, prevailing operating cash flow and profitability as well as projected capital expenditure. In order to maintain or achieve an optimal capital structure, the Group may issue new shares, obtain new bank borrowings, sell assets to reduce external borrowings, pay or adjust the amount of dividend payment or return capital to shareholders. The Group also monitors its gearing and the trends.

# INVESTOR RELATIONS

## INVESTOR RELATIONS

Tiong Woon places great emphasis on the provision of timely, relevant, adequate and fair disclosure to shareholders. We believe that Investor Relations ("IR") is a meaningful two-way communication between our Company and our Shareholders. Therefore, maintaining open communication with our Shareholders continues to be a crucial element of our structured IR approach. Communication with shareholders is managed by the Board.

The Board's policy is to ensure that all shareholders should be equally and timely informed of all major developments impacting the Group. The Company keeps its website updated and maintains a dedicated investor relations ("IR") section for shareholders' convenience. Announcements disclosed through SGXNET are also posted on the Company's website.

Our IR objective is to achieve shareholders' understanding and appreciation of Tiong Woon's business strategies, operational realities and changing market conditions, via the following IR channels, activities and practices:

- Maintain an informative corporate website ([www.tiongwoon.com](http://www.tiongwoon.com)) which includes a comprehensive IR section that is updated with the Group's latest announcement, corporate information and IR contact points;
- Keep our shareholders and interested parties abreast of our latest announcements by utilising ShareInvestor.com's email alerts service;
- Interact regularly with research analysts, fund managers and shareholders;
- Post timely results announcements that emphasise high financial reporting standards and responsible disclosures on significant business developments;
- Provide detailed information on business strategies, operational development and financial results in our Annual Report; and
- Seek opportunities to profile the Group in the business and financial media, so as to achieve broader market understanding of our strategies, vision, capabilities and the depth and diversity of our portfolio.

Where necessary and appropriate, the Company conducts briefings with media and analysts to update the investing community of the Group's performance and developments. During such briefings and meetings, the Company solicits and understands the views of shareholders and the investment community.





# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr Ang Kah Hong  
(Executive Chairman and Managing Director)

Mr Ang Kha King  
(Executive Director)

Mr Tan Swee Khim  
(Executive Director)

Mr Ang Guan Hwa  
(Executive Director)

Mr Wong King Kheng  
(Lead Independent Director)

Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong)  
(Independent Director)

## AUDIT COMMITTEE

Mr Wong King Kheng  
(Chairman)

Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong)  
Mr Tan Swee Khim

## NOMINATING COMMITTEE

Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong)  
(Chairman)

Mr Wong King Kheng  
Mr Tan Swee Khim

## REMUNERATION COMMITTEE

Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong)  
(Chairman)

Mr Wong King Kheng  
Mr Tan Swee Khim

## ENTERPRISE RISK MANAGEMENT COMMITTEE

Mr Tan Swee Khim  
(Chairman)

Mr Ang Guan Hwa  
Ms Lim Soh Hoon

## COMPANY SECRETARIES

Ms Joanna Lim Lan Sim, ACIS  
Mr Lee Wei Hsiung, ACIS

## REGISTERED OFFICE

No. 15 Pandan Crescent  
Singapore 128470  
Tel: (65) 6261 7888  
Fax: (65) 6777 4544  
Website: [www.tiongwoon.com](http://www.tiongwoon.com)

## SHARE REGISTRAR

Tricor Barbinder Share Registration Services  
(A division of Tricor Singapore Pte Ltd)  
80 Robinson Road #02-00  
Singapore 068898  
Tel: (65) 6236 3333  
Fax: (65) 6236 3405  
Website: [www.sg.tricorglobal.com](http://www.sg.tricorglobal.com)

## AUDITOR

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
7 Straits View Marina One East Tower Level 12  
Singapore 018936  
Partner-in-Charge: Mr Tham Tuck Seng  
(Appointed since Financial Year ended 30 June 2014)

## PRINCIPAL BANKERS

United Overseas Bank Limited  
Overseas Chinese Banking Corporation Limited



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# CORPORATE GOVERNANCE REPORT

The Board of Directors (the “Board” or the “Directors”) of Tiong Woon Corporation Holding Ltd (the “Company”) recognises the importance of sound corporate governance in protecting the interests of its shareholders as well as strengthening investors’ confidence in its management and financial reporting. The Company, together with its subsidiaries (the “Group”), is committed to maintaining a high standard of corporate governance, to enhance corporate accountability and transparency.

This report describes the Company’s corporate governance processes and activities with specific reference to the principles of the Code of Corporate Governance 2012 (the “Code”) and the disclosure guide as published by the SGX-ST in January 2015 (the “Guide”). The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable, and will continue to review its practices on an ongoing basis. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

## BOARD MATTERS

### *Principle 1: Board’s Conduct of its Affairs*

The Board’s primary role is to provide leadership, set strategic objectives and ensure that the necessary financial and human resources are in place for the Group to meet its objectives; establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the company’s assets; review management performance; identify the key stakeholder groups and recognise that their perceptions affect the Group’s reputation; set the Group’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and consider sustainability issues, such as environmental and social factors, as part of its strategic formulation.

All directors exercise due diligence and independent judgement, and are obliged to act in good faith and in the best interests of the Company.

To facilitate effective management, certain functions have been delegated to various board committees, namely the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”), each of whose members are drawn from members of the Board (together “Board Committees” and each a “Board Committee”). Each of these Board Committees has its own written terms of reference and its actions are reported to and monitored by the Board. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

The day-to-day management of the affairs of the Group’s businesses is delegated by the Board to the Management Committee (“MC”) headed by the Executive Chairman and Managing Director, Mr Ang Kah Hong. It comprises three other executive directors and two key senior management personnel of the Group. The MC is also responsible for implementing measures in line with the overall strategies set by the Board. The MC meets on a periodic basis and on such other times where necessary.

The schedule of all the Board and Board Committee meetings for the calendar year is usually given to all the directors well in advance. Besides the scheduled meetings, where circumstances require, ad-hoc meetings are held. All meetings are conducted in Singapore and attendance by the Directors has been regular.

The attendances of the Directors at meetings of the Board and Board Committees as well as the frequency of such meetings held during the financial year ended 30 June 2018 are set out below:

	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	Number of Meeting		Number of Meeting		Number of Meeting		Number of Meeting	
Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ang Kah Hong	4	4	NA	NA	NA	NA	NA	NA
Ang Kha King	4	4	NA	NA	NA	NA	NA	NA
Ang Guan Hwa	4	4	NA	NA	NA	NA	NA	NA
Tan Swee Khim	4	4	4	4	1	1	1	1
Wong King Kheng	4	4	4	4	1	1	1	1
Luk Ka Lai Carrie (Mrs Carrie Cheong)	4	4	4	4	1	1	1	1

NA: Not Applicable

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# CORPORATE GOVERNANCE REPORT

The Company's Articles of Association allow a Board meeting to be conducted by means of telephone and video conference or similar communications equipment.

The Board has identified a number of areas for which the Board has direct responsibility for decision-making including but not limited to the review of Interested Persons Transactions, the Group's internal control procedures and the approval of major investments and funding decisions.

The Board also meets to consider the following corporate matters and actions:

- Approval of quarterly and full year financial result announcements;
- Approval of the annual reports and financial statements;
- Recommendation of dividends and other returns to shareholders;
- Nomination of board directors and appointment of key personnel;
- Convening of shareholder's meetings;
- Authorisation of material acquisitions and disposal of assets;
- Authorisation of major transactions; and
- Approval of corporate strategies.

The Board likewise reviews and approves all corporate actions for which shareholders' approval is required.

New directors, upon appointment, will be briefed on the business and organisation structure of the Group to ensure that they are familiar with the Group's structure, businesses and operations. The directors may participate in seminars and/or discussion groups to keep abreast of the latest developments which are relevant to the Group. Directors also have the opportunity to visit the Group's operational facilities and meet with the management to gain a better understanding of the Group's business operations.

The Company has an ongoing budget for all directors to attend appropriate courses, conferences and seminars for them to stay abreast of relevant business developments and outlook. These include programmes run by the Singapore Institute of Directors or other training institutions.

The Board as a whole is updated regularly on changes in the policies of the Group, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards, so as to enable them to properly discharge their duties as Board or Board Committee members.

New releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the directors are circulated to the Board.

Annually, the external auditors update the AC and the Board on new or revised financial reporting standards, in particular standards that could have a material impact on the Group's consolidated financial statements.

A formal appointment letter would be issued to any new director upon his appointment setting out his duties and obligations as a director.

## ***Principle 2: Board Composition and Balance***

The Board comprises six directors, two of whom are independent directors. The Directors as at the date of this report are:

- Mr Ang Kah Hong (Executive Chairman and Managing Director)
- Mr Ang Kha King (Executive Director)
- Mr Tan Swee Khim (Executive Director)
- Mr Ang Guan Hwa (Executive Director)
- Mr Wong King Kheng (Independent Director)
- Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) (Independent Director)



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# CORPORATE GOVERNANCE REPORT

Currently, the Chairman of the Board and the Managing Director of the Group is the same person. In addition, the Chairman is not an independent director. As a longer transition period has been provided for board composition changes needed to comply with the requirement for independent directors to make up at least half of the Board, the Company will refresh its Board at the appropriate time.

The NC, which reviews the independence of each director on an annual basis, adopts the Code's definition of what constitutes an independent director. The Independent Directors, Mr Wong King Kheng and Mrs Carrie Cheong, have confirmed that they do not have any relationship with the Company, its related corporation, its 10% shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

The Board has determined, taking into account the views of the NC, that Mr Wong King Kheng and Mrs Carrie Cheong are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the judgement of each of the aforesaid directors. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him/her not to be independent.

Mr Wong King Kheng and Mrs Carrie Cheong have served on the Board for more than nine years from the dates of their first appointments in 1999 and 2009 respectively. The Board has conducted a particularly rigorous review of Mr Wong King Kheng's and Mrs Carrie Cheong's independence. In determining the independence of a Director, the Board takes into consideration Guideline 2.3 and other relevant Guidelines of the Code, in which the Board considered a Director independent if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere with his exercise of independent business. Affected directors do not participate in their own review.

The Board also notes that Mr Wong King Kheng and Mrs Carrie Cheong did not have any interested party transactions with the Group or the substantial shareholders that might affect their independence. The Board has observed their performance at Board and Board Committee meetings and other occasions, and has no reason to doubt their independence in the course of discharging their duties.

Therefore, the Board is of the view that Mr Wong King Kheng and Mrs Carrie Cheong should still be considered independent despite having been on the Board for more than nine years, as there are no circumstances which might affect their judgement. The Board wishes to retain them for their strength of character, objectivity and wealth of useful and relevant experience which would enable them to continue being effective independent directors and assets to the Group, their long tenure notwithstanding.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current board size and existing composition of the Board Committees effectively serve the Group.

As a Group, the Directors bring with them a broad range of expertise and experience in areas such as accounting or finance, law, business and management, industry knowledge, strategic planning and customer-based experience and knowledge. The diversity of the directors' experience allows for the useful exchange of ideas and views.

The Independent Directors aim to assist in the development of proposals on strategy by constructively challenging the Management. They also review the performance of Management in meeting agreed goals and objectives and monitor the performance.

The Independent Directors meet at least once a year or on a need-be basis without the presence of Management or the Executive Directors to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning, leadership development, the remuneration of the Executive Directors as well as to review any matters that must be raised privately.

### ***Principle 3: Chairman and Managing Director***

Mr Ang Kah Hong currently fulfils the role of Executive Chairman of the Board and Managing Director of the Group. Being one of the founders of the Group, Mr Ang Kah Hong plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and strategic vision. The Board is of view that it is in the best interests of the Group to adopt a single leadership structure, whereby the Managing Director and the Executive Chairman of the Board is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

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# CORPORATE GOVERNANCE REPORT

All major decisions made by the Executive Chairman and Managing Director are discussed and reviewed by the AC. His performance is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC. As the AC, NC and RC consist of a majority of Independent board members, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual.

In addition to managing the day-to-day business operations of the Group, the Executive Chairman and Managing Director, Mr Ang Kah Hong, ensure that each member of the Board and the Management works well together with integrity and competency. He, with the assistance of the Company Secretary and Management, schedules Board meetings as and when required and prepares the agenda for Board meetings. In addition, he sets guidelines on and ensures quality, quantity, accurateness and timeliness of information flow between the Board, Management and shareholders of the Company. He encourages constructive relations between the Board and Management and between the executive directors and the independent directors. He promotes an open environment for debate, and ensures that Independent Directors are able to speak freely and contribute effectively. He plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management at AGMs and other shareholders meetings. He also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance practices.

The Board has appointed Mr Wong King Kheng, an independent director, as the Lead Independent Director. Mr Wong King Kheng will be available to address shareholders' concerns when contact through the normal channels of the Chairman and Managing Director, or the Group Chief Operating Officer ("COO") or the Group Chief Financial Officer ("CFO") has failed to provide a satisfactory resolution or when such contact is inappropriate.

The Independent Directors, led by the lead Independent Director, meet amongst themselves at least once a year or on a need-be basis, without the presence of Management or the executive directors to review any matters that must be raised privately and the lead Independent Director will provide feedback to the Executive Chairman of the Board after such meetings, where appropriate.

## ***Principle 4: Board Membership***

The NC, regulated by a set of written terms of reference, comprises three members, majority of whom, including the Chairman, are independent and non-executive directors. The lead independent director is a member of the NC. The Board is of the view that the inclusion of an executive director in the NC would facilitate discussions at the NC meetings.

The members of the NC as at the date of this report are:

- Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) (Chairman and Independent Director)
- Mr Wong King Kheng (Independent Director)
- Mr Tan Swee Khim (Executive Director)

The principal functions of the NC stipulated in its terms of reference are summarised as follows:

- Reviews and makes recommendations to the Board on relevant matters relating to: (i) all board appointments; (ii) board succession plans for directors, the Chairman and for the Managing Director; (iii) process for board performance evaluation; and (iv) board training and professional development programs;
- Reviews the Board structure, size and composition and makes recommendations to the Board with regards to any adjustments that are deemed necessary;
- Determines the independence of the Board;
- Assesses the effectiveness of the Board and the academic and professional qualifications of each individual director; and
- Reviews and recommends retiring directors for re-election at each Annual General Meeting ("AGM").

In accordance with the Company's Articles of Association, all Directors (except the Managing or Joint Managing Director or an equivalent office) shall retire from office at least once every three years by rotation and all newly appointed directors will have to retire at the next AGM following their appointments. The retiring directors are eligible to offer themselves for re-election.

Mr Ang Guan Hwa and Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) would be retiring by rotation under Article 104 at the forthcoming AGM and be eligible for re-election.



# CORPORATE GOVERNANCE REPORT

The NC has recommended the nomination of Mr Ang Guan Hwa and Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) for re-election at the forthcoming AGM. In considering the nomination, the NC took into account the contribution of the directors with reference to their attendance and participation at Board meetings (and Board committee meetings where applicable) as well as proficiency with which they have discharged their responsibilities. A retiring director who is also a member of the NC abstained from nominating herself from re-election. The Board has accepted the NC's recommendation and accordingly, the above-mentioned directors will be offering themselves for re-election at the forthcoming AGM.

The NC determines the independence of each director annually based on the definitions and guidelines set out in the Code. In respect of the financial year ended 30 June 2018, the NC performed a review of the independence of the directors. The Board, with the concurrence of the NC, concludes that Mrs Carrie Cheong and Mr Wong King Kheng remain independent as they do not have any existing business or professional relationships with the Group or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company.

The NC is satisfied that at least one-third of the Board comprises independent non-executive directors.

Where a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a director of the Company. The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the directors have multiple board representations. The Board does not prescribe a maximum number of listed company board representations which any Director with multiple board representations may hold and, would review the matter on a case-by-case basis taking into account the ability and performance of each Director in his/her performance and discharge of duties and responsibilities.

No alternate director was appointed to the Board during the year.

The NC is responsible for identifying and recommending new board members to the Board, after considering the necessary and desirable competencies of the candidates which include; (i) academic and professional qualifications; (ii) industry experience; (iii) number of other directorships; (iv) relevant experience as a director; and (v) ability and effectiveness in carrying out duties and responsibilities.

The NC leads the process for board appointments and makes recommendations to the Board. The process of appointment includes:

- developing a framework on desired competencies and diversity on board;
- assessing current competencies and diversity on board;
- developing desired profiles of new directors;
- initiating search for new directors including external search, if necessary;
- short-listing and interviewing potential director candidates;
- recommending appointments and retirements to the board, and
- election at general meeting.

The profile of all Board members is set out in the section entitled "Board of Directors". The date of the Directors' initial appointment and last re-election and their directorships are disclosed below:

Name of Director	Date of Initial Appointment	Date of Last Re-Election	Present Directorships in Listed Companies	Past (preceding 3 years) Directorships in Listed Companies
Ang Kah Hong	21.08.1997	–	Tiong Woon Corporation Holding Ltd	–
Ang Kha King	21.08.1997	25.10.2017	Tiong Woon Corporation Holding Ltd	–
Tan Swee Khim	23.08.1999	26.10.2016	Tiong Woon Corporation Holding Ltd	–
Ang Guan Hwa	22.03.2013	26.10.2016	Tiong Woon Corporation Holding Ltd	–
Wong King Kheng	23.08.1999	25.10.2017	(1) Tiong Woon Corporation Holding Ltd (2) Ossia International Limited (3) Hatten Land Limited	–
Luk Ka Lai Carrie (Mrs Carrie Cheong)	01.07.2009	29.10.2015	(1) Tiong Woon Corporation Holding Ltd (2) BBR Holdings (S) Ltd	–

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# CORPORATE GOVERNANCE REPORT

Except as disclosed, there were no other directorships or chairmanship held by the directors over the preceding three years in other listed companies.

