



**TIONG WOON CORPORATION HOLDING LTD**  
(Company Registration No. 199705837C)  
Incorporated in Singapore

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**RESPONSES TO QUESTIONS RECEIVED FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) FOR ANNUAL GENERAL MEETING TO BE HELD ON 30 OCTOBER 2024**

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The Board of Directors (the “Board”) of Tiong Woon Corporation Holding Ltd (the “Company” or together with its subsidiaries, the “Group” or “TWC”) wishes to announce that as of the stipulated cut-off time in the notice of Annual General Meeting dated 11 October 2024, the Company had not received any questions from its shareholders in relation to the Annual General Meeting to be held on 30 October 2024.

The Company would like to thank the Securities Investors Association (Singapore) (“SIAS”) for submitting their questions on 17 October 2024.

The Company’s responses to SIAS’s questions are set out below:

**Q1.** Would the board/management provide shareholders greater clarity on the following operational and financial matters? Specifically:

**(i) Singapore:** Singapore remains the group’s largest revenue contributor, accounting for 75% of total revenue. **What strategic initiatives has the group implemented in Singapore to ensure its continued success in Singapore? Are there unique operational efficiencies or customer relationships that give the group a competitive edge in this market?**

**Company’s Response:**

The Group’s success in Singapore is driven by offering integrated solutions and value-added lift planning. As a key provider of lifting and haulage services that include crawler, mobile, tower, marine cranes and haulage, TWC offers comprehensive, end-to-end solutions that streamline operations and meet diverse project needs. This competitive edge secures TWC’s strong position in the market.

**(ii) Utilisation:** Utilisation rate of the group’s heavy lifting assets improved by 8% in FY2024 but still remained relatively low at 56% (FY2023: 48%). **Is it realistic for management to target an asset utilisation rate of 75%-85%, or does the nature of the industry necessitate lower utilisation due to operational challenges? Has the board established clear and realistic utilisation targets for management?**

**Company’s Response:**

The utilisation rate can vary due to factors like the mobilisation schedule, capacity limits, location, and other operational considerations. There is no one-size-fits-all approach when it comes to utilisation, as these factors can affect performance differently. The Board reviews the utilisation quarterly to ensure the Group’s fleet is hitting internal targets and makes adjustments as needed to stay aligned with the operational realities.

**(iii) Marine transportation:** Marine transportation services, such as tug and barge operations, saw utilisation drop to 28%, with segment revenue declining from \$6.2 million in FY2020 to just \$2.2 million in FY2024. **How strategic is it for the group to continue offering these services in-house, given their low utilisation and subdued demand? Would outsourcing this segment or exploring partnerships improve cost efficiency while maintaining operational flexibility?**

**Company's Response:**

TWC's marine transportation services are primarily intended as auxiliary support to enhance the Group's strategic capabilities, allowing for rapid deployment when required. During off-peak periods, the Group actively seeks alternative chartering opportunities to maximise utilisation and reduce idle time, ensuring the assets remain available and flexible for core operations.

From time to time, the Group also evaluates whether outsourcing would be a more cost-effective option. This ongoing assessment helps to ensure that the balance between maintaining in-house capabilities and leveraging external resources remains optimal for operational efficiency and flexibility.

**(iv) Safety and training:** The group's recent acquisition of larger cranes, including the XCMG XCA 900L8 (900T) and Zoomlion ZCC9800W (800T), significantly enhances its ability to undertake larger and more technically demanding projects. **What safety protocols and certification processes are required to operate these new, high-capacity cranes? How much success does the group have in retaining experienced operators? How does the board/management ensure that its workforce is not only technically proficient but also fully committed to a strong safety culture on-site?**

**Company's Response:**

The Group adheres to strict safety protocols and certification requirements, ensuring compliance with regulations such as Singapore's Workplace Safety and Health standards and other local country-specific standards. Operators must hold relevant certifications, including the Crane Operator Licence, and undergo regular safety training. To retain experienced operators, TWC provides competitive compensation, continuous skills development, and fosters a positive working environment. Additionally, the Board and management prioritise safety through mandatory training, regular audits, and strong safety leadership, ensuring that our workforce remains both technically proficient and fully committed to maintaining a robust safety culture on-site.

