

Issuer: Tiong Woon Corporation Holding Ltd
Security: Tiong Woon Corporation Holding Ltd

Meeting details:

Date: 26 Oct 2016
Time: 09:00AM
Venue: No. 15, Pandan Crescent, Level M1, Singapore 128470

Company Description

Tiong Woon Corporation Holding Ltd, an investment holding company, provides integrated services primarily for the oil and gas, petrochemical, infrastructure, and construction sectors. It operates through four segments: Heavy Lift and Haulage, Marine Transportation, Engineering Services, and Trading. The company is involved in selling and hiring out of cranes and transport; leasing heavy haulage equipment, such as prime movers, low beds, self propelled modular trailers, tow trucks, and trailers; and supplying various models of tower cranes for sale and rent. It also provides heavy lift and haulage, marine transportation, and inland transportation services; equipment installation services for trays and structures; project engineering services for heavy lifting and haulage requirements; refurbish, delivery, maintenance, jack down, dismantle, and erection of tower cranes, as well as wall tie installation, foundation anchor, and jacking up services; and after sales services, which include maintenance and repair services. In addition, the company offers tug and barge services for various sea transportation projects; trades new and used equipment, such as crawler cranes, mobile cranes, and tower cranes; process and industrial plant engineering works for the marine, and oil and gas industries; and mechanical and infrastructure engineering services, and structural works. Further, it engages in the repair and up-slipping/launching of ships; management of marine and industrial plant projects; renovation and marine related activities; and freight forwarding and logistics related business. The company's fleet consists of 493 cranes and 291 haulage assets; and 7 tugboats and 12 barges. Tiong Woon Corporation Holding Ltd operates in Singapore, the Middle East, Malaysia, India, Indonesia, Thailand, China, and internationally. The company was founded in 1978 and is headquartered in Singapore.

(Source:http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BQM)

1. In the Chairman's message (page 2 of the annual report), Middle East and India were highlighted as the other two major markets that made significant contributions to the turnover. The Middle East contributed S\$29.2 million of turnover (doubled from FY2015) while India contributed S\$12.9 million of turnover (up 50% from FY2015). **Can the Chairman elaborate further on the prospects of these two markets? What was the split between Heavy Lift and Haulage and Engineering Services in the Middle East?**

Since the group has a wide geographical spread, can the company help shareholders understand the challenges and opportunities in each of the key markets?

2. There was a \$9.76 million impairment loss on trade receivables in FY2016. The age analysis of trade receivables past due but not impaired (page 93) and allowance made over the past four financial years are shown in the table below.

Trade receivable	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
Past due 1 to 30 days	6,666	6,652	8,752	11,688
Past due 31 to 60 days	4,582	5,588	8,033	8,398
Past due 61 to 90 days	1,427	2,824	4,289	2,381
Past due 90 days	14,942	20,799	23,691	9,002
Total	27,617	35,863	44,765	31,469
Allowance made in the year	9,760	959	1,482	1,909

In the section "Critical accounting estimates and assumptions - Impairment of loans and receivables" (page 66), it was disclosed that:

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

This should be the same debtor that was mentioned in last year's annual report:

Included within the amounts past due 90 days are trade receivables from one debtor, which amounted to \$11.6 million (2014: \$10.1 million). Management is confident of the recoverability of this amount as there is no dispute on the amount and the debtor is not known to be in any financial difficulties. Accordingly, no allowance for impairment is made for this debt.

(Source: Tiong Woon Annual Report 2015)

(i) Please provide a range or an upper limit to the trade receivables past due 90 days.

(ii) Can the company let shareholders know the particular debtor mentioned who has trade receivables of \$11.6 million past due for at least the last year? If not the identity, can shareholders know the industry and the country?

(iii) Is this particular debtor in any financial difficulties? Why are the payments not forthcoming?

The impairment amount of \$5.8 million was for this particular debtor. The group impaired \$9.76 million in the year.

(iv) Could the board reveal more detail for the balance of the \$4 million of impairment? Please disclose the number of debtors, the industry, and the amount impaired for each debtor, and their financial state.**(v) Can the company tell shareholders how it will tighten credit control and exercise better financial prudence?**

3. The group has trade and other payables of \$47.4 million and borrowings of \$33.5 million, due 1 year or less (page 94 – Liquidity risk). The group is in a net current liabilities position, amounting to (\$12.8) million. It has deteriorated from a net current liabilities position of (\$5.3) million in 2015. **Can the board share how it advises the group on its capital structure and liquidity? How can shareholders get assurance that the group has sufficient funds to meet its contractual and financial obligations as and when they fall due?**