## ***Principle 5: Board Performance***

The Board, through the NC, has used its best effort to ensure that Directors appointed to the Board and the Board Committees, whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each Director, with his/her special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made. The Board is expected to act in good faith, with due diligence and care in the best interests of the Group to enhance long-term shareholder value.

The NC implemented an annual evaluation process to assess the effectiveness of the Board as a whole and its Board Committees, and the contribution of each individual Director. The Company did not use any external facilitator. The NC is responsible for deciding how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

The NC adopts a formal system of evaluating the Board as a whole and its Board Committees annually. During the financial year, all Directors are requested to complete a Board Performance Evaluation Questionnaire designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The completed evaluation forms were submitted to the NC Chairman for collation and the consolidated responses were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness. Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The contribution of each individual Director to the effectiveness of the Board is assessed individually and reviewed by the NC. The assessment criteria include, inter alia, Director's attendance, commitment of time, participation, knowledge and abilities, teamwork and overall effectiveness. The performance of each Director will be taken into account in his/her re-election or re-appointment.

The performance criteria for the Board performance evaluation include evaluation of the Board's composition and conduct, Board processes and procedures, Board accountability, evaluation and succession planning.

The primary objective of the board evaluation exercise is to create a platform for the Board and Board Committees members to provide constructive feedback on the board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and Board Committees. The individual director evaluation exercise assists the NC and Chairman in determining whether to re-nominate directors who are due for retirement at the forthcoming AGM, and in determining whether directors with multiple board representations are able to and have adequately discharged their duties as directors of the Company.

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole has been satisfactory. Although some of the Directors have other Board representations, the NC is satisfied that these Directors are able to and have effectively carried out their duties as Directors of the Company. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance. In fact, the NC has noted that its members have contributed significantly in terms of time, effort and commitments during FY2018.

Taking into account the results of the assessment of the effectiveness of the Board and of the individual Directors and the respective Directors' conduct on the Board, the NC is satisfied that all the Directors have adequately carried out their duties as Directors. Nonetheless, replacement of a director, when it happens, does not necessarily reflect the director's performance or contributions to the Board, but may be driven by the need to align the Board with the medium or long term needs of the Group.

## ***Principle 6: Access to Information***

Prior to Board meetings and on timely basis, Management provides the Board with meetings papers and relevant information which are necessary to enable the Board to fulfill their duties and responsibilities. The Company Secretary/ Management circulates copies of the minutes of the Board meetings to all members of the Board. The Board is informed of all material events and transactions as and when they occur. These include relevant information and explanatory notes on matters that are presented to the Board, such as budgets, forecasts and business models. In relation to budgets, any material variance between projections and actual results are disclosed and explained. Timely updates on developments in accounting matters, legislation, government policies and regulations affecting the Group's business operations are provided to all directors.

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# CORPORATE GOVERNANCE REPORT

The Board has separate and independent access to the senior management of the Company and the Company Secretary at all times.

The Company Secretary prepares meeting agendas, attends and prepares minutes of all Board and Board Committee meetings and is responsible for ensuring that Board procedures are followed and that the Company's Memorandum and Articles of Association and relevant rules and regulations are complied with. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of Board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the Management, ensures good information flows within the Board and the Board Committees and between Senior Management and Independent Non-Executive Directors.

The appointment and replacement of the Company Secretary is a matter for the Board.

The Board, in fulfilling its responsibilities, will, as a group or individually, when deemed fit, direct the Company to appoint professional advisers to render professional advice. The costs associated with such professional services will be borne by the Company.

## REMUNERATION MATTERS

### *Principle 7: Procedures for Developing Remuneration Policies*

The RC, regulated by a set of written terms of reference, comprises three members, a majority of whom are non-executive directors who are independent of management and free from any businesses or other relationships, which may materially interfere with the exercise of their independent judgement. As at the date of this report, the Remuneration Committee members are:

- Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) (Chairman and Independent Director)
- Mr Wong King Kheng (Independent Director)
- Mr Tan Swee Khim (Executive Director)

The Company is of the view that the size of the Group's present business and operations does not justify the appointment of a third non-executive director for the purpose of reconstituting the RC to comprise solely of non-executive directors.

The principal function of the RC is to ensure that a formal and transparent procedure is in place for fixing the remuneration framework for the Board and key management personnel of the Group.

The RC reviews and recommends to the Board a remuneration framework for the Directors and key management personnel. The RC considers all aspects of remuneration namely salaries, allowances, bonuses and other benefits-in-kind. All remuneration matters, except directors' fees, relating to the Directors and key management personnel require approval of the Board.

The RC's recommendation for directors' fees had been endorsed by the Board, following which it will be tabled for shareholders' approval at the Company's AGM. No member of the RC or the Board participated in the deliberation of his/her own remuneration.

The RC will ensure that the remuneration package of employees who are immediate family members of a director or the Executive Chairman are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

The RC, has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. During the financial year, the RC did not require the service of an external remuneration consultant.

The Executive Directors and key management personnel have entered into service agreements/contract of service with the Company. The service agreements/contracts of service cover the terms of employment, specifically salary, performance-based incentive/bonus and other benefits. The service agreements of the Executive Directors and the contracts of service of key management personnel include terms for termination with a notice period of six months.



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# CORPORATE GOVERNANCE REPORT

The RC reviews the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

## ***Principle 8: Level and Mix of Remuneration***

The annual review of the remuneration are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. In structuring the remuneration framework, the RC also takes into account the risk policies of the Group, the need for the remuneration to be symmetric with the risk outcomes and the time horizon of risks.

The Company has a staff remuneration policy which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary which takes into consideration the remuneration and employment conditions within the same industry and in comparable companies and variable bonus that is linked to the performance of the Group as a whole and their individual performance.

The remuneration of the Company's Executive Directors and key management personnel has been formulated to attract, retain and motivate individuals the Group relies on to achieve its business strategy and create long-term value for its shareholders. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group. The RC believes that fair performance-related pay should motivate good performance and that rewards should be closely linked to and commensurate with it.

Mr Ang Kah Hong, the Executive Chairman and Managing Director, is consulted by the RC on matters relating to the other executive directors and key management personnel who report to him on matters relating to the performance of the Company. He duly abstained from participation in discussions and decisions on his own remuneration.

The RC reviews periodically the Service Agreements of the Company's Executive Directors and where appropriate, the Service Contracts of key management personnel, including the compensation commitments and notice period for termination to ensure that they are not excessively long. The Company has entered into separate Service Agreements with the Executive Directors, Mr Ang Kah Hong, Mr Ang Kha King, Mr Tan Swee Khim and Mr Ang Guan Hwa.

The Company does not have any share-based compensation scheme or any long-term incentives scheme involving the offer of shares or option in place, for the Executive Directors or key management personnel at the moment.

The Non-Executive Directors, namely the Independent Directors do not have any service contracts. The Independent Directors are each paid a Directors' fee which is determined by the Board and RC based on the effort and time spent as well as their responsibilities as members of the AC, NC and RC. The Group recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company. Except as disclosed, the Independent Directors do not receive any remuneration from the Company.

Having reviewed and considered the remuneration package of the Executive Directors and the key management personnel, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against Executive Directors and key management personnel in the event of such exceptional circumstances or breach of fiduciary duties.

## ***Principle 9: Disclosure on Remuneration***

The remuneration of each individual Director and key management personnel is however not fully disclosed as the Company believes that disclosure may be prejudicial to its business interests given the highly competitive environment it is operating in.

# CORPORATE GOVERNANCE REPORT

Details of remuneration of the Directors for the financial year ended 30 June 2018 are set out below:

Name of Directors	Remuneration Band	Salary	Bonus	Benefits in Kind	Directors' Fees	Total
		%	%	%	%	%
Executive Directors						
Ang Kah Hong	\$250,000 to below \$500,000	90	7	3	–	100
Tan Swee Khim	Below \$250,000	87	7	6	–	100
Ang Kha King	Below \$250,000	87	7	6	–	100
Ang Guan Hwa	Below \$250,000	93	7	–	–	100
Independent Directors						
Wong King Kheng	Below \$250,000	–	–	–	100	100
Luk Ka Lai Carrie (Mrs Carrie Cheong)	Below \$250,000	–	–	–	100	100

Saved as disclosed above, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest.

Details of remuneration of the key management personnel (who are not Directors or the Executive Chairman) for the financial year ended 30 June 2018 are set out below:

Name of Key Management Personnel	Remuneration Band	Salary	Bonus	Benefits in Kind	Directors' Fees	Total
		%	%	%	%	%
Lim Soh Hoon	Below \$250,000	93	7	–	–	100
Yvonne Ang Siew Chien	Below \$250,000	94	6	–	–	100
Quek Chang Yeow	Below \$250,000	93	7	–	–	100
Kelvin Ang Boon Chang	Below \$250,000	94	6	–	–	100
Manohar Nedumaran	Below \$250,000	90	7	3	–	100

## Information on Key Management Personnel

### Lim Soh Hoon

*Group Chief Financial Officer*

Ms Lim joined our Group as Group Chief Financial Officer in April 2016. She is responsible for the Group's accounting, finance, treasury and tax functions. She has over 20 years of working experience in the areas of auditing, accounting, corporate finance and taxation. She worked in various companies including international public accounting firms and companies listed on SGX-ST such as KPMG LLP, Sapphire Corporation Limited and Ryobi Kiso Holdings Ltd. Ms Lim graduated from Nanyang Technological University with a Bachelor Degree in Accountancy and is a member of the Institute of Singapore Chartered Accountants.

### Yvonne Ang Siew Chien

*Group Human Resource and Administration Manager*

Ms Yvonne Ang, daughter of Mr Ang Kah Hong (Executive Chairman and Managing Director) was first appointed as Group Human Resource Manager in March 2016 and later re-designated as Group Human Resource and Administration Manager in July 2016. As the Head of Group Human Resources and Administration, she oversees the full spectrum of the Group's administration and human resources functions, across all business units and countries. She has about 20 years of experience in managing human resources and organisational development in both local and multi-national corporations, in the transportation, logistics and engineering industries. She graduated from RMIT University with a Bachelor Degree in Business (Business Administration).

# CORPORATE GOVERNANCE REPORT

## **Quek Chang Yeow**

*Managing Director*

Mr Quek joined Tower Cranes Services Pte. Ltd. as a Managing Director since April 2015. He is responsible for setting business direction and strategy of Tower Cranes Services Pte. Ltd.. He has over 30 years of experiences in construction equipment industry. He worked in various companies including Manta Holdings Company Limited, a public listed company in Hong Kong Stock Exchange.

## **Kelvin Ang Boon Chang**

*Director*

Mr Kelvin Ang, son of Mr Ang Kha King (Executive Director of the Company), joined Tiong Woon Crane & Transport (Pte) Ltd since September 2003 as Logistics Assistant and was promoted to the position of General Manager of Tiong Woon International Pte Ltd in 2010. He was appointed as the Director of Tiong Woon International Pte Ltd and Tiong Woon Logistics Pte Ltd on 5 September 2011 and 1 June 2015 respectively. He is responsible for the Group's freight forwarding and logistics services. He held a Diploma in Logistics Management from Australia Logistics Academy.

## **Manohar Nedumaran**

*General Manager (Overseas Divisions)*

Mr Manohar joined Tiong Woon Crane & Transport (Pte) Ltd as Contracts Manager since January 2000 and was promoted to the position of General Manager (Overseas Divisions) in May 2012. He is responsible for planning, directing and controlling the entire operations of all overseas subsidiaries. He has over 30 years of experiences in engineering industry in Singapore and overseas. He graduated from Annamalai University, India with a Bachelor Degree in Engineering.

The Board has deliberated with regard to the Code's recommendations to fully disclose the remuneration of directors and the top key management personnel (who are not Directors or the Executive Chairman). The Board is of the opinion that, in view of the confidentiality nature and sensitivity of key management personnel (who are not Directors or the Executive Chairman) remuneration matters and the Board's concern over poaching of key management personnel (who are not Directors or the Executive Chairman) by competitors, the Board had opted to disclose the remuneration of key management personnel (who are not Directors or the Executive Chairman) in percentage terms and in incremental bands of \$250,000. Further, the Board is of the view that the total aggregate remuneration paid to the top five (5) key management personnel (who are not Directors or the Executive Chairman) is not material as the total aggregate remuneration paid amounted to less than 4% of the total other operating expenses of the Group.

The employees whose remuneration exceeded \$50,000 for the financial year ended 30 June 2018 and who are immediate family members of the Directors or the Executive Chairman are as follows:

Name of Employee	Remuneration Band	Salary	Bonus	Benefits in Kind	Directors' Fees	Total
		%	%	%	%	%
Danny Lee Kum Mun <sup>(1)</sup>	\$50,000 to below \$150,000	94	6	–	–	100
Jane Ang Li Fern <sup>(2)</sup>	\$50,000 to below \$150,000	93	7	–	–	100
Veronica Ang Bee Fong <sup>(3)</sup>	\$50,000 to below \$150,000	94	6	–	–	100

### **Notes:**

- (1) Mr Danny Lee Kum Mun is the husband of Ms Yvonne Ang Siew Chien and son-in-law of Mr Ang Kah Hong, Executive Director
- (2) Ms Jane Ang Li Fern is the daughter of Mr Ang Kha King, Executive Director
- (3) Ms Veronica Ang Bee Fong is the niece of Mr Ang Kah Hong and Mr Ang Kha King, Executive Directors

The Company had opted to disclose the remuneration of employees (who are immediate family members of the Directors or the Executive Chairman) in incremental bands of \$100,000 rather than in incremental bands of \$50,000 due to its confidential nature and sensitivity of employee remuneration. The Board is of the view that such disclosure would be sufficient to provide an overview of their remuneration.

The Group has not implemented any share-based compensation scheme or any long-term scheme involving the offer of shares or option in place after considered the costs and benefits of such schemes.



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# CORPORATE GOVERNANCE REPORT

The RC has reviewed and approved the remuneration packages of the Directors and the key management personnel, having regard to their contributions as well as the financial performance of the Group and has ensured that the Directors and key management personnel are adequately but not excessively remunerated. Their remuneration is made up of fixed and/or variable compensations. The fixed compensation consists of an annual base salary and allowances. The variable compensation is based on the level of achievement of corporate and individual performance. The terms of their service agreements and remuneration packages are subject to review by the RC. There are no excessive or onerous clauses in these service agreements.

## ACCOUNTABILITY AND AUDIT

### *Principle 10: Accountability*

The Board is accountable to the shareholders and is mindful of its obligations to provide shareholders with a balanced assessment of the Group's performance and prospects and ensure timely disclosure of material information in compliance with statutory reporting requirements. Price sensitive information is first publicly released after the review by the Board, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports are announced or issued within legally prescribed periods.

The Board review legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements. In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its interim quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company had, pursuant to the amended Rule 720(1) of the Listing Manual of the SGXST, received undertakings from all its directors and executive officers that they each shall, in the exercise of their powers and duties as directors and officers comply with the best of their abilities with the provisions of the SGX-ST's listing rules, the Securities and Futures Act, the Code on Takeovers & Mergers, and the Companies Act and will also procure the Company to do so.

For the financial year under review, the Managing Director of the Group and the Group CFO have provided assurance to the Board on the integrity of the Group's financial statements. The Board also provides an opinion on the adequacy and effectiveness of the Group's risk management and internal controls systems in place, including financial, operational, compliance and information technology controls.

Management provides the Board with management accounts of the Group's performance and prospects regularly and upon request. Management provides the Board and Board Committees with a continual flow of relevant information on a timely basis in order that it may effectively discharge its duties.

### *Principle 11: Risk Management and Internal Control*

The Board is responsible for ensuring that Management designs, implements, maintains and monitors a sound system of internal controls, as well as manages the Company's levels of risk tolerance to safeguard shareholders' investment and the Group's assets.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

During the year, the AC, on behalf of the Board and through the assistance of internal and external auditors, had reviewed the effectiveness of the Group's material internal control systems including financial, operational, compliance and information technology controls, and risk management systems. The process used by the AC to monitor and review the effectiveness of the system of internal controls and risk management includes:

- (a) discussions with management on risks identified by management;
- (b) the audit processes;
- (c) the review of internal and external audit plans; and
- (d) the review of significant issues arising from internal and external audits.

# CORPORATE GOVERNANCE REPORT

The Company has designed a risk management framework to allow it to achieve its business objectives whilst assisting Management and ideally, providing early warnings of any material change to the Company's risk profile. The risk management framework comprises the policies, guidelines, and tools to provide the information and guidance material needed to integrate risk management into the Group's operation and systems, and individual decision making process.

The Board has established an Enterprise Risk Management Committee ("ERMC") which is a sub-committee of the AC and oversees by the AC. As of the date of this report, the ERMC comprises: Mr Tan Swee Khim, Mr Ang Guan Hwa and Ms Lim Soh Hoon (Group CFO). Mr Tan Swee Khim is the Chairman of the ERMC.

The principal functions of the ERMC are:

- To review, formulate and make recommendations to the Management on risk matters and risk management; and
- To oversee the risk management function and the risk management framework.

The ERMC will work closely with the AC to oversee the Group's risk management framework and policies. All identified risks are assessed by the ERMC and recorded in the Company's Risk Register. Risks which are recorded in the Risk Register are periodically reviewed by the ERMC in accordance with a timetable established by the Committee, with the assistance of the relevant risk owners. Mitigated risks are recorded in the Risk Register with appropriate precautions from reoccurrence communicated across the Group.

