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

RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS FOR ANNUAL GENERAL MEETING TO BE HELD ON 27 OCTOBER 2023

The Board of Directors (the "Board") of Tiong Woon Corporation Holding Ltd (the "Company" or together with its subsidiaries, the "Group" or "Tiong Woon") refers to the announcement dated 4 October 2023 on the Annual General Meeting to be held on 27 October 2023 (the "Announcement").

Further to the Announcement, the Board and Management received questions from Shareholders (please refer to Appendix 1).

The Company sets out below the responses to all substantial and relevant questions. The responses have been grouped according to topics to facilitate reading. In principle, the Company does not elaborate on matters that are deemed commercially sensitive.

BUSINESS AND OPERATIONS

[Appendix 1 – Questions 1 to 9]

Company's Response:

As the 19th largest crane-owning company worldwide, Tiong Woon is a leading one-stop integrated heavy lift specialist and service provider, with a proven track record of providing a comprehensive suite of integrated heavy lifting, engineering, and transportation solutions, with our highly experienced team, coupled with best-in-class safety standards, to our valued customers for more than 45 years.

Supported by our strong balance sheet and cash flow, we have been constantly renewing and upgrading our fleet over the years, and will continue to do so in a strategic, calibrated manner. In line with the growth in market demand, the Group has extended its integrated service offerings to project engineering services, from planning and designing of heavy lifting and haulage requirements, to the execution stage in which the heavy equipment is transported, lifted, and installed at customers' facilities.

Hence, we were able to capture market opportunities and better meet our customers' heavy lifting requirements, following the progressive resumption of economic activities, reopening of borders, as well as the gradual emergence from supply chain disruptions and project delays post-pandemic. At the same time, as with other market players, the Group has had to contend with inflationary cost pressures, labour shortages and rising interest rates in FY2023.

The Group's assessment is that there will be steady customer demand for its Heavy Lift and Haulage solutions in Singapore, particularly in the petrochemical and construction sectors, as well as in key regional markets such as India, Saudi Arabia, and Thailand.

In Singapore, we are seeing growth in the heavy lift and haulage segment and are pleased to announce that we have secured a contract to provide heavy lifting and haulage services for the construction of the Integrated Waste Management Facility (IMWF) in Tuas. Similarly, in Saudi Arabia, we are involved in various petrochemical projects, namely the expansion of the Abu Ali Crude & KGP Gas Facilities in Jubail and the Gas Treatment & Sulphur Recovery Unit in Marjan. We believe there are other opportunities in Saudi Arabia as the country embarks on its modernisation plan.

Thailand has also seen success with us taking on a project for a Gas Separation Plant. There are also petrochemical projects that we believe we can play a role in.

India is another market where we are active in petrochemical and infrastructure projects. These include providing heavy lifting and engineering services for Coal Gasification Plant in Talcher and the construction of a new Vacuum Distillation Unit at Vadodara Refinery, Gujarat.

On whether the Group has seized opportunities pertaining to China undertaking massive infrastructural projects in Saudi Arabia, we are pleased to inform that the Group has participated in projects with a broad array of international partners and conglomerates not just in Saudi Arabia but also in other parts of the world. The Group remains vigilant and mindful of business risks, for both local and overseas customers alike, in respect of contract, credit, foreign exchange, geopolitical and other risks.

The average utilisation rate for the Group's heavy lift assets was stable at 48% in FY2023 (FY2022: 48%). Leveraging the higher barriers to entry posed by the need for robust safety and operating track record, higher levels of engineering know-how in the sub-segment of higher-tonnage, heavy-lifting engineering solutions, that require equipment of higher-tonnage lifting capacities, the Group has stepped up our capital investments for these heavy lifting equipment during the year, and will continue to do so, as part of our fleet renewal and upgrading program. Capital expenditure for machinery increased from \$25.7 million in FY2022 to \$38.0 million in FY2023. The fleet upgrading also saw the Group's IC100 crane ranking improving from 23rd in 2022 to 19th in 2023.

