

# RAISING STANDARDS



ANNUAL REPORT 2016

**TWGC** 長運

TIONG WOON CORPORATION HOLDING LTD



# RAISING STANDARDS

At Tiong Woon, we believe that every year is a new chapter packed with challenges and opportunities alike. What drives us is our constant pursuit to improve. By transforming and refining the way we work and deliver, we craft new avenues to grow and preserve value for our stakeholders.

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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.

**14<sup>TH</sup>**

largest crane-owning company worldwide.

## 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 35 YEARS**

of proven track record.



# CORPORATE **PROFILE**

Listed in 1999, Tiong Woon Corporation Holding Ltd ("Tiong Woon" or the "Group") is a leading one stop integrated services specialist and 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 are 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 14th largest crane-owning company worldwide by International Cranes and Specialized Transport, a reputable trade magazine, in its IC50 2016 survey.

Tiong Woon has been appointed as the authorised dealer for IHI crawler cranes in ASEAN countries (except Indonesia), authorised dealer for all XCMG products in Southeast Asia and exclusive distributor for both Zoomlion tower cranes in Singapore and Heifei Smarter Telescopic Crawler Crane in Singapore, Thailand and Malaysia. 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

## 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.  
Tiong Woon Oasis Pte Ltd  
Tower Cranes Services Pte. Ltd.  
Tiong Woon Crane & Equipment Pte. Ltd.

## MALAYSIA

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

## INDIA

Tiong Woon Project & Contracting (India)  
Private Limited

## INDONESIA

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

## PHILIPPINES

Tiong Woon Philippines, Inc

## CHINA

Tiong Woon (Huizhou) Industrial Services Co., Ltd

## THAILAND

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

## VIETNAM

Tiong Woon Vietnam Company Limited

## SAUDI ARABIA

TWC Arabia Ltd

## MYANMAR

Tiong Woon Myanmar Company Limited

## SRI LANKA

Tiong Woon Crane & Transport Lanka (Pvt) Ltd









# ALWAYS IMPROVING

Through proactive management of costs and business risks, we unlock greater values for our stakeholders through our increased productivity and attention to detail. It is an on-going process that is continually refined and tailored to match challenges and opportunities alike.

# CHAIRMAN'S MESSAGE

## DEAR SHAREHOLDERS,

Tiong Woon Corporation Holding Ltd ("Tiong Woon" or "the Group") has scaled another challenging year in the face of the weakened global demand and currency volatility. Despite the challenging business environment, we have managed to achieve Group's turnover of S\$139.4 million for the 12 months ended 30 June 2016 ("FY2016"), 4% lower than the S\$145.7 million recorded in the previous financial year ("FY2015").

## PERFORMANCE REVIEW

The decrease in revenue in FY2016 was mainly due to decrease in contributions from Heavy Lift and Haulage, Marine Transportation and Trading Segments.

Gross profit was S\$33.2 million in FY2016, a decrease of S\$7.4 million or 18% from S\$40.6 million in FY2015. Gross profit margin was 24% in FY2016 as compared to 28% in FY2015. This was mainly due to the lower contributions from Marine Transportation and Engineering Services segments.

Other Operating Expenses were S\$37.3 million in FY2016, an increase of S\$9.2 million or 32% from S\$28.1 million in FY2015. This was mainly due to higher non-cash net impairment loss on trade receivables (including write-back) of S\$9.8 million in FY2016 as compared to S\$1.0 million in FY2015.

Loss before Income Tax was S\$8.7 million in FY2016 as compared to a profit before income tax of S\$14.7 million in FY2015 mainly due to the weaker performance for all segments.

Geographically, Singapore remained the main contributor, accounting for 54% of turnover. Middle East and India were the other two major markets that made significant contributions to the turnover. The Middle East contributed S\$29.2 million or 21% of turnover while India contributed S\$12.9 million or 9% of turnover in the current financial year. The overall decrease in turnover was mainly due to a decrease in Heavy Lift and Haulage projects executed in Singapore and Malaysia offset by an

increase in Heavy Lift and Haulage and Engineering Services projects executed in the Middle East in the current financial year.

As at 30 June 2016, the Group's shareholders' funds stood at S\$257.1 million, translating into net asset value per share of S\$1.11.

## RAISING STANDARDS

The operating environment continues to be challenging amid the slowdown in demand in the key Asian/ASEAN markets we operate in. The ongoing public sector infrastructure development in Singapore is expected to support the impetus for heavy lift and haulage services. The Singapore market will remain an important market to the Group.

As the Group continues to work towards strengthening its track record and focus on our core competencies, we will remain mindful of the economic situations around the region as well as the volatilities in the foreign exchange markets, and tailor our approach accordingly to maintain our competitive edge and improve business performance.

Tiong Woon is ranked as the 14th largest crane-owning companies worldwide by International Cranes and Specialized Transport, a reputable trade magazine, in its IC50 2016 survey.

We believe that Tiong Woon's strong track record, agility in responding to the changing business environment and relentless drive to raise our standards of performance will equip us with the tenacity to weather any storm ahead.

As a one-stop integrated heavy lift specialist and service provider, we will continue to deliver high quality and reliable services; and integrated solutions to target complex and high value projects and grow the business. We will remain focus on building on the strength of our Lifting and Haulage competencies, particularly in the infrastructural sector.



“ We believe that Tiong Woon’s strong track record, agility in responding to the changing business environment and relentless drive to raise our standards of performance will equip us with the tenacity to weather any storm ahead. ”

**MR ANG KAH HONG**

*Executive Chairman and Managing Director*





# CHAIRMAN'S MESSAGE

The re-development of our headquarters premises at No. 15 Pandan Crescent has been successfully completed in January 2016. Tiong Woon has invested in the state-of-the-art facility, which will comprise the office premise, crane storage, warehousing and worker's dormitory under one roof. The re-developed premises will have a first-of-its-kind capacity for crane storage at the rooftop level, of up to 100 units of cranes. More importantly, the warehousing facility will enable our logistic division to optimise our new storage capacity to extend our new services and solutions for our customers.

In view of the tightening labour supply, increasing costs and challenging environment, we will continue our effort to effectively manage our operating costs and business risks to remain competitive. We will tighten our credit control and exercise financial prudence to safeguard the long term interest of our shareholders.

As part of our on-going outreach to the community, we have embarked on corporate social responsibility programmes to support the less privileged in society. In FY2016, we have supported the Disabled Association of Singapore and Lakeside Family Services. We will continue to play our part to work with local communities on various welfare programmes.

## DIVIDENDS

The Group remains committed to continuously reward shareholders for their unwavering support. The Board of Directors has proposed a final dividend of Singapore 0.2 cent per share (post share consolidation) for FY2016 which will be voted upon by the shareholders during the Group's upcoming Annual General Meeting. As the Group had completed the share consolidation exercise on 26 February 2016, this final dividend for FY2016 was calculated based on the number of post consolidation shares of 232,235,253 ordinary shares.

## NOTE OF APPRECIATION

I would like to express my sincere appreciation to the Board for their invaluable contributions to the Group. On behalf of the Board, I would like to thank our shareholders for your confidence and trust in Tiong Woon. I would like to extend our gratitude to our customers and business associates, for their continuous support to our business.

Lastly, I would like to thank our management team and staff for their unwavering commitment and contributions in the face of this challenging environment. We will grow from strength to strength in building our market leadership in our core business and nurturing new growth opportunities in Singapore and beyond.

Thank you.

Yours sincerely,

**MR ANG KAH HONG**

*Executive Chairman and Managing Director*





## BUSINESS REVIEW

Construction of our headquarters at No. 15 Pandan Crescent has been completed in January 2016. This facility will not only feature the world's first rooftop parking for cranes, it will also allow the Group to venture into warehousing and increase its crane storage capabilities. This redevelopment will also allow the Group to optimize its land use.

As a one-stop integrated services provider in project management for heavy lift and haulage, marine transportation and engineering services, Tiong Woon is well-positioned to deliver seamless solutions for complex and high value projects globally.

Despite the current setback in the oil and gas sector, we have built a strong track record in the petrochemical, infrastructure and construction industries to enable us to sustain our continued business.

We remain committed to focusing on our core businesses to deliver high quality and reliable services and solutions, and we continue to be on a lookout for strategic collaboration opportunities to grow our business.

### HEAVY LIFT AND HAULAGE

Tiong Woon's heavy lift and haulage business remains the top revenue contributor since its inception. It has built a strong reputation as a reliable heavy lift and haulage provider supporting the oil and gas, petrochemical, infrastructure and construction industries. For FY2016, heavy lift and haulage segment revenue decreased by S\$5.3 million or 4% from S\$128.5 million to S\$123.2 million, though it still accounted for 88% of the total revenue.

The Group continually invested in the upgrading of its fleet to ensure optimal performance regardless of business conditions. Tiong Woon owned 495 cranes in terms of lifting asset with the capacity of up to 1,600 tonne as at 30 June 2016. In terms of haulage assets, comprising prime movers, low beds, trailers and tow trucks, Tiong Woon

“

**We remain committed to focusing on our core businesses to deliver high quality and reliable services and solutions, and we continue to be on a lookout for strategic collaboration opportunities to grow our business.**

”





# BUSINESS REVIEW

maintained 291 units in FY2016 and FY2015. The average utilisation rate for the heavy lift and haulage assets maintained at 65% as compared to 67% in FY2015.

## MARINE TRANSPORTATION

Turnover from the Marine Transportation segment decreased by S\$5.0 million or 56% from S\$8.9 million in FY2015 to S\$3.9 million in FY2016, mainly due to fewer chartering projects secured as a result of the downturn in the marine and offshore industry.

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 too.

As at 30 June 2016, Tiong Woon had a fleet of 6 tugboats with a working capacity of 500-3200 bhp and 11 barges ranging in length from 120 to 300 feet. The average utilisation rate of the marine fleet was reduced to 38% in FY2016, as compared to 59% in FY2015.

## ENGINEERING SERVICES

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

In FY2016, turnover of the Engineering Services segment increased by S\$8.0 million or 272% from S\$3.0 million to S\$11.0 million, mainly due to an increase in progress from a project in the Middle East.





## TRADING

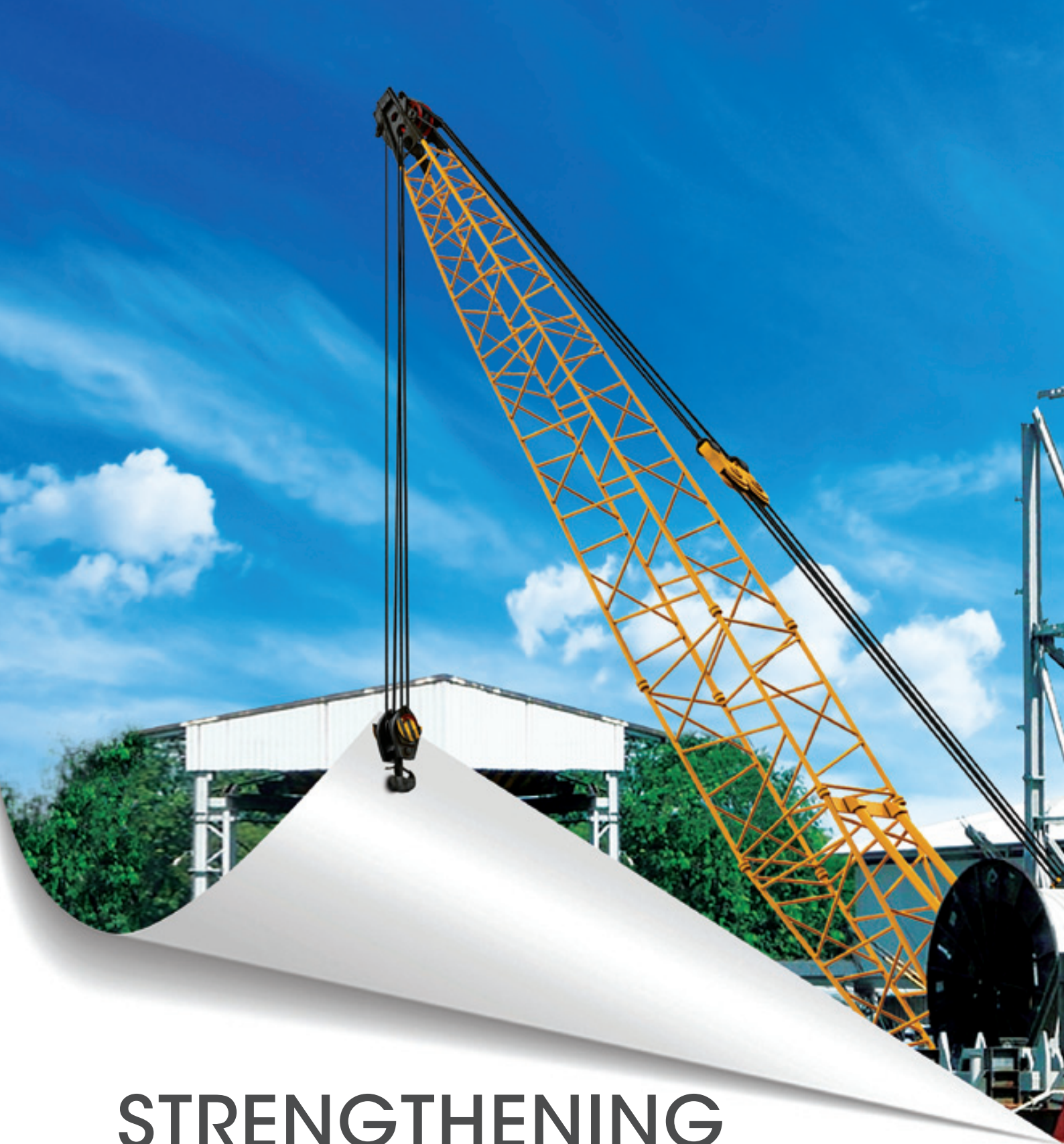
Tiong Woon is the authorised distributor for IHI crawler cranes in ASEAN countries (except Indonesia); authorised dealer for all XCMG products in Southeast Asia; exclusive distributor for Zoomlion tower cranes in Singapore; and Hefei Smarter Telescopic Crawler Crane in Singapore, Thailand and Malaysia. Besides 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.