Complementing the risk management framework is a Group-wide system of internal controls, which includes the Code of Conduct, documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes. To ensure that internal controls and risk management processes are adequate and effective, during the financial year, the AC is assisted by the external auditors who provide assurance over the risk of material misstatements in the Group's financial statements and the internal auditor who provides assurance that controls over the key risks of the Group is adequate and effective.

For the financial year under review, Mr Ang Kah Hong (Executive Chairman & Managing Director) and Ms Lim Soh Hoon (Group CFO) have provided assurance to the Board that the Group's risk management and internal control systems in place is adequate and effective in addressing the material risks in the Group in its current business environment including financial, operational, compliance and information technology risks and also that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

Based on (i) the Group's framework of management control, (ii) the internal control policies and procedures established and maintained by the Group as well as (iii) the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the systems of internal controls and risk management within the Group are adequate and effective, including the financial, operational, compliance and information technology controls and risk management that has been maintained by the Group's management and that was in place throughout the financial year.

Any material non-compliance and internal control weaknesses noted during the internal audit and the recommendations thereof are reported to the AC as part of the review of the Group's internal control system.

## **Principle 12: Audit Committee**

The AC, regulated by a set of written terms of reference, comprises three directors, the majority of whom, including the Chairman, are independent. At the date of this report, the AC comprises the following members:

- Mr Wong King Kheng (Chairman and Independent Director)
- Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) (Independent Director)
- Mr Tan Swee Khim (Executive Director)

The independent directors of the AC believe that the AC benefits and would continue to benefit from the knowledge, experience and expertise of the executive director in carrying out its functions. There are corporate governance practices in place where a director will not recommend or participate in decisions of the Board or the Board Committee he/she sits on if he/she is interested or deemed to be interested in the decision. The independent directors have performed and will continue to perform their duties independent of the management. The Board is therefore confident that the corporate governance of the Company has not been and will not be compromised by the existing composition of the AC.

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# CORPORATE GOVERNANCE REPORT

The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities.

The AC has explicit authority to investigate any matter within its term of reference, full access to and the co-operation of Management and has full discretion to invite any director or executive officer to attend its meetings, and has been given adequate resources to enable it to discharge its functions.

The functions of the AC are as follows:

- (a) review with the internal and external auditors of the Company, their audit plans, their evaluation of the system of internal controls, audit report and management's responses;
- (b) review the quarterly and full year financial statements of the Company and the Group before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the statutory/regulatory requirements of the Singapore Exchange Securities Limited ("SGX-ST"), Companies Act of Singapore and such other regulation under the laws of Singapore;
- (c) review the internal control and procedures and ensure co-ordination between the external auditors and the management, review the assistance given by management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any other matters which the auditors may wish to discuss (in the absence of management where necessary);
- (d) review and discuss with the external and internal auditors on (any significant findings) which has or is likely to have a material impact on the Group's operating results and/or financial position, and the management's response;
- (e) review the independence of the external auditors annually and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors and non-audit services provided by the external auditors seeking to balance the maintenance of objectivity and value for money;
- (f) review transactions falling within the scope of Chapter 9 and 10 of the SGX-ST's Listing Manual in respect of interested person transactions and acquisitions and disposal of assets of the Company;
- (g) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (h) generally to undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

The AC meets with the external and internal auditors without the presence of the management, at least once a year.

During the year under review, the fees paid to the external auditors for audit and non-audit services amounted to \$296,000 and \$153,000 respectively.

The AC has undertaken a review of all non-audit services provided by the external auditors for the financial year ended 30 June 2018 and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC will constantly bear in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value-for-money considerations. The external auditors have unrestricted access to the AC.

The AC had recommended to the Board the nomination of Messrs PricewaterhouseCoopers LLP, for re-appointment as external auditors of the Company at the forthcoming AGM. The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to accept re-appointment.

In recommending the re-appointment of the external auditors, the Audit Committee considered and reviewed various factors including the adequacy of resources, experience of supervisory and professional staff to be assigned to the audit, the size and complexity of the Group and its businesses and operations.

Both the AC and the Board have reviewed the appointment of different auditors for its foreign-incorporated subsidiaries and/or significant associated companies and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.



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# CORPORATE GOVERNANCE REPORT

The AC is satisfied that the Company has complied with the Listing Rules 712 and 716.

There is a Whistle-Blowing Policy for the Group in place, reviewed and endorsed by the AC, where employees of the Group can raise concerns about improprieties. The Policy serves to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the Chairman of the AC, the Head of Human Resource or Group CFO. The objective for such arrangement is to ensure independent investigation of such matters raised and for appropriate follow-up action to be taken. Details of the whistle-blowing policies and arrangements have been made available to all employees and provides assurance that employees will be protected from reprisal within the limits of the law.

The AC reports quarterly to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

A summary of AC's activities for the financial year ended 30 June 2018 is as follows:

- (a) reviewed the financial statements of the Company and the Group before the announcement of the quarterly and full-year results;
- (b) reviewed the key areas of Management's judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a material impact on the financials;
- (c) reviewed and approved both the Group internal auditors' and external auditors' plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls comprising financial, operational, information technology and compliance controls of the Company;
- (d) reviewed the independence and objectivity of the internal and external auditors through discussions with the internal and external auditors;
- (e) reviewed non-audit fees;
- (f) reviewed the appointment of different auditors for the Group's subsidiaries;
- (g) reviewed the accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group;
- (h) reviewed the effectiveness of the internal audit functions and discussed accounting implications of major transactions including significant financial reporting issues; and
- (i) reviewed interested party transactions.

No former partner or director of the Company's existing auditing firm is a member of the AC.

The AC has reviewed the management's assessment and discussed with the external auditors about the identified key audit matters (refer to pages 46 and 47 of this Annual Report); and how those key audit matters have been addressed by the external auditors. Having considered the management's assessment; and the approach taken by the external auditors and their findings, the AC is satisfied with the basis and estimates adopted by the Group.

## **Principle 13: Internal Audit**

The Company has outsourced its internal audit function to Ernst & Young Advisory Pte Ltd. The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed, is adequate and functioning in the required manner.

The AC approves the appointment, termination, evaluation and compensation of the internal auditors. The internal auditor has unfettered access to the Group's documents, records, properties and personnel, including access to the AC. The internal auditor plans its internal audit work and schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit work.

The internal auditor conducted an annual review of the effectiveness of the internal audit function and controls system of the Group, including financial, operational and compliance risks, and reported its findings to the AC. There was no significant risk or material weakness in internal controls reported by the internal auditor to the AC for the financial year.

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# CORPORATE GOVERNANCE REPORT

The AC is satisfied that the internal auditor is adequately qualified (given, inter alia, its adherence to standards set by nationally or internationally recognized professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.

## SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

### *Principle 14: Shareholders Rights*

The Company is committed to regular and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. To facilitate shareholders' ownership rights, the Company places great emphasis on investor relations and strives to maintain a high standard of transparency, ensure that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects.

Management supported the Code's principle to encourage shareholder participation. Shareholders are encouraged to attend general meetings to ensure a high level of accountability and to stay informed of the Company's strategy and goals. Notice of general meetings is despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at general meetings.

All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at the general meetings. The rules, including the voting process, were clearly explained by the scrutineers at such general meetings.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Articles allow each shareholder to appoint up to two proxies to attend AGMs and any other general meeting.

### *Principle 15: Communication with Shareholders*

Communication with shareholders is managed by the Board.

The Company does not practice selective disclosure. Price sensitive information is first publicly released before the Company meets with investors or analysts.

It is the Board's policy to ensure that all shareholders should be equally and timely informed of all major developments impacting the Group. The Company keeps its website updated and maintains dedicated investor relations ("IR") section for shareholders' convenience. Announcements disclosed through SGXNET are also posted on the Company's website.

The Company conducts its investor relations on the following principles:

- Information deemed to be price-sensitive is disseminated without delay via announcement on SGXNET;
- Endeavour to provide comprehensive information in financial results announcements to help shareholders and potential investors make informed decision; and
- Operate an open policy with regard to investors' enquiries.

Information is disseminated to shareholders through:

- SGXNET announcements and news releases;
- Press releases on major developments;
- Annual Report prepared and issued to all shareholders; and
- Company's website at [www.tiongwoon.com](http://www.tiongwoon.com) where shareholders can access information on the Group.

Where necessary and appropriate, the Company conducts briefings with media and analysts to update the investing community of the Group's performance and developments. During such briefings and meetings, the Company solicits and understands the views of shareholders and the investment community.

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# CORPORATE GOVERNANCE REPORT

The Company's dividend policy seeks to balance dividend return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure.

## ***Principle 16: Conduct of Shareholder Meetings***

At general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors and Management regarding the Company.

The Chairmen of the Board Committees are present at the AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions. The external auditors are also present at AGM to assist the Board with enquiries relating to the conduct of the audit and the preparation and content of the auditors' report.

Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other issues are satisfactorily resolved. This is also subject to legislative amendment to recognise electronic voting.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

The Board views the AGM as the principal forum for dialogue with shareholders, being an opportunity for shareholders to raise issues pertaining to the proposed resolutions and/or ask the Directors or the Management questions regarding the Company and its operations. The minutes of general meetings are prepared and made available to shareholders upon their request.

To have greater transparency in the voting process, the Company has conducted the voting of all resolutions by poll at all its general meetings. Detailed voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meetings via SGXNET.

## **CODE OF BUSINESS CONDUCT**

The Company's Code of Business Conduct also sets the standards and ethical conduct expected of employees of the Group. Directors, officers and employees are required to observe and maintain high standards of integrity, as are in compliance with the law and the regulations, and company policies.

## **INTERNAL CODE ON DEALING WITH SECURITIES**

The Company has an internal policy in place on dealings in the Company's securities transactions by the directors, officers and employees.

The Company issues a notification to all directors, officers and employees of the Company informing them that they are prohibited from dealing in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or one month before the full financial year, as the case may be, and ending on the date of the relevant announcements. The directors, officers and employees are also prohibited from dealing in the Company's shares on short-term considerations under the policy.

In addition, the Company regularly reminds the directors, officers and employees that, under the provisions of the Securities and Futures Act (Cap 289), it is an offence to deal in the Company's securities while they are in possession of unpublished, price-sensitive information.

## **MATERIAL CONTRACTS**

Save for the Service Agreements entered into with the Executive Directors, which are subsisting as at the end of FY2018, there were no material contracts involving the interests of the Executive Chairman and Managing Director, the directors or controlling shareholders entered into by the Group which are subsisting as at the end of the financial year or entered into during the financial year.



# CORPORATE GOVERNANCE REPORT

## INTERESTED PERSON TRANSACTIONS

The Company has established procedures whereby transactions with interested persons are reported in a timely manner to the AC so as to ensure compliance with the rules and regulations under Chapter 9 of the Singapore Exchange's Listing Manual.

The following interested person transactions took place between the Group and interested persons during the financial year at terms agreed by the parties concerned:

Name of Interested Person	Aggregate Value of All Interested Person Transactions During The Financial Period Under Review (Excluding Transactions Less Than \$100,000 And Transactions Conducted Under Shareholders' Mandate Pursuant to Rule 920)		Aggregate Value of All Interested Person Transactions Conducted Under Shareholders' Mandate Pursuant to Rule 920 (Excluding Transactions Less Than \$100,000)	
	FY2018	FY2017	FY2018	FY2017
	\$'000	\$'000	\$'000	\$'000
<b>Sales</b>				
Pollisum Engineering Pte Ltd	55	1	–	–
Xin Woon Transport Pte Ltd	153	181	–	–
<b>Purchases</b>				
Pollisum Engineering Pte Ltd	109	75	–	–
Xin Woon Transport Pte Ltd	181	54	–	–

# DIRECTORS' STATEMENT

For The Financial Year Ended 30 June 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2018 and the balance sheet of the Company as at 30 June 2018.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 50 to 105 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are as follows:

Ang Kah Hong  
Ang Kha King  
Tan Swee Khim  
Ang Guan Hwa  
Wong King Kheng  
Luk Ka Lai, Carrie (Mrs Carrie Cheong)

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 30.6.2018	At 1.7.2017	At 30.6.2018	At 1.7.2017
<b>Tiong Woon Corporation Holding Ltd</b>				
(No. of ordinary shares)				
Ang Kah Hong	<b>2,246,250</b>	2,246,250	<b>90,517,131</b>	90,517,131
Ang Kha King	<b>1,842,500</b>	1,842,500	<b>90,659,631</b>	90,659,631
Tan Swee Khim	–	1,313,500	–	–
Wong King Kheng	<b>32,000</b>	32,000	–	–

At the balance sheet date, Ang Kah Hong and Ang Kha King held 5,990,298 and 2,995,149 ordinary shares, respectively, in a substantial shareholder of the Company, Ang Choo Kim & Sons (Pte.) Limited. Their deemed interests in the Company through Ang Choo Kim & Sons (Pte.) Limited are shown above.

# DIRECTORS' STATEMENT

For The Financial Year Ended 30 June 2018

- (b) Ang Kah Hong and Ang Kha King, who by virtue of each of their interests individually of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly-owned by the Group:

	At 30.6.2018	At 1.7.2017
<b>Tiong Woon Oasis Pte Ltd</b>		
- No. of ordinary shares	-	815,553
<b>Tiong Woon Crane &amp; Transport Lanka (Pvt) Ltd</b>		
- No. of ordinary shares	1,056,000	1,056,000

- (c) The directors' interests in the ordinary shares of the Company at 21 July 2018 were the same at 30 June 2018.

## Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares in the Company or its subsidiaries under option at the end of the financial year.

## Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Mr Wong King Kheng (Chairman)  
Mdm Luk Ka Lai, Carrie (Mrs Carrie Cheong)  
Mr Tan Swee Khim

All members of the Audit Committee were independent directors, except for Mr Tan Swee Khim, who is an executive director.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2018 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.



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# DIRECTORS' STATEMENT

For The Financial Year Ended 30 June 2018

## Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

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ANG KAH HONG  
Director

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TAN SWEE KHIM  
Director

28 September 2018

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# INDEPENDENT AUDITOR'S REPORT

To The Members Of Tiong Woon Corporation Holding Ltd

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIONG WOON CORPORATION HOLDING LTD

### Report on the Audit of the Financial Statements

#### Our Opinion

In our opinion, the accompanying consolidated financial statements of Tiong Woon Corporation Holding Ltd (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

#### *What we have audited*

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income for the year ended 30 June 2018;
- the balance sheet of the Group as at 30 June 2018;
- the balance sheet of the Company as at 30 June 2018;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

#### Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

# INDEPENDENT AUDITOR'S REPORT

To The Members Of Tiong Woon Corporation Holding Ltd

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIONG WOON CORPORATION HOLDING LTD (continued)

### Our Audit Approach (continued)

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the matter
<b>1) Recoverability of trade receivables</b>	
<p>As at 30 June 2018, the Group's net trade receivables amounting to \$32.5 million (2017: \$30.3 million), comprising gross trade receivables of \$53.1 million (2017: \$53.5 million) and a corresponding allowance for impairment of \$20.6 million (2017: \$23.2 million), accounted for 7.9% (2017: 6.8%) of the Group's total assets. Significant judgement is required in determining whether an impairment loss should be recorded. Accordingly, we consider this to be a key audit matter.</p> <p>Please refer to Note 2.9 of the financial statements for disclosure of the related accounting policy, Note 3 for disclosure of the related critical accounting estimates and assumptions and Note 14 for the trade receivables disclosures.</p>	<p>We reviewed the Group's impairment assessment of trade receivables that were in default or overdue as at 30 June 2018.</p> <p>We obtained our understanding of significant credit exposures on the trade receivables which were either overdue, in default or had been specifically identified via collection reports and analysis of aged receivables produced by the credit department. We corroborated our understanding with external data where applicable.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Examined proposed or existing settlement plans against evidence of cash receipts, where these had been received;</li><li>• Examined repayment trends during the year, evidence of dispute and the financial health of selected counterparties;</li><li>• Obtained confirmation of the balances for selected counterparties; and</li><li>• Considered legal opinion on the likelihood of recovery of selected balances for which the Group has commenced legal actions on.</li></ul> <p>Based on the results of the above procedures, we found the results of our procedures to be consistent with the results of management's assessment.</p>



# INDEPENDENT AUDITOR'S REPORT

To The Members Of Tiong Woon Corporation Holding Ltd

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIONG WOON CORPORATION HOLDING LTD (continued)

### Our Audit Approach (continued)

#### Key audit matters (continued)

Key audit matters	How our audit addressed the matter
<b>2) Impairment assessment of property, plant and equipment ("PPE")</b>	
<p>As at 30 June 2018, the Group has PPE amounting to \$353.2 million (2017: \$380.2 million) and accounts for 85.5% (2017: 85.7%) of the Group's total assets.</p> <p>Certain subsidiaries of the Group with material PPE balances are in loss-making positions or hold equipment that are infrequently utilised. As such, there are indications that these assets might be impaired.</p> <p>Given the nature of these PPE, the assessment of impairment involves the application of significant judgement. Accordingly, we consider this to be a key audit matter.</p> <p>An impairment loss is recognised to the extent that the carrying amount is more than its recoverable amount. The recoverable amount is determined based on the fair value less costs of disposal.</p> <p>Please also refer to Notes 2.4 and 2.8 of the financial statements for disclosure of the related accounting policies, Note 3 for disclosure of the related critical accounting estimates, assumptions and judgements and Note 22 for the PPE disclosures.</p>	<p>We reviewed the Group's PPE to determine where impairment indicators exist. Based on existing market conditions, impairment indicators were identified mainly for the machinery and tug boats and barges category of assets.</p> <p>The approach to assessing impairment for these PPE included the following:</p> <ul style="list-style-type: none"><li>• Examined the utilisation reports for these assets, to identify assets with low utilisation rates;</li><li>• Obtained external valuation reports for such identified assets;</li><li>• Evaluated the competence, capabilities and objectivity of the independent valuer engaged by management and assessed the reasonableness of the methodology adopted; and</li><li>• Compared the carrying amount of the assets against the recoverable amount.</li></ul> <p>Based on our procedures, we found management's assessment in determining the carrying value of the property, plant and equipment to be reasonable.</p>

### Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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# INDEPENDENT AUDITOR'S REPORT

To The Members Of Tiong Woon Corporation Holding Ltd

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIONG WOON CORPORATION HOLDING LTD (continued)

### Responsibilities of Management and Directors for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities included overseeing the Group's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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# INDEPENDENT AUDITOR'S REPORT

To The Members Of Tiong Woon Corporation Holding Ltd

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIONG WOON CORPORATION HOLDING LTD (continued)

### Auditor's Responsibility for the Audit of the Financial Statements (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tham Tuck Seng.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants

Singapore, 28 September 2018



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2018

		Group	
	Note	2018 \$'000	2017 \$'000
Revenue	4	97,683	114,794
Cost of sales	5	(72,323)	(88,146)
Gross profit		25,360	26,648
Other income	7	1,169	1,119
Other gains - net	8	392	2,583
Expenses			
- Administrative	5	(1,302)	(1,439)
- Other operating	5	(20,616)	(32,216)
- Finance	9	(3,227)	(3,666)
Share of loss of associated companies	19	(432)	(451)
Share of profit/(loss) of a joint venture	20	6	(32)
<b>Profit/(Loss) before income tax</b>		<b>1,350</b>	<b>(7,454)</b>
Income tax expense	10	(410)	(2,429)
<b>Total profit/(loss)</b>		<b>940</b>	<b>(9,883)</b>
<b>Other comprehensive income/(loss):</b>			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences arising from consolidation			
- Gains/(Losses)		1,630	(286)
Fair value gains on cash flow hedges		18	6
		1,648	(280)
<b>Total comprehensive income/(loss)</b>		<b>2,588</b>	<b>(10,163)</b>
<b>Profit/(Loss) attributable to:</b>			
Equity holders of the Company		1,195	(9,640)
Non-controlling interest		(255)	(243)
		940	(9,883)
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		2,821	(9,894)
Non-controlling interest		(233)	(269)
		2,588	(10,163)
<b>Earnings/(Loss) per share attributable to equity holders of the Company</b>			
- Basic and diluted	11	0.51 cents	(4.15) cents

The accompanying notes form an integral part of these financial statements.