In line with our increased investments in higher-tonnage cranes, the Group saw growth in Average Hire Rates ("AHR") and improved revenue in FY2023. This uptrend is expected to continue in FY2024, when newer higher-tonnage cranes, including our largest crane by tonnage to date at 2,200T - commences work in FY2024. AHR trends at capacity level are mixed, and are driven by market, as well as demand and supply conditions.

Cognisant of the challenges posed by the rapidly rising dormitory and labour costs, as well as the shortage of trained crane operators, we have implemented a multi-faceted approach to cope with these issues effectively, that include:

i) Cost Management Strategies**:** We have our own dormitory at our premises where the majority of our team resides. Additionally, we have undertaken a comprehensive cost management strategy. This includes optimising our operational processes, streamlining our workforce, and implementing efficiency measures to control labour-related expenses. We continuously monitor and assess our cost structure to identify areas where cost savings can be realised, without compromising safety and operational standards.

ii) Improve Recruitment Efforts**:** We have diversified our recruitment channels using job portals, social media, company websites, employee referrals, participation in career fairs organised by various government agencies and industry associations, etc. to reach a wider range of candidates. Apart from hiring skilled and qualified crane operators, we are also hiring suitable candidates who are interested but new to the crane industry. Besides sending them to crane operation courses by BCA, we also provide comprehensive training and development programs, both in-house and in partnership with various crane manufacturers, to upskill the competencies of our trainees.

iii) Retain, Motivate and Upskill: We continually train and upskill our crane operators' competencies and conduct timely review on our compensation structures to remain competitive in the industry to attract and retain talent. This not only ensures a stable and motivated workforce but also enhances our operational efficiency and productivity.

iv) Automation and Digitalisation: We are committed to incorporating advanced crane technology and work process digitalisation in our operations to maximise productivity. We constantly provide digitalisation training to our workforce to cope with the technology advances.

v) Government and Industry Collaborations: We actively collaborate with government agencies, industry associations, and educational institutions to address industry-wide labour issues. These collaborations involve discussions on policy initiatives, sharing best practices, and collectively working towards solutions to alleviate labour challenges.

vi) Market Adjustments: We periodically assess market dynamics and adjust pricing strategies as necessary to mitigate the impact of labour costs. While cost containment is a priority, we also aim to ensure that our pricing accurately reflects the evolving market conditions.

In summary, Tiong Woon recognises the challenges posed by rising labour costs and the shortage of trained crane operators. Through a combination of cost management, training, technology integration, collaboration, and market adjustments, we are proactively addressing these challenges, to ensure the sustainability and success of our operations. Our commitments are to adapt and to innovate as we navigate the changing landscape of the industry.

With respect to rising interest rates, we maintain strong, collaborative, and strategic relationships with banks. This has resulted in the Group securing competitive rates for new loans, as well as the re-pricing of some of our existing floating-rate loans during the year. In addition, through proactive treasury management, and leveraging upon our strong liquidity position, the Group managed to fully offset the increase in interest expense of $1.2 million, with a corresponding increase in interest income of $1.3 million in FY2023.

BUSINESS OUTLOOK AND STRATEGY

[Appendix 1 – Questions 10 to 17]

Company's Response:

Referring to page 6 of the Annual Report 2023 ("AR23"), notwithstanding ongoing geopolitical tensions in various parts of the world, the Russia-Ukraine conflict, slowdown in the Chinese economy, high interest rates and persistent, inflationary pressures, as well as concerns over global economic growth, we maintain a positive outlook for the Group's business.

In addition to our heightened capital expenditure and respective measures put-in-place as mentioned in the "Business and Operations" section above, the Group has also made significant capital commitments amounting to $24.4 million as at 30 June 2023 ($5.2 million as at 30 June 2022). Taken together, we expect our fleet and capability upgrading efforts to further enhance our capacity to support the customer demand for heavy lifting solutions, particularly in the construction and petrochemical sectors.

Tiong Woon's dedication to excellence and strong culture of safety, has enabled us to compete in the international market among global heavy lift players. Our strength lies in our ability to deliver valued-added, cost-effective engineering solutions to our customers safely, responsibly and profitably, by providing an end-to-end suite of integrated heavy lifting and transportation solutions, with our strong safety and operational track record of more than 45 years, deep engineering know-how, as well as our sizeable and comprehensive crane fleet, that stands as one of the largest in Singapore, and the 19th largest worldwide.