## BUSINESS OUTLOOK

The operating environment continues to be challenging amid the slowdown in demand in the key Asian/ASEAN markets we operate in. We believe the on-going public sector infrastructure development in Singapore is expected to support the impetus for heavy lift and haulage services. The on-going development of public sector infrastructure in Singapore, such as the airport and the rail network, is also expected to generate demand for heavy lift and haulage.

With a global business network in key regional markets such as India, Malaysia, Thailand, Indonesia as well as Middle East, Tiong Woon is in a strategic position to explore business opportunities. Tiong Woon will strive to raise the overall standards and business performance to drive growth and deliver value for shareholders.





# STRENGTHENING **SOLUTIONS**

In addition to improving our existing strengths, we are constantly exploring new avenues to build a more comprehensive suite of solutions for our customers and thus strengthen the Group as a leading one-stop integrated services specialist and provider.







# 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.



## **JEWEL @ CHANGI**

### **Location**

Singapore

### **Scope Of Work**

Heavy Lifting Services

### **Equipment**

Zoomlion Topless TWT320-20



## **HYUNDAI @ TUAS FINGER ONE**

### **Location**

Singapore

### **Scope Of Work**

Heavy Lifting Services

### **Equipment**

Jaso Hammerhead- J300



## **T222 @ OUTRAM**

### **Location**

Singapore

### **Scope Of Work**

Heavy Lifting Services

### **Equipment**

Demag CC2800-1

Liebherr LTM1200



## **VINH TAN'S THERMAL POWER**

### **Location**

Binh Thuan, Vietnam

### **Scope Of Work**

Heavy Lifting Services

### **Equipment**

Demag CC2800-1



### **BERGARDING**

#### **Location**

Pasir Gudang, Malaysia

#### **Scope Of Work**

Heavy Lifting Services

#### **Equipment**

Demag CC8800-1

### **FOREST CITY**

#### **Location**

Tanjung Kupang, Johor Malaysia

#### **Scope Of Work**

Heavy Lifting Services

#### **Equipment**

Demag CC1100

XCMG TWCC55

IHI CCH1500E

GRX1450EX

Fuwa FCC55



### **CHINA RAILWAY FIFTEEN BUREAU NANSHA GUANGZHOU SUBWAY**

#### **Location**

Nansha District, Guangzhou China

#### **Scope Of Work**

Heavy Lifting Services

#### **Equipment**

Demag CC1400

### **ZHUHAI JUTAO GANTRY CRANE INSTALLATION**

#### **Location**

Zhuhai, China

#### **Scope Of Work**

Gantry Crane Installation

#### **Equipment**

Demag CC2600





# PROJECT **GALLERY**



## **JBF/L&T**

### **Location**

Mangalore, India

### **Scope Of Work**

Heavy Lifting Services

### **Equipment**

Demag CC8800



## **BPCL-INTEGRATED REFINERY EXPANSION**

### **Location**

Kochi, India

### **Scope Of Work**

Heavy Lifting Services

### **Equipment**

Demag CC6400

Demag CC2600



## **WINDMILL**

### **Location**

Kovilpatti, India

### **Scope Of Work**

Heavy Lifting Services

### **Equipment**

Demag CC2800-1



## **CROWN CEMENT**

### **Location**

Myanmar

### **Scope Of Work**

Heavy Lifting and Boring Services

### **Equipment**

IHI CCH500

XCMG XRS680



### TOP SMALL POWER

#### Location

Sriracha, Thailand

#### Scope Of Work

HRSG and GTG Installation Works

#### Equipment

Demag CC2800-1	XCMG QAY130
Demag CC1800	XCMG TWMC55K
Demag AC435	XCMG QY50K
Kato 45H-V	



### UMM WU'AL PHOSPHATE

#### Location

Saudi Arabia

#### Scope Of Work

Heavy Lifting and Transportation Services

#### Equipment

Demag CC2200  
XCMG QY100K  
XCMG QY50K  
XCMG QY50K



### RAS AL KHAIR SEA PORT

#### Location

Saudi Arabia

#### Scope Of Work

Construction of Two Berths

#### Equipment

Demag CC2000  
Fuwa QUY50A



### HARAMAIN HIGH SPEED RAIL

#### Location

Saudi Arabia

#### Scope Of Work

Heavy Lifting Services

#### Equipment

Demag CC2600  
Demag CC2000  
Kobelco JJ00363



# BOARD OF DIRECTORS



## MR ANG KAH HONG

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 30 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 the corporate development activities. His leadership has proven to be instrumental and invaluable to the growth of the Group's businesses.

## MR ANG KHA KING

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

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.



#### MR ANG GUAN HWA

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 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

Mr Wong King Kheng was appointed as an Independent Director on 23 August 1999. 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.

#### MDM LUK KA LAI CARRIE (MRS CARRIE CHEONG)

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	2016	2015	2014	2013	2012
<b>S\$'000</b>					
Turnover	<b>139,435</b>	145,669	165,283	200,528	147,979
Gross Profit (GP)	<b>33,241</b>	40,550	56,120	59,091	32,642
(Loss)/Profit before Income Tax (PBT)	<b>(8,686)</b>	14,658	22,768	23,921	(87)
(Loss)/Profit after Income Tax (PAT)	<b>(9,990)</b>	11,212	18,691	18,311	(2,459)
<b>Profit Margin (%)</b>					
GP Margin	<b>23.8</b>	27.8	34.0	29.5	22.1
PBT Margin	<b>NM</b>	10.1	13.8	11.9	NM
PAT Margin	<b>NM</b>	7.7	11.3	9.1	NM

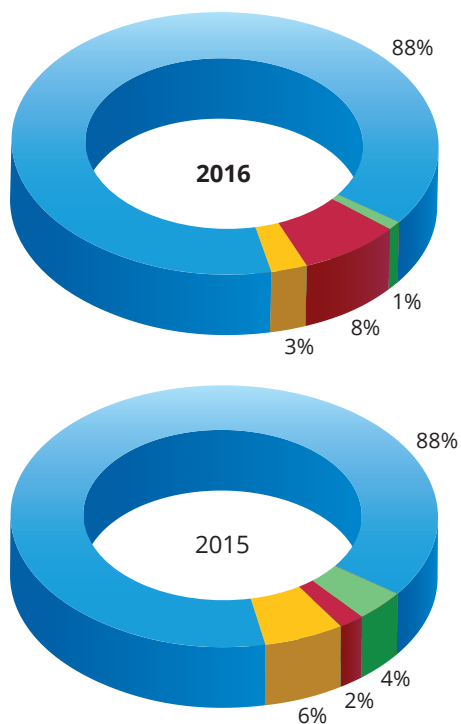
## STATEMENT OF FINANCIAL POSITION

As At 30 June	2016	2015	2014	2013	2012
<b>S\$'000</b>					
Current Assets	<b>73,587</b>	88,302	109,735	114,696	89,436
Non-Current Assets	<b>399,409</b>	404,560	333,022	311,803	294,988
Total Assets	<b>472,996</b>	492,862	442,757	426,499	384,424
Current Liabilities	<b>86,413</b>	93,637	95,425	104,179	78,029
Non-Current Liabilities	<b>131,725</b>	130,438	88,347	81,709	80,219
Total Liabilities	<b>218,138</b>	224,075	183,772	185,888	158,248
Net Current (Liabilities)/Assets	<b>(12,826)</b>	(5,335)	14,310	10,517	11,407
Net Assets	<b>254,858</b>	268,787	258,985	240,611	226,176
<b>Per Share (Singapore Cents)</b>					
(Loss)/Earnings Per Share-Basic	<b>(4.16)</b>	5.15	8.14	8.46	(0.70)
(Loss)/Earnings Per Share-Diluted	<b>(4.16)</b>	5.15	8.14	8.46	(0.70)
Net Asset Value	<b>110.69</b>	116.50	112.07	102.44	95.70
Dividend Per Share	<b>0.20</b>	0.80	0.80	0.80	0.80
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:**

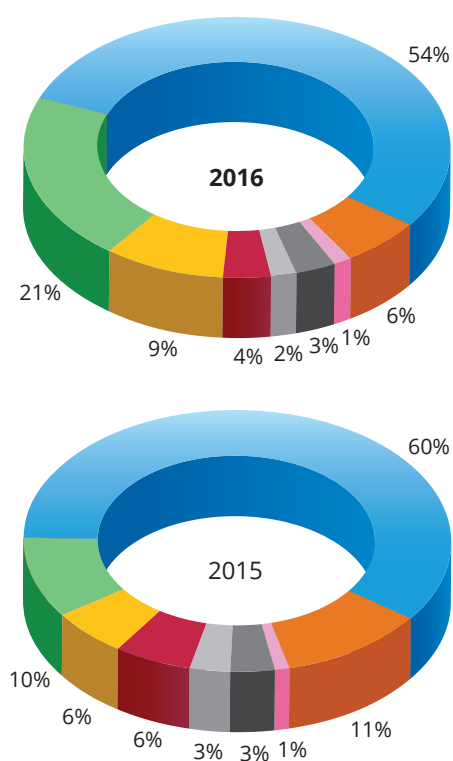
\* FY2012 to FY2015 restated for the post share consolidation completed on 26 February 2016

## BY BUSINESS SEGMENT



	2016	2015
<b>S\$'000</b>		
Heavy Lift and Haulage	123,206	128,523
Marine Transportation	3,863	8,862
Engineering Services	11,049	2,973
Trading	1,317	5,311
<b>Total</b>	<b>139,435</b>	<b>145,669</b>

## BY GEOGRAPHICAL SEGMENT



	2016	2015
<b>S\$'000</b>		
Singapore	75,190	87,229
Middle East	29,249	14,342
India	12,880	8,736
Malaysia	5,050	8,264
Thailand	2,349	4,786
Indonesia	4,382	4,591
China	1,975	1,625
Others	8,360	16,096
<b>Total</b>	<b>139,435</b>	<b>145,669</b>



# 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 Tiong 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. 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 with 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 and 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 solution which encompasses 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 crisis 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 programmes, as well as through business continuity planning. In addition, the Group has been awarded ISO 9001:2008 certification for its local and India 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 programme 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.

#### **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 minimise 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 programmes.





# RISK FACTORS AND **RISK MANAGEMENT**

- **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 response can be activated to control the impact of such overrun.

## **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 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 on-going 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 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 on-going 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.





# 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 source of air and noise emission, and ensure that the air and noise emission 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 on-going outreach to the community, we have embarked on corporate social responsibility programmes to support the less privileged in society. In FY2016, we have supported the Disabled Association of Singapore and Lakeside Family Services. We will continue to play our part to work with local communities on various welfare programmes.

Tiong Woon believes that, through our actions, we can raise the overall awareness of social responsibility and good corporate citizen. 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 requirement in order to equip our employees to not only handle increasingly complex challenges at work but to 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.

Besides creating a work environment where our employees can grow and excel, Tiong Woon seeks to provide a safe working environment for all of 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 9001:2008 (Quality Management Systems) and OHSAS 18001:2007 (Occupational Health and Safety Management Systems) and bizSAFE Level Star. In addition, our India subsidiary has recently certified to ISO 9001:2008. This stringent framework allows us to identify and control health and safety factors; and reduce 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 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 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 amongst staff to create awareness.

