



BUILDING ON SOLID FOUNDATION

ANNUAL REPORT 2020

It is against this challenging economic backdrop that Tiong Woon shines brighter and excels further. With a proven track record, Tiong Woon has earned itself a reputable global status for its capabilities and is poised to rise to the occasion in the long term.

CONTENTS

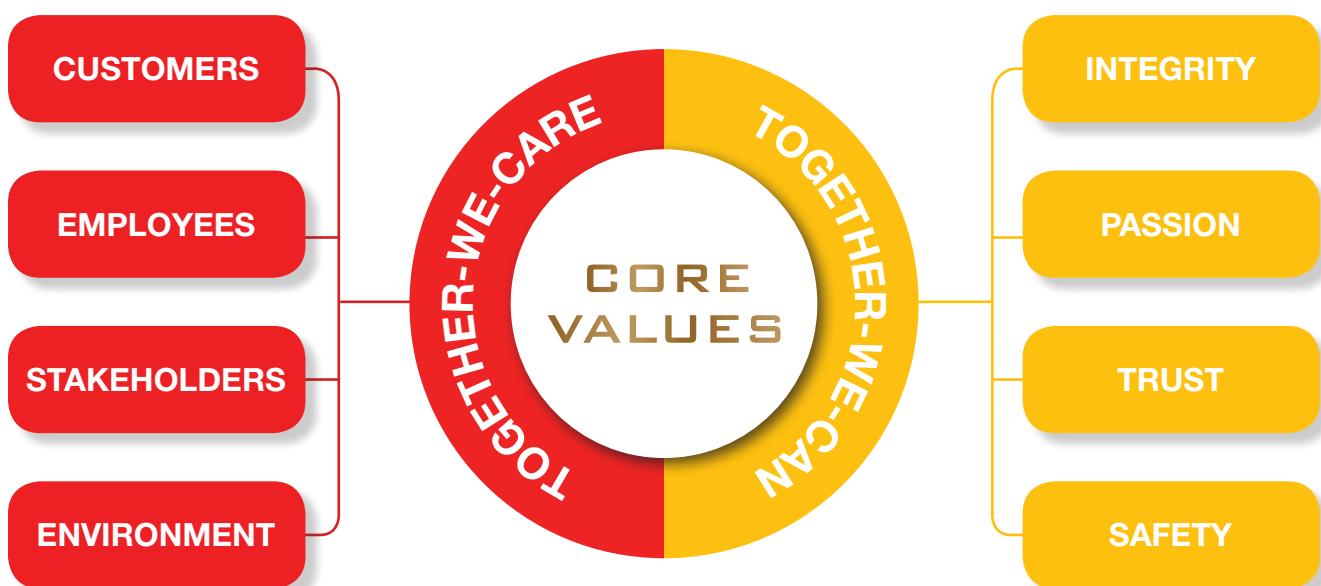
- | | |
|-----------------------------------------|--------------------------------------------|
| 01 Our Vision and Mission | 12 Board of Directors |
| 02 Corporate Profile | 14 Financial Highlights |
| 03 Tiong Woon Group of Companies | 16 Corporate Responsibility |
| 04 Chairman's Message | 18 Risk Factors and Risk Management |
| 07 Business Review | 22 Investor Relations |
| 08 Project Gallery | 23 Corporate Information |

OUR VISION AND MISSION



Over 40 Years
Of Proven Track Records

19TH
Largest Crane-Owning Company Worldwide



CORPORATE PROFILE



Listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") Mainboard since 1999, Tiong Woon is a leading one-stop integrated heavy lift specialist and service provider, supporting mainly the oil and gas, petrochemical, infrastructure and construction sectors, with proven track records of more than 40 years.

The Group manages turnkey projects for engineering, procurement and construction (EPC) contractors and project owners from planning and designing heavy lifting and haulage requirements to the execution stage. The heavy equipment is transported, lifted and installed at customers' facilities.

The Group also possesses its own heavy lifting and haulage equipment, tugboats and barges to broaden its integrated services to its clients.

Headquartered in Singapore, the Group has a strong regional presence with establishments in twelve other countries. It is ranked 19th in IC50 2020 survey.

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

TIONG WOON GROUP OF COMPANIES



1. SINGAPORE

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

2. MALAYSIA

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

3. BRUNEI

Tiong Woon Services Sdn Bhd

4. INDIA

Tiong Woon Project & Contracting (India) Private Limited

5. BANGLADESH

Tiong Woon Bangladesh Limited

6. INDONESIA

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

7. PHILIPPINES

Tiong Woon Philippines, Inc

8. CHINA

Tiong Woon (Huizhou) Industrial Services Co., Ltd

9. THAILAND

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

10. VIETNAM

Tiong Woon Vietnam Company Limited

11. SAUDI ARABIA

TWC Arabia Company Ltd

12. MYANMAR

Tiong Woon Myanmar Company Limited

13. SRI LANKA

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

CHAIRMAN'S MESSAGE



“ The Group has constantly upgraded its fleets' capacity to meet the customers' heavy lifting and job requirements, controlled its operating costs and managed the business risks to stay competitive. ”

MR ANG KAH HONG
Executive Chairman

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

It was a challenging and competitive year. Leveraging on our strong capabilities and solid track record, we managed to secure a number of projects. We had looked forward to building on the momentum, but the outbreak of COVID-19 at the start 2020 has slowed down our momentum.

Since the Circuit Breaker ("CB") measures were implemented to slow the spread of COVID-19 in Singapore, the Group suspended most of its services to the customers in the construction sectors in Singapore. The Group could only resume its services when the customers' construction job sites were compliant ready for operation. Nevertheless, the Group continued to conduct its businesses in heavy lifting and haulage, marine transportation, plant maintenance work, project cargo transportation and storage services to the essential services sectors, especially the Oil and Gas, Marine and Logistics sectors in Singapore. The Group's overseas operations were also affected by the movement control and national lockdown measures.

Despite a challenging and uncertain operating environment, the Group was able to post a net profit of \$7.5 million for its financial year ended 30 June 2020 ("FY2020"), more than double the \$2.9 million it posted in the previous financial year ("FY2019"). Full year revenue has increased by 6% to \$124.7 million in FY2020 as compared to \$117.2 million recorded in FY2019, on the back of better performance across all its business segments in heavy lifting and haulage, marine transportation and trading.

PERFORMANCE REVIEW

Notably, the Group had achieved a modest growth in revenue in FY2020 due to the increased contributions from all business segments. The increase was attributable to operating activities before restrictive movements were imposed due to the outbreak of the COVID-19 pandemic.

The Heavy Lift and Haulage segment remained our largest revenue contributor, accounting for 89% of the Group's revenue. Geographically, Singapore remained the top revenue driver, accounting for 73% or \$91.0 million, followed by Brunei which contributed 8% or \$9.5 million.

As a result, gross profit increased to \$43.0 million in FY2020 from \$35.2 million in FY2019; and gross profit margin was higher at 35% in FY2020 from 30% in FY2019.

The Group recorded other income of \$3.8 million in FY2020, an increase of \$3.1 million or 431% from \$0.7 million in FY2019. This was mainly due to receipt of government grant income such as jobs support scheme and foreign worker levy rebates. In addition, the Group reported other gains of \$0.3 million in FY2020 as compared to other losses of \$0.5 million in FY2019, mainly attributable to operational exchange gain in FY2020 as compared to operational exchange loss in FY2019. The Group made an impairment loss on receivables of \$3.7 million in FY2020, an increase of \$1.9 million or 110% from \$1.8 million in FY2019, mainly due to further impairment loss on a long outstanding trade receivable in Saudi Arabia in view of uncertainty of recoverability. Other operating expenses were \$26.3 million in FY2020, an increase of \$2.3 million or 10% from \$24.0 million in FY2019, mainly due to increase in manpower costs and depreciation of right-of-use assets. Finance expenses were \$3.6 million in FY2020, an increase of \$0.5 million or 16% from \$3.1 million in FY2019, mainly due to higher interest expense arising from the recognition of lease liabilities following the adoption of SFRS (I) 16 Leases from 1 July 2019.

Consequently, the Group recorded a net profit attributable to shareholders of \$7.6 million in FY2020, as compared to \$2.9 million in FY2019.

The Group's shareholder funds as at 30 June 2020 was \$259.2 million, translating to net asset value per share of \$1.12. Earnings per share for FY2020 stood at 3.26 Singapore cents, up from 1.27 cents a year ago. With careful management of our working capital needs, the Group's cash and cash equivalents stood at \$39.4 million as at 30 June 2020.

BUILDING ON SOLID FOUNDATION AND SUSTAINABLE FUTURE

The Group has consolidated its resources by concentrating on its core businesses and key markets; and has scaled back the operations in some of the non-performing overseas subsidiaries.

CHAIRMAN'S MESSAGE

The Group has constantly upgraded its fleets' capacity to meet the customers' heavy lifting and job requirements, controlled its operating costs and managed the business risks to stay competitive.

It has embarked on various programs to build capabilities such as human talent retention and succession plans, productivity enhancement and optimization of the fleet of equipment and to achieve more sustainable solutions for its businesses. Such programs will enable the Group to react and grapple to the difficult and changing environment.

DIVIDEND

The Board of Directors is pleased to recommend a final tax-exempt dividend of 0.3 Singapore cent per share for FY2020 to reward the shareholders for their continued trust and support. The proposed dividend is subject to approval by shareholders at the Annual General Meeting on 28 October 2020.

WORDS OF APPRECIATION

On behalf of the Board of Directors, we would like to thank our shareholders, employees, management, customers, business associates and banks for your unwavering support and confidence in the Group. We will continue to work hard and bring Tiong Woon to new heights in the coming years and we are determined to pull through and emerge stronger from this crisis.

Thank you.

YOURS SINCERELY,

MR ANG KAH HONG

Executive Chairman



Overall, the outbreak of COVID-19 has an adverse impact on our business activities and earnings for the Group in the 4th quarter of financial year ended 30 June 2020. This impact was partially cushioned by the relief and support measures by Singapore Government. Despite the risks and uncertainties in relation to the pandemic, the Group was profitable for financial year ended 30 June 2020.

The Group will continue to focus on its core competencies and leverage on its strong track record and capabilities as a one-stop integrated services provider in project management for heavy lift and haulage; and marine transportation.

We will remain committed to focus on our core competencies to deliver high quality and reliable services; and solutions to our customers.

HEAVY LIFT AND HAULAGE

The Group provides one-stop solutions in the oil and gas, petrochemical, infrastructure and construction sectors. Specialising in heavy lift and haulage; and inland transportation, it offers a wide range of services ranging from the planning and design of heavy lifting and haulage requirements to supporting the execution stage for engineering, procurement and construction contractors as well as project owners.

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

In FY2020, the Heavy Lift and Haulage segment accounted for 89% of Group's revenue. Revenue from this segment increased 5% year-on-year, or \$5.2 million, to \$111.0 million, largely due to more projects executed in Singapore and the Middle East.

The Group continues to manage its fleet to achieve optimal performance. In terms of lifting assets, the Group owned 537 cranes (including tower cranes) with a capacity of up to 2,000 tonne as at 30 June 2020. It had 297 units of haulage assets, comprising prime movers, low beds, trailers and tow trucks as at 30 June 2020. The average utilisation rate for its heavy lift assets was 49% in FY2020.

MARINE TRANSPORTATION

The Group provides its tug and barge services for a wide variety of sea transportation projects. Fleets of tugs and barges are available for external charters and to support the Group's projects in other business segments.

Turnover from the Marine Transportation segment increased 22% year-on-year to \$6.2 million in FY2020, mainly due to more chartering jobs.

As at 30 June 2020, the Group had a fleet of 7 tugboats with a working capacity of 500-3200 bhp and 9 barges ranging in length from 120 to 300 feet. With more chartering jobs, the average utilisation rate of its fleet was 56%.

TRADING

The Group is a distributor for KATO crawler cranes in ASEAN countries (except Indonesia) and the exclusive distributor for Zoomlion tower cranes in Singapore. It also extends its services to parts distribution and after sales services of the equipment.

Turnover from the Trading segment increased 18% year-on-year to \$7.4 million as the Group sold more equipment in FY2020.

BUSINESS OUTLOOK

The COVID-19 pandemic has generated unprecedented operational challenges and we will do our best to navigate these challenges arising from the situation.

The Group expects a slow and gradual recovery from the elevated uncertainty and the impact of COVID-19 pandemic on the global economy and businesses.

The operating environment continues to be challenging and uncertain despite the gradual easing of the COVID-19 lockdown in Singapore and other countries where it operates. As the Group braces the challenges ahead, it shall adopt a prudent approach by focusing on cash conservation and cost control to reinforce our sustainability.



PROJECT GALLERY

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



Location: Singapore

Equipment: 250/300/700 Ton Mobile Cranes, Prime Mover, Self Propelled Modular Transporter (SPMT), Semi Low-Loader

Scope of Work: Heavy Lifting and Transportation Services



Location: Singapore

Equipment: 1600 Ton Crawler Crane

Scope of Work: Heavy Lifting Services



Location: Singapore

Equipment: 64 Ton Tower Crane, 500 Ton Mobile Crane

Scope of Work: Heavy Lifting Services



Location: Singapore

Equipment: 600 Ton Crawler Crane, 500 Ton Mobile Crane

Scope of Work: Heavy Lifting Services

PROJECT GALLERY



Location : Singapore

Equipment : 250/500/600/700 Crawler Cranes

Scope of Work : Heavy lifting services



Location: India

Equipment: 550 Ton Crawler Crane

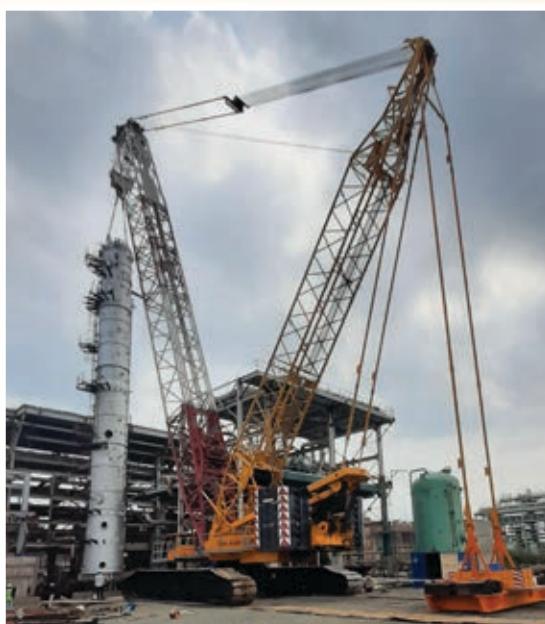
Scope of Work: Equipment Rental



Location: India

Equipment: 300/550/1250 Ton Crawler Cranes

Scope of Work: Heavy Lifting Services



Location: India

Equipment: 600 Ton Crawler Crane

Scope of Work: Equipment Rental

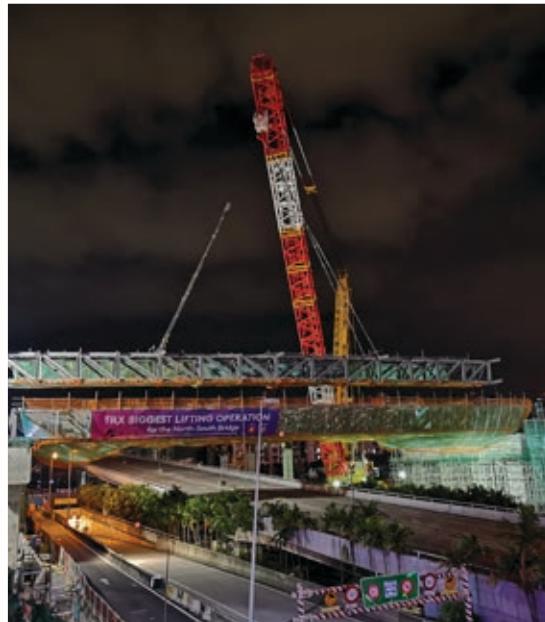
PROJECT GALLERY



Location: Brunei

Equipment: 150/250/280/600/1250/1600 Ton Crawler Cranes,
30/50/60/100/120 Ton Mobile Cranes, SPMT

Scope of Work: Heavy Lifting and Transportation Services



Location: Malaysia

Equipment: 1600 Ton Crawler Crane
Scope of Work: Heavy Lifting Services



Location: Thailand

Equipment: 120 Ton Mobile Crane
Scope of Work: Heavy Lifting Services



Location: Thailand

Equipment: 120 Ton Crawler Crane
Scope of Work: Heavy Lifting Services

PROJECT GALLERY



Location: China
Equipment: 120 Ton Crawler Crane
Scope of Work: Heavy Lifting Services



Location: China
Equipment: 225 Ton Crawler Crane
Scope of Work: Heavy Lifting Services



Location: Vietnam
Equipment: 160 Ton Mobile Crane
Scope of Work: Equipment Rental



Location: Vietnam
Equipment: 280 Ton Crawler Crane
Scope of Work: Equipment Rental

BOARD OF DIRECTORS

MR ANG KHA KING
Executive Director



MR ANG KAH HONG
Executive Chairman



MR ANG GUAN HWA
*Executive Director and Chief
Executive Officer*



MR WONG KING KHENG
Independent Director



**MDM LUK KA LAI CARRIE
(MRS CARRIE CHEONG)**
Independent Director



BOARD OF DIRECTORS

MR ANG KAH HONG

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

Mr Ang 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 GUAN HWA

Mr Ang Guan Hwa is an Executive Director and was appointed to the Board of Directors on 22 March 2013. He was re-designated to Deputy Chief Executive Officer from Group Chief Operating Officer on 13 May 2019 and promoted to Chief Executive Officer on 1 September 2020.