# BALANCE SHEETS

As At 30 June 2018

		Group		Company	
	Note	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	12	8,502	10,879	252	213
Financial assets, at fair value through profit or loss	13	488	462	–	–
Trade and other receivables	14	42,937	42,835	384	–
Tax recoverable		67	53	–	–
Inventories	15	1,347	1,510	–	–
Other assets	17	1,199	1,843	9	9
Derivative financial instruments	26	2	–	–	–
		<b>54,542</b>	<b>57,582</b>	<b>645</b>	<b>222</b>
<b>Non-current assets</b>					
Other receivables	18	–	–	47,044	47,820
Investments in associated companies	19	2,676	3,121	1,020	1,020
Investment in a joint venture	20	2,060	2,074	2,074	2,074
Investments in subsidiaries	21	–	–	40,939	41,720
Property, plant and equipment	22	353,239	380,236	–	–
Deferred income tax assets	27	578	491	–	–
		<b>358,553</b>	<b>385,922</b>	<b>91,077</b>	<b>92,634</b>
<b>Total assets</b>		<b>413,095</b>	<b>443,504</b>	<b>91,722</b>	<b>92,856</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	23	29,030	42,370	1,831	1,831
Current income tax liabilities		1,075	1,708	–	–
Borrowings	24	21,456	29,871	–	–
Derivative financial instruments	26	–	12	–	–
		<b>51,561</b>	<b>73,961</b>	<b>1,831</b>	<b>1,831</b>
<b>Non-current liabilities</b>					
Borrowings	24	85,263	95,305	–	–
Derivative financial instruments	26	–	4	–	–
Deferred income tax liabilities	27	26,538	26,646	–	–
		<b>111,801</b>	<b>121,955</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>		<b>163,362</b>	<b>195,916</b>	<b>1,831</b>	<b>1,831</b>
<b>NET ASSETS</b>		<b>249,733</b>	<b>247,588</b>	<b>89,891</b>	<b>91,025</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to the equity holders of the Company</b>					
Share capital	28	87,340	87,340	87,340	87,340
Other reserves	29	(2,574)	(4,200)	–	–
Retained earnings		164,769	163,574	2,551	3,685
		<b>249,535</b>	<b>246,714</b>	<b>89,891</b>	<b>91,025</b>
<b>Non-controlling interest</b>		<b>198</b>	<b>874</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>		<b>249,733</b>	<b>247,588</b>	<b>89,891</b>	<b>91,025</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2018

		Attributable to equity holders of the Company				Non-controlling interest	Total equity
	Note	Share capital	Other reserves	Retained earnings	Total		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018</b>							
<b>Beginning of financial year</b>		87,340	(4,200)	163,574	246,714	874	247,588
Profit/(Loss) for the year		–	–	1,195	1,195	(255)	940
Other comprehensive income for the year		–	1,626	–	1,626	22	1,648
<b>Total comprehensive income/(loss) for the financial year</b>		<b>–</b>	<b>1,626</b>	<b>1,195</b>	<b>2,821</b>	<b>(233)</b>	<b>2,588</b>
Disposal of a subsidiary	12	–	–	–	–	(443)	(443)
<b>End of financial year</b>		<b>87,340</b>	<b>(2,574)</b>	<b>164,769</b>	<b>249,535</b>	<b>198</b>	<b>249,733</b>
<b>2017</b>							
<b>Beginning of financial year</b>		87,340	(3,645)	173,377	257,072	(2,214)	254,858
Loss for the year		–	–	(9,640)	(9,640)	(243)	(9,883)
Other comprehensive loss for the year		–	(254)	–	(254)	(26)	(280)
<b>Total comprehensive loss for the financial year</b>		<b>–</b>	<b>(254)</b>	<b>(9,640)</b>	<b>(9,894)</b>	<b>(269)</b>	<b>(10,163)</b>
Transfer from other reserve to retained earnings arising from statutory requirement in China		–	(301)	301	–	–	–
Disposal of a subsidiary	12	–	–	–	–	3,357	3,357
Dividends relating to 2016	30	–	–	(464)	(464)	–	(464)
<b>End of financial year</b>		<b>87,340</b>	<b>(4,200)</b>	<b>163,574</b>	<b>246,714</b>	<b>874</b>	<b>247,588</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Cash flows from operating activities</b>			
Total profit/(loss)		940	(9,883)
Adjustments for:			
- Income tax expense		410	2,429
- Bad debt (recovered)/written off		(641)	213
- Depreciation of property, plant and equipment		30,333	31,133
- Gain on disposal of property, plant and equipment		(1,183)	(1,619)
- Loss/(Gain) on disposal of a subsidiary		461	(322)
- Fair value gain on financial assets at fair value through profit or loss		(26)	(63)
- Impairment loss on other receivables		179	900
- Impairment (written back)/loss on trade receivables - net		(1,370)	5,917
- Impairment loss on club membership written back		-	(30)
- Allowance for foreseeable loss on engineering contract written back		(542)	-
- Interest income		(143)	(66)
- Interest expense		3,186	3,512
- Dividend income		(10)	(10)
- Share of loss of associated companies		432	451
- Share of (profit)/loss of a joint venture		(6)	32
- Translation differences		(26)	338
Operating cash flow before working capital changes		31,994	32,932
Change in operating assets and liabilities			
- Inventories		89	(85)
- Trade and other receivables		1,205	(222)
- Other current assets		622	505
- Trade and other payables		(8,936)	(2,924)
Cash generated from operations		24,974	30,206
Income tax paid		(1,079)	(2,219)
<b>Net cash provided by operating activities</b>		<b>23,895</b>	<b>27,987</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(4,567)	(8,564)
Interest received		143	66
Dividend received		10	10
Fixed deposit unpledged		2,488	790
Disposal of a subsidiary, net of cash disposed of	12	(99)	(71)
Proceeds from disposal of property, plant and equipment		3,220	4,359
<b>Net cash provided by/(used in) investing activities</b>		<b>1,195</b>	<b>(3,410)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		14,147	10,967
Repayment of borrowings		(16,447)	(13,469)
Repayment of finance lease liabilities		(19,516)	(20,909)
Interest paid		(3,163)	(3,465)
Dividends paid to equity holders of the Company		-	(464)
<b>Net cash used in financing activities</b>		<b>(24,979)</b>	<b>(27,340)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>111</b>	<b>(2,763)</b>
Cash and cash equivalents at beginning of financial year		8,390	11,153
<b>Cash and cash equivalents at end of financial year</b>	12	<b>8,501</b>	<b>8,390</b>

## Reconciliation of liabilities arising from financing activities

	1 July 2017 \$'000	Principal and interest payments \$'000	Proceeds from borrowings \$'000	Non-cash changes \$'000				30 June 2018 \$'000
				Hire purchase of equipment	Disposal of subsidiary	Interest expense	Others	
Bank borrowings	73,735	(18,247)	14,147	-	(800)	1,823	(21)	70,637
Finance lease liabilities	51,441	(20,879)	-	4,516	(359)	1,363	-	36,082

The accompanying notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General information

Tiong Woon Corporation Holding Ltd (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is No. 15 Pandan Crescent, Singapore 128470.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are sales and hiring out of cranes and transport, mechanical, infrastructure and industrial plant, engineering services and structural works, management of marine and industrial plant project, marine transportation, up-slipping/launching of ship, process and industrial plant engineering works for the marine and oil and gas industries.

## 2. Significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

#### ***Interpretations and amendments to published standards effective in 2018***

On 1 July 2017, the Group adopted the new or amended FRS and Interpretations of FRS (“INT FRS”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

#### ***FRS 7 Statement of cash flows***

The amendments to FRS 7 Statement of cash flows (Disclosure initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the Financial Statement.

### 2.2 Revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group’s activities. Sales are presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group’s activities are met as follows:

#### (a) *Rental income*

Rental income from operating leases on property (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.2 Revenue recognition (continued)

#### (b) *Rendering of services*

Revenue from services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

#### (c) *Sale of cranes and equipment*

Revenue from sale of cranes and equipment is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

#### (d) *Construction contracts*

Please refer to the paragraph “Construction contracts” (Note 2.6) for the accounting policy for revenue from construction contracts.

#### (e) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

#### (f) *Interest income*

Interest income is recognised using the effective interest method.

### 2.3 Group accounting

#### (a) *Subsidiaries*

##### (i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.3 Group accounting (continued)

#### (a) Subsidiaries (continued)

##### (ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair value at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

##### (iii) *Disposals*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint venture" (Note 2.7) for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

#### (b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

#### (c) Associated companies and joint venture

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.3 Group accounting (continued)

#### (c) Associated companies and joint venture (continued)

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

##### (i) *Acquisitions*

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

##### (ii) *Equity method of accounting*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investment. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture.

If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

##### (iii) *Disposals*

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

When the Group purchases assets from a joint venture, it does not recognise its share of the profits of the joint ventures arising from the Group's purchase of assets until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint venture" (Note 2.7) for the accounting policy on investments in associated companies and joint venture in the separate financial statements of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.4 Property, plant and equipment

#### (a) *Measurement*

All property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price, projected costs of dismantlement, removal or restoration, gains or losses on qualifying cash flow hedges and any other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### (b) *Depreciation*

Freehold land and asset under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Buildings and leasehold land	Shorter of 30 years and the lease term
Machinery	
- Cranes	14 - 25 years from year of manufacture
- Other machinery	5 - 10 years
Tug boats and barges	5 - 10 years
Office equipment	5 - 10 years
Computer software	5 years
Furniture and fixtures	10 years
Office renovation	2 - 5 years
Motor vehicles	5 - 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

#### (c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses".

### 2.5 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.6 Construction contracts

When the outcome of a contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date ("percentage-of-completion method"). When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and they are capable of being reliably measured.

The stage of completion is measured by reference to the proportion of contract costs incurred to date to the estimated total costs for the contract. Costs incurred during the financial year in connection with future activities on a contract are excluded from costs incurred to date when determining the stage of completion of a contract. Such costs are shown as construction contract work-in-progress on the balance sheet unless it is not probable that such contract costs are recoverable from the customers, in which case, such costs are recognised as an expense immediately.

At the balance sheet date, the cumulative costs incurred plus recognised profits (less recognised losses) on each contract is compared against the progress billings. Where cumulative costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as due from customers on contract revenue within "trade and other receivables". Where progress billings exceed cumulative costs incurred plus recognised profits (less recognised losses), the balance is presented as due to customers on construction contract within "trade and other payables".

Progress billings not yet paid by customers and retentions by customers are included within "trade and other receivables". Advances received are included within "trade and other payables".

### 2.7 Investments in subsidiaries, associated companies and joint venture

Investments in subsidiaries, associated companies and joint venture are carried at cost less accumulated impairment losses in the Company's balance sheet (Note 2.8).

On disposal of investments in subsidiaries, associated companies and joint venture, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.8 Impairment of non-financial assets

Property, plant and equipment and investments in subsidiaries, associated companies and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.9 Financial assets

#### (a) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (i) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

##### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as “trade and other receivables”, “cash and cash equivalents” and “deposits” on the balance sheet except for certain non-current other receivables from subsidiaries which have been accounted for in accordance with Note 2.7.

#### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

#### (c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

#### (d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividend, are recognised in profit or loss when the changes arise.

#### (e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.9 Financial assets (continued)

#### (e) Impairment (continued)

##### *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that the financial asset is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

### 2.10 Club memberships

Club memberships are stated at cost less accumulated impairment based on a review at the balance sheet date.

### 2.11 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intragroup transactions are eliminated on consolidation.

### 2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### 2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.14 Leases

#### (a) When the Group is the lessee:

The Group leases certain plant and equipment, and motor vehicles from non-related parties.

##### (i) *Lessee - finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction in the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects constant periodic rate of interest on the finance lease liability.

##### (ii) *Lessee - operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

When a lease is terminated before the lease period expires, any payment made by the Group as penalty is recognised as an expense when termination takes place.

#### (b) When the Group is the lessor:

The Group leases plant and equipment to non-related parties.

##### *Lessor - operating leases*

Leases of plant and equipment where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases.

The leasing of certain plant and equipment is included with other services provided and the revenue from such activities is classified as rendering of services. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Initial indirect costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

### 2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

### 2.16 Income taxes

Current income tax for current and prior periods is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.16 Income taxes (continued)

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint venture except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.17 Provisions

Provisions for asset dismantlement, removal or restoration and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets (Note 2.4). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

Provision for warranty is recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. The Group recognises the estimated costs of rectification and guarantee work, including expected warranty costs on its contract activity.

### 2.18 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.18 Derivative financial instruments and hedging activities (continued)

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

#### *Cash flow hedge - interest rate swap*

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

### 2.19 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.20 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### (b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.21 Currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

#### (b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### (c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

### 2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to senior management of the Group whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 2. Significant accounting policies (continued)

### 2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.25 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

## 3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) *Impairment of property, plant and equipment – Machinery, tug boats and barges*

The machinery, tug boat and barges are tested for impairment whenever there is an objective evidence or indication that they may be impaired. An impairment loss is recognised to the extent that the carrying amount is more than its recoverable amount. The recoverable amount is determined based on the fair value less costs of disposal. In assessing the fair value less costs of disposal, the Group engaged independent valuation specialists to determine the fair value as at 30 June 2018. The independent valuers used a valuation technique based on recent sales and other comparable market data.

As at 30 June 2018, the recoverable amounts have been determined based on fair value less costs of disposal.

### (b) *Impairment of investment in subsidiaries*

The Company follows the guidance of FRS 36 - Impairment of Assets in determining the indication of impairment of investments in subsidiaries (Note 21). This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the market, economic or legal environment in which the subsidiaries operate, the gestation period for new businesses, and the range of economic conditions that exist which have an impact on the future cash flow projections. The carrying amount of the Company's investment in subsidiaries is \$40.9 million (2017: \$41.7 million) as at 30 June 2018 (Note 21).

### (c) *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management provides for impairment based on historical loss experience for assets with similar credit risk characteristics and/or legal opinion on the likelihood of recovery of such assets.

The carrying amount of the Group's trade and other receivables that is impaired amounts to \$21.7 million as at 30 June 2018 (2017: \$24.1 million) [Note 32(b)].

As at 30 June 2018, the Group's trade and other receivables included trade receivables from one debtor, whose debt amounted to \$11.7 million (2017: \$11.8 million) which are aged more than 365 days. Allowance for impairment of \$10.0 million is made for this debt (2017: \$10.1 million).