These help to reduce 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.





# 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 and is facilitated through a professional investors' relations firm engaged by the Company, namely Waterbrooks Consultants Pte Ltd.

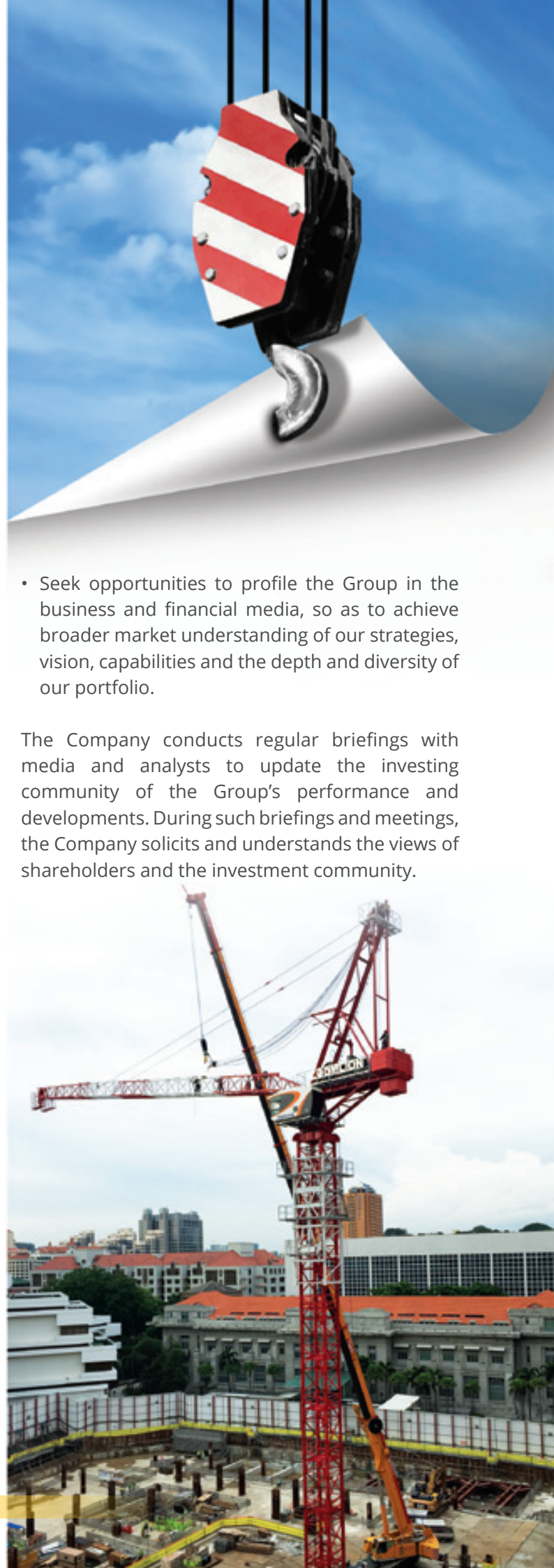
The Board's policy is to ensure that all shareholders should be equally and timely informed of all major developments impacting the Group. The Company keeps its website updated and maintains dedicated investor relations ("IR") section for shareholders' convenience. Announcements disclosed through SGXNET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

The Company conducts regular 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 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 Code of Corporate Governance 2012 (the “Code”). The Company has complied substantially with the requirements of the Code and will continue to review its practices on an on-going basis. Where there are deviations from the Code, appropriate explanations have been provided in this report or in other sections of this Annual Report which may be relevant to corporate governance. Please read this report in conjunction with the other sections of this Annual Report.

## (1) 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 2016 are set out below:

Name of Director	Board		Audit Committee		Remuneration Committee		Nominating Committee	
	Number of Meeting		Number of Meeting		Number of Meeting		Number of Meeting	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ang Kah Hong	5	5	NA	NA	NA	NA	NA	NA
Ang Kha King	5	3	NA	NA	NA	NA	NA	NA
Ang Guan Hwa	5	5	NA	NA	NA	NA	NA	NA
Tan Swee Khim	5	5	4	4	2	2	1	1
Wong King Kheng	5	5	4	4	2	2	1	1
Luk Ka Lai Carrie (Mrs Carrie Cheong)	5	5	4	4	2	2	1	1

NA: Not Applicable

# 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 on-going 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)



# 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.

Mr Wong King Kheng has served on the Board for more than nine years from the date of his first appointment in 1999. The Board has conducted a particularly rigorous review of Mr Wong King Kheng'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 judgement. Affected directors do not participate in their own review.

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

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

The Board through the NC has examined its board size and composition and is of the view that the current board size is appropriate, taking into account the nature and scope of the Group's operations.

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.

Where warranted, Independent Directors meet without the presence of Management or the Executive Directors to review any matters that must be raised privately.

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

Mr Ang Kah Hong currently fulfils the role of 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. All major decisions made by him are endorsed by the Board. As an Executive Chairman, he is responsible for Board processes and ensures the integrity and effectiveness of the governance process of the Board. The Board believes that the Independent Directors have demonstrated high commitment in their role as directors and have ensured that there is a good balance of power and authority.

As the Executive Chairman and Managing Director, Mr Ang Kah Hong, 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 also takes a leading role in ensuring the Company's drive to achieve and maintain a high standard of corporate governance practices.

# CORPORATE GOVERNANCE REPORT

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 Executive 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.

Where warranted, the lead independent director meets with the other independent director without the presence of Management or the executive directors to review any matters that must be raised privately before providing feedback to the Chairman of the Board.

## **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;
- Makes recommendations to the Board for the continuation of services of any executive director who has reached the age of 70 or otherwise;
- 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 Mr Tan Swee Khim would be retiring by rotation under Article 104 at the forthcoming AGM and be eligible for re-election.

The NC has recommended the nomination of Mr Ang Guan Hwa and Mr Tan Swee Khim 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 himself 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 2016, 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.



# CORPORATE GOVERNANCE REPORT

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 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	29.10.2015	Tiong Woon Corporation Holding Ltd	–
Tan Swee Khim	23.08.1999	24.10.2014	Tiong Woon Corporation Holding Ltd	–
Ang Guan Hwa	22.03.2013	23.10.2013	Tiong Woon Corporation Holding Ltd	–
Wong King Kheng	23.08.1999	24.10.2014	(1) Tiong Woon Corporation Holding Ltd (2) Ossia International Limited (3) VGO Corporation Limited	(1) Internet Technology Group Ltd
Luk Ka Lai Carrie (Mrs Carrie Cheong)	01.07.2009	29.10.2015	(1) Tiong Woon Corporation Holding Ltd (2) BBR Holdings (S) Ltd	–

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 has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board as a whole and the contribution of each individual Director. The NC is also 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.

# CORPORATE GOVERNANCE REPORT

The NC adopts a formal system of evaluating the Board as a whole annually. The assessment parameters for Board performance evaluation include evaluation of the Board's composition and conduct, Board processes and procedures, Board accountability, evaluation and succession planning. The annual evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed him/her to discharge his/her duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.

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 and processes had allowed him/her to discharge his/her duties effectively and to propose changes which may be made to enhance the Board effectiveness as a whole.

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.

## ***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 fulfil 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.

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 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.



# CORPORATE GOVERNANCE REPORT

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 would obtain professional advice on remuneration matters when there is a need to do so.

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.

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

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 Company and individual.

The remuneration of the Company's 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. 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 scheme involving the offer of shares or option in place.

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 fees are subject to approval by the shareholders at each AGM. Except as disclosed, the independent Directors do not receive any remuneration from the Company.

The use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatements of financial statements, or misconducts resulting in financial loss to the Company, is not being considered at this juncture. 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.

# CORPORATE GOVERNANCE REPORT

## Principle 9: Disclosure on Remuneration

Details of remuneration of the Directors for the financial year ended 30 June 2016 are set out below:

Name of Directors	Remuneration Band	Salary	Bonus	Benefits in Kind	Directors' Fees	Total
		%	%	%	%	%
Executive Directors						
Ang Kah Hong	S\$250,000 to below S\$500,000	86	7	7	–	100
Tan Swee Khim	S\$250,000 to below S\$500,000	84	7	9	–	100
Ang Kha King	Below S\$250,000	84	7	9	–	100
Ang Guan Hwa	Below S\$250,000	93	7	–	–	100
Independent Directors						
Wong King Kheng	Below S\$250,000	–	–	–	100	100
Luk Ka Lai Carrie (Mrs Carrie Cheong)	Below S\$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 2016 are set out below:

Name of Key Management Personnel	Remuneration Band	Salary	Bonus	Benefits in Kind	Directors' Fees	Total
		%	%	%	%	%
Lim Soh Hoon	Below S\$250,000	100	–	–	–	100
Yvonne Ang Siew Chien	Below S\$250,000	100	–	–	–	100
Quek Chang Yeow	Below S\$250,000	95	5	–	–	100
Kelvin Ang Boon Chang	Below S\$250,000	94	6	–	–	100
Manohar Nedumaran	Below S\$250,000	83	8	9	–	100
Toh Chiew Khim*	Below S\$250,000	91	–	9	–	100
Lawrence Ang Boon Hwa*	Below S\$250,000	86	8	7	–	100

\* Toh Chiew Khim (Ex-Chief Financial Officer) and Lawrence Ang Boon Hwa (Ex-Managing Director of Tiong Woon Marine Pte Ltd) resigned in February 2016

## 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.



# CORPORATE GOVERNANCE REPORT

## 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 Resource and Administration, she oversees the full spectrum of the Group's administration and human resource functions, across all business units and countries. She has about 20 years of experience in managing human resource 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).

## Quek Chang Yeow

*Managing Director*

Mr Quek joined Tower Crane Services Pte. Ltd. as a Managing Director since April 2015. He is responsible for setting business direction and strategy of Tower Crane 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 as regards 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 S\$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 2% of the total other operating expenses of the Group.

The employees whose remuneration exceeded \$50,000 for the financial year ended 30 June 2016 and who are immediate family members of the Directors or the Executive Chairman are as follows:

Name of Officers	Remuneration Band	Salary	Bonus	Benefits in Kind	Directors' Fees	Total
		%	%	%	%	%
Danny Lee Kum Mun <sup>(1)</sup>	S\$50,000 to below S\$150,000	94	6	–	–	100
Jane Ang Li Fern <sup>(2)</sup>	S\$50,000 to below S\$150,000	91	9	–	–	100
Veronica Ang Bee Fong <sup>(3)</sup>	S\$50,000 to below S\$150,000	94	6	–	–	100

### Notes:

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

# CORPORATE GOVERNANCE REPORT

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 S\$100,000 rather than in incremental bands of S\$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 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.

## ACCOUNTABILITY AND AUDIT

### *Principle 10: Accountability*

The Board 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. 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 maintains a sound system of internal controls 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.

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.

Subsequent to FY2015, the Board has established an Enterprise Risk Management Committee ("ERMC") which is a sub-committee of the AC and overseen by the AC. The ERMC comprises: Mr Tan Swee Khim, Mr Ang Guan Hwa, Ms Lim Soh Hoon (CFO) and Mr Er Kong Poo (Internal Audit Manager). Mr Tan Swee Khim is the Chairman of the ERMC.



# CORPORATE GOVERNANCE REPORT

The principal functions of the ERM 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 ERM will work closely with the AC to oversee the Group's risk management framework and policies. All identified risks are assessed by the ERM and recorded in the Company's Risk Register. Risks which are recorded in the Risk Register are periodically reviewed by the ERM 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 FY2016, 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.

The Board has received assurance from Mr Ang Kah Hong (Executive Chairman and Managing Director) and Ms Lim Soh Hoon (CFO) that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances as well as the effectiveness of the Group's risk management and internal control systems.

## ***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.

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.

# CORPORATE GOVERNANCE REPORT

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.

The AC has undertaken a review of all non-audit services provided by the external auditors for the financial year ended 30 June 2016 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.

During the year under review, the fees paid to the external auditors for audit and non-audit services amounted to S\$323,000 and S\$181,000 respectively.

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.

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

# CORPORATE GOVERNANCE REPORT

There is a Whistle-Blowing Policy for the Group in place 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. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

A summary of AC's activities for the financial year ended 30 June 2016 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 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 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.

## ***Principle 13: Internal Audit***

The Company employs an internal audit manager to perform its internal audit function and the internal audit manager reports directly to the Chairman of AC and administratively to the Executive Chairman. 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 and personnel, including access to the AC.