Mr Ang is responsible for identifying, developing and formulation of our Group's business strategies and corporate objectives; and management of overall business and corporate development. 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. He holds a Bachelor of Science in Computing with Management from University of Bradford (UK).

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 WONG KING KHENG

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

From 1989 to 2000, Mr Wong was the Founder and Managing Partner of Soh, Wong & Partners, a public accounting firm. Prior to that, he was an Audit Manager in Deloitte Haskins & Sells, Singapore, an international accounting firm. He is a Member of the Malaysian Institute of Accountants, a Fellow Member of the Institute of Certified Public Accountants Australia and 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.

Mrs Cheong 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	2020	2019	2018	2017	2016
\$'000					
Turnover	124,685	117,225	97,683	114,794	139,435
Gross Profit	43,002	35,162	25,360	26,648	33,241
Profit/(Loss) before Tax (PBT)	12,227	5,818	1,350	(7,454)	(8,686)
Profit/(Loss) after Tax (PAT)	7,531	2,911	940	(9,883)	(9,990)
PROFIT MARGIN (%)					
GP Margin	34.5	30.0	26.0	23.2	23.8
PBT Margin	9.8	5.0	1.4	NM	NM
PAT Margin	6.0	2.5	1.0	NM	NM

STATEMENT OF FINANCIAL POSITION

As At 30 June	2020	2019	2018	2017	2016
\$'000					
Current Assets	82,831	72,606	54,542	57,582	73,587
Non-Current Assets	378,602	376,257	358,553	385,922	399,409
Total Assets	461,433	448,863	413,095	443,504	472,996
Current Liabilities	60,014	69,363	51,561	73,961	86,413
Non-Current Liabilities	142,121	127,038	111,801	121,955	131,725
Total Liabilities	202,135	196,401	163,362	195,916	218,138
Net Assets	259,298	252,462	249,733	247,588	254,858

PER SHARE (SINGAPORE CENTS)

Earnings/(Loss) Per Share-Basic	3.26	1.27	0.51	(4.15)	(4.16)
Earnings/(Loss) Per Share-Diluted	3.26	1.27	0.51	(4.15)	(4.16)
Net Asset Value	111.61	108.65	107.45	106.23	110.69
Dividend Per Share	0.3	0.2	-	-	0.2
Weighted Average Number of Shares	232,235,253	232,235,253	232,235,253	232,235,253	232,235,253
Total Number of Shares at Year End	232,235,253	232,235,253	232,235,253	232,235,253	232,235,253

FINANCIAL HIGHLIGHTS

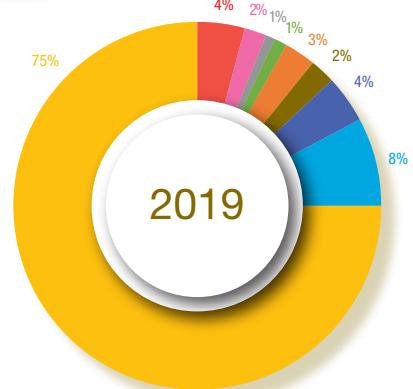
REVENUE BY BUSINESS SEGMENT

	2020	2019
\$'000		
Heavy Lift and Haulage	111,035	105,801
Marine Transportation	6,212	5,111
Trading	7,438	6,313
Total	124,685	117,225



REVENUE BY GEOGRAPHICAL SEGMENT

	2020	2019
\$'000		
Singapore	91,018	88,135
Brunei	9,539	9,122
Middle East	8,283	4,684
India	3,820	2,811
Malaysia	3,736	3,160
Thailand	2,106	1,478
Indonesia	1,792	927
China	1,463	2,042
Others	2,928	4,866
Total	124,685	117,255



CORPORATE RESPONSIBILITY

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

We are committed to:

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

ENVIRONMENT

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

We identify sources of air emissions and ensure that the air emissions are in compliance with the Environmental Pollution Control (Air Impurities). Appropriate control measures are taken to minimise or prevent air 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 programs to support the less privileged in society. Due to the Covid-19 pandemic, we have temporarily ceased all corporate social responsibility programs. However, once the circuit breaker measures are eased and the pandemic condition is stabilized, we will continue to play our part to work with local communities on various welfare programs.

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

PEOPLE DEVELOPMENT AND WORKPLACE SAFETY MANAGEMENT

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

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

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

We place emphasis on overall health and well-being for the staff. We have launched a sports and wellness club to encourage staff to keep fit and healthy. Our Company is equipped with gym facilities and class studio where staff can exercise regularly. In addition, a recreation lounge with karaoke system is created for staff to relax and promote team bonding. Our sports and wellness club has also organised series of lunch-time talks on health and wellness, in addition to sports and recreation activities.

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

Our main operating subsidiaries in Singapore i.e. Tiong Woon Crane & Transport (Pte) Ltd, Tiong Woon Crane Pte Ltd, Tiong Woon Enterprise Pte Ltd, Tiong Woon International Pte Ltd and Tiong Woon Project & Contracting Pte Ltd, which are involved in the provision of rental, assembly, installation and maintenance of crane, transportation equipment and related services are certified under ISO 9001:2015 (Quality Management Systems) and OHSAS 18001:2007 (Occupational Health and Safety Management Systems); and attained BizSAFE Level Star.

CORPORATE RESPONSIBILITY

Tower Cranes Services Pte Ltd is certified under ISO 45001:2018 and attained BizSAFE Level Star. Tiong Woon Logistics Pte Ltd is also certified under ISO 9001:2015 and attained BizSAFE Level 3. Our Thailand and Malaysia subsidiaries are certified under ISO 9001:2015 and ISO 45001:2018, whereas our Vietnam, India and China subsidiaries are certified under ISO 9001:2015. 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 are well-equipped to carry out their tasks safely;
- Methodical identification and assessment of risks before the commencement of any job;

- Having clearly defined roles and responsibilities in relation to safety;
- Conducting drills for better preparedness in the event of an emergency;
- Regular periodic review on the Group's safety targets and discussion on all safety issues, as well as remedial actions and preventive measures for near-miss incidents; and
- Clear and timely communication on safety issues and precautionary measures between staff to create awareness.

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

Name of Subsidiary	ISO 9001:2015	ISO 45001:2018	OHSAS 18001:2007	Other Certifications
Tiong Woon Crane & Transport (Pte) Ltd	✓		✓	BizSAFE Level Star
Tiong Woon Crane Pte Ltd	✓		✓	BizSAFE Level Star
Tiong Woon Project & Contracting Pte Ltd	✓		✓	BizSAFE Level Star
Tiong Woon International Pte Ltd	✓		✓	BizSAFE Level Star
Tiong Woon Enterprise Pte Ltd	✓		✓	BizSAFE Level Star
Tiong Woon Logistics Pte Ltd	✓			BizSAFE Level 3
Tower Cranes Services Pte Ltd			✓	BizSAFE Level Star
Tiong Woon Crane & Transport (M) Sdn Bhd	✓	✓		
Tiong Woon Thai Co. Ltd	✓	✓		
Tiong Woon Vietnam Company Limited	✓			
Tiong Woon (Huizhou) Industrial Services Co., Ltd	✓			
Tiong Woon Project & Contracting (India) Private Limited	✓			

The Company's FY2019 sustainability report can be found on SGXNet and its corporate website at www.tiongwoon.com.

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 by 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 the Group, 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 Bangladesh, Brunei, China, India, Indonesia, Malaysia, Myanmar, Middle East, Philippines, Sri Lanka, Thailand and Vietnam. 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.

RISK FACTORS AND RISK MANAGEMENT

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. The Group recognises its exposure to internal and external threats and seeks to increase the resilience of the Group to potential business interruptions so as to minimise any disruptions to its critical business activities, people and assets. Over the years, the Group has focused on refining its business continuity management, to ensure that it can continue to maintain its competitive advantage and to maximise value for its stakeholders.

The Group strives to minimise unexpected losses and manage expected losses through a series of quality and people management programs, as well as through business continuity planning. In addition, the Group has been awarded ISO 9001:2015 and ISO 45001:2018 certification for its local and overseas businesses. Although no individual is indispensable, the loss of specialised skills and the leadership of the Executive Chairman, Mr Ang Kah Hong and the other founding members, including the key management, could result in business interruptions and a loss in shareholders' confidence. To dispel the worries, the Group has since put in place a structured succession planning program to identify and develop a team of talented employees based on their merit, who can take the Group 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 programs.

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, Chief Executive Officer and Group Chief Operating Officer. 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.

RISK FACTORS AND RISK MANAGEMENT

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.





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

The Board's policy is to ensure that all shareholders should be equally and timely informed of all major developments impacting the Group. The Company keeps its website updated and maintains 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 the Group'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) 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.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Ang Kah Hong
(Executive Chairman)
Mr Ang Guan Hwa
(Executive Director and Chief Executive Officer)
Mr Ang Kha King
(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 Ang Guan Hwa

NOMINATING COMMITTEE

Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong)
(Chairman)
Mr Wong King Kheng
Mr Ang Guan Hwa

REMUNERATION COMMITTEE

Mdm Luk Ka Lai Carrie (Mrs Carrie Cheong)
(Chairman)
Mr Wong King Kheng
Mr Ang Guan Hwa

ENTERPRISE RISK MANAGEMENT COMMITTEE

Mr Ang Guan Hwa
(Chairman)
Ms Lim Soh Hoon
Mr Teo Yew Boon

COMPANY SECRETARIES

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

REGISTERED OFFICE

No. 15 Pandan Crescent
Singapore 128470
Tel: (65) 62617888
Fax: (65) 67774544
Website: 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) 62363333
Fax: (65) 62363405
Website: www.sg.tricorglobal.com

AUDITOR

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
7 Straits View Marina One East Tower Level 12
Singapore 018936
Partner-in-Charge: Mr Chua Chin San
(Appointed since Financial Year ended 30 June 2019)

PRINCIPAL BANKERS

United Overseas Bank Limited
Overseas Chinese Banking Corporation Limited

GOVERNANCE

- 25** Corporate Governance Report
44 Additional Information on Directors Seeking Re-Election
-

FINANCIAL

- 49** Directors' Statement
51 Independent Auditor's Report
56 Consolidated Statement of Comprehensive Income
57 Balance Sheets
58 Consolidated Statement of Changes in Equity
59 Consolidated Statement of Cash Flows
61 Notes to the Financial Statements
114 Shareholders' Information
116 Notice of Annual General Meeting
Proxy Form



CORPORATE GOVERNANCE REPORT

The Board of Directors (the “**Board**” or the “**Directors**”) of Tiong Woon Corporation Holding Ltd (the “Company”) and its subsidiaries (the “**Group**”) are firmly committed to ensuring a high standard of corporate governance which is essential to the long term sustainability report of the Group’s business and performance.

This report describes the Group’s corporate governance structures and practices that were in place throughout the financial year ended 30 June 2020 (“**FY2020**”), with specific reference made to the principles and provisions of the revised Code of Corporate Governance (the “**2018 Code**”) and accompanying Practice Guidance issued in August 2018, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The Board is pleased to confirm that for the FY2020, the Group has adhered to the principles and provisions as set out in the 2018 Code. Deviations from the 2018 Code, if any, have been explained appropriately in this report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

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; 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. The Board holds the management of the Company (the “**Management**”) accountable for performance.

All directors exercise due diligence and independent judgment, and are obliged to act in good faith and in the best interests of the Company. Any director who has conflict of interest which is likely to impact his independence or conflict with a subject under the discussion by the Board is required to immediately declare his interest to the Board, remove himself from the information flow and recuse from participating in any further discussion or decisions involving issues of conflict of interest.

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 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.

The Company has formulated guidelines setting forth matters reserved for the Board’s decision. The Management is also given clear directions on matters (including set thresholds for certain operational matters relating to subsidiaries) that require the Board’s approval.

CORPORATE GOVERNANCE REPORT

Certain material corporate actions that require the Board's approval are as follows:

- 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;
- Approval of corporate strategies; and
- Approval of Internal Audit Report.

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

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, Mr Ang Kah Hong. As at the date of this report, the MC comprises three 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 2020 are set out below:

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

Notes:

NA: Not Applicable

(1) Mr Tan Swee Khim retired as Executive Director on 2 September 2019. Mr Ang Guan Hwa was appointed as a member of the Audit Committee, Remuneration Committee and Nominating Committee on 2 September 2019 (post-Board Committees meetings held on 28 August 2019).

CORPORATE GOVERNANCE REPORT

Please refer to page 31 for information regarding directors with multiple board representations.

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

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 variances 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 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 Committees meetings and is responsible for ensuring that Board procedures are followed and that the Articles and relevant rules and regulations are complied with. 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 the Management and Independent/Non-Executive Directors.

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

The Directors, 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.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

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

- Mr Ang Kah Hong (Executive Chairman)
- Mr Ang Guan Hwa (Executive Director and Chief Executive Officer)
- Mr Ang Kha King (Executive Director)
- Mr Wong King Kheng (Independent Director)
- Mdm Luk Ka Lai Carrie (Mrs. Carrie Cheong) (Independent Director)

The NC, which reviews the independence of each director on an annual basis, adopts the 2018 Code's definition of what constitutes an independent director. The Independent Directors, Mr Wong King Kheng and Mrs Carrie Cheong, have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company.

The Board has determined, taking into account the views of the NC, that Mr Wong King Kheng and Mrs Carrie Cheong are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to effect, the judgement of each of the aforesaid directors.

CORPORATE GOVERNANCE REPORT

Mr Wong King Kheng and Mrs Carrie Cheong have served on the Board for more than nine years from the dates of their first appointments in 1999 and 2009 respectively. The Board has conducted a rigorous review of Mr Wong King Kheng's and Mrs Carrie Cheong's independence. In determining the independence of a Director, the Board takes into consideration Provisions 2.1 of the 2018 Code, in which the Board considered a director to be independent if he/she is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere with his/her exercise of independent business judgement in the best interests of the Company. Affected directors do not participate in their own review.

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

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

The Chairman of the Board is Mr Ang Kah Hong, and he is part of the Management team and is not an Independent Director. Where the Chairman is not independent, independent directors should make up a majority of the Board. In this regard, while independent directors do not make up a majority of the Board, more than one-third of the Board is made up of independent directors. The Board is of the view 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.

The Chairman provides leadership to the Board. Besides being responsible for board proceedings, the Chairman is also responsible for presenting the Board's views and decisions to the public.

During FY2020, Mr Ang Kah Hong was also the Chief Executive Officer ("CEO") and responsible for the day-to-day running of the Group and ensured that the Board's decisions and strategies were translated to the working level. The sustained growth of the Group under his leadership as both Chairman and CEO was testament to the fact that he had been able to execute the responsibilities of both these roles effectively. As part of succession planning and leadership renewal, Mr Ang Guan Hwa, an Executive Director, succeeded Mr Ang Kah Hong as the CEO on 1 September 2020. Following Mr Ang Guan Hwa's appointment, Mr Ang Kah Hong ceased to be the CEO and continues to remain as Chairman and Executive Director. Details are set out in the Company's announcements on 1 September 2020.

Although less than a majority of the Board is made up of non-executive directors, there is a clear division of roles and responsibilities between the Chairman, CEO and the Executive Directors which ensures an appropriate balance of power between the Board, the Chairman, CEO and the Executive Directors, thereby enhancing accountability and greater independent decision making ability. The Board considers that its present size of 5 members is of the appropriate size and accordingly, no additional non-executive directors are proposed to be appointed in order for non-executive directors to make up a majority of the Board.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its existing Board and Board Committees is of appropriate size and with the right mix of skills, experience, gender and age diversity.

The Company recognises that a diverse Board is an important element which will better support the Company's achievement of its strategic objectives for sustainable development by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline, gender, age, tenure of service and other distinguishing qualities of the directors. The Company is in the midst of formalising its Board Diversity Policy, which will set out its policy for promoting diversity on the Board. It will provide that, in reviewing the Board composition, the NC will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board. The selection of the directors will be based on merit against an objective criteria that complements and expands the skills and experience of the Board as a whole, and after having given due regard to the overall balance and effectiveness of a diverse Board.

CORPORATE GOVERNANCE REPORT

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 the Management in meeting agreed goals and objectives and monitor the performance.

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

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman of the Board and the Chief Executive Officer are separate to ensure clear distinction of responsibilities, appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.

The Chairman of the Board is Mr Ang Kah Hong, who is also an Executive Chairman. 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. Mr Ang Kah Hong is assisted by the Chief Executive Officer (CEO), Mr Ang Guan Hwa who is also an Executive Director of the Company. Mr Ang Guan Hwa is the son of the Executive Chairman. The CEO leads the members of management team and is responsible for identifying, developing and formulation of the business strategies and corporate objectives for the Group and management of overall business and corporate development.

All major decisions made by the Executive Chairman are discussed and reviewed by the AC. His performance is reviewed periodically by the NC and his remuneration package is reviewed periodically by the RC. As the AC, NC and RC consist of a majority of the independent board members, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in a single individual. The Board is of the view that Mr Ang Kah Hong's role as an Executive Chairman will continue to facilitate the Group's decision making and implementation process without diminishing the capacity of the Board for independent decision making.