**Q2.** On 15 December 2023, the company announced its strategic alliance with Mammoet Asia Holding B.V. to expand the group's operations in Thailand. The group acquired various assets from Mammoet, including transportation, heavy haulage, and heavy lifting equipment. Mammoet is recognised as the world's largest lifting and heavy transport company.

**(i) Can management elaborate on the specific scope and strategic objectives of the alliance with Mammoet? How will this partnership enhance the group's competitive positioning in Thailand? Is the strategic partnership strictly limited to Thailand?**

**Company's Response:**

The main goal of this alliance is to tap on each other's strengths and advantages. By working together, we aim to improve our operations and offer more efficient solutions in Thailand's heavy lifting, transportation, and haulage sectors. The alliance is presently focused on Thailand. If the conditions are right, the Group will explore the viability of expanding the alliance beyond Thailand.

**(ii) What are Mammoet's expected roles and contributions in the alliance? Will Mammoet continue to provide operational expertise, access to proprietary technology, or contribute to joint business development efforts in Thailand going forward?**

**Company's Response:**

Depending on the project's scope and requirements, the alliance allows both the Group and Mammoet to tap on each other's capabilities and be in a stronger position to offer, tender, negotiate, and provide solutions for projects in Thailand.

**(iii) Non-current assets in Thailand increased from \$10.0 million to \$22.5 million (page 131).**

**Were the assets acquired from Mammoet purchased at a discount? Can management provide details on the average age as well as the expected remaining useful life?**

**Company's Response:**

The assets acquired from Mammoet were purchased at a competitive value, reflecting their condition and market rates. The average age of the assets varies, and most are in good operational condition. The expected remaining useful life of these assets is in line with industry standards.

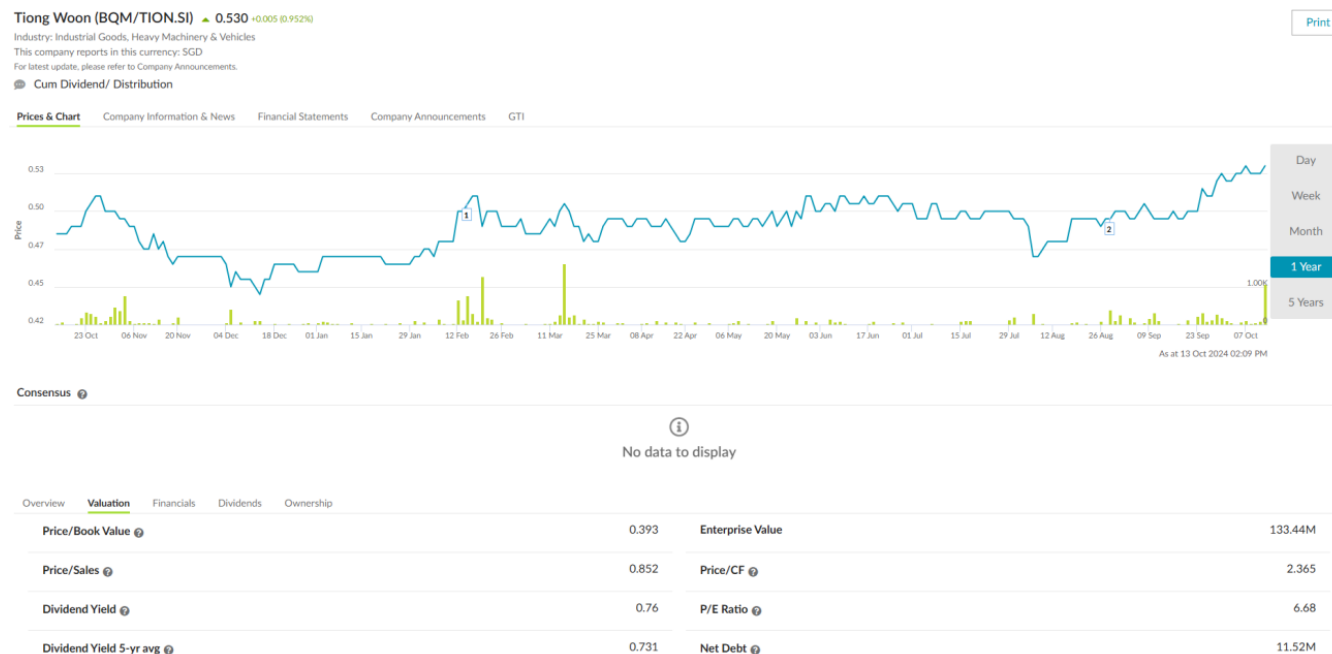
**(iv) Separately, in the context of India's petrochemical and infrastructure sectors, does the group have a clear market entry strategy to capitalise on expected capital expenditure growth in these industries? Could management elaborate on any partnerships, client pipelines, or key projects that will drive the group's expansion in India?**