The AC assesses periodically the adequacy of internal control function in terms of resources needed and its appropriate standing within the Group. The AC also reviews the training costs and programmes attended by the internal auditor to ensure that he continues to update his technical knowledge and auditing skills.

The internal auditor plans his internal audit work in consultation with the AC. The 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 Group's systems of internal controls, including financial, operational and compliance risks, and reported his 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.



# CORPORATE GOVERNANCE REPORT

## 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. The Company places great emphasis on investor relations and strives to maintain a high standard of transparency 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.

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 and is facilitated through a professional investors' relations firm engaged by the Company, namely Waterbrooks Consultants Pte Ltd.

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.

The Company conducts regular 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.

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. In respect of FY2016, the Board is proposing a final (tax-exempt 1-tier) dividend of 0.2 Singapore cent per ordinary share which is subject to the approval of the shareholders at the forthcoming AGM.

# CORPORATE GOVERNANCE REPORT

## ***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.

# CORPORATE GOVERNANCE REPORT

## MATERIAL CONTRACTS

Save for the Service Agreements entered into with the Executive Directors, which are subsisting as at the end of FY2016, 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.

## 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 S\$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 S\$100,000)	
	FY2016 S\$'000	FY2015 S\$'000	FY2016 S\$'000	FY2015 S\$'000
<b>Sales</b>				
Pollisum Engineering Pte Ltd	6	–	–	–
Xin Woon Transport Pte Ltd	94	30	–	–
<b>Purchases</b>				
Pollisum Engineering Pte Ltd	762	269	–	–
Xin Woon Transport Pte Ltd	367	358	–	–



# DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2016 and the balance sheet of the Company as at 30 June 2016.

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 49 to 103 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 2016 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

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 30.6.2016	At 1.7.2015	At 30.6.2016	At 1.7.2015
<b>Tiong Woon Corporation Holding Ltd</b>				
(No. of ordinary shares)				
Ang Kah Hong	<b>2,246,250</b>	4,492,500	<b>90,517,131</b>	181,034,262
Ang Kha King	<b>1,842,500</b>	3,685,000	<b>90,659,631</b>	181,319,262
Tan Swee Khim	<b>1,313,500</b>	2,627,000	-	-
Wong King Kheng	<b>32,000</b>	64,000	-	-

Interest in ordinary shares were adjusted as a result of the completion of share consolidation of every two ordinary shares into one ordinary share of the Company on 26 February 2016.

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.

The directors' interests in the ordinary shares of the Company at 21 July 2016 were the same at 30 June 2016.

# DIRECTORS' STATEMENT

## 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 2016 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.

## 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

30 September 2016

# INDEPENDENT AUDITOR'S REPORT

## *To The Members Of Tiong Woon Corporation Holding Ltd*

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Tiong Woon Corporation Holding Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 49 to 103, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2016, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

### **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.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants

Singapore, 30 September 2016



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2016

	Note	Group	
		2016 \$'000	2015 \$'000
Sales	4	139,435	145,669
Cost of sales	5	(106,194)	(105,119)
Gross profit		33,241	40,550
Other income	7	153	179
Other gains and losses	8	661	3,398
Expenses			
- Administrative	5	(1,758)	(1,653)
- Other operating	5	(37,280)	(28,137)
- Finance	9	(3,738)	(734)
Share of profit of associated companies	19	135	896
Share of (loss)/profit of a joint venture	20	(100)	159
<b>(Loss)/Profit before income tax</b>		<b>(8,686)</b>	14,658
Income tax expense	10	(1,304)	(3,446)
<b>Total (loss)/profit</b>		<b>(9,990)</b>	11,212
<b>Other comprehensive (loss)/income:</b>			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences arising from consolidation			
- (Losses)/Gains		(1,986)	268
Fair value (losses)/gains on cash flow hedges		(2)	180
		<b>(1,988)</b>	448
<b>Total comprehensive (loss)/income</b>		<b>(11,978)</b>	11,660
<b>(Loss)/Profit attributable to:</b>			
Equity holders of the Company		(9,667)	11,956
Non-controlling interest		(323)	(744)
		<b>(9,990)</b>	11,212
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company		(11,625)	12,139
Non-controlling interest		(353)	(479)
		<b>(11,978)</b>	11,660
<b>(Loss)/Earnings per share attributable to equity holders of the Company</b>			
- Basic and diluted	11	<b>(4.16) cents</b>	5.15 cents*

\* Number of shares stated had been adjusted to post share consolidation for comparison

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

# BALANCE SHEETS

As At 30 June 2016

	Note	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	12	14,258	19,828	62	53
Financial assets, at fair value through profit or loss	13	399	597	-	-
Trade and other receivables	14	53,927	62,684	-	-
Tax recoverable		110	145	-	-
Inventories	15	1,425	2,057	-	-
Contract work-in-progress	16	-	-	-	-
Other assets	17	2,203	2,984	9	18
Derivative financial instruments	26	-	7	-	-
		<b>72,322</b>	<b>88,302</b>	<b>71</b>	<b>71</b>
Assets of disposal group classified as held for sale	36	1,265	-	-	-
		<b>73,587</b>	<b>88,302</b>	<b>71</b>	<b>71</b>
<b>Non-current assets</b>					
Other assets	17	114	114	-	-
Other receivables	18	-	-	47,981	47,937
Investments in associated companies	19	3,531	3,455	1,020	1,020
Investment in a joint venture	20	2,059	1,802	2,074	2,074
Investments in subsidiaries	21	-	-	41,720	42,021
Property, plant and equipment	22	393,571	399,056	-	-
Deferred income tax assets	27	134	133	-	-
		<b>399,409</b>	<b>404,560</b>	<b>92,795</b>	<b>93,052</b>
<b>Total assets</b>		<b>472,996</b>	<b>492,862</b>	<b>92,866</b>	<b>93,123</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	23	48,812	56,103	1,845	1,684
Current income tax liabilities		1,455	2,217	-	-
Borrowings	24	30,642	35,317	-	-
Derivative financial instruments	26	12	-	-	-
		<b>80,921</b>	<b>93,637</b>	<b>1,845</b>	<b>1,684</b>
Liabilities directly associated with disposal group classified as held for sale	36	5,492	-	-	-
		<b>86,413</b>	<b>93,637</b>	<b>1,845</b>	<b>1,684</b>
<b>Non-current liabilities</b>					
Trade and other payables	23	-	1,760	-	-
Borrowings	24	105,339	100,349	-	-
Derivative financial instruments	26	10	27	-	-
Deferred income tax liabilities	27	26,376	28,302	-	-
		<b>131,725</b>	<b>130,438</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>218,138</b>	<b>224,075</b>	<b>1,845</b>	<b>1,684</b>
<b>NET ASSETS</b>		<b>254,858</b>	<b>268,787</b>	<b>91,021</b>	<b>91,439</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	(3,645)	(1,687)	-	-
Retained earnings		173,377	184,902	3,681	4,099
		<b>257,072</b>	<b>270,555</b>	<b>91,021</b>	<b>91,439</b>
<b>Non-controlling interest</b>		<b>(2,214)</b>	<b>(1,768)</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>254,858</b>	<b>268,787</b>	<b>91,021</b>	<b>91,439</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 2016

	Note	Attributable to equity holders of the Company				Non-controlling interest	Total equity
		Share capital	Other reserves	Retained earnings	Total		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2016</b>							
<b>Beginning of financial year</b>		87,340	(1,687)	184,902	270,555	(1,768)	268,787
Total comprehensive loss for the financial year		–	(1,958)	(9,667)	(11,625)	(353)	(11,978)
Additional investment in a subsidiary		–	–	–	–	(93)	(93)
Dividends relating to 2015	30	–	–	(1,858)	(1,858)	–	(1,858)
<b>End of financial year</b>		<b>87,340</b>	<b>(3,645)</b>	<b>173,377</b>	<b>257,072</b>	<b>(2,214)</b>	<b>254,858</b>
<b>2015</b>							
<b>Beginning of financial year</b>		87,340	(1,870)	174,804	260,274	(1,289)	258,985
Total comprehensive income/ (loss) for the financial year		–	183	11,956	12,139	(479)	11,660
Dividends relating to 2014	30	–	–	(1,858)	(1,858)	–	(1,858)
<b>End of financial year</b>		<b>87,340</b>	<b>(1,687)</b>	<b>184,902</b>	<b>270,555</b>	<b>(1,768)</b>	<b>268,787</b>

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>			
Total (loss)/profit		(9,990)	11,212
Adjustments for:			
- Income tax expense		1,304	3,446
- Bad debt written off		-	35
- Depreciation of property, plant and equipment		31,394	30,286
- Gain on disposal of property, plant and equipment		(1,953)	(2,938)
- Fair value gain on derivative financial instruments		-	(10)
- Fair value loss on financial assets at fair value through profit or loss		195	273
- Impairment loss on trade receivables		9,760	959
- Allowance for foreseeable loss on engineering contract		1,985	-
- Interest income		(146)	(165)
- Interest expense		3,606	2,707
- Dividend income		(7)	(14)
- Share of profit of associated companies		(135)	(896)
- Share of loss/(profit) of a joint venture		100	(159)
- Translation differences		842	1,282
Operating cash flow before working capital changes		36,955	46,018
Change in operating assets and liabilities			
- Inventories		638	4,423
- Trade and other receivables		(1,011)	13,120
- Other current assets		715	503
- Trade and other payables		(5,630)	3,575
Cash generated from operations		31,667	67,639
Income tax paid		(3,847)	(4,852)
<b>Net cash provided by operating activities</b>		<b>27,820</b>	<b>62,787</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(25,939)	(66,388)
Purchase of financial assets at fair value through profit or loss		-	(45)
Additional investment in a subsidiary		(60)	-
Interest received		146	165
Dividend received		7	14
Dividend received from an associated company		-	871
Fixed deposit unpledged		(880)	(198)
Proceeds from disposal of subsidiaries		-	3,000
Proceeds from disposal of property, plant and equipment		4,118	5,638
<b>Net cash used in investing activities</b>		<b>(22,608)</b>	<b>(56,943)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		28,091	68,463
Repayment of borrowings		(11,085)	(48,080)
Repayment of finance lease liabilities		(23,029)	(20,927)
Interest paid		(3,606)	(2,707)
Dividends paid to equity holders of the Company		(1,858)	(1,858)
<b>Net cash used in financing activities</b>		<b>(11,487)</b>	<b>(5,109)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(6,275)</b>	<b>735</b>
Cash and cash equivalents at beginning of financial year		17,428	16,693
Less: Disposal group classified as held for sale		(174)	-
<b>Cash and cash equivalents at end of financial year</b>	12	<b>10,979</b>	<b>17,428</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

*For The Financial Year Ended 30 June 2016*

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.

As at 30 June 2016, the Group is in a net current liability position of \$12,826,000 (2015: \$5,335,000) and in a net asset position of \$254,858,000 (2015: \$268,787,000). The Group's total loss for the financial year ended 30 June 2016 amounted to \$9,990,000 (2015: total profit of \$11,212,000). As at that date, the Group has also contracted capital commitments amounting to \$7,322,000 (2015: \$28,136,000) (Note 31(a)).

As at the date of these financial statements, the directors are of the view that the going concern basis is appropriate for the preparation of the financial statements of the Group for the next 12 months from the balance sheet date, on the basis of the Group's projected non-cancellable operating leases from the leasing of cranes, tower cranes and vessels, associated cashflows from operations and the availability of undrawn credit facilities, which will enable the Group to meet its existing obligations as and when they fall due.

### ***Interpretations and amendments to published standards effective in 2016***

On 1 July 2015, 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:

- (a) Amendments to FRS 110 and FRS 28 *Sale or contribution of assets between an Investor and its Associate or Joint Venture*

These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture.

A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

The Group has adopted the above amendment to FRS 110 and FRS 28 on 1 July 2015.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### (b) *Amendments to FRS 27 Equity method in separate financial statements*

The amendment allows entities to use the equity method to account for investments in subsidiaries joint ventures and associates in their separate financial statements.

The Group has adopted the above amendment to FRS 27 on 1 July 2015.

### 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 future economic benefits will flow to the entity 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.

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

Revenue from services is recognised when the services are rendered, by reference to completion of the specific transaction assessed on the basis of 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 collectibility of the related receivables is reasonably assured.

#### (d) *Construction contracts*

Please refer to the paragraph "Contract revenue" (Note 2.6) for the accounting policy for revenue from contract revenue.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 2.3 Group accounting (continued)

#### (a) *Subsidiaries (continued)*

##### (i) *Consolidation (continued)*

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated but are considered 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.