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

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

CORPORATE GOVERNANCE REPORT

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

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 Ang Guan Hwa (Executive Director and Chief Executive Officer)

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 appointments and re-appointments of directors; (ii) succession plans for Board Chairman, Directors, CEO and other key management personnel; (iii) process and criteria for evaluation of performance of the Board, its Board Committees and Directors; and (iv) training and professional development programmes for the Board and its directors;
- 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; and
- Assesses the effectiveness of the Board and the academic and professional qualifications of each individual director.

The NC is responsible for identifying and recommending new board members to the Board, after considering the relevant 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 adequacy in carrying out required tasks. The NC leads the process for Board appointments/re-appointments and makes recommendations to the Board. The integrated process of appointment/re-appointment includes:

- (a) developing a framework on desired competencies and diversity on board;
- (b) assessing current competencies and diversity on board;
- (c) developing desired profiles of new directors;
- (d) initiating search for new directors including external search, if necessary;
- (e) shortlisting and interviewing potential candidates;
- (f) recommending appointments to and retirements from the Board; and
- (g) re-election at general meeting.

In accordance with the Company's Constitution, all Directors (except the 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. In addition, all directors, including executive directors, must submit themselves for re-nomination and re-appointment at least once every three years in accordance with Rule 720(5) of the SGX-ST Listing Rules (Mainboard).

Mr Ang Kah Hong and Mr Ang Kha King would be retiring by rotation pursuant to Rule 720(5) of the SGX-ST Listing Rules (Mainboard) and Article 104 of the Company's Constitution respectively at the forthcoming AGM and be eligible for re-election.

CORPORATE GOVERNANCE REPORT

The NC has recommended the nomination of Mr Ang Kah Hong and Mr Ang Kha King for re-election at the forthcoming AGM. In considering the nomination, the NC took into account the contributions 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. Additional information on directors seeking re-election pursuant to Rule 720(6) of the SGX-ST Listing Rules (Mainboard) can be found on Pages 44 to 48 of the Annual Report.

The NC determines the independence of each director annually, and as and when circumstances require, based on the definitions and guidelines of independence as set forth in provision 2.1 of the 2018 Code. The Board, after taking into consideration the views of the NC, is of the view that Mrs Carrie Cheong and Mr Wong King Kheng (who have also been serving on the Board as non-executive independent directors beyond nine years) are independent as they are independent in conduct, character and judgement and do not have any existing business or professional relationships with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company.

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

The profile of all Board members is set out in the section entitled "Board of Directors" on pages 12 and 13 of the Annual Report. The details of the appointment of Directors, including date of the initial appointment, date of last re-election, listed company directorships for both current and preceding three years; and principal commitments 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	Other Principal Appointments
Ang Kah Hong	21.08.1997	-	Tiong Woon Corporation Holding Ltd	-	-
Ang Guan Hwa	22.03.2013	26.10.2018	Tiong Woon Corporation Holding Ltd	-	-
Ang Kha King	21.08.1997	25.10.2017	Tiong Woon Corporation Holding Ltd	-	-
Wong King Kheng	23.08.1999	25.10.2019	(1) Tiong Woon Corporation Holding Ltd (2) Ossia International Limited (3) Hatten Land Limited (4) JCY International Berhad (listed on Bursa Malaysia)	-	KK Wong and Associates – Managing Director
Luk Ka Lai Carrie (Mrs Carrie Cheong)	01.07.2009	26.10.2018	(1) Tiong Woon Corporation Holding Ltd (2) BBR Holdings (S) Ltd	-	(1) Carrie Cheong & Ethel Low Consulting Pte Ltd – Director/CEO (2) Carrie Cheong & Associates – Sole Proprietor

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

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors

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

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

During FY2020, all Directors were requested to complete a Board Performance Evaluation Questionnaire designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The performance criteria for the Board performance evaluation include evaluation of the Board's composition and conduct, Board processes and procedures, Board accountability, evaluation and succession planning. The completed evaluation forms were submitted to the NC Chairman for collation and the consolidated responses were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness.

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

The NC has assessed the current Board's performance to-date and is of the view that the performance of the Board as a whole has been satisfactory. Although some of the Directors have other Board representations, the NC is satisfied that these Directors are able to and have effectively carried out their duties as Directors of the Company. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance. In fact, the NC has noted that its members have contributed significantly in terms of time, effort and commitments during FY2020.

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

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC, regulated by a set of written terms of reference, comprises three members, the majority of whom, including the Chairman, are independent. 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 Ang Guan Hwa (Executive Director and Chief Executive Officer)

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

RC is responsible for ensuring a formal and transparent procedure for developing policy on director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No director is involved in deciding his own remuneration.

The duties and responsibilities of the RC include, among others:

- review and recommend to the Board a framework of remuneration for the Board and key management personnel;
- review the specific remuneration packages of each Director, CEO (or executive of equivalent rank if the CEO is not a Director) and key management personnel. Remuneration includes, but not limited to director fees, salaries, allowances, bonus, options, share based incentives and benefits-in-kind;
- review all aspects of remuneration, including the termination clause of the service contracts of the Directors, CEO and key management personnel to ensure that it is fair and reasonable and not overly generous; and
- review and recommend salary adjustments and bonuses of the CEO and key management personnel at each year end.

All remuneration matters, except directors' fees, relating to the Directors and key management personnel require approval of the Board.

The RC's considerations and recommendation for the fee framework of independent directors had been made in consultation with the Chairman of the Board and had been endorsed by the entire Board, following which the recommendation is tabled for shareholders' approval at the Company's AGM. No member of the RC or the Board participated in the deliberation of his own remuneration.

The RC considers all aspects of remuneration, namely, director's fees, salaries, allowances, bonuses, share-based incentives and awards, other benefits-in-kind and termination terms, to ensure that they are fair. The remuneration packages of the Executive Directors and certain key management personnel are based on their respective service agreements/contracts of service. 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 and three months respectively.

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

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

The RC, has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. During the financial year, the RC did not engage an external remuneration consultant. In its deliberation, the RC takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance in the industry.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

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

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

CORPORATE GOVERNANCE REPORT

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

Mr Ang Kah Hong, the Executive Chairman, 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 and Mr Ang Guan Hwa.

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

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

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Board has deliberated with regards to the Code's recommendation to fully disclose the amounts and breakdown of remuneration of each individual Director and the CEO. The Board is of the opinion that, in view of the confidentiality nature, sensitivity and competitive reasons, the amounts and breakdown of remuneration of each individual Director are not disclosed. The Board has opted to disclose the remuneration of each individual Director in percentage terms and in incremental bands of \$250,000.

Remuneration bands and components in percentage terms of the Directors' remuneration for the financial year ended 30 June 2020 are set out below:

Name of Directors	Remuneration Band	Salary	Bonus	Benefits-in-Kind	Directors' Fees	Total
		%	%	%	%	%
Executive Directors						
Ang Kah Hong	Above \$500,000 and below \$750,000	47	52	1	-	100
Ang Guan Hwa	Above \$250,000 and below \$500,000	45	55	-	-	100
Tan Swee Khim ⁽¹⁾	Above \$250,000 and below \$500,000	55	-	45	-	100
Ang Kha King	Above \$250,000 and below \$500,000	43	54	3	-	100
Independent Directors						
Wong King Kheng	Below \$250,000	-	-	-	100	100
Luk Ka Lai Carrie (Mrs Carrie Cheong)	Below \$250,000	-	-	-	100	100

Note:

(1) Mr Tan Swee Khim retired as Executive Director on 2 September 2019

CORPORATE GOVERNANCE REPORT

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.

Remuneration bands and components in percentage terms of the top five (5) key management personnel (who are not Directors or the CEO) for the financial year ended 30 June 2020 are set out below:

Name of Key Management Personnel	Remuneration Band	Salary	Bonus	Benefits-In-Kind	Directors' Fees	Total
		%	%	%	%	%
Teo Yew Boon	Above \$250,000 and below \$500,000	96	4	–	–	100
Quiek Chang Yeow	Above \$250,000 and below \$500,000	64	36	–	–	100
Lim Soh Hoon	Below \$250,000	91	9	–	–	100
Yvonne Ang Siew Chien	Below \$250,000	90	10	–	–	100
Kelvin Ang Boon Chang	Below \$250,000	87	13	–	–	100

Information on Key Management Personnel

Teo Yew Boon

Group Chief Operating Officer

Mr Teo joined our Group as Group Chief Operating Officer in May 2019 and is responsible for the Group's operations and safety, business development, commercial and contractual functions. He has more than 25 years of heavy equipment industry leadership, financial expertise and management experiences. Before joining Tiong Woon, he was the Vice President of Cargotec Group of companies (Kalmar), Sales Director of Manitowoc Group Asia Pte Ltd and Director and General Manager in JP Nelson. He previously held key roles across number of markets in Southeast Asia, Asia and Middle East. Mr Teo holds a Bachelor Degree in Marketing from Singapore Institute of Management University.

Quiek Chang Yeow

Managing Director

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

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 holds a Bachelor Degree in Accountancy from Nanyang Technological University and is a Member of the Institute of Singapore Chartered Accountants.

Yvonne Ang Siew Chien

Group Human Resource and Administration Manager

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

CORPORATE GOVERNANCE REPORT

Kelvin Ang Boon Chang

Director

Mr Kelvin Ang, son of Mr Ang Kha King (Executive Director), nephew of Mr Ang Kah Hong (Executive Chairman) and cousin of Mr Ang Guan Hwa (Executive Director and CEO), 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 holds a Diploma in Logistics Management from Australia Logistics Academy.

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

The employee whose remuneration exceeded \$100,000 for the financial year ended 30 June 2020 and who is immediate family members of the Directors, the CEO or the Executive Chairman is as follows:

Name of Officer	Remuneration Band	Salary	Bonus	Benefits-In-Kind	Directors' Fees	Total
		%	%	%	%	%
Danny Lee Kum Mun ⁽¹⁾	Below \$200,000 and above \$100,000	91	9	-	-	100

Note:

- (1) Mr Danny Lee Kum Mun is the husband of Ms Yvonne Ang Siew Chien, son-in-law of Mr Ang Kah Hong (Executive Chairman), brother-in-law of Mr Ang Guan Hwa (Executive Director and CEO) and nephew-in-law of Mr Ang Kha King (Executive Director).

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

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for the governance of risks and ensures that Management designs, implements, maintains and monitors a sound system of risk management and internal controls to safeguard the interests of the company and its shareholders.

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.

CORPORATE GOVERNANCE REPORT

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.

The Board has established an Enterprise Risk Management Committee ("ERMC") which is a sub-committee of the AC and overseen by the AC. As of the date of this report, the ERMC comprises: Mr Ang Guan Hwa (Executive Director and CEO), Ms Lim Soh Hoon (Group CFO) and Mr Teo Yew Boon (Group Chief Operating Officer). Mr Ang Guan Hwa is the Chairman of the ERMC.

The principal functions of the ERMC are:

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

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

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

For the financial year under review, the Board has received assurance from Mr Ang Kah Hong (Executive Chairman and also CEO during the period under review) and Ms Lim Soh Hoon (Group CFO) that to the best of their knowledge, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. The Board has also received assurance from Mr Ang Kah Hong and other key management personnel that the risk management and internal control systems are adequate and effective, based on the established risk management and internal control systems.

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.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

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 Ang Guan Hwa (Executive Director and Chief Executive Officer)

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.

Mr Wong King Kheng and Mrs Carrie Cheong are well qualified to discharge their duties as they possess the necessary recent and relevant accounting and related financial management expertise and experiences.

None of the AC members were previous partners or directors of the Company's existing auditing firm, PricewaterhouseCoopers LLP, or auditing corporation within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation and none of the AC members hold any financial interest in the auditing firm or auditing corporation.

The duties and responsibilities of the AC include those described in the Companies Act, Chapter 50 and the 2018 Code. The main responsibilities include:

- (a) reviews the annual and quarterly financial statements of the Company and the Group before submission to the Board for adoption (including the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any announcements relating to the Company's financial performance);
- (b) reviews with the internal and external auditors, their audit plans and audit reports;
- (c) reviews the cooperation given by the Company's officers to the external auditors;
- (d) reviews the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- (e) reviews at least annually the adequacy and effective of the Company's internal controls and risk management systems;
- (f) reviews the assurance from the CEO and the Group CFO on the financial records and financial statements;
- (g) reviews interested person transactions and transactions falling within the scope of Chapter 10 of the Listing Manual;
- (h) nominates and reviews the appointment or re-appointment of external auditors;
- (i) make recommendations to the Board on the remuneration and terms of engagement of external auditors;
- (j) reviews the independence of the external auditors annually;
- (k) reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- (l) undertakes such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (m) undertakes such other functions and duties as may be required by statute or the Listing Manual and by such amendments made thereto from time to time.

CORPORATE GOVERNANCE REPORT

Apart from the above functions, the AC will commission and review the findings of internal investigations into matters where there is suspicion of fraud or irregularity, or failure of internal controls or infringement of any Singapore law or regulation or rules of the SGX-ST or any other regulatory authority in Singapore which has or is likely to have a material impact on the operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC has explicit authority to investigate any matter within its term of reference, full access to and the co-operation of management and has full discretion to invite any director or executive officer to attend its meetings, and has been given adequate resources to enable it to discharge its functions. The Group COO and the Group CFO were invited to attend meetings of the AC to report and brief the AC on the financial and operational performance of the Group and answer queries raised by the AC.

The AC reviews annually the non-audit services provided by external auditors and determines whether the provision of such services affects their independence. During the year under review, the fees paid to the external auditors for audit and non-audit services amounted to \$309,000 and \$124,000 respectively.

The AC has undertaken a review of all non-audit services provided by the external auditors for the financial year ended 30 June 2020 and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC will constantly bear in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value-for-money considerations. The external auditors have unrestricted access to the AC.

The AC had recommended to the Board the nomination of 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.

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

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

The AC and the Board have considered the Listing Rule 718 and where appropriate the revenue contribution by the subsidiaries; and have concluded that certain foreign incorporated subsidiaries are not significant to the Group. In addition, 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 715 of the SGX-ST Listing Rules (Mainboard).

The AC has reviewed the management's assessment and discussed with the external auditors about the identified key audit matters (refer to pages 51 to 53 of the Annual Report); and how those key audit matters have been addressed by the external auditors. Having considered the management's assessment; and the approach taken by the external auditors and their findings, the AC is satisfied with the basis and estimates adopted by the Group.

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

SHAREHOLDERS RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company is committed to regularly and timely communication with shareholders as part of the organisation's development to build systems and procedures that will enable the Group to compete internationally. To facilitate shareholders' rights, the Company places great emphasis on investor relations and strives to maintain a high standard of transparency, ensure that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNet and to promote better investor communications. It aims to provide investors with clear, balanced and useful information, on a timely basis, about the Group's performance, financial position and prospects. The Company does not practice selective disclosure. Price sensitive information is first publicly released before the Company meets with investors or analysts.

The Company supports 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.

Shareholders have the opportunity to participate effectively and to vote in the AGM either in person or by proxy. Shareholders are also informed of the rules, including the voting procedures that govern general meetings.

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.

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 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. Directors' attendance at such meetings held during the financial year is disclosed in the Annual Report.

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.

CORPORATE GOVERNANCE REPORT

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.

Questions, comments received from shareholders and responses from the Board and Management were recorded in the minutes of general meetings. The Company does not publish minutes of general meetings of shareholders on its corporate website as contemplated by Provision 11.5. There may be potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements are made during the meeting or of disclosure of sensitive information to the Group's competitors. The Company is of the view that its position is consistent with the intent of Principle 11 as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. In this regard, the minutes of general meetings are available to shareholders upon their request. The Company is therefore of the view that, consistent with the intent of Principle 11, as between themselves, shareholders are treated fairly and equitably by the Company.

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. The form, frequency and amount of dividends declared each year will take into consideration the Group's financial performance, cash position, cash flow generated from operations, projected capital requirements for business growth, general economic conditions and other factors as the Board may deem appropriate. The Board has declared a final dividend of 0.3 Singapore cent per ordinary share for the financial year ended 30 June 2020 (30 June 2019: 0.2 Singapore cent per ordinary share).

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

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.

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.

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 does not practice selective disclosure. 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 where shareholders can access information on the Group.

CORPORATE GOVERNANCE REPORT

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

In the financial year under review (up to the second quarter) and in prior financial years, the Company reported financial results on a quarterly basis, within the prescribed forty-five days from the end of each financial quarter. Through the release of its financial results, the Board aims to present shareholders with a balanced and comprehensible assessment of the Group's performance, position and prospects which extends to interim and other price sensitive public reports, and reports to regulators (if required). Pursuant to the amendments to Rule 705(2) of the SGX-ST Listing Rules (Mainboard) which took effect on 7 February 2020, the Company is not required to perform quarterly reporting. Notwithstanding the adoption of this new reporting framework, the Company remains committed in announcing material business development on a timely manner to keep shareholders updated as and when appropriate.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interest of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company has regularly engaged its stakeholders through various mediums and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and standards and to sustain business operations for long term growth.

The stakeholders have been identified as those who have impacted by or who are able to impact the Group's business and operations. They are namely, suppliers, customers, employees, community, investors and regulators.

The Company has undertaken a process to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues from the materiality matrix upon which targets, performance and progress are reviewed by the Board annually. Having identified the stakeholders and the material issues, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships. More information is available in FY2019 Sustainability Report, which is posted on SGXNet and the Company's website at www.tiongwoon.com.