**Company's Response:**

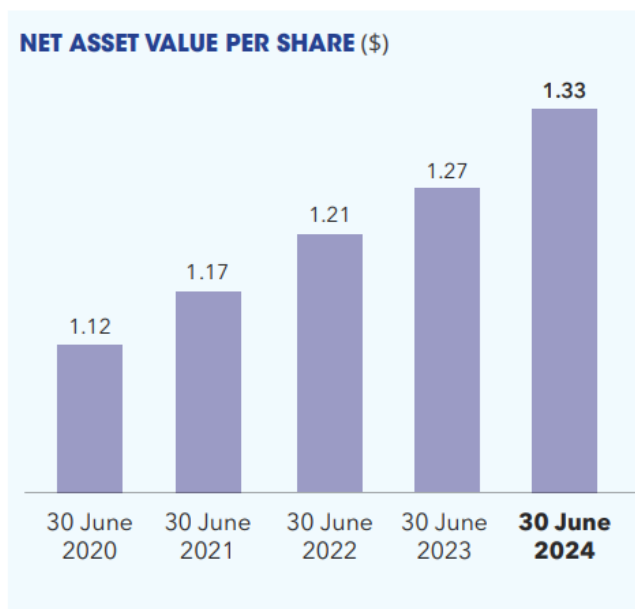
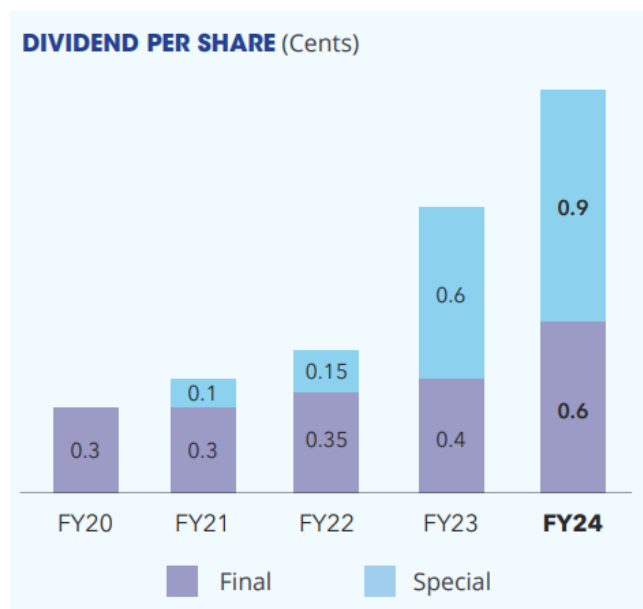
The Group has a strategy focusing on growth in the petrochemical, infrastructure, and renewable energy sectors. We are working with major local and international Engineering, Procurement and Construction companies on projects like petrochemical plants, fertiliser plants, steel mills, and renewable energy developments. While specific projects are still in progress, TWC is actively building a client pipeline and positioning ourselves for key opportunities in India. More details on partnerships and projects will be shared as they develop.

