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**Issuer:** Tiong Woon Corporation Holding Ltd

**Stock code:** BQM

**Meeting details:**

Date: 30 Oct 2024

Time: 10.00 a.m.

Venue: No. 15 Pandan Crescent, Level M1, Singapore 128470

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

- (i) **Singapore:** Singapore remains the group's largest revenue contributor, accounting for 75% of total revenue. **What strategic initiatives has the group implemented in Singapore to ensure its continued success in Singapore? Are there unique operational efficiencies or customer relationships that give the group a competitive edge in this market?**
- (ii) **Utilisation:** Utilisation rate of the group's heavy lifting assets improved by 8% in FY2024 but still remained relatively low at 56% (FY2023: 48%). **Is it realistic for management to target an asset utilisation rate of 75%-85%, or does the nature of the industry necessitate lower utilisation due to operational challenges? Has the board established clear and realistic utilisation targets for management?**
- (iii) **Marine transportation:** Marine transportation services, such as tug and barge operations, saw utilisation drop to 28%, with segment revenue declining from \$6.2 million in FY2020 to just \$2.2 million in FY2024. **How strategic is it for the group to continue offering these services in-house, given their low utilisation and subdued demand? Would outsourcing this segment or exploring partnerships improve cost efficiency while maintaining operational flexibility?**
- (iv) **Safety and training:** The group's recent acquisition of larger cranes, including the XCMG XCA 900L8 (900T) and Zoomlion ZCC9800W (800T), significantly enhances its ability to undertake larger and more technically demanding projects. **What safety protocols and certification processes are required to operate these new, high-capacity cranes? How much success does the group have in retaining experienced operators? How does the board/management ensure that its workforce is not only technically proficient but also fully committed to a strong safety culture on-site?**

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

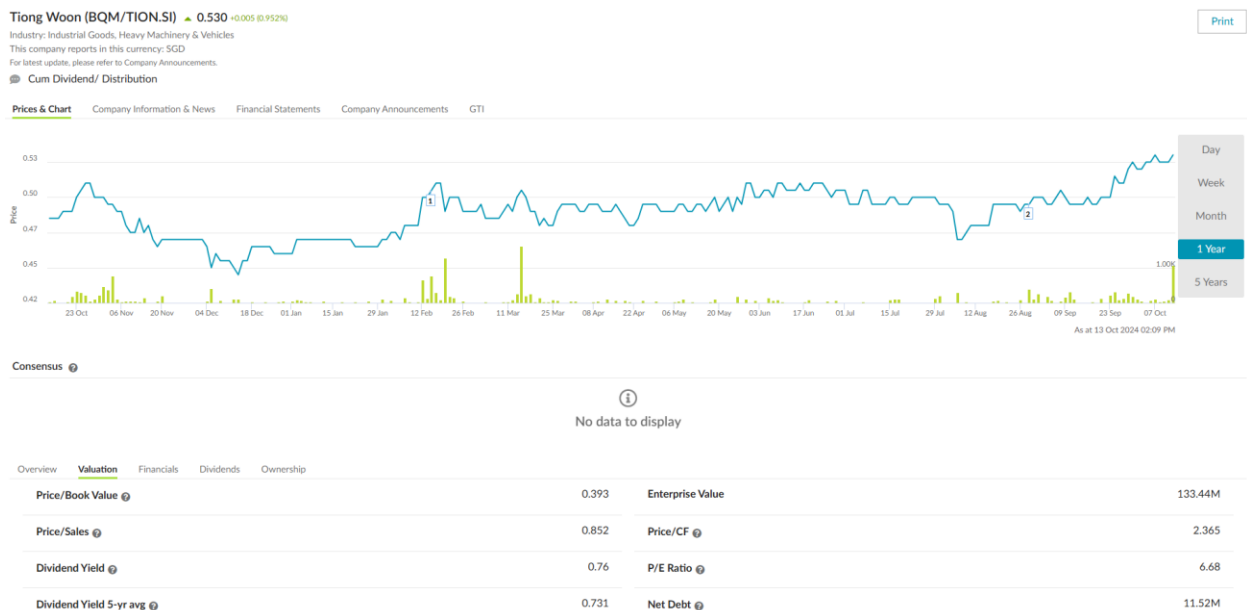
- (i) Can management elaborate on the specific scope and strategic objectives of the alliance with Mammoet? How will this partnership enhance the group's competitive positioning in Thailand? Is the strategic partnership strictly limited to Thailand?**
- (ii) What are Mammoet's expected roles and contributions in the alliance? Will Mammoet continue to provide operational expertise, access to proprietary technology, or contribute to joint business development efforts in Thailand going forward?**