ADDITIONAL INFORMATION

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 and comply with the law and the regulations and company policies.

DEALING IN COMPANY'S SECURITIES (SGX-ST LISTING RULE 1207(19))

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

During the financial year (up to the second quarter), the Company issued a notification to all directors, officers and employees of the Company informing them that they were prohibited from dealing in the Company's shares during the period commencing two weeks before the announcement of the Company's financial statements for the respective quarters and one month before the full financial year, and ending on the date of the relevant announcements. Pursuant to the amendments to Rule 705(2) of the SGX-ST Listing Rules (Mainboard) which took effect on 7 February 2020, the Company is not required to perform quarterly reporting. The Company will issue 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 one month before the announcement of the Company's half year and full year financial statements.

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

RISK MANAGEMENT POLICIES AND PROCESSES (SGX-ST LISTING RULE 1207(4)(B)(IV))

The Group's overall risk management policy aims to minimize potential adverse effects on the financial performance of the Group. The Group has adopted risk management policies and processes that seek to mitigate these risks in a cost-effective manner.

Information on risk management, policies and processes are disclosed in the financial statements, and the Risk Factors and Risk Management are on pages 18 to 21 of the Annual Report.

MATERIAL CONTRACTS (LISTING MANUAL RULE 1207(8))

Save for the Service Agreements entered into with the Executive Directors, which are subsisting as at the end of FY2020, there were no material contracts involving the interests of the Executive Chairman, CEO, 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 (SGX-ST LISTING RULE 907)

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	Nature of Relationship	Aggregate Value of all Interested Person Transactions During The Financial Year Under Review (Excluding Transactions Less Than \$100,000 And Transactions Conducted Under Shareholders' Mandate Pursuant to Rule 920)		Aggregate Value of All Interested Person Transactions Conducted Under Shareholders' Mandate Pursuant to Rule 920 (Excluding Transactions Less Than \$100,000)	
		FY2020	FY2019	FY2020	FY2019
		\$'000	\$'000	\$'000	\$'000
Sales	#	886	5	-	-
Pollisum Engineering Pte Ltd	#	886	5	-	-
Xin Woon Transport Pte Ltd	@	78	36	-	-
Purchases	#	122	291	-	-
Pollisum Engineering Pte Ltd	#	122	291	-	-
Xin Woon Transport Pte Ltd	@	187	454	-	-

Notes:

- # Pollisum Engineering Pte Ltd is owned by Mr Ang Ka San and Mrs Tai Yock Lian. Mr Ang Ka San is the sibling of Mr Ang Kah Hong (Executive Chairman) and Mr Ang Kha King (Executive Director); and uncle of Mr Ang Guan Hwa (Executive Director and CEO). Mrs Tai Yock Lian is the wife of Mr Ang Ka San.
- @ Xin Woon Transport Pte Ltd is owned by Mr Ang Kah Lock, Ms Ang Siew Chern and Ms Ang Siew Ching. Mr Ang Kah Lock is the sibling of Mr Ang Kah Hong (Executive Chairman) and Mr Ang Kha King (Executive Director); and uncle of Mr Ang Guan Hwa (Executive Director and CEO). Ms Ang Siew Chern and Ms Ang Siew Ching are the daughters of Mr Ang Kah Lock.

SUSTAINABILITY REPORT (RULE 711A and RULE 711B of the SGX-ST LISTING RULES (MAINBOARD))

The Company will release its FY2020 Sustainability Report via SGXNet at a later date. A copy will also be made available on the Company's website at www.tiongwoon.com.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Ang Kah Hong and Mr Ang Kha King are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 28 October 2020 (the “Retiring Directors”).

Pursuant to Rule 720(6) of the SGX-ST Listing Rule (Mainboard), the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the SGX-ST Listing Manual:

	MR ANG KAH HONG	MR ANG KHA KING
Date of Appointment	21 August 1997	21 August 1997
Date of last re-appointment	–	25 October 2017
Age	69	67
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the work experience and suitability of Mr Ang Kah Hong (“Mr Ang”) for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Ang possesses the experience, expertise, knowledge and skills to continue contribute towards the existing businesses of the Group	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee (“NC”) and has reviewed and considered the work experience and suitability of Mr Ang Kha King (“Mr Ang”) for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Ang possesses the experience, expertise, knowledge and skills to continue contribute towards the existing businesses of the Group
Whether appointment is executive, and if so, the area of responsibility	Executive	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Executive Director
Professional qualifications	None	None
Working experience and occupation(s) during the past 10 years	1997-Present Tiong Woon Corporation Holding Ltd	1997-Present Tiong Woon Corporation Holding Ltd
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 2,246,520 Deemed interest: 90,517,131	Direct interest: 1,842,500 Deemed interest: 90,659,631
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Brother of Mr Ang Kha King (Executive Director) and father of Mr Ang Guan Hwa (Executive Director and CEO)	Brother of Mr Ang Kah Hong (Executive Chairman) and uncle of Mr Ang Guan Hwa (Executive Director and CEO)
Conflict of Interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR ANG KAH HONG	MR ANG KHA KING
Other Principal Commitments Including Directorships (for the last 5 years)	<p>Present:</p> <ul style="list-style-type: none"> - Tiong Woon Corporation Holding Ltd - Tiong Woon Crane & Transport (Pte) Ltd - Tiong Woon Crane Pte Ltd - Tiong Woon Crane & Equipment Pte Ltd - Tiong Woon Project & Contracting Pte Ltd - Tiong Woon Tower Crane Pte Ltd - Tower Cranes Services Pte Ltd - Tiong Woon Teck Aik Enterprise Pte Ltd - Tiong Woon Logistics Pte Ltd - Tiong Woon Enterprise Pte Ltd - Tiong Woon China Consortium Pte Ltd - Tiong Woon Offshore Pte Ltd - Tiong Woon International Pte Ltd - Tiong Woon Marine Pte Ltd - TW (Sabah) Pte Ltd - Ang Choo Kim & Sons (Pte.) Limited - P. T. TWC Indonesia - Tiong Woon Crane & Transport Lanka (Pvt) Ltd. - Tiong Woon (Huizhou) Industrial Services Co., Ltd. - Golden Argo (Pvt) Ltd - Tiong Woon Services Sdn Bhd - Tiong Woon Bangladesh Limited - Tiong Woon Crane & Transport (M) Sdn Bhd - Tiong Woon Crane Sdn Bhd - Tiong Woon Thai Co. Ltd - Thai Contracting & Enterprises Co., Ltd - Tiong Woon Myanmar Company Limited - Tiong Woon Offshore Sdn Bhd - Tiong Woon Philippines, Inc - Asian Supply Base Maritime Resources Sdn Bhd - ASB Maritime Resources (L) Ltd 	<p>Present:</p> <ul style="list-style-type: none"> - Tiong Woon Corporation Holding Ltd - Tiong Woon Crane & Transport (Pte) Ltd - Tiong Woon Crane Pte Ltd - Tiong Woon Enterprise Pte Ltd - Tiong Woon International Pte Ltd - Tiong Woon Marine Pte Ltd - Ang Choo Kim & Sons (Pte.) Limited
Present		

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR ANG KAH HONG	MR ANG KHA KING
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR ANG KAH HONG	MR ANG KHA KING
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: <ul style="list-style-type: none"> (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or 	No	No
<ul style="list-style-type: none"> (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or 	No	No
<ul style="list-style-type: none"> (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or 	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR ANG KAH HONG	MR ANG KHA KING
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Disclosure applicable to the appointment of Director only.

Any prior experience as a director of an issuer listed on the Exchange?	Not applicable as this disclosure relates to the re-appointment of Director	Not applicable as this disclosure relates to the re-appointment of Director
If yes, please provide details of prior experience.	Not applicable	Not applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable

DIRECTORS' STATEMENT

For The Financial Year Ended 30 June 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 30 June 2020 and the balance sheet of the Company as at 30 June 2020.

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 56 to 113 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 2020 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
Ang Guan Hwa
Wong King Kheng
Luk Ka Lai, Carrie (Carrie Cheong)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 30.6.2020	At 1.7.2019	At 30.6.2020	At 1.7.2019
Tiong Woon Corporation Holding Ltd				
(No. of ordinary shares)				
Ang Kah Hong	2,246,250	2,246,250	90,517,131	90,517,131
Ang Kha King	1,842,500	1,842,500	90,659,631	90,659,631
Wong King Kheng	32,000	32,000	-	-

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

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

	At 30.6.2020	At 1.7.2019
Tiong Woon Crane & Transport Lanka (Pvt) Ltd		
- No. of ordinary shares	1,056,000	1,056,000

- (c) The directors' interests in the ordinary shares of the Company at 21 July 2020 were the same at 30 June 2020.

DIRECTORS' STATEMENT

For The Financial Year Ended 30 June 2020

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 Ang Guan Hwa

All members of the Audit Committee were independent directors, except for Mr Ang Guan Hwa, who was 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 2020 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

ANG KAH HONG
Director
21 September 2020

ANG GUAN HWA
Director

INDEPENDENT AUDITOR'S REPORT

To The Members Of Tiong Woon Corporation Holding Ltd

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Tiong Woon Corporation Holding Ltd ("the Company") and its subsidiaries ("the Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 30 June 2020;
- the balance sheets of the Group and the Company as at 30 June 2020;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

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

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

Independence

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

Our Audit Approach

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 30 June 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

To The Members Of Tiong Woon Corporation Holding Ltd

Our Audit Approach (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the matter
<p>1) Recoverability of trade receivables</p> <p>As at 30 June 2020, the Group's net trade receivables amounting to \$32.0 million (2019: \$40.9 million), comprising gross trade receivables of \$57.8 million (2019: \$62.5 million) and a corresponding allowance for impairment of \$25.8 million (2019: \$21.6 million), accounted for 6.9% (2019: 9.1%) of the Group's total assets.</p> <p>The Group applied the simplified approach in determining expected credit loss ("ECL") rates under SFRS(I) 9 <i>Financial Instruments</i>. In light of the Coronavirus ("COVID-19") outbreak, management reviewed and assessed whether there was any significant increase in credit risk of trade receivables.</p> <p>Management also considered specific allowances on specific receivables by making reference to evidences of settlement plans, cash receipts, repayment trends, financial health and outcome or status of any legal actions, if any.</p> <p>Significant judgement is required in determining whether an impairment loss should be recorded including the assessment of expected credit losses under SFRS(I) 9 <i>Financial Instruments</i>. Accordingly, we consider this to be a key audit matter.</p> <p>Please refer to Note 2.10 of the financial statements for disclosure of the related accounting policy, Note 3 for disclosure of the related critical accounting estimates and assumptions and Note 15 for the trade receivables disclosures.</p>	<p>We reviewed the Group's impairment assessment of trade receivables that were in default or overdue as at 30 June 2020.</p> <p>We obtained an understanding of significant credit exposures on the trade receivables which were either overdue, in default or had been specifically identified via collection reports and analysis of aged receivables produced by the credit department. We corroborated our understanding with external data where applicable.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none">• Examined proposed or existing settlement plans against evidence of cash receipts, where these had been received;• Examined repayment trends during the year, evidence of dispute and the financial health of selected counterparties;• Obtained confirmation for selected counterparties;• Considered legal opinion on the likelihood of recovery of selected balances for which the Group has commenced legal actions on; and• Reviewed management's ECL assessment on trade receivables including examining and validating the data used to determine historical loss rates adjusted with forward-looking information. <p>Based on the results of the above procedures, we found the results of our procedures to be consistent with the results of management's assessment.</p>

INDEPENDENT AUDITOR'S REPORT

To The Members Of Tiong Woon Corporation Holding Ltd

Our Audit Approach (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the matter
<p>2) Impairment assessment of property, plant and equipment ("PPE")</p> <p>As at 30 June 2020, the Group has PPE amounting to \$360.8 million (2019: \$370.7 million) and accounts for 78.2% (2019: 82.6%) of the Group's total assets.</p> <p>Certain subsidiaries of the Group with material PPE balances are in loss-making positions or hold equipment that are infrequently utilised. As such, there are indications that these assets might be impaired.</p> <p>Given the nature of these PPE, the assessment of impairment involves the application of significant judgement including the impact of the COVID-19 outbreak. Accordingly, we consider this to be a key audit matter.</p> <p>An impairment loss is recognised to the extent that the carrying amount is more than its recoverable amount. The recoverable amount is determined based on the fair value less costs of disposal.</p> <p>Please also refer to Notes 2.6 and 2.9 of the financial statements for disclosure of the related accounting policies, Note 3 for disclosure of the related critical accounting estimates, assumptions and judgements and Note 22 for the PPE disclosures.</p>	<p>We reviewed the Group's PPE to determine where impairment indicators exist. Based on existing market conditions, impairment indicators were identified mainly for the machinery category of assets.</p> <p>The approach to assessing impairment for these PPE included the following:</p> <ul style="list-style-type: none">• Obtained understanding of historical PPE utilisation rate trends;• Examined the utilisation reports for these assets, to identify assets with low utilisation rates;• Obtained external valuation reports for such identified assets;• Evaluated the competence, capabilities and objectivity of the independent valuer engaged by management and assessed the reasonableness of the methodology adopted; and• Compared the carrying amount of the assets against the recoverable amount. <p>Based on our procedures, we found management's assessment in determining the carrying value of the property, plant and equipment to be reasonable.</p>

Other Information

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

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

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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, 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.

INDEPENDENT AUDITOR'S REPORT

To The Members Of Tiong Woon Corporation Holding Ltd

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

To The Members Of Tiong Woon Corporation Holding Ltd

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Chua Chin San.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 21 September 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2020

		Group	
	Note	2020 \$'000	2019 \$'000
Revenue	4	124,685	117,225
Cost of sales	5	(81,683)	(82,063)
Gross profit		43,002	35,162
Other income	7	3,813	718
Impairment loss on financial assets - net		(3,729)	(1,777)
Other gains/(losses) - net	8	342	(480)
Expenses			
- Administrative	5	(1,117)	(1,240)
- Other operating	5	(26,333)	(24,039)
- Finance	9	(3,596)	(3,106)
Share of (loss)/profit of associated companies	19	(136)	573
Share of (loss)/profit of a joint venture	20	(19)	7
Profit before income tax		12,227	5,818
Income tax expense	10	(4,696)	(2,907)
Total profit		7,531	2,911
Other comprehensive loss:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences arising from consolidation			
- Losses		(231)	(180)
Fair value losses on cash flow hedges		-	(2)
		(231)	(182)
Total comprehensive income		7,300	2,729
Profit/(Loss) attributable to:			
Equity holders of the Company		7,578	2,945
Non-controlling interest		(47)	(34)
		7,531	2,911
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		7,348	2,785
Non-controlling interest		(48)	(56)
		7,300	2,729
Earnings per share attributable to equity holders of the Company			
- Basic and diluted	12	3.26 cents	1.27 cents

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

BALANCE SHEETS

As at 30 June 2020

	Note	Group 2020 \$'000	2019 \$'000	Company 2020 \$'000	2019 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	13	39,384	14,155	135	389
Financial assets, at fair value through profit or loss	14	324	369	—	—
Trade and other receivables	15	39,524	53,524	—	—
Tax recoverable		55	39	—	—
Inventories	16	2,141	2,815	—	—
Other assets	17	1,153	1,704	9	9
		82,581	72,606	144	398
Assets held-for-sale	11	250	—	—	—
		82,831	72,606	144	398
Non-current assets					
Other receivables	18	—	—	47,185	47,348
Investments in associated companies	19	2,894	2,942	1,020	1,020
Investment in a joint venture	20	2,095	2,050	2,074	2,074
Investments in subsidiaries	21	—	—	41,108	40,944
Property, plant and equipment	22	360,785	370,699	—	—
Right-of-use assets	23	12,313	—	—	—
Deferred income tax assets	28	515	566	—	—
		378,602	376,257	91,387	91,386
Total assets		461,433	448,863	91,531	91,784
LIABILITIES					
Current liabilities					
Trade and other payables	25	37,668	45,202	1,860	1,922
Current income tax liabilities		3,677	1,583	—	—
Borrowings	26	18,669	22,578	—	—
		60,014	69,363	1,860	1,922
Non-current liabilities					
Trade and other payables	25	8,729	19,584	—	—
Borrowings	26	105,932	79,996	—	—
Deferred income tax liabilities	28	27,460	27,458	—	—
		142,121	127,038	—	—
Total liabilities		202,135	196,401	1,860	1,922
NET ASSETS		259,298	252,462	89,671	89,862
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	29	87,340	87,340	87,340	87,340
Other reserves	30	(2,964)	(2,734)	—	—
Retained earnings		174,828	167,714	2,331	2,522
		259,204	252,320	89,671	89,862
Non-controlling interest		94	142	—	—
Total equity		259,298	252,462	89,671	89,862

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2020

Attributable to equity holders of the Company						
	Note	Share capital \$'000	Other reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interest \$'000
2020						
Beginning of financial year		87,340	(2,734)	167,714	252,320	142
Profit/(Loss) for the year		–	–	7,578	7,578	(47)
Other comprehensive loss for the year		–	(230)	–	(230)	(1)
Total comprehensive (loss)/ income for the financial year		–	(230)	7,578	7,348	(48)
Dividend relating to 2019 paid	31	–	–	(464)	(464)	–
End of financial year		87,340	(2,964)	174,828	259,204	94
2019						
Beginning of financial year		87,340	(2,574)	164,769	249,535	198
Profit/(Loss) for the year		–	–	2,945	2,945	(34)
Other comprehensive loss for the year		–	(160)	–	(160)	(22)
Total comprehensive (loss)/ income for the financial year		–	(160)	2,945	2,785	(56)
End of financial year		87,340	(2,734)	167,714	252,320	142