##### (ii) *Acquisitions*

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 2.3 Group accounting (continued)

#### (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 in equity.

#### (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.

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*

In applying the equity method of accounting, the Group's share of its associated companies' or joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies or joint ventures are adjusted against the carrying amount of the investments. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 2.3 Group accounting (continued)

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

##### (iii) *Disposals (continued)*

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.

### 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 is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows:

##### Useful lives

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".



# NOTES TO THE FINANCIAL STATEMENTS

*For The Financial Year Ended 30 June 2016*

## **2. Significant accounting policies (continued)**

### **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.

### **2.6 Contract revenue**

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 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.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is recognised as 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.

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 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 contract revenue 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 (Note 2.8).

Non-current other receivables from subsidiaries with no fixed terms of repayment and which are non interest-bearing are considered to be part of the Company's net investment in these subsidiaries. Settlement of these loans is neither planned nor likely to occur in the foreseeable future. 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 2.8 Impairment of non-financial assets (continued)

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.

### 2.9 Financial assets

#### (a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the nature and 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 2.9 Financial assets (continued)

#### (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.

##### *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.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 2.14 Leases (continued)

#### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 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.

### 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 translation 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 2. Significant accounting policies (continued)

### 2.21 Currency translation (continued)

#### (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.

### 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.

### 2.26 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 3. Critical accounting estimates, assumptions and judgements (continued)

### 3.1 Critical judgements in applying the entity's accounting policies

#### (a) *Useful life of property, plant and equipment*

The management of the Group determines the estimated useful life and related depreciation expense for the property, plant and equipment. The management of the Group estimates useful life of the property, plant and equipment by reference to expected usage of the property, plant and equipment, expected repair and maintenance, and technical or commercial obsolescence arising from changes or improvements in the market. The useful life and related depreciation expense could change significantly as a result of the changes in these factors.

The carrying amount of the Group's property, plant and equipment is \$393.6 million as at 30 June 2016 (Note 22) and the depreciation charge for the year amounts to \$31.4 million.

#### (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.

### 3.2 Critical accounting estimates and assumptions

#### (a) *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 uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The carrying amount of the Group's trade and other receivables that is impaired amounts to \$17.1 million as at 30 June 2016 (2015: \$8.2 million) [Note 32(b)]. If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for these impaired receivables, the Group's allowance for impairment will decrease or increase by \$1.7 million (2015: \$0.8 million).

As at 30 June 2016, the Group's trade and other receivables included trade receivables from one debtor, whose debt amounted to \$11.6 million (2015: \$11.6 million) which are aged more than 365 days. Allowance for impairment of \$5.8 million is made for this debt (2015: \$Nil).

#### (b) *Construction contracts*

The Group uses the percentage-of-completion method to account for its contract revenue. The stage of completion is measured by reference to the contract costs incurred to date compared to the estimated total costs for the contract.

Significant assumptions are used to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the contract revenue respectively. In making these estimates, management has relied on past experience and the work of specialists.



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 3. Critical accounting estimates, assumptions and judgements (continued)

### 3.2 Critical accounting estimates and assumptions (continued)

#### (b) Construction contracts (continued)

If the revenue on uncompleted contracts at the balance sheet date had been higher/lower by 10% from management's estimates, the Group's revenue would have been higher/lower by \$906,000.

If the contract costs of uncompleted contracts to be incurred had been higher/lower by 10% from management's estimates, the Group's profit would have been lower/higher by \$684,000 and \$836,000 respectively.

## 4. Revenue

	Group	
	2016	2015
	\$'000	\$'000
Rendering of services	126,795	138,165
Trading sales of cranes and equipment	1,317	5,311
Rental income	62	332
Contract revenue	11,261	1,861
Total sales	139,435	145,669

## 5. Expenses by nature

	Group	
	2016	2015
	\$'000	\$'000
Allowance for foreseeable loss on engineering contract	1,985	-
Bad debt written off	-	35
Cost of trading equipment and spare parts	955	4,444
Cross-hire charges	8,802	7,385
Depreciation of property, plant and equipment (Note 22)	31,394	30,286
Employee compensation (Note 6)	43,376	46,563
Freight and handling	1,250	2,190
Hire of equipment	3,224	1,152
Insurance	3,342	4,041
Professional fees	1,267	1,169
Rental expense on operating leases	3,016	3,606
Sub-contractor charges	8,039	3,473
Transportation expense	4,802	5,253
Upkeep of property, plant and equipment	4,806	6,144
Purchases of inventories	4,617	1,010
Changes in inventories	638	4,423
Impairment loss on trade receivables	10,644	1,374
Write back of allowance for doubtful debts	(884)	(415)
Other expenses	13,959	12,776
Total cost of sales, administrative expenses and other operating expenses	145,232	134,909

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 6. Employee compensation

	Group	
	2016	2015
	\$'000	\$'000
Wages and salaries	40,060	43,328
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	3,316	3,235
Amounts attributable to operations (Note 5)	<u>43,376</u>	<u>46,563</u>

## 7. Other income

	Group	
	2016	2015
	\$'000	\$'000
Interest income		
- bank deposits	146	165
Dividend income	7	14
	<u>153</u>	<u>179</u>

## 8. Other gains and losses

	Group	
	2016	2015
	\$'000	\$'000
Fair value loss on financial assets at fair value through profit and loss	(195)	(273)
Gain on disposal of property, plant and equipment	1,953	2,938
Insurance claims received	109	283
Currency translation loss - net	(2,034)	(114)
Miscellaneous gains	828	564
	<u>661</u>	<u>3,398</u>

## 9. Finance expenses

	Group	
	2016	2015
	\$'000	\$'000
Interest expense		
- Bank borrowings	1,210	828
- Finance lease liabilities	2,396	1,879
- Fair value gain on derivative financial instruments	-	(10)
	<u>3,606</u>	<u>2,697</u>
Currency translation losses/(gains) - net	132	(1,963)
	<u>3,738</u>	<u>734</u>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 10. Income taxes

### Income tax expense

	Group	
	2016	2015
	\$'000	\$'000
Tax expense attributable to (loss)/profit is made up of:		
(Loss)/Profit for the financial year:		
Current income tax		
- Singapore	692	1,079
- Foreign	2,668	3,085
	3,360	4,164
Deferred income tax (Note 27)	(1,305)	(626)
Tax charge for current financial year	2,055	3,538
(Over)/Under provision in previous financial years		
- current income tax	(135)	85
- deferred income tax (Note 27)	(616)	(177)
	1,304	3,446

The tax expense on (loss)/profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2016	2015
	\$'000	\$'000
(Loss)/Profit before income tax	(8,686)	14,658
Share of (profit)/loss of associated companies and joint venture, net of tax	(35)	(1,055)
(Loss)/Profit before tax and share of (profit)/loss of associated companies and joint venture	(8,721)	13,603
Tax calculated at a tax rate of 17% (2015: 17%)	(1,483)	2,313
- Statutory income exemptions	(334)	(335)
- Income not subject to tax	(159)	(1,082)
- Expenses not deductible for tax purposes	845	713
- Effect of different tax rates in other countries	396	415
- Withholding tax	444	643
- Deferred tax assets not recognised due to tax losses	2,346	871
- Over provision in previous financial years	(751)	(92)
Tax charge	1,304	3,446

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 11. (Loss)/Earnings per share

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

	Group	
	2016	2015 Restated*
Net (loss)/profit attributable to equity holders of the Company (\$'000)	(9,667)	11,956
Weighted average number of ordinary shares on issue for basic and diluted earnings per share ('000)	232,235	232,235
Basic and diluted (loss)/earnings per share (cents per share)	(4.16)	5.15

\* Number of shares stated had been adjusted to post share consolidation for comparison

## 12. Cash and cash equivalents

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at bank and on hand	8,549	14,389	62	53
Short-term bank deposits	5,709	5,439	-	-
	14,258	19,828	62	53

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

	Group	
	2016 \$'000	2015 \$'000
Cash and bank balances (as above)	14,258	19,828
Less: Bank deposits pledged	(3,279)	(2,400)
Cash and cash equivalents per consolidated statement of cash flows	10,979	17,428

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

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

	Group	
	2016 \$'000	2015 \$'000
Listed securities:		
- Equity securities – Singapore	373	567
- Equity securities – Sri Lanka	26	30
	399	597



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 14. Trade and other receivables

	Group	
	2016	2015
	\$'000	\$'000
Trade receivables - third parties	63,237	64,360
Less: Allowance for impairment of trade receivables (Note 32 (b))	(17,065)	(8,239)
Trade receivables - net	46,172	56,121
Contract revenue		
- Due from customers (Note 16)	2,502	1,142
- Retentions (Note 16)	286	7
Other receivables - third parties	3,503	3,794
Withholding tax recoverable	1,464	1,620
	53,927	62,684

## 15. Inventories

	Group	
	2016	2015
	\$'000	\$'000
Cranes and equipment	73	646
Fuel and spare parts	1,352	1,411
	1,425	2,057

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$5,255,000 (2015: \$5,433,000).

## 16. Contract work-in-progress

	Group	
	2016	2015
	\$'000	\$'000
Aggregate costs incurred and profits recognised (less losses recognised) to date on uncompleted contracts	8,484	1,336
Less: Progress billings	(5,982)	(194)
	2,502	1,142
Presented as:		
Due from customers on contract revenue (Note 14)	2,502	1,142
Advances received on contract revenue (Note 23)	(1,162)	(1,871)
Retentions on contract revenue (Note 14)	286	7

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 17. Other assets

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) <u>Current</u>				
Deposits	565	1,240	–	–
Prepayments	1,638	1,744	9	18
	<b>2,203</b>	<b>2,984</b>	<b>9</b>	<b>18</b>
	Group			
	2016 \$'000	2015 \$'000		
(b) <u>Non-current</u>				
Club membership, at cost			144	144
Less: Accumulated impairment			(30)	(30)
			<b>114</b>	<b>114</b>

## 18. Other receivables - non-current

	Company	
	2016 \$'000	2015 \$'000
Other receivables from subsidiaries (non-trade)		
- non-interest bearing (unsecured)	<b>47,981</b>	47,937

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 and has accounted for these receivables in accordance with Note 2.7.

## 19. Investments in associated companies

	Company	
	2016 \$'000	2015 \$'000
Equity investments at cost	<b>1,020</b>	1,020

Set out below are the associated companies of the Group as at 30 June 2016, 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 19. Investments in associated companies (continued)

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	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current assets</b>	<b>1,355</b>	<b>1,538</b>	<b>2,332</b>	<b>3,572</b>	<b>3,687</b>	<b>5,110</b>
Includes:						
- Cash and cash equivalents	2	56	574	543	576	599
<b>Current liabilities</b>	<b>(2,101)</b>	<b>(2,537)</b>	<b>(948)</b>	<b>(1,573)</b>	<b>(3,049)</b>	<b>(4,110)</b>
Includes:						
- Financial liabilities (excluding trade payables)	(1,527)	(1,925)	-	-	(1,527)	(1,925)
<b>Non-current assets</b>	<b>7,038</b>	<b>8,610</b>	<b>38</b>	<b>51</b>	<b>7,076</b>	<b>8,661</b>
<b>Non-current liabilities</b>	<b>(509)</b>	<b>(2,609)</b>	<b>-</b>	<b>-</b>	<b>(509)</b>	<b>(2,609)</b>
Includes:						
- Financial liabilities	(509)	(2,609)	-	-	(509)	(2,609)
<b>Net assets</b>	<b>5,783</b>	<b>5,002</b>	<b>1,422</b>	<b>2,050</b>	<b>7,205</b>	<b>7,052</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue	1,703	2,552	4,998	7,742	6,701	10,294
Expenses						
Includes:						
- Depreciation and amortisation	(1,505)	(1,427)	(20)	(25)	(1,525)	(1,452)
- Interest expense	(152)	(264)	-	-	(152)	(264)
<b>Profit/(Loss) from continuing operations</b>	<b>850</b>	<b>1,136</b>	<b>(629)</b>	<b>944</b>	<b>221</b>	<b>2,080</b>
Income tax (expense)/credit	(6)	(7)	62	(245)	56	(252)
<b>Post-tax profit/(loss) from continuing operations and total comprehensive income</b>	<b>844</b>	<b>1,129</b>	<b>(567)</b>	<b>699</b>	<b>277</b>	<b>1,828</b>
<b>Dividends received from associated company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>871</b>	<b>-</b>	<b>871</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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Net assets</b>						
<b>At 1 July</b>	<b>5,002</b>	<b>3,582</b>	<b>2,050</b>	<b>3,304</b>	<b>7,052</b>	<b>6,886</b>
Profit/(Loss) for the year	844	1,129	(567)	699	277	1,828
Dividends paid	-	-	-	(1,778)	-	(1,778)
Foreign exchange differences	(63)	291	(61)	(175)	(124)	116
<b>At 30 June</b>	<b>5,783</b>	<b>5,002</b>	<b>1,422</b>	<b>2,050</b>	<b>7,205</b>	<b>7,052</b>
Interest in associated companies (49%)	2,834	2,451	697	1,004	3,531	3,455
<b>Carrying value</b>	<b>2,834</b>	<b>2,451</b>	<b>697</b>	<b>1,004</b>	<b>3,531</b>	<b>3,455</b>