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

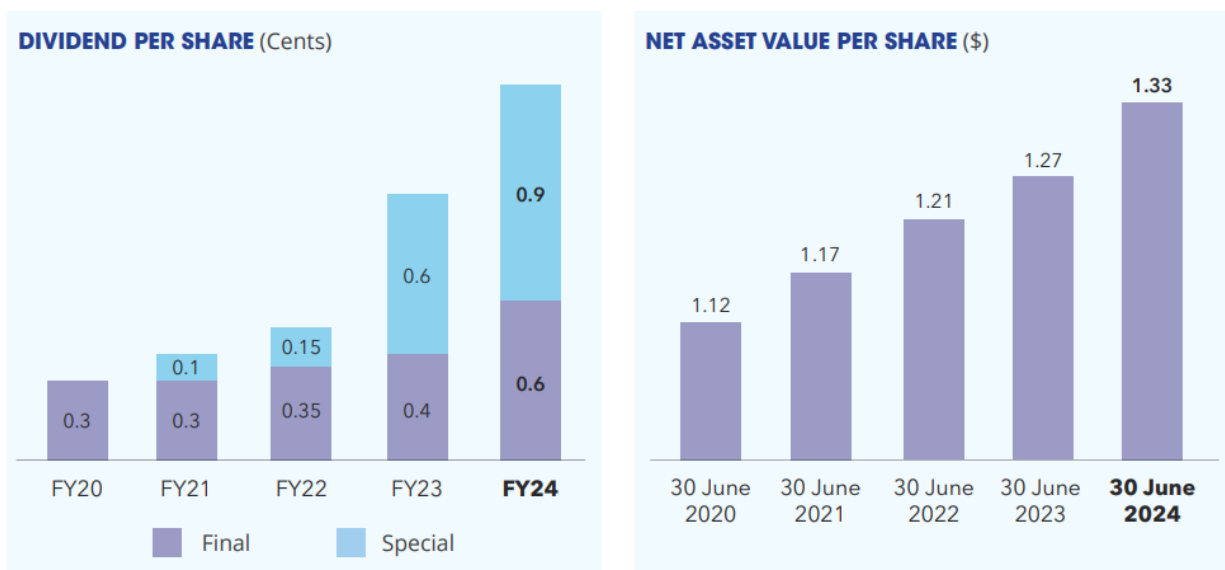
- (iii) Were the assets acquired from Mammoet purchased at a discount? Can management provide details on the average age as well as the expected remaining useful life?**
- (iv) Separately, in the context of India's petrochemical and infrastructure sectors, does the group have a clear market entry strategy to capitalise on expected capital expenditure growth in these industries? Could management elaborate on any partnerships, client pipelines, or key projects that will drive the group's expansion in India?**

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

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



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



(Source: company annual report)

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

- (i) **What deliberations did the board have over the payout ratio? Has the board considered other capital return strategies, such as a capital reduction, to distribute excess cash to shareholders?**
- (ii) **Can the board help shareholders recall if the company has carried out any share buybacks? What are the challenges, if any, of the company carrying out share buybacks?**
- (iii) **Has the board considered carrying out any off-market purchases, including an equal access offer?**

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

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

- (iv) **Could the board, particularly the independent directors, explain the group's efforts to increase corporate value and improve capital efficiency?**
- (v) **Apart from acknowledging that there are many external factors influencing the share price, would the board consider disclosing and implementing targeted strategies to narrow the discount gap, thereby creating value for shareholders?**

*Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.*

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