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Total profit		7,531	2,911
Adjustments for:			
- Income tax expense		4,696	2,907
- Depreciation of property, plant and equipment		31,409	29,647
- Depreciation of right-of-use assets		1,161	-
- Gain on disposal of property, plant and equipment		(213)	(440)
- Fair value loss on financial assets at fair value through profit or loss		44	119
- Impairment (written back)/loss on other receivables		(48)	611
- Impairment loss on trade receivables - net		3,777	1,166
- Impairment loss on assets held-for-sale		233	-
- Interest income		(208)	(70)
- Interest expense		3,536	3,177
- Share of loss/(profit) of associated companies		136	(573)
- Share of loss/(profit) of a joint venture		19	(7)
- Translation differences		(259)	707
Operating cash flow before working capital changes		<u>51,814</u>	40,155
Change in operating assets and liabilities			
- Inventories		674	(1,468)
- Trade and other receivables		9,819	(12,225)
- Other current assets		551	(505)
- Trade and other payables		(5,813)	7,992
Cash generated from operations		<u>57,045</u>	33,949
Income tax paid		<u>(2,570)</u>	(1,411)
Net cash provided by operating activities		<u>54,475</u>	32,538
Cash flows from investing activities			
Purchase of property, plant and equipment		(5,924)	(22,615)
Interest received		208	70
Dividend received from associated companies		-	281
Fixed deposits pledged		(168)	(705)
Purchase of investment in associated company		(16)	-
Proceeds from disposal of property, plant and equipment		1,098	2,692
Net cash used in investing activities		<u>(4,802)</u>	(20,277)
Cash flows from financing activities			
Proceeds from bank borrowings		1,370	19,231
Repayment of bank borrowings		(7,456)	(8,460)
Repayment of other secured borrowings/finance lease liabilities		(13,493)	(14,916)
Interest paid		(3,578)	(3,168)
Principal repayments of lease liabilities		(992)	-
Dividends paid to equity holders of the Company		(464)	-
Net cash used in financing activities		<u>(24,613)</u>	(7,313)
Net increase in cash and cash equivalents		<u>25,060</u>	4,948
Cash and cash equivalents at beginning of financial year		<u>13,449</u>	8,501
Cash and cash equivalents at end of financial year	13	<u>38,509</u>	13,449

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 30 June 2020

Reconciliation of liabilities arising from financing activities

	1 July 2019 \$'000	Principal and interest payments \$'000	Proceeds from borrowings \$'000	Non-cash changes				30 June 2020 \$'000
				Adoption of SFRS(I) 16 \$'000	Hire purchase of equipment \$'000	Interest expense \$'000	Others \$'000	
Bank borrowings	71,953	(9,319)	1,370	–	(6,070)	1,821	42	59,797
Other secured borrowings	30,621	(14,784)	–	–	35,193	1,291	–	52,321
Lease liabilities	–	(1,416)	–	13,474	–	424	1	12,483

	1 July 2018 \$'000	Principal and interest payments \$'000	Proceeds from borrowings \$'000	Non-cash changes			30 June 2019 \$'000
				Hire purchase of equipment \$'000	Interest expense \$'000	Others \$'000	
Bank borrowings	70,637	(10,592)	19,231	(9,455)	2,141	(9)	71,953
Finance lease liabilities	36,082	(15,952)	–	9,455	1,036	–	30,621

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

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 set out in Note 21.

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group 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.

2.2 Interpretations and amendments to published standards effective in 2020

On 1 July 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) 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 SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 *Leases*.

Adoption of SFRS(I) 16 *Leases*

(a) When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group’s accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.14.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- i) For all contracts entered into before 1 July 2019 and that were previously identified as leases under SFRS(I) 1-17 *Lease* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- ii) On a lease-by-lease basis, the Group has:
 - a) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - b) accounted for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
 - c) excluded initial direct costs in the measurement of the right-of-use (“ROU”) asset at the date of initial application; and
 - d) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.2 Interpretations and amendments to published standards effective in 2020 (continued)

Adoption of SFRS(I) 16 Leases (continued)

(a) When the Group is the lessee (continued)

There were no onerous contracts as at 1 July 2019.

For leases previously classified as operating leases on 1 July 2019, the Group has applied the following transition provisions:

- i) On a lease-by-lease basis, the Group chose to measure its ROU assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of transaction (i.e. 1 July 2019).
- ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 July 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 July 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

(b) When the Group is a lessor

There are no material changes to accounting by the Group as a lessor.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 July 2019 are as follows:

	Increase \$'000
Right-of-use assets	13,474
Borrowings	<u>13,474</u>

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 30 June 2019 and the lease liabilities recognised in the balance sheet as at 1 July 2019 are as follows:

	\$'000
Operating lease commitment disclosed as at 30 June 2019	18,261
Less: Short-term leases	(6)
Less: Discounting effect using weighted average incremental borrowing rate of 3.20%	<u>(4,781)</u>
Lease liabilities recognised as at 1 July 2019	<u>13,474</u>

2.3 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. The Group recognises revenue from each of its activities as follows:

(a) Rental income

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.3 Revenue recognition (continued)

(b) Rendering of services

Revenue from services is recognised as a performance obligation satisfied over time. Such services include mechanical, infrastructure and industrial plant engineering and structural works, management of marine and industrial project. The measure of progress is determined based on the actual services provided as a proportion of the total services to be performed.

(c) Trading sales of equipment

The Group sells equipment in various markets and revenue is recognised when control of the products has transferred to its customer, being when a Group entity has delivered the products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the acceptance of the products and collectability of the related receivables is reasonably assured.

Revenue is recognised at a point in time when the equipment are delivered to the customer.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(d) Dividend income

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

(e) Interest income

Interest income is recognised using the effective interest method.

2.4 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.5 Group accounting

(a) Subsidiaries

(i) *Consolidation*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.5 Group accounting (continued)

(a) Subsidiaries (continued)

(i) *Consolidation (continued)*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) *Disposals*

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

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

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint venture" (Note 2.8) for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.5 Group accounting (continued)

(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.

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*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the 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.

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 2.8) for the accounting policy on investments in associated companies and joint venture in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.6 Property, plant and equipment

(a) Measurement

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

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

(b) Depreciation

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

	<u>Useful lives</u>
Buildings and leasehold land	Shorter of 30 years and the lease term
Machinery	
- Cranes	14 - 25 years from year of manufacture
- Other machinery	5 - 10 years
Tug boats and barges	5 - 10 years
Office equipment	5 - 10 years
Computer software	5 years
Furniture and fixtures	10 years
Office renovation	2 - 5 years
Motor vehicles	5 - 10 years
Right-of-use assets	2 - 24 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/(losses) - net".

2.7 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.8 Investments in subsidiaries, associated companies and joint venture

Investments in subsidiaries, associated companies and joint venture are carried at cost less accumulated impairment losses in the Company's balance sheet (Note 2.9).

On disposal of such investments, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

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

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

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

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

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

2.10 Financial assets

(a) Classification and measurement

The Group classifies its financial assets in the following categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, and trade and other receivables.

Financial assets of the Group are subsequently measured as follows:

Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) Equity instruments

The Group subsequently measures all its equity instruments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gains/(losses) - net”. Dividends from equity investments are recognised in profit or loss as “other income”.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents, other receivables, deposits and amounts due from related parties, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) 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 debt instrument, 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 2020

2. Significant accounting policies (continued)

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. Intragroup transactions are eliminated on consolidation.

Financial guarantees are initially recognised at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I)15; and
- (b) the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

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) The accounting policy for leases before 1 July 2019 are as follows:

- (i) *When the Group is the lessee:*

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

- *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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.14 Leases (continued)

(a) The accounting policy for leases before 1 July 2019 are as follows: (continued)

(i) *When the Group is the lessee:* (continued)

- *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.

(ii) *When the Group is the lessor:*

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

- *Lessor - Operating leases*

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct 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.

Contingent rents are recognised as income in profit or loss when earned.

(b) The accounting policy for leases from 1 July 2019 are as follows:

(i) *When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- *Right-of-use assets*

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.14 Leases (continued)

(b) The accounting policy for leases from 1 July 2019 are as follows: (continued)

(i) *When the Group is the lessee:* (continued)

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.14 Leases (continued)

(b) The accounting policy for leases from 1 July 2019 are as follows: (continued)

(i) *When the Group is the lessee:* (continued)

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(ii) *When the Group is the lessor:*

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16.

For contract which contains lease and non-lease components, the Group allocates the consideration based on a relative stand-alone selling price basis.

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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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 2020

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 2.6). 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 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.

2.19 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.19 Currency translation (continued)

(b) Transactions and balances (continued)

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate expenses to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains/(losses) - net".

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

(c) Translation of Group entities' financial statements

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

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

2.20 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.

2.21 Cash and cash equivalents

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

2.22 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.

2.23 Dividends to Company's shareholders

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

2. Significant accounting policies (continued)

2.24 Assets held-for-sale

Assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less cost 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.

(a) Impairment of property, plant and equipment - Machinery, tug boats and barges

The machinery, tug boat and barges are tested for impairment whenever there is an objective evidence or indication that they may be impaired. An impairment loss is recognised to the extent that the carrying amount is more than its recoverable amount. The recoverable amount is determined based on the fair value less costs of disposal. In assessing the fair value less costs of disposal, the Group engaged independent valuation specialists to determine the fair value as at 30 June 2020. The independent valuers used a valuation technique based on recent sales and other comparable market data.

As at 30 June 2020, the recoverable amounts have been determined based on fair value less costs of disposal.

(b) Impairment of trade receivables

Management reviews its trade 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.

As at 30 June 2020, the Group's net trade receivables amounted to \$32.0 million (2019: \$40.9 million), arising from the Group's different revenue segments as disclosed in Note 35.

Based on the Group's historical credit loss experience, trade receivables exhibited different loss patterns depending on the type of trade receivables that are grouped based on shared credit risk characteristics. Accordingly, management has determined expected loss rates for each of the trade receivables.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately.

As at 30 June 2020, the impairment loss allowance for trade receivables was \$25.8 million (2019: \$21.6 million). The Group's trade receivables included one debtor, whose debt amounted to \$12.0 million (2019: \$11.7 million) which is aged more than 365 days. Allowance for impairment of \$12.0 million has been made for this debt (2019: \$10.0 million).

The Group's and the Company's credit risk exposure for the trade receivables and contract assets by different segment are set out in Note 33(b)(i).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

4. Revenue

- (a) Disaggregation of revenue from contracts with customer

	At a point in time \$'000	Over time \$'000	Total \$'000
<u>2020</u>			
Rendering of services	-	19,646	19,646
Trading sales of equipment and spare parts	7,438	-	7,438
Total revenue from contracts with customers	7,438	19,646	27,084
Rental income (*)			97,601
Total gross revenue			<u>124,685</u>
<u>2019</u>			
Rendering of services	-	16,533	16,533
Trading sales of equipment and spare parts	6,313	-	6,313
Total revenue from contracts with customers	6,313	16,533	22,846
Rental income (*)			94,379
Total gross revenue			<u>117,225</u>

* Rental income includes revenue earned from the provision of operators with leasing of equipment. The manpower services make up 28.7% (2019: 26.5%) of the total rental income recognised.

- (b) Contract assets and liabilities

	30 June 2020 \$'000	1 July 2019 \$'000	1 July 2018 \$'000
<i>Contract assets</i>			
- Accrued income from non-related parties	1,106	1,129	1,683
- Contract revenue	19	430	434
- Retentions	19	1,125	2,117
Total contract assets	1,125	1,559	2,117
<i>Contract liabilities</i>			
- Deferred revenue	300	-	-
- Deposits and advances received	651	2,278	241
	951	2,278	241

- (i) Revenue recognised in relation to contract liabilities

	2020 \$'000	2019 \$'000
Revenue recognised in current period that was included in the contract liabilities balance at the beginning of the period	2,232	241

- (ii) Unsatisfied performance obligation

As permitted under SFRS(I) 15, the remaining unsatisfied performance obligations are part of a contract that has expected duration of one year or less.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

5. Expenses by nature

	Group	
	2020	2019
	\$'000	\$'000
Audit fees to:		
Auditors of the Company	309	308
Other auditors	65	62
Cost of trading equipment and spare parts	5,543	4,747
Cross-hire charges	3,443	5,932
Depreciation of property, plant and equipment (Note 22)	31,409	29,647
Depreciation of right-of-use assets (Note 23)	1,161	–
Employee compensation (Note 6)	36,725	35,816
Freight and handling	1,158	1,623
Hire of equipment	1,702	1,071
Insurance	2,252	2,288
Impairment loss on assets held-for-sale	233	–
Professional fees	480	470
Rental expense	636	1,561
Sub-contractor charges	2,388	2,269
Transportation expense	3,027	2,979
Upkeep of property, plant and equipment	3,578	4,275
Purchases of inventories	3,712	6,512
Changes in inventories	674	(1,468)
Other expenses	10,638	9,250
Total cost of sales, administrative expenses and other operating expenses	109,133	107,342

6. Employee compensation

	Group	
	2020	2019
	\$'000	\$'000
Wages and salaries		
Employer's contribution to defined contribution plans including Central Provident Fund ("CPF")	34,423	33,512
Amounts attributable to operations (Note 5)	2,302	2,304
Total	36,725	35,816

7. Other income

	Group	
	2020	2019
	\$'000	\$'000
Interest income		
- Bank deposits	208	70
Insurance claims received	609	344
Government grants	2,847	208
Miscellaneous gains	149	96
Total	3,813	718

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

8. Other gains/(losses) - net

	Group	
	2020 \$'000	2019 \$'000
Fair value loss on financial assets at fair value through profit and loss	(44)	(119)
Gain on disposal of property, plant and equipment	213	440
Currency translation gain/(loss) - net	173	(801)
	342	(480)

9. Finance expenses

	Group	
	2020 \$'000	2019 \$'000
Interest expense		
- Bank borrowings	1,821	2,141
- Other secured borrowings/Finance lease liabilities	1,291	1,036
- Lease liabilities	424	–
	3,536	3,177
Currency translation loss/(gain) - net	60	(71)
	3,596	3,106

10. Income taxes

Income tax expense

	Group	
	2020 \$'000	2019 \$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	3,033	904
- Foreign	1,522	817
	4,555	1,721
Deferred income tax (Note 28)	(346)	1,269
Tax charge for current financial year	4,209	2,990
Under/(Over) provision in previous financial years		
- current income tax	133	230
- deferred income tax (Note 28)	354	(313)
	4,696	2,907

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

10. Income taxes (continued)

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

	Group	
	2020 \$'000	2019 \$'000
Profit before income tax	12,227	5,818
Share of loss/(profit) of associated companies and joint venture, net of tax	155	(580)
Profit before tax and share of loss/(profit) of associated companies and joint venture	12,382	5,238
Tax calculated at a tax rate of 17% (2019: 17%)	2,105	890
- Statutory income exemptions	(201)	(132)
- Income not subject to tax	(43)	(51)
- Expenses not deductible for tax purposes	1,561	1,420
- Effect of different tax rates in other countries	(126)	(114)
- Deferred tax assets not recognised due to tax losses	1,307	1,020
- Utilisation of previously unrecognised tax losses	(394)	(43)
- Under/(Over) provision in previous financial years	487	(83)
Tax charge	4,696	2,907

11. Assets held-for-sale

On 4 February 2020, the Group entered into a sale and purchase agreement to sell certain machinery (Note 22) to a third party customer for a total consideration of \$250,000. The assets were classified as assets held-for-sale as the assets are available for immediate sale in their present condition. During the financial year, the Group recognised impairment loss of \$233,000 (Note 5) for a write-down of the assets held-for-sale to fair value less cost to sell. The sale is expected to be completed in the next financial year.

12. 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	
	2020	2019
Net profit attributable to equity holders of the Company (\$'000)	7,578	2,945
Weighted average number of ordinary shares on issue for basic and diluted earnings per share ('000)	232,235	232,235
Basic and diluted earnings per share (cents per share)	3.26	1.27

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

13. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	30,036	8,559	135	389
Short-term bank deposits	9,348	5,596	-	-
	39,384	14,155	135	389

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

	Group	
	2020	2019
	\$'000	\$'000
Cash and bank balances (as above)	39,384	14,155
Less: Bank deposits pledged	(875)	(706)
Cash and cash equivalents per consolidated statement of cash flows	38,509	13,449

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

14. Financial assets, at fair value through profit or loss

	Group	
	2020	2019
	\$'000	\$'000
Listed securities:		
- Equity securities - Singapore	318	362
- Equity securities - Sri Lanka	6	7
	324	369

15. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Trade receivables - third parties	57,785	62,450	-	-
Less: Allowance for impairment of trade receivables (Note 33(b))	(25,757)	(21,578)	-	-
Trade receivables - net	32,028	40,872	-	-
Other receivables - third parties	4,853	4,029	516	564
Less: Allowance for impairment of other receivables (Note 33(b))	(1,642)	(1,690)	(516)	(564)
Other receivables - net	3,211	2,339	-	-
Contract assets (Note 4(b))	1,125	1,559	-	-
Withholding tax recoverable	1,401	1,503	-	-
Accrued income	1,759	7,251	-	-
	39,524	53,524	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

16. Inventories

	Group	
	2020	2019
	\$'000	\$'000
Equipment	288	1,486
Fuel and spare parts	<u>1,853</u>	1,329
	<u>2,141</u>	2,815

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$4,386,000 (2019: \$5,044,000).