**Q3.** According to SGX StockFacts, the company's shares trade at a price-to-book value of just 0.39 times and a price-to-earnings ratio of 6.7 times. The enterprise value to EBITDA (EV/EBITDA) ratio is estimated to be 2.3 times.

The company's share price performance over the past five years has been mixed. However, as highlighted in the annual report, the company has consistently increased its dividends and net asset value, which now stands at \$1.33 per share as at 30 June 2024. In addition, the company holds a record cash position of \$81.1 million, with net debt to equity reduced to just 3.8%.



(Source: <https://investors.sgx.com/securities/stocks?security=BQM>)



(Source: company annual report)

The dividend payout ratio has increased to 19.1% (2023: 14.8%) for FY2024.

**(i) What deliberations did the board have over the payout ratio? Has the board considered other capital return strategies, such as a capital reduction, to distribute excess cash to shareholders?**

**Company's Response:**

The Board has carefully deliberated on the payout ratio, balancing the need to reward shareholders while ensuring sufficient capital for future growth and operational requirements. Each option is assessed with regard to its potential impact on shareholder value, financial stability, and alignment with our long-term strategic goals. The Board remains committed to ensuring that any decisions made are in the best interests of our shareholders while supporting the Group's ongoing development.

**(ii) Can the board help shareholders recall if the company has carried out any share buybacks? What are the challenges, if any, of the company carrying out share buybacks?**

**Company's Response:**

The Company has carried out share buybacks from 30 August 2022 to 12 September 2022 amounting to 400,000 shares. The Board will continue to consider exercising this option when market conditions and other factors are favourable.

**(iii) Has the board considered carrying out any off-market purchases, including an equal access offer?**

**Company's Response:**

The Board has not considered off-market purchases at this time. However, it remains open to evaluating this option in the future, should market conditions and other factors make it favourable for shareholders.

**(iv) Stock exchanges and regulators, including Tokyo Stock Exchange and Korea's Financial Services Commission, have started to ask companies to set up and disclose valuation boosting plans. These corporate value-boosting initiatives are needed as it is recognised that "corporate values" of listed companies have to improve and that the main driver in enhancing corporate value is the company itself. Efforts have been targeted at companies that trade below a price-to-book ratio of below 1. The plans focused on increasing awareness and literacy of the cost of capital, capital efficiency and stock prices of listed companies.**

Specifically, Tokyo Stock Exchange has required companies with price-to-book consistently below 1x to disclose their policies and specific initiatives to improve their valuations.

**Could the board, particularly the independent directors, explain the group's efforts to increase corporate value and improve capital efficiency?**

**Company's Response:**

The Board, including the independent directors, is committed to enhancing corporate value and improving capital efficiency. The Board regularly reviews how it allocates the Group's capital to ensure resources are used in the best way, balancing between growth plans, returning value to shareholders, and maintaining a healthy financial position.

**(v) Apart from acknowledging that there are many external factors influencing the share price, would the board consider disclosing and implementing targeted strategies to narrow the discount gap, thereby creating value for shareholders?**

**Company's Response:**

The Board recognises that external factors have a significant impact on the share price. While these factors are beyond the Company's control, the Board continues to focus on strengthening the business fundamentals, improving overall performance, announcing major project awards and engaging with shareholders more actively. The Board will continue with our efforts in this regard, so as to bolster higher trust and confidence in TWC, align the Group's strategies with shareholders' interests and narrow the gap between TWC share price and its intrinsic value.

By Order of the Board  
**TIONG WOON CORPORATION HOLDING LTD**

**Ang Kah Hong**  
Executive Chairman

24 October 2024