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 4. Revenue

	Group	
	2018 \$'000	2017 \$'000
Rendering of services	93,159	102,148
Trading sales of cranes and equipment	2,119	2,887
Rental income	1,785	1,105
Contract revenue	620	8,654
Total sales	<b>97,683</b>	<b>114,794</b>

## 5. Expenses by nature

	Group	
	2018 \$'000	2017 \$'000
Allowance for foreseeable loss on engineering contract written back	(542)	–
Audit fees to:		
Auditors of the Company	296	325
Other auditors	78	46
Bad debt (recovered)/written off	(641)	213
Cost of trading equipment and spare parts	1,748	2,137
Club membership written off - net (Note 17(b))	–	114
Cross-hire charges	2,150	1,736
Depreciation of property, plant and equipment (Note 22)	30,333	31,133
Employee compensation (Note 6)	34,514	37,120
Freight and handling	1,318	1,654
Hire of equipment	1,027	2,606
Insurance	2,270	2,396
Professional fees	448	495
Rental expense on operating leases	1,657	2,850
Sub-contractor charges	3,699	9,810
Transportation expense	2,985	4,580
Upkeep of property, plant and equipment	3,958	3,474
Purchases of inventories	3,817	4,409
Changes in inventories	89	(85)
Impairment loss on other receivables	179	900
Impairment (written back)/loss on trade receivables - net	(1,370)	5,917
Other expenses	6,228	9,971
Total cost of sales, administrative expenses and other operating expenses	<b>94,241</b>	<b>121,801</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 6. Employee compensation

	Group	
	2018 \$'000	2017 \$'000
Wages and salaries	32,104	34,591
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	2,410	2,529
Amounts attributable to operations (Note 5)	34,514	37,120

## 7. Other income

	Group	
	2018 \$'000	2017 \$'000
Interest income		
- bank deposits	143	66
Dividend income	10	10
Insurance claims received	595	664
Miscellaneous gains	421	379
	1,169	1,119

## 8. Other gains - net

	Group	
	2018 \$'000	2017 \$'000
Fair value gain on financial assets at fair value through profit and loss	26	63
(Loss)/Gain on disposal of a subsidiary (Note 12)	(461)	322
Gain on disposal of property, plant and equipment	1,183	1,619
Currency translation (loss)/gain - net	(356)	579
	392	2,583

## 9. Finance expenses

	Group	
	2018 \$'000	2017 \$'000
Interest expense		
- Bank borrowings	1,823	1,910
- Finance lease liabilities	1,363	1,602
	3,186	3,512
Currency translation losses - net	41	154
	3,227	3,666

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 10. Income taxes

### Income tax expense

	Group	
	2018	2017
	\$'000	\$'000
Tax expense attributable to profit/(loss) is made up of:		
Profit/(Loss) for the financial year:		
Current income tax		
- Singapore	566	530
- Foreign	489	1,914
	1,055	2,444
Deferred income tax (Note 27)	(200)	(91)
Tax charge for current financial year	855	2,353
(Over)/Under provision in previous financial years		
- current income tax	(508)	14
- deferred income tax (Note 27)	63	62
	410	2,429

The tax on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2018	2017
	\$'000	\$'000
Profit/(Loss) before income tax	1,350	(7,454)
Share of loss of associated companies and joint venture, net of tax	426	483
Profit/(Loss) before tax and share of loss of associated companies and joint venture	1,776	(6,971)
Tax calculated at a tax rate of 17% (2017: 17%)	302	(1,185)
- Statutory income exemptions	(279)	(210)
- Income not subject to tax	(899)	(336)
- Expenses not deductible for tax purposes	860	571
- Effect of different tax rates in other countries	139	453
- Deferred tax assets not recognised due to tax losses	885	3,183
- Utilisation of previously recognised tax losses	(153)	(123)
- (Over)/Under provision in previous financial years	(445)	76
Tax charge	410	2,429

## 11. Earnings/(Loss) per share

Basic and diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2018	2017
	\$'000	\$'000
Net profit/(loss) attributable to equity holders of the Company (\$'000)	1,195	(9,640)
Weighted average number of ordinary shares on issue for basic and diluted earnings/(loss) per share ('000)	232,235	232,235
Basic and diluted earnings/(loss) per share (cents per share)	0.51	(4.15)



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 12. Cash and cash equivalents

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and on hand	7,883	7,781	252	213
Short-term bank deposits	619	3,098	–	–
	<b>8,502</b>	<b>10,879</b>	<b>252</b>	<b>213</b>

For the purpose of presenting the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

	Group	
	2018 \$'000	2017 \$'000
Cash and bank balances (as above)	8,502	10,879
Less: Bank deposits pledged	(1)	(2,489)
Cash and cash equivalents per consolidated statement of cash flows	<b>8,501</b>	<b>8,390</b>

Bank deposits are pledged as collateral for bank guarantees given by the Group's bankers to certain customers of the Group and to certain custom authorities.

### Disposal of a subsidiary

In December 2017, the Company disposed of its entire 51% interest in Tiong Woon Oasis Pte Ltd ("TW Oasis") for a cash consideration of \$1. The effects of the disposal on the cash flows of the Group were:

	Group 2018 \$'000
<u>Carrying amounts of assets and liabilities disposed of</u>	
Cash and cash equivalents	99
Trade and other receivables	799
Property, plant and equipment	2,237
Other current assets	21
Total assets	<b>3,156</b>
Trade and other payables	(899)
Borrowings	(1,159)
Current income tax liabilities	(47)
Deferred income tax liabilities (Note 27)	(147)
Total liabilities	<b>(2,252)</b>
Net assets derecognised	904
Less: Non-controlling interests	(443)
Net assets disposed of	<b>461</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 12. Cash and cash equivalents (continued)

### Disposal of a subsidiary (continued)

The aggregate cash outflows arising from the disposal of TW Oasis were:

	Group 2018 \$'000
Net assets disposed of (as above)	461
Loss on disposal (Note 8)	(461)
Cash proceeds from disposal	*
Less: Cash and cash equivalents in subsidiary disposed of	(99)
Net cash outflows on disposal	(99)

\* - Amount less than \$1,000

In August 2016, the Company disposed of its entire 51% interest in Tiong Woon Oasis Marine & Engineering Pte Ltd ("TWOME") for a cash consideration of \$1. The effects of the disposal on the cash flows of the Group were:

	Group 2017 \$'000
<u>Carrying amounts of assets and liabilities disposed of</u>	
Cash and cash equivalents	71
Trade and other receivables	1,225
Property, plant and equipment	766
Other current assets	65
Total assets	2,127
Trade and other payables	(8,971)
Borrowings	(8)
Total liabilities	(8,979)
Net liabilities derecognised	(6,852)
Less: Non-controlling interests	3,357
Net liabilities disposed of	(3,495)

The aggregate cash outflows arising from the disposal of TWOME were:

	Group 2017 \$'000
Net liabilities disposed of (as above)	(3,495)
Impairment of receivables	3,173
Gain on disposal (Note 8)	322
Cash proceeds from disposal	*
Less: Cash and cash equivalents in subsidiary disposed of	(71)
Net cash outflows on disposal	(71)

\* - Amount less than \$1,000

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 13. Financial assets, at fair value through profit or loss

	Group	
	2018 \$'000	2017 \$'000
Listed securities:		
- Equity securities - Singapore	479	445
- Equity securities - Sri Lanka	9	17
	<b>488</b>	<b>462</b>

## 14. Trade and other receivables

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Trade receivables - third parties	53,118	53,513	-	-
Less: Allowance for impairment of trade receivables (Note 32 (b)(ii))	(20,575)	(23,245)	-	-
Trade receivables - net	<b>32,543</b>	30,268	-	-
Other receivables - third parties	3,152	4,367	563	-
Less: Allowance for impairment of other receivables (Note 32 (b)(ii))	(1,079)	(900)	(179)	-
Other receivables - net	<b>2,073</b>	3,467	<b>384</b>	-
Contract revenue				
- Due from customers (Note 16)	-	1,386	-	-
- Retentions (Note 16)	434	776	-	-
Withholding tax recoverable	1,626	1,755	-	-
Accrued income	6,261	5,183	-	-
	<b>42,937</b>	42,835	<b>384</b>	-

## 15. Inventories

	Group	
	2018 \$'000	2017 \$'000
Cranes and equipment	-	194
Fuel and spare parts	1,347	1,316
	<b>1,347</b>	<b>1,510</b>

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$3,906,000 (2017: \$4,324,000).

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 16. Contract work-in-progress

	Group	
	2018 \$'000	2017 \$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted contracts	–	17,073
Less: Progress billings	–	(15,687)
	–	1,386
Presented as:		
Due from customers on contract revenue (Note 14)	–	1,386
Advances received on contract revenue (Note 23)	–	(221)
Retentions on contract revenue (Note 14)	434	776

## 17. Other assets

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a) <u>Current</u>				
Deposits	320	581	–	–
Prepayments	879	1,262	9	9
	1,199	1,843	9	9

	Group	
	2018 \$'000	2017 \$'000
(b) <u>Non-current</u>		
Club membership, at cost	–	144
Less: Accumulated impairment	–	(30)
Less: Club membership written off - net (Note 5)	–	(114)
	–	–

## 18. Other receivables - non-current

	Company	
	2018 \$'000	2017 \$'000
Other receivables from subsidiaries (non-trade)		
- non-interest bearing (unsecured)	47,044	47,820

The non-interest bearing receivables have no fixed terms of repayment and are intended to be a long-term source of additional capital for the subsidiaries. Settlement of these receivables is neither planned nor likely to occur in the foreseeable future. As a result, management considers such receivables to be in substance part of the Company's net investment in these subsidiaries.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 19. Investments in associated companies

	Company	
	2018 \$'000	2017 \$'000
Equity investments at cost	1,020	1,020

Set out below are the associated companies of the Group as at 30 June 2018, which, in the opinion of the directors, are material to the Group. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Place of business/ Country of incorporation	% of ownership interest
ASB Maritime Resources (L) Ltd	Malaysia	49
Asian Supply Base Maritime Resources Sdn Bhd	Malaysia	49

ASB Maritime Resources (L) Ltd provides fast crew boat leasing in Labuan, Malaysia.

Asian Supply Base Maritime Resources Sdn Bhd provides marine support services for offshore drilling activities in the oil and gas industry in Malaysia.

There are no contingent liabilities relating to the Group's interest in the associated companies.

### Summarised financial information for associated companies

Set out below are the summarised financial information for ASB Maritime Resources (L) Ltd and Asian Supply Base Maritime Resources Sdn Bhd.

### Summarised balance sheet

	ASB Maritime Resources (L) Ltd		Asian Supply Base Maritime Resources Sdn Bhd		Total	
	As at 30 June		As at 30 June		As at 30 June	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Current assets</b>	<b>1,246</b>	<b>680</b>	<b>2,307</b>	<b>1,791</b>	<b>3,553</b>	<b>2,471</b>
Includes:						
- Cash and cash equivalents	5	2	170	445	175	447
<b>Current liabilities</b>	<b>(720)</b>	<b>(1,124)</b>	<b>(1,584)</b>	<b>(730)</b>	<b>(2,304)</b>	<b>(1,854)</b>
Includes:						
- Financial liabilities (excluding trade payables)	-	(491)	-	-	-	(491)
<b>Non-current assets</b>	<b>4,174</b>	<b>5,706</b>	<b>38</b>	<b>46</b>	<b>4,212</b>	<b>5,752</b>
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Includes:						
- Financial liabilities	-	-	-	-	-	-
<b>Net assets</b>	<b>4,700</b>	<b>5,262</b>	<b>761</b>	<b>1,107</b>	<b>5,461</b>	<b>6,369</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 19. Investments in associated companies (continued)

### Summarised statement of comprehensive income

	ASB Maritime Resources (L) Ltd		Asian Supply Base Maritime Resources Sdn Bhd		Total	
	For the year ended 30 June		For the year ended 30 June		For the year ended 30 June	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Revenue	1,313	973	5,156	3,294	6,469	4,267
Expenses						
Includes:						
- Depreciation and amortisation	(1,452)	(1,507)	(17)	(14)	(1,469)	(1,521)
- Interest expense	(5)	(68)	–	–	(5)	(68)
<b>Loss from continuing operations</b>	<b>(501)</b>	<b>(659)</b>	<b>(381)</b>	<b>(261)</b>	<b>(882)</b>	<b>(920)</b>
Income tax expense	–	–	–	–	–	–
<b>Post-tax loss from continuing operations and total comprehensive loss</b>	<b>(501)</b>	<b>(659)</b>	<b>(381)</b>	<b>(261)</b>	<b>(882)</b>	<b>(920)</b>

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated companies.

### Reconciliation of summarised financial information

	ASB Maritime Resources (L) Ltd		Asian Supply Base Maritime Resources Sdn Bhd		Total	
	As at 30 June		As at 30 June		As at 30 June	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>Net assets</b>						
<b>At 1 July</b>	<b>5,262</b>	<b>5,783</b>	<b>1,107</b>	<b>1,422</b>	<b>6,369</b>	<b>7,205</b>
Loss for the year	(501)	(659)	(381)	(261)	(882)	(920)
Foreign exchange differences	(61)	138	35	(54)	(26)	84
<b>At 30 June</b>	<b>4,700</b>	<b>5,262</b>	<b>761</b>	<b>1,107</b>	<b>5,461</b>	<b>6,369</b>
Interest in associated companies (49%)	2,303	2,578	373	543	2,676	3,121
<b>Carrying value</b>	<b>2,303</b>	<b>2,578</b>	<b>373</b>	<b>543</b>	<b>2,676</b>	<b>3,121</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 20. Investment in a joint venture

	Company	
	2018 \$'000	2017 \$'000
Equity investment at cost	<b>2,074</b>	2,074

Set out below is the joint venture of the Group as at 30 June 2018, which, in the opinion of the directors, is material to the Group. The joint venture has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation is also their principal place of business.

Name of entity	Place of business/ Country of incorporation	% of ownership interest
Tiong Woon Teck Aik Enterprise Pte Ltd	Singapore	40

Tiong Woon Teck Aik Enterprise Pte Ltd provides hiring out of cranes.

There are no contingent liabilities relating to the Group's interest in the joint venture.

### **Summarised financial information for joint venture**

Set out below are the summarised financial information for Tiong Woon Teck Aik Enterprise Pte Ltd.

### **Summarised balance sheet**

	Tiong Woon Teck Aik Enterprise Pte Ltd As at 30 June	
	2018 \$'000	2017 \$'000
<b>Current assets</b>	<b>4,489</b>	4,523
Includes:		
- Cash and cash equivalents	<b>640</b>	651
<b>Current liabilities</b>	<b>(36)</b>	(40)
Includes:		
- Financial liabilities (excluding trade payables)	<b>(36)</b>	(40)
<b>Non-current assets</b>	<b>696</b>	702
<b>Non-current liabilities</b>	<b>–</b>	–
<b>Net assets</b>	<b>5,149</b>	5,185

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 20. Investment in a joint venture (continued)

### Summarised statement of comprehensive income

	Tiong Woon Teck Aik Enterprise Pte Ltd	
	For the year ended 30 June	
	2018 \$'000	2017 \$'000
Other income	9	6
Other gain/(loss) - net	16	(38)
<b>Profit/(Loss) from continuing operations</b>	<b>16</b>	<b>(79)</b>
Income tax expense	–	–
<b>Post-tax profit/(loss) from continuing operations and total comprehensive income/(loss)</b>	<b>16</b>	<b>(79)</b>

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

### Reconciliation of summarised financial information

	Tiong Woon Teck Aik Enterprise Pte Ltd	
	As at 30 June	
	2018 \$'000	2017 \$'000
<b>Net assets</b>		
<b>At 1 July</b>	<b>5,185</b>	<b>5,148</b>
Profit/(Loss) for the year	16	(79)
Foreign exchange differences	(52)	116
<b>At 30 June</b>	<b>5,149</b>	<b>5,185</b>
Interest in joint venture (40%)	2,060	2,074
<b>Carrying value</b>	<b>2,060</b>	<b>2,074</b>

## 21. Investments in subsidiaries

	Company	
	2018 \$'000	2017 \$'000
<i>Equity investments, at cost</i>		
Beginning of financial year	44,013	44,268
Additional investment in a subsidiary	34	–
Disposal of a subsidiary	(815)	(255)
	43,232	44,013
Less: Provision for impairment in investment	(2,293)	(2,293)
End of financial year	40,939	41,720

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 21. Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 30 June 2018 and 2017:

Name of companies	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2018 %	2017 %	2018 %	2017 %	2018 %	2017 %
Subsidiaries held by the Company								
Tiong Woon Crane & Transport (Pte) Ltd <sup>(a)</sup>	Hiring out of cranes and transport and trading	Singapore	100	100	100	100	–	–
Tiong Woon Crane Pte Ltd <sup>(a)</sup>	Hiring out of cranes and transport	Singapore	100	100	100	100	–	–
Tiong Woon Project & Contracting Pte Ltd <sup>(a)</sup>	Mechanical and infrastructure engineering services and structural works	Singapore	100	100	100	100	–	–
Tiong Woon Enterprise Pte Ltd <sup>(a)</sup>	Trading of cranes	Singapore	100	100	100	100	–	–
Tiong Woon International Pte Ltd <sup>(a)</sup>	Investment holding, hiring out of cranes and transport and freight forwarding services	Singapore	100	100	100	100	–	–
Tiong Woon Tower Crane Pte Ltd <sup>(a)</sup>	Selling, servicing and leasing of equipment in the petroleum, construction, shipbuilding and related industries	Singapore	100	100	100	100	–	–
Tiong Woon Marine Pte Ltd <sup>(a)</sup>	Marine/transportation logistics related business	Singapore	100	100	100	100	–	–
Tiong Woon Offshore Pte Ltd <sup>(a)</sup>	Marine/transportation logistics related business	Singapore	100	100	100	100	–	–
TW (Sabah) Pte Ltd <sup>(a)</sup>	Marine/transportation logistics related business	Singapore	100	100	100	100	–	–
Tiong Woon China Consortium Pte Ltd <sup>(a)</sup>	Investment holding	Singapore	100	100	100	100	–	–
Tiong Woon Logistics Pte Ltd <sup>(a)</sup>	Freight forwarding services and logistics related business	Singapore	100	100	100	100	–	–
Tiong Woon Oasis Pte Ltd <sup>(a)(o)</sup>	Repair and up-slipping/launching of ships	Singapore	–	51	–	51	–	49
Tiong Woon Crane & Transport (M) Sdn Bhd <sup>(b)</sup>	Hiring out of cranes and transport	Malaysia	100	100	100	100	–	–
Tiong Woon Offshore Sdn Bhd <sup>(c)(n)</sup>	Marine/transportation logistics related business	Malaysia	100	100	100	100	–	–