17. Other assets

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<u>Current</u>				
Deposits	440	672	-	-
Prepayments	<u>713</u>	1,032	<u>9</u>	9
	<u>1,153</u>	1,704	<u>9</u>	9

18. Other receivables - non-current

	Company	
	2020	2019
	\$'000	\$'000
Other receivables from subsidiaries (non-trade)		
- non-interest bearing (unsecured)	<u>47,185</u>	47,348

The non-interest bearing receivables have no fixed terms of repayment and are not expected to be repaid within the next 12 months. They 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.

19. Investments in associated companies

	Company	
	2020	2019
	\$'000	\$'000
<i>Equity investments at cost</i>		
Beginning and end of financial year	<u>1,020</u>	1,020

Set out below are the associated companies of the Group as at 30 June 2020, 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 2020

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
PDT Ascend 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.

PDT Ascend Sdn Bhd provides operation and maintenance of heavy lifting and heavy transport services and other related business 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, Asian Supply Base Maritime Resources Sdn Bhd and PDT Ascend Sdn Bhd.

Summarised balance sheet

	Asian Supply Base Maritime							
	ASB Maritime Resources (L) Ltd		Resources Sdn Bhd		PDT Ascend Sdn Bhd		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	1,523	1,845	2,072	3,183	945	–	4,540	5,028
Includes:								
- Cash and cash equivalents	71	15	32	3	135	–	238	18
Current liabilities	(75)	(1,015)	(1,386)	(2,051)	(757)	–	(2,218)	(3,066)
Non-current assets	3,532	4,006	53	36	–	–	3,585	4,042
Net assets	4,980	4,836	739	1,168	188	–	5,907	6,004

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

19. Investments in associated companies (continued)

Summarised statement of comprehensive (loss)/income

	ASB Maritime Resources (L) Ltd		Asian Supply Base Maritime Resources Sdn Bhd		PDT Ascend Sdn Bhd		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	794	835	1,842	4,471	1,248	—	3,884	5,306
Expenses								
Includes:								
- Depreciation and amortisation	(592)	(137)	(4)	(77)	—	—	(596)	(214)
- Interest expense	—	—	(1)	—	—	—	(1)	—
(Loss)/Profit from continuing operations	(4)	587	(428)	588	155	—	(277)	1,175
Income tax expense	—	(5)	—	—	—	—	—	(5)
Post-tax (loss)/profit from continuing operations and total comprehensive (loss)/income	(4)	582	(428)	588	155	—	(277)	1,170

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		PDT Ascend Sdn Bhd		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net assets								
At 1 July	4,836	4,700	1,168	761	—	—	6,004	5,461
(Loss)/Gain for the year	(4)	582	(428)	588	155	—	(277)	1,170
Dividends paid	—	(408)	—	(164)	—	—	—	(572)
Foreign exchange differences	148	(38)	(1)	(17)	33	—	180	(55)
At 30 June	4,980	4,836	739	1,168	188	—	5,907	6,004
Interest in associated companies (49%)	2,440	2,370	362	572	92	—	2,894	2,942
Carrying value	2,440	2,370	362	572	92	—	2,894	2,942

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

20. Investment in a joint venture

	Company	
	2020	2019
	\$'000	\$'000
<i>Equity investment at cost</i>		
Beginning and end of financial year	2,074	2,074

Set out below is the joint venture of the Group as at 30 June 2020, 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. It has become inactive since the financial year ended 30 June 2017.

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	
	2020	2019
	\$'000	\$'000
Current assets		
Includes:		
- Cash and cash equivalents	655	635
Current liabilities		
Includes:		
- Financial liabilities (excluding trade payables)	(34)	(31)
Non-current assets		
	711	689
Non-current liabilities		
	-	-
Net assets		
	5,236	5,126

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

20. Investment in a joint venture (continued)

Summarised statement of comprehensive income

	Tiong Woon Teck Aik Enterprise Pte Ltd	For the financial year ended 30 June	2020	2019
			\$'000	\$'000
Other income			11	14
Other (loss)/ gain - net			(50)	13
(Loss)/Profit from continuing operations			(47)	18
Income tax expense			-	-
Post-tax (loss)/profit from continuing operations and total comprehensive (loss)/income			(47)	18

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	2020	2019
		\$'000	\$'000
Net assets			
At 1 July	5,126	5,149	
(Loss)/Profit for the year	(47)	18	
Foreign exchange differences	159	(41)	
At 30 June	5,238	5,126	
Interest in joint venture (40%)	2,095	2,050	
Carrying value	2,095	2,050	

21. Investments in subsidiaries

	Company	
	2020	2019
	\$'000	\$'000
<i>Equity investments, at cost</i>		
Beginning of financial year	43,237	43,232
Additional investment in subsidiaries	164	5
	43,401	43,237
Less: Provision for impairment in investment	(2,293)	(2,293)
End of financial year	41,108	40,944

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

21. Investments in subsidiaries (continued)

The Group has the following subsidiaries as at 30 June 2020 and 2019:

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	
			2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Subsidiaries held by the Company								
Tiong Woon Crane & Transport (Pte) Ltd ^(a)	Hiring out of cranes and transport and trading	Singapore	100	100	100	100	-	-
Tiong Woon Crane Pte Ltd ^(a)	Hiring out of cranes and transport	Singapore	100	100	100	100	-	-
Tiong Woon Project & Contracting Pte Ltd ^(a)	Mechanical and infrastructure engineering services and structural works	Singapore	100	100	100	100	-	-
Tiong Woon Enterprise Pte Ltd ^(a)	Trading of cranes	Singapore	100	100	100	100	-	-
Tiong Woon International Pte Ltd ^(a)	Investment holding, hiring out of cranes and transport and supply chain management	Singapore	100	100	100	100	-	-
Tiong Woon Tower Crane Pte Ltd ^(a)	Selling, servicing and leasing of equipment in the petroleum, construction, shipbuilding and related industries	Singapore	100	100	100	100	-	-
Tiong Woon Marine Pte Ltd ^(a)	Marine/transportation logistics related business	Singapore	100	100	100	100	-	-
Tiong Woon Offshore Pte Ltd ^(a)	Marine/transportation logistics related business	Singapore	100	100	100	100	-	-
TW (Sabah) Pte Ltd ^(a)	Marine/transportation logistics related business	Singapore	100	100	100	100	-	-
Tiong Woon China Consortium Pte Ltd ^(a)	Investment holding	Singapore	100	100	100	100	-	-
Tiong Woon Logistics Pte Ltd ^(a)	Freight forwarding services and logistics related business	Singapore	100	100	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

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	
			2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Subsidiaries held by the Company (continued)								
Tiong Woon Crane & Transport (M) Sdn Bhd ^(b)	Hiring out of cranes and transport	Malaysia	100	100	100	100	-	-
Tiong Woon Offshore Sdn Bhd ^{(c)(p)}	Marine/transportation logistics related business	Malaysia	100	100	100	100	-	-
Tiong Woon Thai Co. Ltd ^{(d)(p)}	Hiring out of cranes and transport	Thailand	100	100	100	100	-	-
Thai Contracting & Enterprises Co., Ltd ^{(d)(p)}	Hiring out of cranes and transport	Thailand	100	100	100	100	-	-
P.T. TWC Indonesia ^(e)	Hiring out of cranes and transport	Indonesia	100	100	100	100	-	-
TWC Arabia Company Ltd ^(f)	Hiring out of cranes and transport	Saudi Arabia	100	100	100	100	-	-
Tiong Woon Vietnam Company Limited ^(g)	Hiring out of cranes and transport	Vietnam	100	100	100	100	-	-
Tiong Woon Myanmar Company Limited ^{(h)(p)}	Hiring out of cranes and transport	Myanmar	100	100	100	100	-	-
5 Elephant Co., Ltd ^{(h)(p)}	Hiring out of cranes and transport	Myanmar	100	100	100	100	-	-
Tiong Woon Crane & Transport Lanka (Pvt) Ltd ⁽ⁱ⁾	Hiring out of cranes and transport	Sri Lanka	80	80	80	80	20	20
Tiong Woon Services Sdn Bhd ^{(j)(p)}	Heavy lifting, heavy transportation, mechanical installation, equipment leasing and marine transportation	Brunei Darussalam	100	100	100	100	-	-
Tiong Woon Bangladesh Limited ^{(k)(p)}	Hiring of heavy machinery and equipment, engineering and technical services, import, export and transportation	Bangladesh	100	100	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

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			
			2020	2019	2020	2019	2020	2019		
Subsidiary held by Tiong Woon Crane & Transport (Pte) Ltd										
Tiong Woon Crane & Equipment Pte Ltd ^(a)	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 ^(b)	Mechanical and infrastructure engineering services and structural works	India	-	-	100	100	-	-		
Subsidiaries held by Tiong Woon International Pte Ltd										
P.T. Tiong Woon Indonesia ^(m)	Dormant	Indonesia	-	-	100	100	-	-		
Tiong Woon Philippines, Inc ⁽ⁿ⁾	Hiring out of cranes and transport	Philippines	-	-	100	100	-	-		
Subsidiary held by Tiong Woon Tower Crane Pte Ltd										
Tower Cranes Services Pte Ltd ^(a)	Servicing, erection, jacking and dismantling of tower cranes	Singapore	-	-	100	100	-	-		
Subsidiary held by Tiong Woon China Consortium Pte Ltd										
Tiong Woon (Huizhou) Industrial Services Co., Ltd ^(o)	Heavy lifting services in the oil, gas, petrochemicals and other related construction industries	People's Republic of China	-	-	100	100	-	-		
Subsidiary held by Tiong Woon Crane & Transport (M) Sdn Bhd										
Tiong Woon Crane Sdn Bhd ^(b)	Hiring out of cranes and transport	Malaysia	-	-	100	100	-	-		
Subsidiary held by Tiong Woon Crane & Transport Lanka (Pvt) Ltd										
Golden Argo (Pvt) Ltd ^(m)	Investment holding	Sri Lanka	-	-	80	80	20	20		

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

21. Investments in subsidiaries (continued)

- (a) Audited by PricewaterhouseCoopers LLP, Singapore
- (b) Audited by Baker Tilly HYT
- (c) Audited by Ng, Lee & Partners
- (d) Audited by FBLP Audit and Business Consulting Services Ltd
- (e) Audited by KAP Handoko & Suparmun
- (f) Audited by PricewaterhouseCoopers, Al-Khobar
- (g) Audited by DCPA Auditing and Consulting Company Limited
- (h) Audited by Ngwe Inzaly Audit Firm
- (i) Audited by E-TEC Associates
- (j) Audited by Deloitte & Touche.
- (k) Audited by Howladar Yunus & Co.
- (l) Audited by Sundaram & Narayanan Chartered Accountants
- (m) Not required to be audited under the laws of the country of incorporation
- (n) Audited by Cruz - Caymo, Partners & Associates
- (o) Audited by Huizhou Huizheng Certified Public Accountants
- (p) Includes shares held in trust by employees of the Group

Summarised financial information of subsidiaries with material non-controlling interests

There are no subsidiaries that has non-controlling interests that are material to the Group.

There were no transactions with non-controlling interests for the financial years ended 30 June 2020 and 2019.

Carrying value of non-controlling interests

	2020 \$'000	2019 \$'000
Subsidiaries with immaterial non-controlling interests	<u>94</u>	142

22. Property, plant and equipment

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

Group	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
2020												
Cost												
Beginning of financial year	7,531	2,075	81,579	541,279	40,570	4,355	1,241	2,368	1,315	3,119	249	685,681
Additions	-	-	-	21,773	120	106	2	5	-	264	268	22,538
Disposals	-	(322)	-	(14,458)	-	(618)	-	(334)	(614)	(603)	-	(16,949)
Written-off	-	-	-	-	-	-	-	-	-	-	(24)	(24)
Reclassified to assets held-for-sale	-	-	-	(1,081)	-	-	-	-	-	-	-	(1,081)
Exchange differences	(1)	(18)	6	267	(52)	33	-	-	2	14	23	-
End of financial year	7,530	1,735	81,585	547,780	40,638	3,876	1,243	2,041	715	2,803	493	690,439
<i>Accumulated depreciation</i>												
Beginning of financial year	-	(796)	(11,062)	(258,793)	(34,491)	(3,879)	(1,179)	(1,436)	(1,140)	(2,206)	-	(314,982)
Depreciation charge	-	(29)	(2,984)	(25,590)	(1,910)	(345)	(26)	(196)	(69)	(260)	-	(31,409)
Disposals	-	317	5	13,870	-	615	-	333	614	542	-	16,296
Reclassified to assets held-for-sale	-	-	-	598	-	-	-	-	-	-	-	598
Exchange differences	-	10	(4)	(131)	35	(31)	-	(2)	(10)	(24)	-	(157)
End of financial year	-	(498)	(14,045)	(270,046)	(36,366)	(3,640)	(1,205)	(1,301)	(605)	(1,948)	-	(329,654)
Net book value												
End of financial year	7,530	1,237	67,540	277,734	4,272	236	38	740	110	855	493	360,785

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

22. Property, plant and equipment (continued)

Group	2019	Freehold 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
Cost												
Beginning of financial year	7,614	2,321	81,212	498,762	39,137	4,558	1,241	2,289	1,265	3,405	—	641,804
Additions	302	—	454	47,217	1,580	190	1	81	23	234	249	50,331
Disposals	(302)	(174)	—	(3,350)	—	(377)	—	—	—	(498)	—	(4,701)
Exchange differences	(83)	(72)	(87)	(1,350)	(147)	(16)	(1)	(2)	27	(22)	—	(1,753)
End of financial year	7,531	2,075	81,579	541,279	40,570	4,355	1,241	2,368	1,315	3,119	249	685,681
<i>Accumulated depreciation</i>												
Beginning of financial year	—	(700)	(7,975)	(237,988)	(32,324)	(3,890)	(1,152)	(1,240)	(1,059)	(2,237)	—	(288,565)
Depreciation charge	—	(159)	(3,120)	(23,117)	(2,270)	(376)	(27)	(197)	(65)	(316)	—	(29,647)
Disposals	—	50	—	1,692	—	374	—	—	—	333	—	2,449
Exchange differences	—	13	33	620	103	13	—	1	(16)	14	—	781
End of financial year	—	(796)	(11,062)	(258,793)	(34,491)	(3,879)	(1,179)	(1,436)	(1,140)	(2,206)	—	(314,982)
Net book value												
End of financial year	7,531	1,279	70,517	282,486	6,079	476	62	932	175	913	249	370,699

- (a) Additions in the consolidated financial statements include \$5,819,000 (2019: \$Nil) acquired by means of other secured borrowings/finance lease liabilities.
- (b) The carrying amount of machinery and motor vehicles of the Group under other secured borrowings/finance lease liabilities (Note 27) amounted to \$76,054,000 (2019: \$74,862,000).
- (c) Bank borrowings are secured on property, plant and equipment of the Group with carrying amounts of \$73,855,000 (2019: \$83,320,000) [Note 26(a)].

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

23. Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold land

The Group leases leasehold land which is used for its office, operations and dormitory.

- (a) Carrying amounts and depreciation charge during the year

Right-of-use assets

	Leasehold land \$'000
Group	
2020	
Cost	
Beginning of financial year	–
Adoption of SFRS(I) 16 (Note 2.2)	13,474
End of financial year	13,474
 <i>Accumulated depreciation</i>	
Beginning of financial year	–
Depreciation charge (Note 5)	(1,161)
End of financial year	(1,161)
 <i>Net book value</i>	
End of financial year	12,313
 (b) Interest expense	
Interest expense on lease liabilities (Note 9)	424
 (c) Lease expense not capitalised in lease liabilities	
Lease expense:	
- short-term leases	4,057
- low-value leases	22
	4,079

- (d) Total cash outflow for all the leases in 2020 was \$5,495,000.

24. Leases – The Group as a lessor

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out their property, plant and equipment to third parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

24. Leases – The Group as a lessor (continued)

Nature of the Group's leasing activities – Group as a lessor (continued)

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	30 June 2020 \$'000
Not later than one year	14,581
One to two years	6,967
Two to three years	1,388
Three to four years	30
Four to five years	24
Total undiscounted lease payment	<u>22,990</u>

25. Trade and other payables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<i>Current</i>				
Trade payables to third parties	15,965	24,949	–	–
Other payables to third parties	6,192	5,094	1,666	1,689
Contract liabilities (Note 4(b))	951	2,278	–	–
Deferred income	2,437	960	–	–
Deposits and advances received	4,726	5,628	–	–
Accrued operating expenses	7,397	6,293	194	233
	<u>37,668</u>	<u>45,202</u>	<u>1,860</u>	<u>1,922</u>
<i>Non-current</i>				
Trade payables to third parties	8,729	19,584	–	–
Total trade payables to third parties	<u>46,397</u>	<u>64,786</u>	<u>1,860</u>	<u>1,922</u>

Deferred income includes deferred government grant income of \$1,516,000 (2019: \$Nil).