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 20. Investment in a joint venture

	Company	
	2016	2015
	\$'000	\$'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 2016, 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	
	2016	2015
	\$'000	\$'000
<b>Current assets</b>	<b>4,782</b>	3,859
Includes:		
- Cash and cash equivalents	<b>959</b>	126
<b>Current liabilities</b>	<b>(38)</b>	(62)
Includes:		
- Financial liabilities (excluding trade payables)	<b>(38)</b>	(62)
<b>Non-current assets</b>	<b>404</b>	2,037
<b>Non-current liabilities</b>	<b>-</b>	(436)
Includes:		
- Financial liabilities	<b>-</b>	(436)
<b>Net assets</b>	<b>5,148</b>	5,398

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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	
	2016 \$'000	2015 \$'000
Revenue	303	872
Expenses		
Includes:		
- Depreciation and amortisation	(207)	(214)
<b>(Loss)/Profit from continuing operations</b>	<b>(91)</b>	<b>397</b>
Income tax expense	(160)	-
<b>Post-tax (loss)/profit from continuing operations and total comprehensive (expense)/income</b>	<b>(251)</b>	<b>397</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	
	2016 \$'000	2015 \$'000
<b>Net assets</b>		
<b>At 1 July 2015 and 1 July 2014</b>	<b>5,398</b>	<b>4,617</b>
(Loss)/Profit for the year	(251)	397
Foreign exchange differences	1	384
<b>At 30 June 2016</b>	<b>5,148</b>	<b>5,398</b>
Interest in joint venture (40%)	2,059	2,159
Unrealised gain on a transaction between the Group and joint venture	-	(357)
<b>Carrying value</b>	<b>2,059</b>	<b>1,802</b>

## 21. Investments in subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Equity investments, at cost		
Beginning of financial year	44,168	44,168
Additional investment in subsidiaries	100	-
	44,268	44,168
Less: Provision for impairment in investment	(2,548)	(2,147)
End of financial year	41,720	42,021

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 21. Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 30 June 2016 and 2015:

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	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
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	90	100	90	-	10
Tiong Woon Oasis Pte Ltd <sup>(a)</sup>	Repair and up-slipping/ launching of ships	Singapore	51	51	51	51	49	49
Tiong Woon Oasis Marine & Engineering Pte Ltd <sup>(a)</sup>	Provides process and industrial plant engineering services, renovation and marine related activities including but not limited to dredging and marine construction	Singapore	51	51	51	51	49	49
Tiong Woon Crane & Transport (M) Sdn Bhd <sup>(b)</sup>	Hiring out of cranes and transport	Malaysia	100	100	100	100	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
Subsidiaries held by the Company (continued)								
Tiong Woon Offshore Sdn Bhd <sup>(c)</sup>	Marine/transportation logistics related business	Malaysia	100	100	100	100	-	-
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 2016

## 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	
			2016 %	2015 %	2016 %	2015 %	2016 %	2015 %

### 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	90	-	10
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### Subsidiaries held by Tiong Woon Oasis Pte Ltd

Tiong Woon Oasis Sdn Bhd <sup>(b)</sup>	Repair and up-slipping/launching of ships	Malaysia	-	-	51	51	49	49
P.T. Tiong Woon Oasis <sup>(e)</sup>	Repair and up-slipping/launching of ships	Indonesia	-	-	51	51	49	49

- (a) Audited by PricewaterhouseCoopers LLP, Singapore  
 (b) Audited by Baker Tilly Monteiro Heng  
 (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 Juraid  
 (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

### 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 2016 and 2015.

### Carrying value of non-controlling interests

	2016 \$'000	2015 \$'000
Tiong Woon Oasis Pte Ltd	804	761
Tiong Woon Oasis Marine & Engineering Pte Ltd	(3,329)	(2,958)
Other subsidiaries with immaterial non-controlling interests	311	429
Total	(2,214)	(1,768)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 21. Investments in subsidiaries (continued)

### Summarised balance sheet

	Tiong Woon Oasis Pte Ltd As at 30 June		Tiong Woon Oasis Marine & Engineering Pte Ltd As at 30 June	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Current</b>				
Assets	1,515	1,105	1,680	2,881
Liabilities	(2,600)	(2,557)	(9,281)	(10,400)
Total current net liabilities	(1,085)	(1,452)	(7,601)	(7,519)
<b>Non-current</b>				
Assets	3,363	3,631	808	1,892
Liabilities	(638)	(626)	-	(410)
Total non-current net assets	2,725	3,005	808	1,482
<b>Net assets/(liabilities)</b>	<b>1,640</b>	<b>1,553</b>	<b>(6,793)</b>	<b>(6,037)</b>

### Summarised income statement

	Tiong Woon Oasis Pte Ltd For the year ended 30 June		Tiong Woon Oasis Marine & Engineering Pte Ltd For the year ended 30 June	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue	2,602	1,925	1,735	1,357
<b>Profit/(Loss) before income tax</b>	<b>210</b>	<b>(322)</b>	<b>(633)</b>	<b>(1,186)</b>
Income tax (expense)/credit	(122)	162	(123)	(26)
<b>Post-tax profit/(loss) and total comprehensive income/(expense)</b>	<b>88</b>	<b>(160)</b>	<b>(756)</b>	<b>(1,212)</b>
Total comprehensive income/(expense) allocated to non-controlling interests	43	(78)	(370)	(594)

### Summarised cash flow

	Tiong Woon Oasis Pte Ltd		Tiong Woon Oasis Marine & Engineering Pte Ltd	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Net cash generated from operating activities</b>	<b>293</b>	<b>499</b>	<b>726</b>	<b>546</b>
<b>Net cash (used in)/provided by investing activities</b>	<b>(345)</b>	<b>(1,046)</b>	<b>317</b>	<b>94</b>
<b>Net cash (used in)/provided by financing activities</b>	<b>(145)</b>	<b>773</b>	<b>(882)</b>	<b>(660)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(197)</b>	<b>226</b>	<b>161</b>	<b>(20)</b>
Cash and cash equivalents at beginning of year	319	93	13	33
<b>Cash and cash equivalents at end of year</b>	<b>122</b>	<b>319</b>	<b>174</b>	<b>13</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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	Asset under construction \$'000	Total \$'000
<b>Group</b>												
<b>2016</b>												
<i>Cost</i>												
Beginning of financial year	7,710	2,267	9,003	493,077	42,037	4,021	1,125	1,320	1,174	3,434	56,129	621,297
Additions	-	140	1,742	11,476	1,186	255	80	52	10	97	17,327	32,365
Disposals	-	-	(2,393)	(6,093)	(1,165)	(207)	-	(16)	(37)	(342)	-	(10,253)
Reclassification	-	-	68,966	1,671	-	509	-	647	-	-	(71,793)	-
Reclassified to disposal group	-	-	-	(3,336)	(291)	(194)	-	2	7	(64)	-	(3,876)
Exchange differences	(438)	(129)	(155)	(3,796)	(270)	(14)	-	(5)	(13)	(59)	-	(4,879)
End 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
<i>Accumulated depreciation</i>												
Beginning of financial year	-	(590)	(3,007)	(183,917)	(27,269)	(3,067)	(1,096)	(681)	(944)	(1,670)	-	(222,241)
Depreciation charge	-	(43)	(1,505)	(25,466)	(3,088)	(613)	(14)	(190)	(80)	(395)	-	(31,394)
Disposals	-	-	2,388	4,178	636	192	-	15	37	223	-	7,669
Reclassified to disposal group	-	-	-	2,915	126	182	-	(2)	(7)	47	-	3,261
Exchange differences	-	20	39	1,368	123	21	-	4	7	40	-	1,622
End of financial year	-	(613)	(2,085)	(200,922)	(29,472)	(3,285)	(1,110)	(854)	(987)	(1,755)	-	(241,083)
<b>Net book value</b>												
<b>End of financial year</b>	<b>7,272</b>	<b>1,665</b>	<b>75,078</b>	<b>292,077</b>	<b>12,025</b>	<b>1,085</b>	<b>95</b>	<b>1,146</b>	<b>154</b>	<b>1,311</b>	<b>1,663</b>	<b>393,571</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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</b>												
<b>2015</b>												
<i>Cost</i>												
Beginning of financial year	8,234	2,140	8,906	452,784	41,442	3,668	1,123	1,275	1,127	2,983	962	524,644
Additions	-	2	-	47,419	959	513	1	50	39	1,021	55,167	105,171
Disposals	-	-	-	(7,170)	-	(201)	-	(8)	-	(604)	-	(7,983)
Exchange differences	(524)	125	97	44	(364)	41	1	3	8	34	-	(535)
End of financial year	7,710	2,267	9,003	493,077	42,037	4,021	1,125	1,320	1,174	3,434	56,129	621,297
<i>Accumulated depreciation</i>												
Beginning of financial year	-	(531)	(2,799)	(162,595)	(23,936)	(2,739)	(1,054)	(528)	(838)	(1,717)	-	(196,737)
Depreciation charge	-	(44)	(184)	(25,346)	(3,488)	(493)	(42)	(161)	(101)	(427)	-	(30,286)
Disposals	-	-	-	4,597	-	188	-	8	-	490	-	5,283
Exchange differences	-	(15)	(24)	(573)	155	(23)	-	-	(5)	(16)	-	(501)
End of financial year	-	(590)	(3,007)	(183,917)	(27,269)	(3,067)	(1,096)	(681)	(944)	(1,670)	-	(222,241)
<b>Net book value</b>												
<b>End of financial year</b>	<b>7,710</b>	<b>1,677</b>	<b>5,996</b>	<b>309,160</b>	<b>14,768</b>	<b>954</b>	<b>29</b>	<b>639</b>	<b>230</b>	<b>1,764</b>	<b>56,129</b>	<b>399,056</b>

(a) Additions in the consolidated financial statements include \$6,426,000 (2015: \$38,783,000) acquired by means of finance lease.

(b) The carrying amount of plant and equipment and motor vehicles of the Group under finance lease liabilities (Note 25) amounted to \$115,900,000 (2015: \$118,470,000).

(c) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of \$116,049,000 (2015: \$74,493,000) [Note 24(a)].



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 23. Trade and other payables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<i>Current</i>				
Trade payables to third parties	21,986	22,912	-	-
Other payables to third parties	10,852	15,576	1,674	1,512
Deposits and advances received	2,497	2,162	-	-
Advances received on contract revenue (Note 16)	1,162	1,871	-	-
Accrued operating expenses	12,315	13,582	171	172
	48,812	56,103	1,845	1,684
<i>Non-current</i>				
Retention monies	-	1,760	-	-
<b>Total trade and other payables</b>	<b>48,812</b>	<b>57,863</b>	<b>1,845</b>	<b>1,684</b>

The carrying amounts of retention monies approximate their fair values.