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 21. Investments in subsidiaries (continued)

Name of companies	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2018 %	2017 %	2018 %	2017 %	2018 %	2017 %
Subsidiaries held by the Company (continued)								
Tiong Woon Thai Co. Ltd <sup>(d)</sup>	Hiring out of cranes and transport	Thailand	100	100	100	100	–	–
Thai Contracting & Enterprises Co., Ltd <sup>(d)(n)</sup>	Hiring out of cranes and transport	Thailand	100	100	100	100	–	–
P.T. TWC Indonesia <sup>(e)</sup>	Hiring out of cranes and transport	Indonesia	100	100	100	100	–	–
TWC Arabia Ltd <sup>(f)</sup>	Hiring out of cranes and transport	Saudi Arabia	100	100	100	100	–	–
Tiong Woon Vietnam Company Limited <sup>(g)</sup>	Hiring out of cranes and transport	Vietnam	100	100	100	100	–	–
Tiong Woon Myanmar Company Limited <sup>(h)</sup>	Hiring out of cranes and transport	Myanmar	100	100	100	100	–	–
5 Elephant Co., Ltd <sup>(h)(n)</sup>	Hiring out of cranes and transport	Myanmar	100	100	100	100	–	–
Tiong Woon Crane & Transport Lanka (Pvt) Ltd <sup>(i)</sup>	Hiring out of cranes and transport	Sri Lanka	80	80	80	80	20	20
Subsidiary held by Tiong Woon Crane & Transport (Pte) Ltd								
Tiong Woon Crane & Equipment Pte Ltd <sup>(a)</sup>	Hiring out of cranes and transport	Singapore	–	–	100	100	–	–
Subsidiary held by Tiong Woon Project & Contracting Pte Ltd								
Tiong Woon Project & Contracting (India) Private Limited <sup>(j)</sup>	Mechanical and infrastructure engineering services and structural works	India	–	–	100	100	–	–
Subsidiaries held by Tiong Woon International Pte Ltd								
P.T. Tiong Woon Indonesia <sup>(k)</sup>	Dormant	Indonesia	–	–	100	100	–	–
Tiong Woon Philippines, Inc <sup>(l)</sup>	Hiring out of cranes and transport	Philippines	–	–	100	100	–	–
Subsidiary held by Tiong Woon Tower Crane Pte Ltd								
Tower Cranes Services Pte Ltd <sup>(a)</sup>	Servicing, erection, jacking and dismantling of tower cranes	Singapore	–	–	100	100	–	–

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 21. Investments in subsidiaries (continued)

Name of companies	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2018 %	2017 %	2018 %	2017 %	2018 %	2017 %

### Subsidiary held by Tiong Woon China Consortium Pte Ltd

Tiong Woon (Huizhou) Industrial Services Co., Ltd <sup>(m)</sup>	Heavy lifting services in the oil, gas, petrochemicals and other related construction industries	People's Republic of China	–	–	100	100	–	–
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### Subsidiary held by Tiong Woon Crane & Transport (M) Sdn Bhd

Tiong Woon Crane Sdn Bhd <sup>(b)</sup>	Hiring out of cranes and transport	Malaysia	–	–	100	100	–	–
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### Subsidiary held by Tiong Woon Crane & Transport Lanka (Pvt) Ltd

Golden Argo (Pvt) Ltd <sup>(k)</sup>	Investment holding	Sri Lanka	–	–	80	–	20	–
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### Subsidiary held by Tiong Woon Oasis Pte Ltd <sup>(a)</sup>

P.T. Tiong Woon Oasis <sup>(e)(o)</sup>	Repair and up-slipping / launching of ships	Indonesia	–	–	–	51	–	49
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- (a) Audited by PricewaterhouseCoopers LLP, Singapore
- (b) Audited by Baker Tilly HYT
- (c) Audited by Ng, Lee & Partners
- (d) Audited by FBLP Audit and Business Consulting Services Ltd
- (e) Audited by KAP Handoko & Suparmun
- (f) Audited by PricewaterhouseCoopers, Al-Khobar
- (g) Audited by DCPA Auditing and Consulting Company Limited
- (h) Audited by Ngwe Inzaly Audit Firm
- (i) Audited by ETEC Associates
- (j) Audited by Sundaram & Narayanan Chartered Accountants
- (k) Not required to be audited under the laws of the country of incorporation
- (l) Audited by Cruz – Caymo, Partners & Associates
- (m) Audited by Huizhou Huizheng Certified Public Accountants
- (n) Includes shares held in trust by employees of the Group
- (o) Disposed of in December 2017

### Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 30 June 2018 and 2017.

### Carrying value of non-controlling interests

	2018 \$'000	2017 \$'000
Tiong Woon Oasis Pte Ltd	–	628
Other subsidiaries with immaterial non-controlling interests	198	246
<b>Total</b>	<b>198</b>	<b>874</b>

In December 2017, the Company disposed of its entire 51% interest in Tiong Woon Oasis Pte Ltd ("TW Oasis") for a cash consideration of \$1. The effects of the disposal on the cash flows of the Group is disclosed in Note 12.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 21. Investments in subsidiaries (continued)

### Summarised balance sheet

	Tiong Woon Oasis Pte Ltd As at 30 June	
	2018 \$'000	2017 \$'000
<b>Current</b>		
Assets	–	936
Liabilities	–	(1,902)
Total current net liabilities	–	(966)
<b>Non-current</b>		
Assets	–	2,626
Liabilities	–	(380)
Total non-current net assets	–	2,246
<b>Net assets</b>	–	1,280

### Summarised income statement

	Tiong Woon Oasis Pte Ltd As at 30 June	
	2018 \$'000	2017 \$'000
Revenue	–	2,195
<b>Loss before income tax</b>	–	(273)
Income tax expense	–	(65)
<b>Post-tax loss and total comprehensive loss</b>	–	(338)
Total comprehensive loss allocated to non-controlling interests	–	(166)

### Summarised cash flow

	Tiong Woon Oasis Pte Ltd	
	2018 \$'000	2017 \$'000
<b>Net cash generated from operating activities</b>	–	821
<b>Net cash used in investing activities</b>	–	(31)
<b>Net cash used in financing activities</b>	–	(800)
<b>Net decrease in cash and cash equivalents</b>	–	(10)
Cash and cash equivalents at beginning of year	–	122
<b>Cash and cash equivalents at end of year</b>	–	112

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 22. Property, plant and equipment

	Freehold land \$'000	Leasehold land \$'000	Leasehold buildings \$'000	Machinery \$'000	Tug boats and barges \$'000	Office equipment \$'000	Computer software \$'000	Furniture and fixtures \$'000	Office renovation \$'000	Motor vehicles \$'000	Total \$'000
<b>Group 2018</b>											
<i>Cost</i>											
Beginning of financial year	7,055	2,336	81,337	501,811	39,386	4,647	1,233	2,280	1,301	3,181	644,567
Additions	630	-	23	4,491	529	176	20	26	14	458	6,367
Disposals	(433)	-	(188)	(2,818)	(997)	(196)	-	-	-	(140)	(4,772)
Disposal of a subsidiary	-	-	-	(5,314)	-	(58)	(12)	(17)	(53)	(89)	(5,543)
Exchange differences	362	(15)	40	592	219	(11)	-	-	3	(5)	1,185
End of financial year	7,614	2,321	81,212	498,762	39,137	4,558	1,241	2,289	1,265	3,405	641,804
<i>Accumulated depreciation</i>											
Beginning of financial year	-	(660)	(5,033)	(219,255)	(30,356)	(3,735)	(1,136)	(1,055)	(1,041)	(2,060)	(264,331)
Depreciation charge	-	(42)	(2,985)	(23,601)	(2,660)	(409)	(27)	(199)	(64)	(346)	(30,333)
Disposals	-	-	53	1,518	848	196	-	-	-	120	2,735
Disposal of a subsidiary	-	-	-	3,136	-	50	11	14	46	49	3,306
Exchange differences	-	2	(10)	214	(156)	8	-	-	-	-	58
End of financial year	-	(700)	(7,975)	(237,988)	(32,324)	(3,890)	(1,152)	(1,240)	(1,059)	(2,237)	(288,565)
<b>Net book value</b>											
<b>End of financial year</b>	<b>7,614</b>	<b>1,621</b>	<b>73,237</b>	<b>260,774</b>	<b>6,813</b>	<b>668</b>	<b>89</b>	<b>1,049</b>	<b>206</b>	<b>1,168</b>	<b>353,239</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 22. Property, plant and equipment (continued)

	Freehold land \$'000	Leasehold land \$'000	Leasehold buildings \$'000	Machinery \$'000	Tug boats and barges \$'000	Office equipment \$'000	Computer software \$'000	Furniture and fixtures \$'000	Office renovation \$'000	Motor vehicles \$'000	Asset under construction \$'000	Total \$'000
<b>Group 2017</b>												
<i>Cost</i>												
Beginning of financial year	7,272	2,278	77,163	492,999	41,497	4,370	1,205	2,000	1,141	3,066	1,663	634,654
Additions	-	20	788	17,268	221	193	21	104	-	152	2,172	20,939
Disposals	-	-	-	(8,593)	(2,114)	(38)	-	-	-	(41)	-	(10,786)
Reclassification	-	-	3,399	-	-	108	7	177	144	-	(3,835)	-
Exchange differences	(217)	38	(13)	137	(218)	14	-	(1)	16	4	-	(240)
End of financial year	7,055	2,336	81,337	501,811	39,386	4,647	1,233	2,280	1,301	3,181	-	644,567
<i>Accumulated depreciation</i>												
Beginning of financial year	-	(613)	(2,085)	(200,922)	(29,472)	(3,285)	(1,110)	(854)	(987)	(1,755)	-	(241,083)
Depreciation charge	-	(42)	(2,951)	(24,229)	(2,817)	(478)	(26)	(202)	(44)	(344)	-	(31,133)
Disposals	-	-	-	6,160	1,809	37	-	-	-	40	-	8,046
Exchange differences	-	(5)	3	(264)	124	(9)	-	1	(10)	(1)	-	(161)
End of financial year	-	(660)	(5,033)	(219,255)	(30,356)	(3,735)	(1,136)	(1,055)	(1,041)	(2,060)	-	(264,331)
<b>Net book value</b>	<b>7,055</b>	<b>1,676</b>	<b>76,304</b>	<b>282,556</b>	<b>9,030</b>	<b>912</b>	<b>97</b>	<b>1,225</b>	<b>260</b>	<b>1,121</b>	<b>-</b>	<b>380,236</b>

(a) Additions in the consolidated financial statements include \$1,530,000 (2017: \$12,527,000) acquired by means of finance lease.

(b) The carrying amount of machinery and motor vehicles of the Group under finance lease liabilities (Note 25) amounted to \$86,606,000 (2017: \$111,750,000).

(c) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of \$97,873,000 (2017: \$100,341,000) [Note 24(a)].



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 23. Trade and other payables

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<i>Current</i>				
Trade payables to third parties	14,697	20,812	–	–
Other payables to third parties	5,970	8,759	1,679	1,673
Deposits and advances received	3,048	3,157	–	–
Advances received on contract revenue (Note 16)	–	221	–	–
Accrued operating expenses	5,315	9,421	152	158
	<b>29,030</b>	<b>42,370</b>	<b>1,831</b>	<b>1,831</b>

## 24. Borrowings

	Group	
	2018 \$'000	2017 \$'000
<i>Current</i>		
Bank borrowings	7,203	10,656
Finance lease liabilities (Note 25)	14,253	19,215
	<b>21,456</b>	<b>29,871</b>
<i>Non-current</i>		
Bank borrowings	63,434	63,079
Finance lease liabilities (Note 25)	21,829	32,226
	<b>85,263</b>	<b>95,305</b>
<b>Total borrowings</b>	<b>106,719</b>	<b>125,176</b>

The exposure of the borrowings of the Group to interest rate changes amounts to \$67,684,000 (2017: \$67,430,000). These borrowings are contractually repriced between one to three months. The remaining borrowings are fixed rate borrowings and are not subject to interest rate changes.

### (a) Security granted

Total borrowings include secured liabilities of \$106,719,000 (2017: \$123,681,000) of the Group.

Bank borrowings of the Group are secured by a first legal charge over the Group's property, plant and equipment (Note 22).

Finance lease liabilities of the Group are effectively secured over the leased machinery and motor vehicles (Note 22), as the legal titles are retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 24. Borrowings (continued)

(b) Fair value of non-current borrowings

	Carrying amounts		Fair values	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<u>Group</u>				
Bank borrowings	63,434	63,079	63,315	62,839
Finance lease liabilities	21,829	32,226	20,045	29,674

The fair values of the non-current borrowings, classified as a Level 2 financial liability, are determined from discounted cash flows analyses, using discount rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group			
	2018		2017	
	USD %	SGD %	USD %	SGD %
Bank borrowings	5.01	2.73	4.07	2.26
Financial lease liabilities	–	3.11	–	3.06

## 25. Finance lease liabilities

The Group leases certain machinery and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses.

	Group	
	2018 \$'000	2017 \$'000
Minimum lease payments due:		
- not later than one year	15,148	20,493
- later than one year but not later than five years	23,024	33,930
	38,172	54,423
Less: Future finance charges	(2,090)	(2,982)
Present value of finance lease liabilities	36,082	51,441

The present value of finance lease liabilities are analysed as follows:

Not later than one year (Note 24)	14,253	19,215
Later than one year but not later than five years (Note 24)	21,829	32,226
	36,082	51,441

The finance lease liabilities are secured on the machinery and motor vehicles acquired under finance leases (Note 22) as well as assignment of insurances.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 26. Derivative financial instruments

	Group	
	Contract notional amount \$'000	Fair value asset/ (liability) \$'000
<b>2018</b>		
<i>Cash-flow hedges</i>		
- Interest rate swaps	1,422	2
Total		2
<b>Less: Current portion</b>		(2)
<b>Non-current portion</b>		-
<b>2017</b>		
<i>Cash-flow hedges</i>		
- Interest rate swaps	4,963	(16)
Total		(16)
<b>Less: Current portion</b>		12
<b>Non-current portion</b>		(4)

Period when the cash flows on cash flow hedges are expected to occur or affect profit or loss

### Interest rate swaps

Interest rate swaps are transacted to hedge variable quarterly interest payments on borrowings that will mature between 2018 and 2019. Fair value gains and losses on the interest rate swaps recognised in the other comprehensive income are reclassified to profit or loss as part of interest expense over the period of the borrowings.

## 27. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group	
	2018 \$'000	2017 \$'000
Deferred income tax assets:		
- to be recovered after one year	(578)	(491)
Deferred income tax liabilities:		
- to be settled within one year	7	7
- to be settled after one year	26,531	26,639
	<b>26,538</b>	<b>26,646</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 27. Deferred income taxes (continued)

The movement in the deferred income tax account is as follows:

	Group	
	2018 \$'000	2017 \$'000
Balance at beginning of financial year	26,155	26,242
Credited to profit or loss (Note 10)	(200)	(91)
Under provision in prior financial years (Note 10)	63	62
Disposal of a subsidiary (Note 12)	(147)	–
Exchange differences	89	(58)
Balance at end of financial year	<b>25,960</b>	26,155

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits are probable. The Group has unrecognised tax losses of approximately \$24,824,000 (2017: \$21,691,000) at the balance sheet date, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date except for an amount of \$12,267,000 (2017: \$10,357,000) which will expire between 2019 to 2025 (2017: 2018 to 2025).

Deferred income tax liabilities of \$1,065,000 (2017: \$984,000) have not been recognised for the withholding and other taxes that will be payable on the earnings of certain overseas subsidiaries when remitted to the holding company. These unremitted earnings are permanently reinvested and amounted to \$10,648,000 (2017: \$9,817,000) at the balance sheet date.

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

### Group

#### Deferred income tax liabilities

	Accelerated tax depreciation \$'000
<b>2018</b>	
Balance at beginning of financial year	26,954
Credited to profit or loss	(254)
Disposal of a subsidiary (Note 12)	(147)
Exchange differences	36
Balance at end of financial year	<b>26,589</b>
<b>2017</b>	
Balance at beginning of financial year	27,075
Credited to profit or loss	(114)
Exchange differences	(7)
Balance at end of financial year	<b>26,954</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 27. Deferred income taxes (continued)

*Deferred income tax assets*

	Unabsorbed capital allowances and unutilised tax losses \$'000	Provisions \$'000	Total \$'000
<b>2018</b>			
Balance at beginning of financial year	(727)	(72)	(799)
Charged to profit or loss	96	21	117
Exchange differences	53	–	53
Balance at end of financial year	<b>(578)</b>	<b>(51)</b>	<b>(629)</b>
<b>2017</b>			
Balance at beginning of financial year	(741)	(92)	(833)
Charged to profit or loss	65	20	85
Exchange differences	(51)	–	(51)
Balance at end of financial year	<b>(727)</b>	<b>(72)</b>	<b>(799)</b>

## 28. Share capital

The Group's share capital comprises fully paid up 232,235,253 (2017: 232,235,253) ordinary shares with no par value, amounting to a total of \$87,340,000 (2017: \$87,340,000).