26. Borrowings

	Group	
	2020 \$'000	2019 \$'000
<i>Current</i>		
Bank borrowings	4,790	12,171
Other secured borrowings/Finance lease liabilities (Note 27)	12,937	10,407
Lease liabilities	942	–
	<u>18,669</u>	<u>22,578</u>
<i>Non-current</i>		
Bank borrowings	55,007	59,782
Other secured borrowings/Finance lease liabilities (Note 27)	39,384	20,214
Lease liabilities	11,541	–
	<u>105,932</u>	<u>79,996</u>
Total borrowings	124,601	102,574

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

26. Borrowings (continued)

The exposure of the borrowings of the Group to interest rate changes amounts to \$59,797,000 (2019: \$71,683,000). 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 \$112,118,000 (2019: \$97,260,000) of the Group.

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

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

(b) Fair value of non-current bank and other secured borrowings

Group	Carrying amounts		Fair values	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Bank borrowings	55,007	59,782	54,904	59,588
Other secured borrowings/Finance lease liabilities	39,384	20,214	36,664	18,307

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	2020	2019
	SGD	SGD
	%	%
Bank borrowings	2.21	3.20
Other secured borrowings/Finance lease liabilities	3.13	3.26

27. Other secured borrowings/Finance lease liabilities

On the adoption of SFRS(I) 16 Leases, these finance lease liabilities as at 30 June 2019 were re-assessed to be borrowings that finance the Group's in substance purchases of the underlying assets. As such, these finance lease liabilities were reclassified to other secured borrowings on 1 July 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

27. Other secured borrowings/Finance lease liabilities (continued)

	Group	
	2020	2019
	\$'000	\$'000
Minimum lease payments due:		
- not later than one year	14,363	11,226
- later than one year but not later than five years	41,602	21,599
	55,965	32,825
Less: Future finance charges	(3,644)	(2,204)
Present value of other secured borrowings/finance lease liabilities	52,321	30,621
The present value of other secured borrowings/finance lease liabilities are analysed as follows:		
Not later than one year (Note 26)	12,937	10,407
Later than one year but not later than five years	38,028	18,244
Later than five years	1,356	1,970
	52,321	30,621

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

28. 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 taxation authority.

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

	Group	
	2020	2019
	\$'000	\$'000
Deferred income tax assets:		
- to be recovered after one year	(515)	(566)
Deferred income tax liabilities:		
- to be settled within one year	39	20
- to be settled after one year	27,421	27,438
	27,460	27,458

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

	Group	
	2020	2019
	\$'000	\$'000
Balance at beginning of financial year		
(Credited)/Charged to profit or loss (Note 10)	26,892	25,960
Under/(Over) provision in prior financial years (Note 10)	(346)	1,269
Exchange differences	354	(313)
Balance at end of financial year	26,945	26,892

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

28. Deferred income taxes (continued)

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 \$29,939,000 (2019: \$25,109,000) 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 \$13,797,000 (2019: \$12,172,000) which will expire between 2021 to 2028 (2019: 2020 to 2027).

Deferred income tax liabilities of \$925,000 (2019: \$1,023,000) 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 \$9,249,000 (2019: \$10,227,000) 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
2020	
Balance at beginning of financial year	27,533
Credited to profit or loss	(5)
Exchange differences	(6)
Balance at end of financial year	27,522
2019	
Balance at beginning of financial year	26,589
Charged to profit or loss	980
Exchange differences	(36)
Balance at end of financial year	27,533

Deferred income tax assets

	Unabsorbed capital allowances and unutilised tax losses \$'000	Provisions \$'000	Total \$'000
2020			
Balance at beginning of financial year	(566)	(75)	(641)
Charged to profit or loss	–	13	13
Exchange differences	51	–	51
Balance at end of financial year	(515)	(62)	(577)
2019			
Balance at beginning of financial year	(578)	(51)	(629)
Credited to profit or loss	–	(24)	(24)
Exchange differences	12	–	12
Balance at end of financial year	(566)	(75)	(641)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

29. Share capital

The Group's share capital comprises fully paid up 232,235,253 (2019: 232,235,253) ordinary shares with no par value, amounting to a total of \$87,340,000 (2019: \$87,340,000).

30. Other reserves

	Group	
	2020 \$'000	2019 \$'000
(a) <u>Composition:</u>		
Foreign currency translation reserve (non-distributable)	(3,293)	(3,063)
Capital reserve (non-distributable)	329	329
	<u>(2,964)</u>	<u>(2,734)</u>
(b) <u>Movements:</u>		
<i>Foreign currency translation reserve</i>		
At beginning of financial year	(3,063)	(2,905)
Net currency translation differences of financial statements of foreign subsidiaries	(231)	(180)
Less: Non-controlling interest	1	22
	<u>(230)</u>	<u>(158)</u>
At end of financial year	<u>(3,293)</u>	<u>(3,063)</u>
<i>Hedging reserve</i>		
At beginning of financial year	-	2
Fair value loss on cash flow hedges	-	(2)
At end of financial year	<u>-</u>	<u>-</u>
<i>Capital reserve</i>		
At beginning and end of financial year	<u>329</u>	<u>329</u>

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

31. Dividends

	Group	
	2020 \$'000	2019 \$'000
<i>Ordinary dividends</i>		
Final dividend paid in respect of the previous financial year of 0.2 cent (2019: \$Nil) per share	<u>464</u>	<u>-</u>

At the Annual General Meeting to be held in October 2020, a final dividend of 0.3 cent per share amounting to a total of \$697,000 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 2021.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

32. Commitments

(a) Capital commitments

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

	Group	
	2020	2019
	\$'000	\$'000
Property and equipment	12,978	15,680

(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.

As at 30 June 2019, 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
	\$'000
Not later than one year	1,422
Later than one year but not later than five years	3,524
Later than five years	13,315
	18,261

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 July 2019. These lease payments have been recognised as ROU assets and borrowings on the balance sheet as at 30 June 2020, except for short-term and low value leases.

(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.

As at 30 June 2019, the future minimum lease receivables under non-cancellable operating leases contracted for but not recognised as receivables, are as follows:

	Group
	\$'000
Not later than one year	14,631
Later than one year but not later than five years	1,973
	16,604

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 July 2019. The undiscounted lease payments from the operating leases to be received after 30 June 2020 are disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

33. 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"), Euro ("EUR"), Indian Rupee ("INR") and Malaysian Ringgit ("MYR"). In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's operations in China, Thailand, Saudi Arabia, India and Malaysia are managed as far as possible by natural hedges of matching assets and liabilities.

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

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

	SGD \$'000	USD \$'000	RMB \$'000	THB \$'000	SAR \$'000	EUR \$'000	INR \$'000	MYR \$'000	Others \$'000	Total \$'000
At 30 June 2020										
Financial assets										
Cash and cash equivalents	29,631	1,272	2,197	725	177	-	2,252	764	2,366	39,384
Financial assets at fair value through profit or loss	318	-	-	-	-	-	-	-	6	324
Trade and other receivables	23,462	3,648	1,409	1,085	1,834	-	2,833	1,195	4,058	39,524
Receivables from subsidiaries	150,275	-	-	1,618	25,735	-	11,205	11,689	10,773	211,295
Deposits	236	11	12	6	9	-	108	22	36	440
	203,922	4,931	3,618	3,434	27,755	-	16,398	13,670	17,239	290,967
Financial liabilities										
Borrowings	124,601	-	-	-	-	-	-	-	-	124,601
Payables to subsidiaries	150,275	-	-	1,618	25,735	-	11,205	11,689	10,773	211,295
Trade and other payables	28,171	1,632	7,120	636	3,046	51	72	576	5,093	46,397
	303,047	1,632	7,120	2,254	28,781	51	11,277	12,265	15,866	382,293
Net financial (liabilities)/assets	(99,125)	3,299	(3,502)	1,180	(1,026)	(51)	5,121	1,405	1,373	(91,326)
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	99,110	-	(2,334)	(1,180)	1,026	-	(3,043)	(1,409)	(1,377)	90,793
Currency exposure	(15)	3,299	(5,836)	-	-	(51)	2,078	(4)	(4)	(533)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

33. 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:
(continued)

	SGD \$'000	USD \$'000	RMB \$'000	THB \$'000	SAR \$'000	EUR \$'000	INR \$'000	MYR \$'000	Others \$'000	Total \$'000
At 30 June 2019										
Financial assets										
Cash and cash equivalents										
Cash and cash equivalents	6,734	1,431	2,084	305	250	–	1,792	594	965	14,155
Financial assets at fair value through profit or loss	362	–	–	–	–	–	–	–	7	369
Trade and other receivables	34,006	2,141	1,271	1,556	5,409	–	2,976	2,095	4,070	53,524
Receivables from subsidiaries	151,380	–	–	1,717	23,475	–	10,892	13,357	10,964	211,785
Deposits	186	216	–	2	8	–	99	129	32	672
	192,668	3,788	3,355	3,580	29,142	–	15,759	16,175	16,038	280,505
Financial liabilities										
Borrowings										
Borrowings	97,259	–	–	–	–	5,315	–	–	–	102,574
Payables to subsidiaries	151,380	–	–	1,717	23,475	–	10,892	13,357	10,964	211,785
Trade and other payables	37,384	3,535	11,954	584	4,500	2,050	(108)	828	4,059	64,786
	286,023	3,535	11,954	2,301	27,975	7,365	10,784	14,185	15,023	379,145
Net financial (liabilities)/assets										
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	(93,355)	253	(8,599)	1,279	1,167	(7,365)	4,975	1,990	1,015	(98,640)
	93,352	–	(3,163)	(1,279)	(1,167)	–	(2,770)	(2,103)	(1,015)	81,855
Currency exposure	(3)	253	(11,762)	–	–	(7,365)	2,205	(113)	–	(16,785)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

33. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the USD, RMB, EUR, INR and MYR change against the SGD by 5% (2019: 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:

	Increase/(Decrease) Profit after tax	
	2020 \$'000	2019 \$'000
Group		
USD against SGD		
- strengthened	137	11
- weakened	(137)	(11)
RMB against SGD		
- strengthened	(242)	(488)
- weakened	242	488
EUR against SGD		
- strengthened	(2)	(306)
- weakened	2	306
INR against SGD		
- strengthened	86	92
- weakened	(86)	(92)
MYR against SGD		
- strengthened	-	(5)
- weakened	-	5

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

(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, other secured borrowings/finance lease liabilities, lease liabilities, revolving credit, term loans and bank loans.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

33. Financial risk management (continued)

(a) Market risk (continued)

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

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% (2019: 0.50%) with all other variables including tax rate being held constant, the effect on the profit after tax will be as follows:

	(Decrease)/Increase Profit after tax	
	2020	2019
	\$'000	\$'000
<u>Group</u>		
Interest rate		
- increased	(248)	(297)
- decreased	248	297

(b) Credit risk

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

As at 30 June 2020, the Group has exposure to one debtor which individually represented 17.9% (2019: 15.2%) of total trade and other receivables. Allowance for impairment has been fully made for this debt. Apart from this, concentrations of credit risk with respect to other customers are limited as they are dispersed over the Asian region.

The movement in allowance for impairment of trade and other receivables are as follows:

	Trade receivables	Other receivables
	\$'000	\$'000
<u>Group</u>		
Balance at 30 June 2019	21,578	1,690
Loss allowance recognised in profit or loss during the financial year on:		
- Reversal of unutilised amounts	(114)	(48)
- Receivables impaired	3,891	-
	3,777	(48)
Receivables written off as uncollectible	(51)	-
Currency translation difference	453	-
Balance at 30 June 2020	25,757	1,642

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

33. Financial risk management (continued)

(b) Credit risk (continued)

	Trade receivables \$'000	Other receivables \$'000
Balance at 1 July 2018	20,575	1,079
Loss allowance recognised in profit or loss during the financial year on:		
- Reversal of unutilised amounts	(238)	–
- Receivables impaired	1,404	611
	1,166	611
Receivables written off as uncollectible	(23)	–
Currency translation difference	(140)	–
Balance at 30 June 2019	21,578	1,690

The Group and the Company held cash and cash equivalents of \$39,384,000 and \$135,000 respectively (2019: \$14,155,000 and \$389,000) with banks which have good credit-ratings and consider to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit losses.

(i) *Trade receivables and contract assets*

The Group uses a provision matrix to measure the lifetime expected credit losses for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each operating segment, and adjusts, where material, for forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a receivable for write off when a debtor fails to make contractual payment. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

33. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

The Group's credit risk exposure in relation to trade receivables and contract assets as at 30 June 2020 and 2019 are set out in the provision matrix as follows:

	Current \$'000	Past due				Total \$'000
	Within 30 days \$'000	30 to 60 days \$'000	60 to 90 days \$'000	More than 90 days \$'000		
2020						
Heavy Lift & Haulage						
Expected loss rate	–	–	–	–	70%	
Contract assets	960	–	–	–	–	960
Trade receivables	5,955	5,070	4,234	4,311	33,368	52,938
Loss allowances	–	–	–	–	23,401	23,401
2019						
Heavy Lift & Haulage						
Expected loss rate	–	–	0.3%	0.8%	66%	
Contract assets	1,559	–	–	–	–	1,559
Trade receivables	10,943	10,556	4,322	2,242	29,017	57,080
Loss allowances	–	–	14	17	19,258	19,289
2020						
Marine Transportation						
Expected loss rate	–	–	–	–	84%	
Trade receivables	166	375	268	250	2,686	3,745
Loss allowances	–	–	–	–	2,266	2,266
2019						
Marine Transportation						
Expected loss rate	–	–	–	–	87%	
Trade receivables	204	166	176	116	2,536	3,198
Loss allowances	–	–	–	–	2,207	2,207
2020						
Trading						
Expected loss rate	–	–	–	–	50%	
Trade receivables	–	7	–	916	179	1,102
Loss allowances	–	–	–	–	90	90
2019						
Trading						
Expected loss rate	–	–	–	–	40%	
Trade receivables	976	976	9	5	206	2,172
Loss allowances	–	–	–	–	82	82

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

33. 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.

Group	1 year or less	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
Trade and other payables	(34,461)	(8,082)	(582)	(65)	(43,190)
Lease liabilities	(1,335)	(730)	(2,189)	(13,315)	(17,569)
Borrowings (excluding lease liabilities)	(20,413)	(18,310)	(41,911)	(45,455)	(126,089)
	(56,209)	(27,122)	(44,682)	(58,835)	(186,848)
2019					
Trade and other payables	(43,376)	(19,584)	-	-	(62,960)
Borrowings	(25,358)	(12,985)	(29,044)	(54,619)	(122,006)
	(68,734)	(32,569)	(29,044)	(54,619)	(184,966)
 Company					
			1 year or less		Total
			\$'000		\$'000
2020					
Trade and other payables			(1,860)		(1,860)
2019					
Trade and other payables			(1,922)		(1,922)

(d) Capital risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

33. Financial risk management (continued)

(d) Capital risk (continued)

	2020 \$'000	2019 \$'000
Group		
Total borrowings	124,601	102,574
Total equity	259,204	252,320
Gearing ratio	48%	41%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2020 and 2019.

(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 (i.e. as prices) or indirectly (i.e. 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
Group				
2020				
<i>Asset</i>				
Financial assets at fair value through profit or loss	324	-	-	324
2019				
<i>Asset</i>				
Financial assets at fair value through profit or loss	369	-	-	369

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

33. Financial risk management (continued)

(f) Financial instruments by category

The carrying amounts of financial assets at fair value through profit or loss are disclosed on the face of the balance sheet. The aggregate carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Financial assets, at amortised cost	77,186	65,811	135	389
Financial liabilities, at amortised cost	165,553	164,132	1,860	1,922

(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.

34. 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	
	2020	2019
	\$'000	\$'000
Sales to corporations in which certain directors or their close family members have control or significant influence over:		
- Sales and rental of equipment and rendering of services	978	118
Purchases from corporations in which certain directors or their close family members have control or significant influence over:		
- Rental of equipment	309	745

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2020	2019
	\$'000	\$'000
Salaries and other short-term employee benefits	3,845	2,972
Post-employment benefits - contribution to CPF	211	200
	4,056	3,172

Included in the above is total compensation paid to the directors of the Company of \$1,908,000 (2019: \$1,342,000), of which compensation to the executive directors amounted to \$1,813,000 (2019: \$1,247,000).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

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, the Group Chief Financial Officer and the Group Chief Operating Officer. Management considers the business from the business segment perspective.