## 24. Borrowings

	Group	
	2016 \$'000	2015 \$'000
<i>Current</i>		
Bank borrowings	10,488	12,686
Finance lease liabilities (Note 25)	20,154	22,631
	30,642	35,317
<i>Non-current</i>		
Bank borrowings	65,671	46,546
Finance lease liabilities (Note 25)	39,668	53,803
	105,339	100,349
<b>Total borrowings</b>	<b>135,981</b>	<b>135,666</b>

The exposure of the borrowings of the Group to interest rate changes amounts to \$66,248,000 (2015: \$42,317,000). 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 \$132,008,000 (2015: \$132,560,000) 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 plant and equipment 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 2016

## 24. Borrowings (continued)

(b) Fair value of non-current borrowings

	Carrying amounts		Fair values	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000

### Group

Bank borrowings	<b>65,671</b>	46,546	<b>65,216</b>	46,683
Finance lease liabilities	<b>39,668</b>	53,803	<b>38,136</b>	53,571

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			
	2016		2015	
	USD	SGD	USD	SGD
	%	%	%	%
Bank borrowings	<b>3.43</b>	<b>2.07</b>	3.30	2.10
Financial lease liabilities	–	<b>2.96</b>	–	3.08

## 25. Finance lease liabilities

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

	Group	
	2016	2015
	\$'000	\$'000

Minimum lease payments due:

- not later than one year
- later than one year but not later than five years

<b>21,654</b>	24,516
<b>41,367</b>	56,408

Less: Future finance charges

Present value of finance lease liabilities

<b>63,021</b>	80,924
<b>(3,199)</b>	(4,490)
<b>59,822</b>	76,434

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

Not later than one year (Note 24)

Later than one year but not later than five years (Note 24)

<b>20,154</b>	22,631
<b>39,668</b>	53,803
<b>59,822</b>	76,434

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

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 26. Derivative financial instruments

	Contract notional amount \$'000	Group	
		Fair value Asset \$'000	Liability \$'000
<b>2016</b>			
<i>Cash-flow hedges</i>			
- Interest rate swaps	9,072	-	(22)
Total		-	(22)
<b>Less: Current portion</b>		-	12
<b>Non-current portion</b>		-	(10)
<b>2015</b>			
<i>Cash-flow hedges</i>			
- Interest rate swaps	15,955	7	(27)
Total		7	(27)
<b>Less: Current portion</b>		(7)	-
<b>Non-current portion</b>		-	(27)

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 2016 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	
	2016 \$'000	2015 \$'000
Deferred income tax assets:		
- to be recovered within one year	(134)	(133)
Deferred income tax liabilities:		
- to be settled within one year	25	54
- to be settled after one year	26,351	28,248
	<b>26,376</b>	<b>28,302</b>

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 27. Deferred income taxes (continued)

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

	Group	
	2016	2015
	\$'000	\$'000
Balance at beginning of financial year	28,169	29,029
Credited to profit or loss (Note 10)	(1,305)	(626)
Over provision in prior financial years (Note 10)	(616)	(177)
Exchange differences	(6)	(57)
Balance at end of financial year	26,242	28,169

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 \$26,947,000 (2015: \$13,147,000) 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 \$4,385,000 (2015: \$2,423,000) which will expire between 2017 to 2023 (2015: 2017 to 2023).

Deferred income tax liabilities of \$812,000 (2015: \$996,000) 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 \$9,385,000 (2015: \$11,180,000) 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>2016</b>	
Balance at beginning of financial year	28,416
Credited to profit or loss	(1,298)
Exchange differences	(43)
Balance at end of financial year	27,075
<b>2015</b>	
Balance at beginning of financial year	29,533
Credited to profit or loss	(1,062)
Exchange differences	(55)
Balance at end of financial year	28,416



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 27. Deferred income taxes (continued)

Deferred income tax assets

	Unutilised capital allowances and unabsorbed tax losses \$'000	Provisions \$'000	Total \$'000
<b>2016</b>			
Balance at beginning of financial year	(133)	(114)	(247)
(Credited)/Charged to profit or loss	(645)	22	(623)
Exchange differences	37	–	37
Balance at end of financial year	(741)	(92)	(833)
<b>2015</b>			
Balance at beginning of financial year	(137)	(367)	(504)
Charged to profit or loss	6	253	259
Exchange differences	(2)	–	(2)
Balance at end of financial year	(133)	(114)	(247)

## 28. Share capital

The Group's share capital comprises fully paid up 232,235,253 (2015: 464,470,512) ordinary shares with no par value, amounting to a total of \$87,340,000 (2015: \$87,340,000).

On 26 February 2016, the Company completed the share consolidation of every two ordinary shares into one ordinary share in the capital of the Company, with fractional entitlement disregarded.

## 29. Other reserves

	Group	
	2016 \$'000	2015 \$'000
(a) <u>Composition:</u>		
Foreign currency translation reserve (non-distributable)	(4,253)	(2,297)
Hedging reserve	(22)	(20)
Capital reserve (non-distributable)	630	630
	(3,645)	(1,687)

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 29. Other reserves (continued)

	Group	
	2016	2015
	\$'000	\$'000
(b) <u>Movements:</u>		
<i>Foreign currency translation reserve</i>		
At beginning of financial year	(2,297)	(2,300)
Net currency translation differences of financial statements of foreign subsidiaries	(1,986)	268
Less: Non-controlling interest	30	(265)
	(1,956)	3
At end of financial year	(4,253)	(2,297)
<i>Hedging reserve</i>		
At beginning of financial year	(20)	(200)
Fair value (loss)/gain on cash flow hedges	(2)	180
At end of financial year	(22)	(20)
<i>Capital reserve</i>		
At beginning of financial year and end of financial year	630	630

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

## 30. Dividends

	Group and Company	
	2016	2015
	\$'000	\$'000
<i>Ordinary dividends paid</i>		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 0.8 cent (restated) (2015 (restated): 0.8 cent) per share	1,858	1,858

On 26 February 2016, the Company completed the share consolidation of every two ordinary shares into one ordinary share in the capital of the Company, with fractional entitlement disregarded. The dividend cent per share for 2016 and 2015 has been restated to reflect the cent per share after the share consolidation.

At the Annual General Meeting to be held in October 2016, a final dividend of 0.2 cent per share amounting to a total of \$464,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 30 June 2017.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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	
	2016	2015
	\$'000	\$'000
Property, plant and equipment	<b>7,322</b>	28,136

### (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	
	2016	2015
	\$'000	\$'000
Not later than one year	<b>1,882</b>	2,560
Later than one year but not later than five years	<b>4,218</b>	3,616
Later than five years	<b>13,317</b>	14,154
	<b>19,417</b>	20,330

### (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	
	2016	2015
	\$'000	\$'000
Not later than one year	<b>4,107</b>	5,116
Later than one year but not later than five years	<b>1,218</b>	151
	<b>5,325</b>	5,267

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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	USD	RMB	THB	SAR	INR	MYR	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 30 June 2016</b>									
<b>Financial assets</b>									
Cash and cash equivalents	2,273	3,261	3,438	408	1,395	1,905	333	1,245	14,258
Financial assets at fair value through profit or loss	373	-	-	-	-	-	-	26	399
Trade and other receivables	23,320	4,959	1,781	1,385	15,572	2,817	1,754	2,339	53,927
Receivables from subsidiaries	118,903	-	-	5,784	12,573	7,890	9,287	11,957	166,394
Deposits	384	13	-	1	31	65	28	43	565
	145,253	8,233	5,219	7,578	29,571	12,677	11,402	15,610	235,543
<b>Financial liabilities</b>									
Borrowings	133,637	1,671	-	-	-	-	-	673	135,981
Payables to subsidiaries	118,903	-	-	5,784	12,573	7,890	9,287	11,957	166,394
Trade and other payables	21,434	3,831	3,171	288	15,475	518	594	3,501	48,812
	273,974	5,502	3,171	6,072	28,048	8,408	9,881	16,131	351,187
<b>Net financial (liabilities)/assets</b>	<b>(128,721)</b>	<b>2,731</b>	<b>2,048</b>	<b>1,506</b>	<b>1,523</b>	<b>4,269</b>	<b>1,521</b>	<b>(521)</b>	<b>(115,644)</b>
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	128,736	-	(4,320)	(1,506)	(1,523)	(3,399)	(1,521)	44	116,511
<b>Currency exposure</b>	<b>15</b>	<b>2,731</b>	<b>(2,272)</b>	<b>-</b>	<b>-</b>	<b>870</b>	<b>-</b>	<b>(477)</b>	<b>867</b>



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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 2015</b>									
<b>Financial assets</b>									
Cash and cash equivalents	8,627	3,958	3,291	565	187	1,475	432	1,293	19,828
Financial assets at fair value through profit or loss	567	-	-	-	-	-	-	30	597
Trade and other receivables	24,620	3,829	1,657	2,302	19,995	4,181	2,744	3,356	62,684
Receivables from subsidiaries	108,575	-	-	6,270	12,336	9,283	10,267	13,850	160,581
Deposits	810	13	-	3	17	336	21	40	1,240
	143,199	7,800	4,948	9,140	32,535	15,275	13,464	18,569	244,930
<b>Financial liabilities</b>									
Borrowings	131,565	2,908	-	-	-	-	4	1,189	135,666
Payables to subsidiaries	108,575	-	-	6,270	12,336	9,283	10,267	13,850	160,581
Trade and other payables	34,498	9,396	1,541	763	9,238	613	315	1,499	57,863
	274,638	12,304	1,541	7,033	21,574	9,896	10,586	16,538	354,110
<b>Net financial (liabilities)/assets</b>	<b>(131,439)</b>	<b>(4,504)</b>	<b>3,407</b>	<b>2,107</b>	<b>10,961</b>	<b>5,379</b>	<b>2,878</b>	<b>2,031</b>	<b>(109,180)</b>
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	131,811	-	(3,407)	(2,107)	(10,961)	(3,787)	(2,878)	(3,433)	105,238
<b>Currency exposure</b>	<b>372</b>	<b>(4,504)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,592</b>	<b>-</b>	<b>(1,402)</b>	<b>(3,942)</b>

If the USD, RMB and INR change against the SGD by 5% (2015: 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:

	2016 Increase/(Decrease) Profit after tax \$'000	2015 Profit after tax \$'000
<b>Group</b>		
USD against SGD		
- strengthened	113	(187)
- weakened	(113)	187
RMB against SGD		
- strengthened	(94)	-
- weakened	94	-
INR against SGD		
- strengthened	36	61
- weakened	(36)	(61)

The Company does not have any currency exposure as its financial assets and financial liabilities are all denominated in Singapore dollars.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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% (2015: 0.50%) with all other variables including tax rate being held constant, the effect on the profit after tax will be as follows:

	2016 Increase/(Decrease) Profit after tax \$'000	2015 Profit after tax \$'000
<u>Group</u>		
Interest rate		
- increased	(268)	(166)
- decreased	268	166

### (b) Credit risk

Credit risk refers to the risk that 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 2016, the Group has exposure to one debtor which individually represented 16.3% (2015: 16.4%) of 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 2016

## 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	
	2016	2015
	\$'000	\$'000
Past due 1 to 30 days	6,666	6,652
Past due 31 to 60 days	4,582	5,588
Past due 61 to 90 days	1,427	2,824
Past due 90 days	14,942	20,799
	<b>27,617</b>	<b>35,863</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	
	2016	2015
	\$'000	\$'000
Gross amount	17,065	8,239
Less: Allowance for impairment	(17,065)	(8,239)
	<b>-</b>	<b>-</b>
Beginning of financial year	8,239	8,657
Allowance made	9,760	959
Allowance utilised	(537)	(1,580)
Currency translation difference	(397)	203
End of financial year	<b>17,065</b>	<b>8,239</b>

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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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
--	-----------------------------	---------------------------------------	---------------------------------------	--------------------------------	-----------------

### 2016

#### Group

Trade and other payables	(47,365)	-	-	-	(47,365)
Borrowings	(33,468)	(26,317)	(36,440)	(56,111)	(152,336)
	<b>(80,833)</b>	<b>(26,317)</b>	<b>(36,440)</b>	<b>(56,111)</b>	<b>(199,701)</b>

### 2015

#### Group

Trade and other payables	(56,365)	-	-	-	(56,365)
Borrowings	(37,997)	(45,338)	(35,782)	(29,074)	(148,191)
	<b>(94,362)</b>	<b>(45,338)</b>	<b>(35,782)</b>	<b>(29,074)</b>	<b>(204,556)</b>

	1 year or less \$'000	Total \$'000
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### 2016

#### Company

Trade and other payables	(1,845)	(1,845)
Financial guarantee contracts	(1,757)	(1,757)
	<b>(3,602)</b>	<b>(3,602)</b>

### 2015

#### Company

Trade and other payables	(1,684)	(1,684)
Financial guarantee contracts	(3,077)	(3,077)
	<b>(4,761)</b>	<b>(4,761)</b>

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
--	-----------------------------	---------------------------------------	---------------------------------------	-----------------

### 2016

#### Group

Net-settled interest rate swaps - Cash flow hedges	(39)	(15)	(2)	(56)
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### 2015

#### Group

Net-settled interest rate swaps - Cash flow hedges	(75)	(38)	(18)	(131)
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# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 32. Financial risk management (continued)

### (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 gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity (excluding non-controlling interest) plus net debt.

	Group	
	2016 \$'000	2015 \$'000
Net debt	170,535	173,701
Total equity	257,072	270,555
<b>Total capital</b>	<b>427,607</b>	<b>444,256</b>
<b>Gearing ratio</b>	<b>40%</b>	39%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2015 and 2016.

### (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>2016</b>				
<i>Asset</i>				
Financial assets at fair value through profit or loss	399	-	-	399
<i>Liability</i>				
Derivative financial instruments	-	22	-	22

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 32. Financial risk management (continued)

### (e) Fair value measurements (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2015</b>				
<i>Asset</i>				
Financial assets at fair value through profit or loss	597	–	–	597
Derivative financial instruments	–	7	–	7
Total assets	597	7	–	604
<i>Liability</i>				
Derivative financial instruments	–	27	–	27

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.