## 29. Other reserves

	Group	
	2018 \$'000	2017 \$'000
(a) <u>Composition:</u>		
Foreign currency translation reserve (non-distributable)	(2,905)	(4,513)
Hedging reserve	2	(16)
Capital reserve (non-distributable)	329	329
	<b>(2,574)</b>	<b>(4,200)</b>



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 29. Other reserves (continued)

	Group	
	2018 \$'000	2017 \$'000
(b) <u>Movements:</u>		
<i>Foreign currency translation reserve</i>		
At beginning of financial year	(4,513)	(4,253)
Net currency translation differences of financial statements of foreign subsidiaries	1,630	(286)
Less: Non-controlling interest	(22)	26
	1,608	(260)
At end of financial year	(2,905)	(4,513)
<i>Hedging reserve</i>		
At beginning of financial year	(16)	(22)
Fair value gain on cash flow hedges	18	6
At end of financial year	2	(16)
<i>Capital reserve</i>		
At beginning of financial year	329	630
Transfer from other reserve to retained earnings arising from statutory requirement in China	–	(301)
At end of financial year	329	329

Capital reserve represents amounts set aside in compliance with local laws in a country where the Group operates.

## 30. Dividends

	Group and Company	
	2018 \$'000	2017 \$'000

### *Ordinary dividends paid*

Final exempt (one-tier) dividend paid in respect of the previous financial year of Nil cent (2017: 0.2 cent) per share

– 464

At the Annual General Meeting to be held in October 2018, no dividend will be recommended.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 31. Commitments

### (a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2018 \$'000	2017 \$'000
Property and equipment	<b>26,059</b>	3,613

### (b) Operating lease commitments - where a Group is a lessee

The Group leases land and offices from non-related parties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future minimum lease payments under non-cancellable operating leases contracted for at the balance sheet but not recognised as liabilities, are as follows:

	Group	
	2018 \$'000	2017 \$'000
Not later than one year	<b>1,039</b>	1,087
Later than one year but not later than five years	<b>3,945</b>	4,166
Later than five years	<b>10,804</b>	12,390
	<b>15,788</b>	17,643

### (c) Operating lease commitments - where a Group is a lessor

The Group leases out its machinery to non-related parties under non-cancellable operating leases. The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group	
	2018 \$'000	2017 \$'000
Not later than one year	<b>4,232</b>	5,803
Later than one year but not later than five years	<b>2,698</b>	1,625
Later than five years	<b>2</b>	–
	<b>6,932</b>	7,428

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 32. Financial risk management

### Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's policies for managing each of these risks are summarised below:

#### (a) Market risk

##### (i) *Currency risk*

The Group operates mainly in Asia with dominant operations in Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD"), Chinese Renminbi ("RMB"), Thai Baht ("THB"), Saudi Arabian Riyal ("SAR"), Indian Rupee ("INR") and Malaysian Ringgit ("MYR"). In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's operations in China, Thailand, Saudi Arabia, India and Malaysia are managed as far as possible by natural hedges of matching assets and liabilities.

The Group currently does not have a formal hedging policy with respect to its foreign exchange exposure. The Group will continue to monitor its foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure should the need arise.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD \$'000	USD \$'000	RMB \$'000	THB \$'000	SAR \$'000	INR \$'000	MYR \$'000	Others \$'000	Total \$'000
<b>At 30 June 2018</b>									
<b>Financial assets</b>									
Cash and cash equivalents	3,003	1,195	1,271	293	180	1,159	838	563	8,502
Financial assets at fair value through profit or loss	479	–	–	–	–	–	–	9	488
Trade and other receivables	23,498	2,543	1,310	2,115	5,573	2,976	2,777	2,145	42,937
Receivables from subsidiaries	134,147	–	–	1,937	18,444	10,999	13,549	11,059	190,135
Deposits	98	11	41	2	7	84	41	36	320
	161,225	3,749	2,622	4,347	24,204	15,218	17,205	13,812	242,382
<b>Financial liabilities</b>									
Borrowings	106,221	498	–	–	–	–	–	–	106,719
Payables to subsidiaries	134,147	–	–	1,937	18,444	10,999	13,549	11,059	190,135
Trade and other payables	15,085	1,897	128	837	6,991	(122)	600	3,614	29,030
	255,453	2,395	128	2,774	25,435	10,877	14,149	14,673	325,884
<b>Net financial (liabilities)/ assets</b>	<b>(94,228)</b>	<b>1,354</b>	<b>2,494</b>	<b>1,573</b>	<b>(1,231)</b>	<b>4,341</b>	<b>3,056</b>	<b>(861)</b>	<b>(83,502)</b>
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	93,917	–	(2,454)	(1,573)	1,231	(2,652)	(3,043)	814	86,240
<b>Currency exposure</b>	<b>(311)</b>	<b>1,354</b>	<b>40</b>	<b>–</b>	<b>–</b>	<b>1,689</b>	<b>13</b>	<b>(47)</b>	<b>2,738</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 32. Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD \$'000	USD \$'000	RMB \$'000	THB \$'000	SAR \$'000	INR \$'000	MYR \$'000	Others \$'000	Total \$'000
<b>At 30 June 2017</b>									
<b>Financial assets</b>									
Cash and cash equivalents	5,332	835	896	541	656	1,200	797	622	10,879
Financial assets at fair value through profit or loss	445	–	–	–	–	–	–	17	462
Trade and other receivables	24,647	1,384	1,178	1,681	7,530	2,704	1,821	1,890	42,835
Receivables from subsidiaries	130,481	–	–	5,703	15,367	10,928	13,646	10,352	186,477
Deposits	416	11	–	1	–	50	36	67	581
	161,321	2,230	2,074	7,926	23,553	14,882	16,300	12,948	241,234
<b>Financial liabilities</b>									
Borrowings	124,071	1,105	–	–	–	–	–	–	125,176
Payables to subsidiaries	130,481	–	–	5,703	15,367	10,928	13,646	10,352	186,477
Trade and other payables	19,311	2,066	1,359	560	13,153	846	902	4,173	42,370
	273,863	3,171	1,359	6,263	28,520	11,774	14,548	14,525	354,023
<b>Net financial (liabilities)/ assets</b>	<b>(112,542)</b>	<b>(941)</b>	<b>715</b>	<b>1,663</b>	<b>(4,967)</b>	<b>3,108</b>	<b>1,752</b>	<b>(1,577)</b>	<b>(112,789)</b>
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	112,571	–	(1,590)	(1,663)	4,967	(2,542)	(1,743)	1,126	111,126
<b>Currency exposure</b>	<b>29</b>	<b>(941)</b>	<b>(875)</b>	<b>–</b>	<b>–</b>	<b>566</b>	<b>9</b>	<b>(451)</b>	<b>(1,663)</b>

If the USD, RMB and INR change against the SGD by 5% (2017: 5%) with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	2018 Increase/(Decrease) Profit after tax \$'000	2017 Loss after tax \$'000
<b>Group</b>		
USD against SGD		
- strengthened	56	39
- weakened	(56)	(39)
RMB against SGD		
- strengthened	2	36
- weakened	(2)	(36)
INR against SGD		
- strengthened	70	(23)
- weakened	(70)	23

The Company is not exposed to any significant foreign currency risk.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 32. Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) *Price risk*

The Group has insignificant exposure to equity price risk as it does not hold any significant equity financial assets.

#### (iii) *Cash flow and fair value interest rate risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities. The Group's borrowings include bills payable, trust receipt, finance lease liabilities, revolving credit, term loans and bank loans. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swaps.

The Group's borrowings at variable rates on which effective hedges have not been entered into are denominated mainly in SGD. If the SGD interest rates increase/decrease by 0.50% (2017: 0.50%) with all other variables including tax rate being held constant, the effect on the profit/(loss) after tax will be as follows:

	2018 (Decrease)/Increase Profit after tax \$'000	2017 Loss after tax \$'000
<u>Group</u>		
Interest rate		
- increased	(279)	275
- decreased	279	(275)

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade and other receivables. For trade and other receivables, the Group adopts the policy of dealing only with customers with an appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For bank deposits, the Group adopts the policy of dealing with banks with high credit-rating assigned by international credit-rating agencies.

As at 30 June 2018, the Group has exposure to one debtor which individually represented 18.2% (2017: 17.7%) of total trade and other receivables. Apart from this, concentrations of credit risk with respect to other customers are limited as they are dispersed over the Asian region.

Due to these factors, management believes that there is no additional credit risk beyond amounts provided for collection losses inherent in the Group's trade receivables.

#### (i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 32. Financial risk management (continued)

### (b) Credit risk (continued)

#### (ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2018 \$'000	2017 \$'000
Past due 1 to 30 days	7,327	8,158
Past due 31 to 60 days	2,990	3,356
Past due 61 to 90 days	2,277	1,860
Past due 90 days	11,251	10,520
	<b>23,845</b>	<b>23,894</b>

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2018 \$'000	2017 \$'000
Gross amount	20,575	23,245
Less: Allowance for impairment	(20,575)	(23,245)
	<b>–</b>	<b>–</b>
Beginning of financial year	23,245	17,065
Allowance (written back)/made - net	(1,370)	5,917
Allowance utilised	(1,026)	(32)
Currency translation difference	(274)	295
End of financial year	<b>20,575</b>	<b>23,245</b>

During the financial year ended 30 June 2018, \$1,489,000 of allowance was written back due to subsequent settlement of receivables that were previously impaired.

The impaired trade receivables arise mainly from sales to customers who are facing financial difficulties. Hence, management is of the view that payments are not forthcoming.

The carrying amount of other receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2018 \$'000	2017 \$'000
Gross amount	1,079	900
Less: Allowance for impairment	(1,079)	(900)
	<b>–</b>	<b>–</b>
Beginning of financial year	900	–
Allowance made	179	900
End of financial year	<b>1,079</b>	<b>900</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 32. Financial risk management (continued)

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities deemed necessary to finance the Group's operations.

The table below analyses the maturity profile of the non-derivative financial liabilities of the Group and the Company based on contractual undiscounted cash flows.

	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	More than 5 years \$'000	Total \$'000
--	-----------------------------	---------------------------------------	---------------------------------------	--------------------------------	-----------------

### 2018

#### Group

Trade and other payables	(27,344)	–	–	–	(27,344)
Borrowings	(24,172)	(15,686)	(27,444)	(57,927)	(125,229)
	<b>(51,516)</b>	<b>(15,686)</b>	<b>(27,444)</b>	<b>(57,927)</b>	<b>(152,573)</b>

### 2017

#### Group

Trade and other payables	(41,081)	–	–	–	(41,081)
Borrowings	(32,655)	(22,354)	(29,727)	(57,342)	(142,078)
	<b>(73,736)</b>	<b>(22,354)</b>	<b>(29,727)</b>	<b>(57,342)</b>	<b>(183,159)</b>

	1 year or less \$'000	Total \$'000
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### 2018

#### Company

Trade and other payables	(1,831)	(1,831)
Financial guarantee contracts	(498)	(498)
	<b>(2,329)</b>	<b>(2,329)</b>

### 2017

#### Company

Trade and other payables	(1,831)	(1,831)
Financial guarantee contracts	(1,106)	(1,106)
	<b>(2,937)</b>	<b>(2,937)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 32. Financial risk management (continued)

### (c) Liquidity risk (continued)

The table below analyses the maturity profile of the derivative financial instruments of the Group based on contractual undiscounted cash flows.

	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Total \$'000
<b>2018</b>				
<b><u>Group</u></b>				
Net-settled interest rate swaps				
- Cash flow hedges	1	-	-	1
<b>2017</b>				
<b><u>Group</u></b>				
Net-settled interest rate swaps				
- Cash flow hedges	(14)	(2)	-	(16)

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group is required by the banks to maintain a gearing ratio of not exceeding 100% (2017: 100%). The gearing ratio is calculated as total borrowings divided by total equity (excluding non-controlling interest).

	<b>Group</b>	
	<b>2018</b> \$'000	2017 \$'000
Total borrowings	106,719	125,176
Total equity	249,535	246,714
<b>Gearing ratio</b>	<b>43%</b>	51%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2017 and 2018.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 32. Financial risk management (continued)

### (e) Fair value measurements

The fair values of current financial assets and liabilities, carried at amortised cost, approximate their carrying amounts.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>2018</b>				
<i>Asset</i>				
Financial assets at fair value through profit or loss	488	–	–	488
Derivative financial instruments	–	2	–	2
	<b>488</b>	<b>2</b>	<b>–</b>	<b>490</b>
<b>2017</b>				
<i>Asset</i>				
Financial assets at fair value through profit or loss	462	–	–	462
<i>Liability</i>				
Derivative financial instruments	–	16	–	16

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. These investments are classified as Level 2 and comprise derivative financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 32. Financial risk management (continued)

### (f) Financial instruments by category

The carrying amounts of financial assets at fair value through profit or loss are disclosed on the face of the balance sheet. The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	Group		Company	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Loans and receivables	51,759	54,295	636	213
Financial liabilities at amortised cost	134,063	166,257	1,831	1,831

### (g) Offsetting of financial assets and financial liabilities

The Group has no financial assets and liabilities that are being offset and presented net on the face of the balance sheet.

## 33. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

### (a) Sales and purchases of goods and services

	Group	
	2018 \$'000	2017 \$'000
Sales to corporations in which certain directors or their close family members have control or significant influence over:		
- Sales of goods and rendering of services	216	184
Purchases from corporations in which certain directors or their close family members have control or significant influence over		
- Rental of cranes and equipment	291	129

### (b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2018 \$'000	2017 \$'000
Salaries and other short-term employee benefits	3,436	3,568
Post-employment benefits - contribution to CPF	259	254
	3,695	3,822

Included in the above is total compensation paid to the directors of the Company of \$1,079,000 (2017: \$1,218,000), of which compensation to the executive directors amounted to \$984,000 (2017: \$1,123,000).



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 34. Contingent liabilities

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries with net liability positions. These bank borrowings amount to \$498,000 (2017: \$1,106,000) at the balance sheet date.

## 35. Segment information

Management has determined the operating segments based on the reports reviewed by the Senior Management of the Group that are used to make strategic decisions. The Senior Management of the Group comprises the Executive Chairman, Executive Directors and the Group Chief Financial Officer. Management considers the business from the business segment perspective.

The segment information provided to the Senior Management of the Group for the reportable segments is as follows:

### (a) Reportable segments

	Heavy lift and haulage \$'000	Marine transportation \$'000	Engineering services \$'000	Trading \$'000	Total \$'000
<b>Financial year ended 30 June 2018</b>					
<b>Sales:</b>					
- external sales	91,202	3,463	899	2,119	97,683
- inter-segment sales	756	2,309	-	-	3,065
	91,958	5,772	899	2,119	100,748
Elimination					(3,065)
					97,683
<b>Segment result</b>	4,732	(1,565)	147	128	3,442
Other income					1,169
Other gains - net					392
Finance costs					(3,227)
Share of loss of associated companies	-	(432)	-	-	(432)
Share of profit of a joint venture	6	-	-	-	6
Profit before income tax					1,350
Income tax expense					(410)
<b>Net profit</b>					940
<b>Other segment items</b>					
Capital expenditure					
- property, plant and equipment	5,401	530	363	73	6,367
Depreciation	27,376	2,650	220	87	30,333
<b>Segment assets</b>	399,459	7,857	-	463	407,779
Investment in associated companies	-	2,676	-	-	2,676
Investment in a joint venture	2,060	-	-	-	2,060
Unallocated assets					580
<b>Consolidated total assets</b>					413,095
<b>Segment liabilities</b>	(66,969)	(1,382)	-	(211)	(68,562)
Unallocated liabilities					(94,800)
<b>Consolidated total liabilities</b>					(163,362)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 35. Segment information (continued)

(a) Reportable segments (continued)

	Heavy lift and haulage \$'000	Marine transportation \$'000	Engineering services \$'000	Trading \$'000	Total \$'000
<b>Financial year ended</b>					
<b>30 June 2017</b>					
<b>Sales:</b>					
- external sales	98,255	3,314	10,338	2,887	114,794
- inter-segment sales	926	2,427	6	–	3,359
	99,181	5,741	10,344	2,887	118,153
Elimination					(3,359)
					114,794
<b>Segment result</b>	2,543	(3,102)	(6,587)	139	(7,007)
Other income					1,119
Other gains - net					2,583
Finance costs					(3,666)
Share of loss of associated companies	–	(451)	–	–	(451)
Share of loss of a joint venture	(32)	–	–	–	(32)
Loss before income tax					(7,454)
Income tax expense					(2,429)
<b>Net loss</b>					(9,883)
<b>Other segment items</b>					
Capital expenditure					
- property, plant and equipment	20,588	221	130	–	20,939
Depreciation	27,636	2,767	639	91	31,133
<b>Segment assets</b>	423,347	10,144	3,148	1,179	437,818
Investment in associated companies	–	3,121	–	–	3,121
Investment in a joint venture	2,074	–	–	–	2,074
Unallocated assets					491
<b>Consolidated total assets</b>					443,504
<b>Segment liabilities</b>	(97,867)	(2,243)	(1,702)	(905)	(102,717)
Unallocated liabilities					(93,199)
<b>Consolidated total liabilities</b>					(195,916)

Sales between segments are carried out at market terms. Inter-segment revenue is eliminated on consolidation. The revenue from non-related parties reported to the Senior Management of the Group is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Senior Management of the Group assesses the performance of the operating segments based on a measure of earnings before other income, other gains/(losses) - net, finance costs, share of profits/(losses) in associated companies and a joint venture and income tax expense. Other income, other gains/(losses) - net and finance costs are not allocated to segments as these are not considered to be part of the operating activities of the segments.