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

(a) Reportable segments

	Heavy lift and haulage \$'000	Marine transportation \$'000	Trading \$'000	Total \$'000
Financial year ended 30 June 2020				
Revenue:				
- external sales	111,035	6,212	7,438	124,685
- inter-segment sales	1,554	4,063	-	5,617
	112,589	10,275	7,438	130,302
Elimination				(5,617)
				124,685
Segment result	8,283	1,685	1,855	11,823
Other income				3,813
Other gains - net				342
Finance costs				(3,596)
Share of (loss)/profit of associated companies	76	(212)	-	(136)
Share of loss of a joint venture	(19)	-	-	(19)
Profit before income tax				12,227
Income tax expense				(4,696)
Net profit				7,531
Other segment items				
Capital expenditure				
- property, plant and equipment	22,416	122	-	22,538
Depreciation	29,479	1,915	15	31,409
Depreciation - ROU assets	1,161	-	-	1,161
Segment assets	446,478	7,787	1,414	455,679
Investment in associated companies	92	2,802	-	2,894
Investment in a joint venture	2,095	-	-	2,095
Unallocated assets				765
Consolidated total assets				461,433
Segment liabilities	(110,203)	(878)	(119)	(111,200)
Unallocated liabilities				(90,935)
Consolidated total liabilities				(202,135)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

35. Segment information (continued)

(a) Reportable segments (continued)

	Heavy lift and haulage \$'000	Marine transportation \$'000	Trading \$'000	Total \$'000
Financial year ended 30 June 2019				
Revenue:				
- external sales	105,801	5,111	6,313	117,225
- inter-segment sales	835	3,722	-	4,557
	<u>106,636</u>	<u>8,833</u>	<u>6,313</u>	<u>121,782</u>
Elimination				(4,557)
				<u>117,225</u>
Segment result				
Other income	7,066	(490)	1,530	8,106
Other losses - net				718
Finance costs				(480)
Share of profit of associated companies	-	573	-	573
Share of profit of a joint venture	7	-	-	7
Profit before income tax				5,818
Income tax expense				(2,907)
Net profit				<u>2,911</u>
Other segment items				
Capital expenditure				
- property, plant and equipment	48,751	1,580	-	50,331
Depreciation	27,355	2,276	16	29,647
Segment assets	<u>433,916</u>	<u>7,805</u>	<u>1,584</u>	<u>443,305</u>
Investment in associated companies	-	2,942	-	2,942
Investment in a joint venture	2,050	-	-	2,050
Unallocated assets				566
Consolidated total assets				<u>448,863</u>
Segment liabilities	<u>(99,766)</u>	<u>(1,090)</u>	<u>(135)</u>	<u>(100,991)</u>
Unallocated liabilities				(95,410)
Consolidated total liabilities				<u>(196,401)</u>

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 (loss)/profit 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 2020

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 and assets held-for-sale.

Segment assets are reconciled to total assets as follows:

	Group	
	2020 \$'000	2019 \$'000
Segment assets for reportable segments	460,668	448,297
Unallocated:		
Deferred income tax assets	515	566
Assets held-for-sale	250	—
	461,433	448,863

Reportable segments' liabilities

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

Segment liabilities are reconciled to total liabilities as follows:

	Group	
	2020 \$'000	2019 \$'000
Segment liabilities for reportable segments	111,200	100,991
Unallocated:		
Current income tax liabilities	3,677	1,583
Deferred income tax liabilities	27,460	27,458
Borrowings	59,798	66,369
	202,135	196,401

Revenue from major business segments

At 30 June 2020, the Group is organised into three main reportable segments:

- Heavy lift and haulage - Hiring out of cranes and provision of transportation;
- Marine transportation - Provision of marine transportation and logistics services; and
- Trading - Trading of equipment and spare parts.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

35. Segment information (continued)

(b) Geographical information

The Group's three main reportable segments operate in eight main geographical areas:

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

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

	Sales		Non-current assets*	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	91,018	88,135	323,495	317,100
Brunei	9,539	9,122	99	148
Middle East	8,283	4,684	69	118
India	3,820	2,811	2,423	2,940
Malaysia	3,736	3,160	28,623	30,805
Thailand	2,106	1,478	7,474	8,040
Indonesia	1,792	927	69	69
China	1,463	2,042	7,724	6,999
Other countries	2,928	4,866	8,111	9,472
	124,685	117,225	378,087	375,691

* Does not include deferred income tax assets.

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

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

Revenue of \$16,472,000 (2019: \$18,432,000) are derived from a single external customer. These revenues are attributable to the Singapore heavy lift and haulage and marine transportation segments.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

35. Segment information (continued)

(c) Changes in accounting policy

- (i) The adoption of the new leasing standard resulted in the recognition of ROU assets and lease liabilities, which increased segment assets and liabilities as at 30 June 2020 as follows:

	Segment assets \$'000	Segment liabilities \$'000
Heavy lift and haulage	12,313	<u>12,483</u>

- (ii) The recognition of ROU assets and lease liabilities on the balance sheet resulted in an increase in depreciation and finance expenses in the consolidated statement of comprehensive income in the current year as follows:

	Depreciation \$'000	Finance expenses \$'000
Heavy lift and haulage	1,161	<u>424</u>

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the items above is not entirely comparable to the information disclosed for the prior year.

36. Events occurring after balance sheet date

On 30 January 2020, the World Health Organisation (“WHO”) announced the Coronavirus (“COVID-19”) Outbreak as a global health emergency.

The Singapore Government imposed a Circuit Breaker period from 7 April 2020 to 1 June 2020 during which all non-essential services, including construction activities were suspended. The Circuit Breaker measures were subsequently lifted from 2 June 2020 in progressive phases but with tight measures and new regulations in place, including the provisions of the COVID-19 (Temporary Measures) Act. In other countries that the Group operates in, similar movement control or lockdown were also implemented. This has resulted in significant disruptions in the Group’s operations and business activities in the 4th quarter of the financial year ended 30 June 2020.

In view that the Group provides services to the essential services sectors such as Oil and Gas, Marine and Logistics, the Group is able to continue conducting certain businesses involving heavy lifting and haulage, marine transportation, plant maintenance work, project cargo transportation and storage services. The Group has also put in place a Business Continuity Plan and implemented safe management measures.

At the date of these financial statements, the global COVID-19 outbreak remains fluid, as a result of which the Group cannot reasonably estimate the duration and severity of the disruptions, as well as, ascertain the full extent of the probable impact on the Group’s operating and financial performance for the financial year ended 30 June 2021. The Senior Management will continue to assess the impact of the COVID-19 outbreak in the Group.

37. New or revised accounting standards and interpretations

Amendments to SFRS(I) 3 Business Combination (effective for annual periods beginning on or after 1 July 2020)

The amendments provide new guidance on the assessment of whether an acquisition meets the definition of a business under SFRS(I) 3. To be considered a business, an acquisition would have to include an output and a substantive process that together significantly contribute to the ability to create outputs. A framework is introduced to evaluate when an input and substantive process are present. To be a business without outputs, there will now need to be an organised workforce.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2020

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

The definition of the term 'outputs' is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

Entities can apply a 'concentration test' that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business.

These amendments are applied to business combinations and asset acquisitions with acquisition date on or after 1 July 2020. Early application is permitted. The Group does not expect any significant impact arising from applying these amendments.

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 21 September 2020.

SHAREHOLDERS' INFORMATION

As at 15 September 2020

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 15 SEPTEMBER 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	30	0.80	989	0.00
100 - 1,000	780	20.89	466,590	0.20
1,001 - 10,000	1,783	47.75	9,409,425	4.05
10,001 - 1,000,000	1,122	30.05	51,454,544	22.16
1,000,001 and above	19	0.51	170,903,705	73.59
TOTAL	3,734	100.00	232,235,253	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 15 SEPTEMBER 2020

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	ANG CHOO KIM & SONS (PTE.) LIMITED	90,517,131	38.98
2	PHILLIP SECURITIES PTE LTD	21,941,825	9.45
3	ABN AMRO CLEARING BANK N.V.	11,378,000	4.90
4	CITIBANK NOMINEES SINGAPORE PTE LTD	9,204,515	3.96
5	DBS NOMINEES PTE LTD	9,062,075	3.90
6	MAYBANK KIM ENG SECURITIES PTE. LTD	3,967,575	1.71
7	OCBC SECURITIES PRIVATE LTD	3,940,850	1.70
8	UOB KAY HIAN PTE LTD	2,523,325	1.09
9	LO KAI LEONG @ LOH KAI LEONG	2,407,500	1.04
10	ANG KAH HONG	2,246,250	0.97
11	ONG KIAN KOK	1,991,000	0.86
12	ANG KHA KING	1,842,500	0.79
13	RAFFLES NOMINEES (PTE) LIMITED	1,727,725	0.74
14	ANG JUI KHOON	1,528,200	0.66
15	KOH CHEW KWEE	1,513,800	0.65
16	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,483,859	0.64
17	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,303,200	0.56
18	LOW WOO SWEE @ LOH SWEET TECK	1,219,425	0.53
19	OCBC NOMINEES SINGAPORE PTE LTD	1,104,950	0.48
20	TAN LEK LEK	931,050	0.40
TOTAL		171,834,755	74.01

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

SHAREHOLDERS' INFORMATION

As at 15 September 2020

SUBSTANTIAL SHAREHOLDERS AS AT 15 SEPTEMBER 2020

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 ⁽¹⁾
Ang Kha King	1,842,500	90,659,631 ⁽²⁾

Notes:

(1) 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.

(2) 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 2020

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 ⁽¹⁾
Ang Kha King	1,842,500	90,659,631 ⁽²⁾
Wong King Kheng	32,000	–
Ang Guan Hwa	–	–
Luk Ka Lai Carrie (Carrie Cheong)	–	–

Notes:

(1) 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.

(2) 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 by way of live audio-visual webcast and live audio-only stream on Wednesday, 28 October 2020 at 10.00 a.m. (Singapore time), to transact the following business:

AS ORDINARY BUSINESS:

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2020 and the Statement of Directors and the Report of Auditors thereon. | Resolution 1 |
| 2. To approve a tax exempt (1-tier) final dividend of 0.3 Singapore cent per share for the financial year ended 30 June 2020. | Resolution 2 |
| 3. To approve Directors’ fees of \$95,000 for the year ended 30 June 2020 (2019: \$95,000). | Resolution 3 |
| 4. To re-elect Mr Ang Kah Hong, being a Director of the Company retiring pursuant to Rule 720(5) of the Listing Rule of the Singapore Exchange Securities Trading Limited (“SGX-ST”), and being eligible, has offered himself for re-election. [see <i>Explanatory Note (a)</i>] | Resolution 4 |
| 5. To re-elect Mr Ang Kha King, being a Director of the Company retiring pursuant to Article 104 of the Company’s Constitution, and being eligible, has offered himself for re-election. [see <i>Explanatory Note (b)</i>] | Resolution 5 |
| 6. To re-appoint Messrs PricewaterhouseCoopers LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 6 |
| 7. 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:

- | | |
|-------------------------------|---------------------|
| 8. <u>Share Issue Mandate</u> | Resolution 7 |
|-------------------------------|---------------------|

“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."

9. 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

NOTICE OF ANNUAL GENERAL MEETING

(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.

(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 an on-market purchase, one hundred and five per cent (105%) of the Average Closing Price;
- (ii) in the case of an off-market purchase, one hundred and twenty per cent (120%) of the Average Closing Price,

where “Average Closing Price” is the average of the closing market prices of a Share transacted on the SGX-ST over the last five (5) Market Days (“Market Day” being a day on which the SGX-ST is opened for securities trading), on which transactions in the Shares are recorded, immediately preceding the date of the on-market purchase or, as the case may be, the date of making an announcement for an offer pursuant to the off-market purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period;

- (d) the Directors or any of them be and are/is hereby authorized to deal with the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate in any manner as they think and/or he/she thinks fit, which is permissible under the Companies Act; and
- (e) the Directors and/or any of them be and are/is hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider necessary, expedient or incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.”

BY ORDER OF THE BOARD

Joanna Lim Lan Sim (Ms)
Company Secretary
9 October 2020

Explanatory Notes

- (a) *In relation to Resolution No. 4, the detailed information on Mr Ang Kah Hong are set out in the section entitled “Board of Directors” and in the “Additional Information on Directors Seeking Re-Election” of the Company’s 2020 Annual Report. Mr Ang Kah Hong is sibling of Mr Ang Kha King and father of Mr Ang Guan Hwa.*
- (b) *In relation to Resolution No. 5, the detailed information on Mr Ang Kha King are set out in the section entitled “Board of Directors” and in the “Additional Information on Directors Seeking Re-Election” of the Company’s 2020 Annual Report. Mr Ang Kha King is sibling of Mr Ang Kah Hong and uncle of Mr Ang Guan Hwa.*

NOTICE OF ANNUAL GENERAL MEETING

Statement Pursuant to Article 64 of the Company's Constitution

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

- (1) 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) 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 9 October 2020 ("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. The AGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice, Proxy Form and the Annual Report FY2020 (collectively, the "Documents") will NOT be sent to members. Instead, these Documents will be sent to members by electronic means via publication on SGXNet and the Company's website at <http://www.tiongwoon.com/> and also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (in particular, arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Important Notice to Shareholders dated 9 October 2020 in relation to the Conduct and Proceedings of the Company's AGM on 28 October 2020 at 10.00 am ("Important Notice to Shareholders"). This Important Notice to Shareholders may be accessed at the Company's website at <http://www.tiongwoon.com/> and will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
3. Due to the current COVID-19 restriction orders in Singapore, a member will NOT be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/ its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The accompanying proxy form for the AGM may be accessed at the Company's website at <http://www.tiongwoon.com/> and will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstention from voting, in respect of a Resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as a proxy for that Resolution will be treated as invalid.

Persons who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, (Cap. 50) of Singapore) should contact their relevant intermediaries through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective Agent Banks or SRS Operators to submit their votes by 5.00 pm on 16 October 2020 in order to enable their respective Agent Banks or SRS Operators to submit proxy forms on their behalf not less than 48 hours before the time appointed for holding the AGM.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

5. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner: (i) if submitted by post, be deposited at the registered office of the Company at No. 15 Pandan Crescent, Singapore 128470; or (ii) if submitted via email, please send to the Company's email address at AGM2020@tiongwoon.com, in either case, not less than 48 hours before the time appointed for the AGM. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
6. The Annual Report FY2020 may be accessed at the Company's website at <http://www.tiongwoon.com/> and will also be made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
7. Due to the current COVID situation, further measures and/or changes to the AGM arrangements may be made on short notice. Members are advised to check the Company's website for the latest updates on the status of the AGM.
8. The Company would like to thank all Members for their understanding and cooperation to hold the AGM by way of electronic means.
9. Personal data privacy:

By pre-registering for the live audio-visual webcast or live audio-only stream, submitting a proxy form appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes: (i) processing and administration by the Company (or its agents) of proxy forms appointing the Chairman of the Meeting as a proxy for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the live audio-visual webcast or live audio-only stream to observe the proceedings of the AGM and providing them with any technical assistance where necessary; (iii) addressing relevant and substantial questions from members received before the Meeting and if necessary, following up with the relevant members in relation to such questions; (iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities. Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his/her name, his/her presence at the Meeting and any questions he/she may raise or motions he/she propose/second) may be recorded by the Company for such purpose.

TIONG WOON CORPORATION HOLDING LTD

Company Registration No. 199705837C
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

Important

- Members who wish to vote on any or all of the resolutions at the Annual General Meeting must appoint the Chairman of the Meeting as their proxy to do so on their behalf.
- Members can access the Notice of Annual General Meeting and Proxy Form via electronic means on the Company's website at <http://www.tiongwoon.com/> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
- For investors who have used their CPF/SRS monies to buy shares in the capital of Tiong Woon Corporation Holding Ltd, this proxy form is not valid for use and shall be ineffective for all intent and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the Meeting as their proxy should contact their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m on 16 October 2020.

I/We, _____ (Name) NRIC/Passport/Registration No. _____
of _____ (Address)

being a member/members of Tiong Woon Corporation Holding Ltd (the "Company"), hereby appoint the Chairman of the Meeting as *my/our proxy, to attend, speak and vote for *me/us on *my/our behalf, at the Annual General Meeting ("AGM") of the Company to be held by way of live audio-visual webcast and live audio-only stream on Wednesday, 28 October 2020 at 10.00 a.m. and at any adjournment thereof.

Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "for" or "against" or "abstain" from voting on a resolution, please indicate with an "X" in the "For" or "Against" or "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to vote "For" or "Against" or to "Abstain" from voting in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.

Ordinary Resolutions	For	Against	Abstain
To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2020 and the Statement of Directors and the Reports of the Auditors thereon. (Resolution 1)			
To approve a tax exempt (1-tier) final dividend of 0.3 Singapore cent per share for the financial year ended 30 June 2020. (Resolution 2)			
To approve Directors' fees of \$95,000/- for the year ended 30 June 2020. (2019: \$95,000/-) (Resolution 3)			
To re-elect Mr Ang Kah Hong who is retiring in accordance with Rule 720(5) of the Listing Rule of the Singapore Exchange Securities Trading Limited (Resolution 4)			
To re-elect Mr Ang Kha King who is retiring in accordance with the Company's Constitution. (Resolution 5)			
To re-appoint Messrs PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)			
To approve the Share Issue Mandate (Resolution 7)			
To approve the Renewal of The Share Purchase Mandate (Resolution 8)			

Dated this _____ day of _____, 2020.

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. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting if such member wishes to exercise his/her/ its voting rights at the Annual General Meeting. Printed copies of the proxy form will not be despatched to members. Instead, the proxy form will be published on the Company's website at <https://www.tiongwoon.com/> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. The Chairman of the Meeting as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted:
 - a) If sent by post, must be deposited at the Company's registered office at No. 15, Pandan Crescent, Singapore 128470; or
 - b) If submitted by electronic means, must be sent by email to AGM2020@tiongwoon.com

not less than forty-eight (48) hours before the time appointed for the holding of the AGM.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy 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 the Chairman of the Meeting as proxy 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. 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.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

This page has been intentionally left blank.

This page has been intentionally left blank.



TIONG WOON CORPORATION HOLDING LTD

Company Registration Number: 199705837C

No. 15 Pandan Crescent

Singapore 128470

Tel: (65) 62617888

Fax: (65) 67774544

Equipment Booking Hotline: (65) 67774450

Email: enquiry@tiongwoon.com

Website: www.tiongwoon.com