### (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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Loans and receivables	68,750	83,752	62	53
Financial liabilities at amortised cost	184,793	193,529	1,845	1,684

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 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	
	2016	2015
	\$'000	\$'000

Sales to corporations in which certain directors or their close family members have control or significant influence over:

- Rendering of services	194	76
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Purchases from corporations in which certain directors or their close family members have control or significant influence over:

- Rental of cranes and equipment	1,129	627
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### (b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2016	2015
	\$'000	\$'000
Salaries and other short-term employee benefits	4,134	6,284
Post-employment benefits - contribution to CPF	302	264
	4,436	6,548

Included in the above is total compensation paid to the directors of the Company of \$1,159,000 (2015: \$2,801,000), of which compensation to the executive directors amounted to \$1,064,000 (2015: \$2,691,000).

## 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 \$1,757,000 (2015: \$3,077,000) 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.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 35. Segment information (continued)

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 2016</b>					
<b>Sales:</b>					
- external sales	123,206	3,863	11,049	1,317	139,435
- inter-segment sales	670	2,118	6	-	2,794
	123,876	5,981	11,055	1,317	142,229
Elimination					(2,794)
					139,435
<b>Segment result</b>	10,278	(5,716)	(10,060)	(299)	(5,797)
Other income					153
Other gains - net					661
Finance costs					(3,738)
Share of profits of associated companies	-	135	-	-	135
Share of loss of a joint venture	(100)	-	-	-	(100)
Loss before income tax					(8,686)
Income tax expense					(1,304)
<b>Net loss</b>					(9,990)
<b>Other segment items</b>					
Capital expenditure - property, plant and equipment	30,734	1,186	445	-	32,365
Depreciation	26,806	3,065	1,430	93	31,394
<b>Segment assets</b>	446,041	14,103	4,532	1,331	466,007
Investment in associated companies	-	3,531	-	-	3,531
Investment in a joint venture	2,059	-	-	-	2,059
Unallocated assets					1,399
<b>Consolidated total assets</b>					472,996
<b>Segment liabilities</b>	(44,720)	(2,786)	(645)	(661)	(48,812)
Unallocated liabilities					(169,326)
<b>Consolidated total liabilities</b>					(218,138)



# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 35. Segment information (continued)

### (a) Reportable segments (continued)

	Heavy lift and haulage \$'000	Marine transportation \$'000	Engineering services \$'000	Trading \$'000	Total for continuing operations \$'000
<b>Financial year ended 30 June 2015</b>					
<b>Sales:</b>					
- external sales	128,523	8,862	2,973	5,311	145,669
- inter-segment sales	795	2,875	504	-	4,174
	129,318	11,737	3,477	5,311	149,843
Elimination					(4,174)
					145,669
<b>Segment result</b>	11,841	41	(1,356)	234	10,760
Other income					179
Other gains - net					3,398
Finance costs					(734)
Share of profits of associated companies	-	896	-	-	896
Share of profit of a joint venture	159	-	-	-	159
Profit before income tax					14,658
Income tax expense					(3,446)
<b>Net profit</b>					11,212
<b>Other segment items</b>					
Capital expenditure - property, plant and equipment	102,452	959	1,046	714	105,171
Depreciation	25,163	3,493	1,531	99	30,286
<b>Segment assets</b>	458,590	18,882	6,639	3,354	487,465
Investment in associated companies	-	3,455	-	-	3,455
Investment in a joint venture	1,802	-	-	-	1,802
Unallocated assets					140
<b>Consolidated total assets</b>					492,862
<b>Segment liabilities</b>	(47,493)	(2,245)	(6,180)	(1,945)	(57,863)
Unallocated liabilities					(166,212)
<b>Consolidated total liabilities</b>					(224,075)

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 2016

## 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	
	2016	2015
	\$'000	\$'000
Segment assets for reportable segments	471,597	492,722
Unallocated:		
Assets associated with disposal group	1,265	–
Deferred income tax assets	134	133
Derivative financial instruments	–	7
	<b>472,996</b>	<b>492,862</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 borrowings and current and deferred income tax liabilities.

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2016	2015
	\$'000	\$'000
Segment liabilities for reportable segments	48,812	57,863
Unallocated:		
Liabilities associated with disposal group	5,492	–
Current income tax liabilities	1,455	2,217
Deferred income tax liabilities	26,376	28,302
Borrowings	135,981	135,666
Derivative financial instruments	22	27
	<b>218,138</b>	<b>224,075</b>

#### Revenue from major business segments

At 30 June 2016, 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 2016

## 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 activity is heavy lift and haulage;
- (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 Myanmar, Philippines, Sri Lanka, Vietnam and Laos and the main activity is heavy lift and haulage.

	Sales		Non-current assets*	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Singapore	75,190	87,229	331,543	331,653
Middle East	29,249	14,342	339	329
India	12,880	8,736	3,389	2,720
Malaysia	5,050	8,264	27,853	30,143
Thailand	2,349	4,786	10,376	11,814
Indonesia	4,382	4,591	1,687	1,984
China	1,975	1,625	9,271	10,584
Other countries	8,360	16,096	14,817	15,200
	<b>139,435</b>	<b>145,669</b>	<b>399,275</b>	<b>404,427</b>

\* Does not include deferred income tax assets.

With the exception of Singapore and Middle East, no other individual country or region contributed more than 10% of consolidated sales or 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 \$22,454,000 (2015: \$26,178,000) are derived from a single external customer. These revenues are attributable to the Singapore heavy lift and haulage and marine transportation segments.

## 36. Events occurring after balance sheet date

On 2 August 2016, the Company entered into an agreement for the sale of its entire 51% interest of Tiong Woon Oasis Marine & Engineering Pte Ltd ("TWOME") to an existing shareholder of TWOME, for consideration of \$1.00. The transaction was completed on 2 August 2016 and on the balance sheet, the entire assets and liabilities related to TWOME are presented as a disposal group held for sale.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

## 37. 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 January 2016 and which the Group has not early adopted:

- FRS 16 *Property plant and equipment* and FRS 38 *Intangible assets* (effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. This has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances. These are where the intangible asset is expressed as a measure of revenue; or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 111 *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2016)

This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'.

The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 110 *Consolidated financial statements* and FRS 28 *Investments in associates and joint ventures* (effective for annual periods beginning on or after 1 January 2016)

These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- FRS 1 *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

The amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

This amendment is not expected to have any significant impact on the financial statements of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2016

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

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2017)

This is the converged standard on revenue recognition. It 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.

This amendment is not expected to have any significant impact on the financial statements of the Group.

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

The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies 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. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss.

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. Contemporaneous documentation is still required but is different to that currently prepared under FRS 39.

This amendment is not expected to have any significant impact on the financial statements of the Group.

## 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 30 September 2016.



# SHAREHOLDERS' INFORMATION

As At 19 September 2016

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 19 SEPTEMBER 2016

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	21	0.45	514	0.00
100 - 1,000	821	17.44	491,828	0.21
1,001 - 10,000	2,280	48.44	12,153,201	5.23
10,001 - 1,000,000	1,563	33.20	68,179,662	29.36
1,000,001 and above	22	0.47	151,410,048	65.20
<b>Total</b>	<b>4,707</b>	<b>100.00</b>	<b>232,235,253</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS AS AT 19 SEPTEMBER 2016

No.	Name of Shareholder	No. of Shares	%
1	ANG CHOO KIM & SONS (PTE) LIMITED	90,517,131	38.98
2	CITIBANK NOMINEES SINGAPORE PTE LTD	10,558,997	4.55
3	PHILLIP SECURITIES PTE LTD	8,464,125	3.64
4	OCBC SECURITIES PRIVATE LTD	4,445,150	1.91
5	DBS NOMINEES PTE LTD	3,946,475	1.70
6	UOB KAY HIAN PTE LTD	3,510,825	1.51
7	RAFFLES NOMINEES (PTE) LTD	3,093,725	1.33
8	MAYBANK KIM ENG SECURITIES PTE LTD	2,703,170	1.16
9	CIMB SECURITIES (SINGAPORE) PTE LTD	2,639,075	1.14
10	LO KAI LEONG @ LOH KAI LEONG	2,407,500	1.04
11	ANG KAH HONG	2,246,250	0.97
12	ABN AMRO CLEARING BANK N.V.	2,240,700	0.96
13	ONG KIAN KOK	1,991,000	0.86
14	ANG KHA KING	1,842,500	0.79
15	LOW WOO SWEE @ LOH SWEE TECK	1,761,625	0.76
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,561,650	0.67
17	KOH CHEW KWEE	1,513,800	0.65
18	ANG JUI KHOON	1,388,300	0.60
19	OCBC NOMINEES SINGAPORE PTE LTD	1,266,800	0.55
20	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,262,500	0.54
<b>Total</b>		<b>149,361,298</b>	<b>64.31</b>

Based on the information available above, approximately 58.62% 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 19 September 2016

## SUBSTANTIAL SHAREHOLDERS AS AT 19 SEPTEMBER 2016

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 2016

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>
Tan Swee Khim	1,313,500	–
Wong King Kheng	32,000	–
Luk Ka Lai Carrie (Mrs 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 Wednesday, 26 October 2016 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 2016 and the Statement of Directors and the Report of Auditors thereon. | <b>Resolution 1</b> |
| 2. | To approve a tax exempt (1-tier) final dividend of 0.2 cent per share for the financial year ended 30 June 2016.  | <b>Resolution 2</b> |
| 3. | To approve Directors' fees of S\$95,000 for the year ended 30 June 2016 (2015: S\$95,000).  | <b>Resolution 3</b> |
| 4. | 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  | <b>Resolution 4</b> |
|    | (b) Mr Tan Swee Khim - Retiring under Article 104   | <b>Resolution 5</b> |
|    | [See Explanatory Note (a) and (b)]  |                     |
| 5. | To re-appoint Messrs PricewaterhouseCoopers LLP, as auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Resolution 6</b> |
| 6. | 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:

- |    |  |  |
|----|--|--|
| 7. | <u>Share Issue Mandate</u>   | <b>Resolution 7</b>  |
|    | "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."

## 8. Proposed Renewal of The Share Purchase Mandate

## Resolution 8

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; and
- (d) the Directors or any of them be and are/is hereby authorised 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 authorised 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  
11 October 2016

## **Explanatory Notes**

- (a) In relation to Resolution No. 4, the detailed information on Mr Ang Guan Hwa are set out in the section entitled “Board of Directors” and in the Corporate Governance Report section of the Company’s 2016 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. 5, the detailed information on Mr Tan Swee Khim are set out in the section entitled “Board of Directors” and in the Corporate Governance Report section of the Company’s 2016 Annual Report. There are no relationships (including immediate family relationships) between Mr Tan Swee Khim 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) The Ordinary Resolution No. 7 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) The Ordinary Resolution No. 8 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 2016 ("**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:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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 Wednesday, 26 October 2016 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 2016 and the Statement of Directors and the Reports of the Auditors thereon. <b>(Resolution 1)</b>		
To approve a tax exempt (1-tier) final dividend of 0.2 cent per share for the financial year ended 30 June 2016. <b>(Resolution 2)</b>		
To approve Directors' fees of S\$95,000 for the year ended 30 June 2016. (2015: S\$95,000) <b>(Resolution 3)</b>		
To re-elect Mr Ang Guan Hwa who is retiring in accordance with the Company's Articles of Association. <b>(Resolution 4)</b>		
To re-elect Mr Tan Swee Khim who is retiring in accordance with the Company's Articles of Association. <b>(Resolution 5)</b>		
To re-appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Directors to fix their remuneration. <b>(Resolution 6)</b>		
To approve the Share Issue Mandate <b>(Resolution 7)</b>		
To approve the Renewal of The Share Purchase Mandate <b>(Resolution 8)</b>		

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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.

# 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  
Mr Er Kong Poo

## 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)

## INVESTOR RELATIONS

Waterbrooks Consultants Pte Ltd  
1000 Toa Payoh North  
SPH News Centre Annexe Block Level 6  
Singapore 318994  
Tel: (65) 6100 2228  
Fax: (65) 6517 8790  
Contact: Mr Wayne Koo/Ms Jean Yang

## AUDITOR

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
8 Cross Street #17-00 PWC Building  
Singapore 048424  
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  
DBS Bank Limited





**TIONG WOON CORPORATION HOLDING LTD**

Company Registration Number: 199705837C

No. 15 Pandan Crescent

Singapore 128470

Tel: (65) 6261 7888

Fax: (65) 6777 4544

Equipment Booking Hotline: (65) 6777 4450

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Website: [www.tiongwoon.com](http://www.tiongwoon.com)