Capital expenditure comprises additions to property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 35. Segment information (continued)

### (a) Reportable segments (continued)

#### Reportable segments' assets

The amounts provided to the Senior Management of the Group with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment. All assets are allocated to reportable segments other than deferred income tax assets.

Segment assets are reconciled to total assets as follows:

	Group	
	2018 \$'000	2017 \$'000
Segment assets for reportable segments	412,515	443,013
Unallocated:		
Deferred income tax assets	578	491
Derivative financial instruments	2	–
	<b>413,095</b>	<b>443,504</b>

#### Reportable segments' liabilities

The amounts provided to the Senior Management of the Group with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than a portion of borrowings and current and deferred income tax liabilities.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2018 \$'000	2017 \$'000
Segment liabilities for reportable segments	68,562	102,717
Unallocated:		
Current income tax liabilities	1,075	1,708
Deferred income tax liabilities	26,538	26,646
Borrowings	67,187	64,829
Derivative financial instruments	–	16
	<b>163,362</b>	<b>195,916</b>

#### Revenue from major business segments

At 30 June 2018, the Group is organised into four main reportable segments:

- Heavy lift and haulage - Hiring out of cranes and provision of transportation;
- Marine transportation - Provision of marine transportation and logistics services;
- Engineering services - Provision of process and industrial plant engineering services; and
- Trading - Trading of heavy equipment and spare parts.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 35. Segment information (continued)

### (b) Geographical information

The Group's four main reportable segments operate in seven main geographical areas:

- (i) Singapore is the home country of the Group. The areas of operation are principally heavy lift and haulage, marine transportation, engineering services, trading and other operations of the Group;
- (ii) Middle East - the main activities are heavy lift and haulage and engineering services;
- (iii) India - the main activity is heavy lift and haulage;
- (iv) Malaysia - the main activity is heavy lift and haulage;
- (v) Thailand - the main activity is heavy lift and haulage;
- (vi) Indonesia - the main activity is heavy lift and haulage; and
- (vii) China - the main activity is heavy lift and haulage.

Other countries – comprise Bangladesh, Brunei, Myanmar, Philippines, Sri Lanka and Vietnam and the main activity is heavy lift and haulage.

	Sales		Non-current assets*	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Singapore	61,029	72,124	295,839	317,698
Middle East	5,921	16,471	189	260
India	4,079	4,447	3,421	4,247
Malaysia	10,969	3,973	31,550	29,872
Thailand	4,156	2,704	8,313	11,611
Indonesia	1,501	6,798	68	1,008
China	2,023	1,696	7,752	8,495
Other countries	8,005	6,581	10,843	12,240
	<b>97,683</b>	<b>114,794</b>	<b>357,975</b>	<b>385,431</b>

\* Does not include deferred income tax assets.

With the exception of Singapore, no other individual country or region contributed more than 10% of consolidated sales and non-current assets.

Sales are based on the country in which the revenue is derived. Non-current assets are shown by the geographical area where the assets originated.

Revenues of \$14,642,000 (2017: \$20,308,000) are derived from a single external customer. These revenues are attributable to the Singapore heavy lift and haulage and marine transportation segments.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 36. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2018 and which the Group has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

FRS 115 replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group is required to adopt a new accounting framework from 1 July 2018 (Note 37). The new accounting framework has similar requirements of FRS 115 and the impact of adopting the equivalent FRS 115 impact is disclosed in Note 37.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets in FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained profits.

Under FRS109, there are no changes to the classification and measurement requirements for financial liabilities except for the recognition of fair value changes arising from changes in own credit risk. For liabilities designed at fair value through profit or loss, such changes are recognised in OCI.

FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from contracts with customers*, lease receivables, loan commitments and certain financial guarantee contracts.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 July 2018 (Note 37). The new accounting framework has similar requirements of FRS 109 and the impact of adopting the equivalent FRS 109 is disclosed in Note 37.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 36. New or revised accounting standards and interpretations (continued)

- INT FRS 122 Foreign Currency Transactions and Advance Considerations (effective for annual periods beginning on or after 1 January 2018)

INT FRS 122 Foreign Currency Transactions and Advance Considerations considers how to determine the date of the transactions when applying the standard on foreign currency transactions, FRS 21 The Effect of Changes in Foreign Exchange Rate. The Interpretation applies where the Group either pays or receives consideration in advance for foreign currency-denominated contracts.

For single upfront payment/receipt, the Interpretation states that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of the related item, should be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity should determine the date of the transaction for each payment or receipt.

The Interpretation is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group does not expect a material impact on the financial statement upon adoption of the Interpretation.

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group is required to adopt a new accounting framework from 1 July 2018 (Note 37). The new accounting framework has similar requirements of FRS 116. The Group has yet to determine to what extent the commitments as the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

## 37. Adoption of SFRS (I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore IFRS-identical Financial Reporting Standards' ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 July 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 30 September 2018 in November 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group will also concurrently apply new major SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

- Application of SFRS(I) 9

The Group plans to elect to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 July 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 30 June 2018.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2018

## 37. Adoption of SFRS (I) (continued)

- Application of SFRS(I) 9 (continued)

### *Impairment of financial assets*

The following financial assets will be subjected to the expected credit loss impairment model under SFRS(I) 9:

- trade receivables recognised under SFRS(I) 15; and
- loans to related parties and other receivables at amortised cost.

The new impairment model is not expected to result in material earlier recognition of credit losses.

- Application of SFRS(I) 15

The Group does not expect the adoption of SFRS(I) 15 to have a significant impact on the revenue recognition to the financial impact of the Group.

### *Presentation of contract assets and liabilities*

The Group is expected to change the presentation of certain amounts in the balances sheet to reflect the terminology in SFRS(I) equivalent of IFRS 15:

- Amounts due from customers arising from construction contracts and construction contract work-in-progress under SFRS will be reclassified to be presented as part of contract assets.
- Advances received from customers arising from construction contracts and amounts due to customers arising from construction contracts under SFRS will be reclassified to be presented as part of contract liabilities.

- Summary of provisional financial impact

The line items on the Group's financial statements that may be adjusted with significant impact arising from the adoption of SFRS(I) as described above are summarised below:

	As at 30 June 2018 reported under SFRS \$'000	(Provisional) As at 30 June 2018 reported under SFRS(I) \$'000	As at 1 July 2017 reported under SFRS \$'000	(Provisional) As at 1 July 2017 reported under SFRS(I) \$'000
Trade and other receivables	42,937	42,503	42,835	40,673
Contract assets	–	434	–	2,162
Trade and other payables	29,030	29,030	42,370	42,149
Contract liabilities	–	–	–	221

## 38. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Tiong Woon Corporation Holding Ltd on 28 September 2018.

# SHAREHOLDERS' INFORMATION

As At 18 September 2018

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 18 SEPTEMBER 2018

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	26	0.62	764	0.00
100 - 1,000	796	19.00	477,129	0.21
1,001 - 10,000	2,030	48.46	10,810,551	4.65
10,001 - 1,000,000	1,313	31.35	57,301,151	24.67
1,000,001 and above	24	0.57	163,645,658	70.47
<b>Total</b>	<b>4,189</b>	<b>100.00</b>	<b>232,235,253</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS AS AT 18 SEPTEMBER 2018

No.	Name of Shareholder	No. of Shares	%
1	ANG CHOO KIM & SONS (PTE.) LIMITED	90,517,131	38.98
2	PHILLIP SECURITIES PTE LTD	10,097,250	4.35
3	CITIBANK NOMINEES SINGAPORE PTE LTD	9,975,697	4.30
4	ABN AMRO CLEARING BANK N.V.	8,043,700	3.46
5	DBS NOMINEES PTE LTD	6,394,725	2.75
6	MAYBANK KIM ENG SECURITIES PTE LTD	4,471,130	1.93
7	OCBC SECURITIES PRIVATE LTD	3,338,050	1.44
8	GOH GUAN SIONG (WU YUANXIANG)	3,206,600	1.38
9	UOB KAY HIAN PTE LTD	2,693,425	1.16
10	RAFFLES NOMINEES (PTE) LTD	2,485,525	1.07
11	LO KAI LEONG @ LOH KAI LEONG	2,407,500	1.04
12	ANG KAH HONG	2,246,250	0.97
13	ONG KIAN KOK	1,991,000	0.86
14	ANG KHA KING	1,842,500	0.79
15	HSBC (SINGAPORE) NOMINEES PTE LTD	1,816,250	0.78
16	LOW WOO SWEE @ LOH SWEE TECK	1,761,625	0.76
17	ANG JUI KHOON	1,528,200	0.66
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,522,400	0.66
19	KOH CHEW KWEE	1,513,800	0.65
20	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,248,400	0.54
<b>Total</b>		<b>159,101,158</b>	<b>68.53</b>

Based on the information available above, approximately 59.19% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the SGX-ST is complied with.

# SHAREHOLDERS' INFORMATION

As At 18 September 2018

## SUBSTANTIAL SHAREHOLDERS AS AT 18 SEPTEMBER 2018

Substantial Shareholders	Number of Shares	
	Direct Interest	Deemed Interest
Ang Choo Kim & Sons (Pte.) Limited	90,517,131	–
Ang Kah Hong	2,246,250	90,517,131 <sup>(1)</sup>
Ang Kha King	1,842,500	90,659,631 <sup>(2)</sup>

### Notes:

<sup>(1)</sup> This represents Mr Ang Kah Hong's deemed interest of 90,517,131 shares held in the name of Ang Choo Kim & Sons (Pte.) Limited.

<sup>(2)</sup> This represents Mr Ang Kha King's deemed interest of 90,659,631 shares held in the name of the following:

- (a) 142,500 shares held by his wife, Mdm Toh Koon Tee
- (b) 90,517,131 shares held by Ang Choo Kim & Sons (Pte.) Limited

## DIRECTORS' INTEREST IN SHARES AS AT 21 JULY 2018

According to the register maintained under Section 164 of the Companies Act, Cap. 50, the Directors had an interest in the shares of the Company on the 21st day after the end of the financial year as undernoted:

Directors	Number of Shares	
	Direct Interest	Deemed Interest
Ang Kah Hong	2,246,250	90,517,131 <sup>(1)</sup>
Ang Kha King	1,842,500	90,659,631 <sup>(2)</sup>
Wong King Kheng	32,000	–
Tan Swee Khim	–	–
Luk Ka Lai Carrie (Carrie Cheong)	–	–
Ang Guan Hwa	–	–

### Notes:

<sup>(1)</sup> This represents Mr Ang Kah Hong's deemed interest of 90,517,131 shares held in the name of Ang Choo Kim & Sons (Pte.) Limited.

<sup>(2)</sup> This represents Mr Ang Kha King's deemed interest of 90,659,631 shares held in the name of the following:

- (a) 142,500 shares held by his wife, Mdm Toh Koon Tee
- (b) 90,517,131 shares held by Ang Choo Kim & Sons (Pte.) Limited

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of **TIONG WOON CORPORATION HOLDING LTD** (the “Company”) will be held at No. 15, Pandan Crescent, Level M1, Singapore 128470 on Friday, 26 October 2018 at 9.00 a.m., for the following purposes:

## AS ORDINARY BUSINESS:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2018 and the Statement of Directors and the Report of Auditors thereon. **Resolution 1**
2. To approve Directors’ fees of \$95,000 for the year ended 30 June 2018 (2017: \$95,000). **Resolution 2**
3. To re-elect the following Directors who are retiring in accordance with the Company’s Articles of Association:
  - (a) Mr Ang Guan Hwa - Retiring under Article 104 **Resolution 3**
  - (b) Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong) - Retiring under Article 104 **Resolution 4**

*Mrs Carrie Cheong will upon re-election as Director of the Company, remains as the Chairman of both Nominating and Remuneration Committees and a member of Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*

*[See Explanatory Note (a) and (b)]*
4. To re-appoint Messrs PricewaterhouseCoopers LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**
5. To transact any other ordinary business that may be transacted at an Annual General Meeting of the Company of which due notice shall have been given.

## AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions: **Resolution 6**

### 6. Share Issue Mandate

“That pursuant to Section 161 of the Companies Act, Chapter 50 (the “Companies Act”), and the Listing Rules of the SGX-ST, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

- (a)
  - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
  - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, “Instruments”) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
  - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force;



# NOTICE OF ANNUAL GENERAL MEETING

provided always that

the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's issued share capital, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's issued share capital at the time this resolution is passed, after adjusting for;

- (i) new shares arising from the conversion or exercise of convertible securities;
- (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
- (iii) any subsequent consolidation or subdivision of the Company's shares; and

such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

## 7. Proposed Renewal of The Share Purchase Mandate

## Resolution 7

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) On-market purchase(s) on the SGX-ST; and/or
  - (ii) Off-market purchase(s) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the "Relevant Period" which is the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
  - (i) the date on which the next annual general meeting of the Company is held;
  - (ii) the date by which the next annual general meeting of the Company is required by law to be held;
  - (iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
  - (iv) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in general meeting.

# NOTICE OF ANNUAL GENERAL MEETING

(c) in this Resolution:

“Maximum Percentage” means the number of Shares representing ten per cent (10%) of the total number of issued Shares as at the date of the passing of this Resolution unless the Company has effected a reduction of the total number of issued Shares in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued Shares shall be taken to be the amount of the issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time); and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase, one hundred and five per cent (105%) of the average closing market price. For this purpose, the average closing market price is the average of the closing market prices of the Shares transacted on the SGX-ST over the last five (5) market days (on which transactions in the Shares are recorded) immediately preceding the date of the market purchase by the Company and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five (5) day period; and
  - (ii) in the case of an off-market purchase, one hundred and twenty per cent (120%) of the highest price a Share is transacted on the SGX-ST on the market day (when transactions in the Shares are recorded) immediately preceding the date on which the Company announces an off-market purchase offer stating the purchase price and the relevant terms of the equal access scheme.
- (d) the Directors or any of them be and are/is hereby authorized to deal with the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate in any manner as they think and/or he/she thinks fit, which is permissible under the Companies Act; and
- (e) the Directors and/or any of them be and are/is hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider necessary, expedient or incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

BY ORDER OF THE BOARD

Joanna Lim Lan Sim (Ms)  
Company Secretary  
Date: 11 October 2018

## **Explanatory Notes**

- (a) In relation to Resolution No. 3, the detailed information on Mr Ang Guan Hwa is set out in the section entitled “Board of Directors” and in the Corporate Governance Report section of the Company’s 2018 Annual Report. Mr Ang Guan Hwa is son of Mr Ang Kah Hong and nephew of Mr Ang Kha King.
- (b) In relation to Resolution No. 4, the detailed information on Mrs Carrie Cheong is set out in the section entitled “Board of Directors” and in the Corporate Governance Report section of the Company’s 2018 Annual Report. There are no relationships (including immediate family relationships) between Mrs Carrie Cheong and the other directors of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## Statement Pursuant to Article 64 of the Company's Articles of Association

The effect of the resolutions under the heading "Special Business" in this Notice of the Annual General Meeting ("AGM") are:

- (1) Ordinary Resolution No. 6 above, if passed, will authorise the Directors from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares) of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company. Rule 806(3) of the Listing Rules of the SGX-ST currently provides that the percentage of issued share capital is based on the share capital of the Company at the time the mandate is passed after adjusting for:
  - (a) new shares arising from the conversion or exercise of convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (c) any subsequent consolidation or subdivision of the Company's shares.

This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

- (2) Ordinary Resolution No. 7 above, if passed, will empower the Directors to exercise all powers of the Company in purchasing or acquiring Shares pursuant to the terms of the Share Purchase Mandate as set out in the letter to shareholders of the Company dated 11 October 2018 ("**Letter**"). This authority will continue in force until the date the next annual general meeting of the Company is held or is required by law to be held, or the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated unless previously varied or revoked by ordinary resolution of the Company in general meeting. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Letter.

## Notes:

- (i) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
- (ii) Intermediaries such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.
- (iii) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (iv) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at No. 15 Pandan Crescent Singapore 128470 not later than 48 hours before the time appointed for the holding of the Annual General Meeting.
- (v) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

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# TIONG WOON CORPORATION HOLDING LTD

Company Registration No. 199705837C  
(Incorporated in the Republic of Singapore)

## Important

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person, CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

## PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, \_\_\_\_\_ (Name) NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a member/members of Tiong Woon Corporation Holding Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Address			

and/or (delete where appropriate)

Name	NRIC/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Address			

as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at No. 15 Pandan Crescent, Level M1, Singapore 128470 on Friday, 26 October 2018 at 9.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion.

Ordinary Resolutions	For	Against
To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2018 and the Statement of Directors and the Reports of the Auditors thereon. <b>(Resolution 1)</b>		
To approve Directors' fees of \$95,000/- for the year ended 30 June 2018 (2017: \$95,000/-). <b>(Resolution 2)</b>		
To re-elect Mr Ang Guan Hwa who is retiring in accordance with the Company's Articles of Association. <b>(Resolution 3)</b>		
To re-elect Mrs Carrie Cheong who is retiring in accordance with the Company's Articles of Association. <b>(Resolution 4)</b>		
To re-appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Directors to fix their remuneration. <b>(Resolution 5)</b>		
To approve the Share Issue Mandate <b>(Resolution 6)</b>		
To approve the Renewal of The Share Purchase Mandate <b>(Resolution 7)</b>		

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s)/Common Seal  
of Corporate Shareholder

**IMPORTANT:** Please read notes overleaf



**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register, you should insert that number. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A member (other than a Relevant Intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.
3. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

**"Relevant Intermediary"** means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at No. 15, Pandan Crescent, Singapore 128470 not less than 48 hours before the time set for the meeting.
  5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
  6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the letter or the power of attorney (or other authority) or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
  7. A corporation, which is a member, may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
  8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
  9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.



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