At Tiong Woon, we understand the significant influence our operations can have on the environment, and we are taking responsibility to minimise our energy consumption and carbon footprint. As part of our sustainability efforts, one of our yards turned "carbon-negative", i.e., it is expected to generate more energy than it consumes in the coming years as we completed the installation of solar panels at the premises during the year. In addition, as part of our commitment to curbing diesel consumption and emissions, we had acquired Electric Pallet Trucks and Electric Forklifts during the year. Our ESG targets are disclosed in our Sustainability Report 2023 broadcasted via SGXnet on 16 October 2023.

Along with the expansion of fleet capacity and size, we are looking to increase our headcount, especially in India, Saudi Arabia, and Thailand, to support upcoming projects in FY2024. To build business resiliency and adaptability amid the ever-evolving environment, we will continue to intensify our talent development efforts and provide more training opportunities for our employees. Our vision is to lead the change towards a climate-resilient industry, while being a fair and equitable company for our employees.

Our capital expenditure will continue to be financed by a mix of internal resources and bank borrowings, while maintaining an optimal capital structure, leveraging upon our strong balance sheet, as well as longstanding and close relationships with our bankers and equipment vendors.

CAPITAL ALLOCATION INCLUDING DIVIDEND AND SHARE BUY-BACK

[Appendix 1 – Questions 18 to 26]

Company's Response:

Tiong Woon's capital allocation strategy balances the need to deliver sustainable returns to shareholders with ongoing investment in growing our business, managing foreseeable and unforeseeable business risks, and returning the surplus to shareholders in the form of dividend and share buy-backs. In managing capital, Tiong Woon's objectives are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to provide appropriate returns to shareholders and benefits for other stakeholders. 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, Tiong Woon may issue new shares, conduct share buy-back, 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 trends.

The Company's dividend policy seeks to balance 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 will take into consideration, at the relevant time, the Group's financial performance, cash position, cash flow generated from operations, projected capital requirements for business growth, general economic conditions, and other factors that the Board considers are important to the long-term prospects of the Company. The Board has proposed a final dividend of 0.40 Singapore cent per share, and a special dividend of 0.60 Singapore cent per share for FY2023.

The Board is also of the view that conserving cash and ensuring a healthy balance sheet is especially important in the current climate, given the unprecedented level of geopolitical and economic uncertainty globally. In seeking to balance the aforementioned with sharing the hard-earned gains made by the Company with shareholders in consideration of their continued trust and support, the Board has proposed a 300% year-on-year increase in special dividends for FY2023, over and above the 14% increase in basic dividends. Subject to the considerations mentioned above, the Company strives to achieve a sustainable growth in basic dividends over time, while supplementing payouts with special dividends, as appropriate.

In relation to the dividend payout ratio, it should be noted that the payout ratio has increased to 15% in FY23, up from 10% in FY22, and the total dividend payout has doubled year-on-year.

The Company is cognisant that share buy-backs is one of the ways through which the shareholder value may be increased by enhancing the return on equity and/or net tangible assets value per share. This effect is greater the more undervalued the shares are when they are purchased. Buying back shares may help mitigate against short term market volatility, offset the effects of short-term speculation and bolster shareholder confidence. The Company's proposed renewal of the Share Purchase Mandate will enable the Company to enhance shareholder value as and when appropriate.

The Board will take into account both financial and non-financial factors including but not limited to stock market conditions and the performance of the shares in assessing the relative impact of share buy-backs before execution. Any capital allocation towards buying back shares shall also be determined after taking into consideration capital expenditures, working capital, financing, and other operational requirements.

Tiong Woon's Board Diversity Policy endorses the principle that its Board should have a balance of skills, knowledge, experience, and diversity of perspectives appropriate to its business so as to mitigate against groupthink and to ensure that the Group has the opportunity to benefit from all available talents. In reviewing succession planning for our independent directors, the Nominating Committee will consider the benefits of all aspects of diversity in terms of skills, experience, gender, age, geographical exposure, and other relevant factors including but not limited to experience and knowledge in business investments and capital allocation.

As disclosed in page 45 of the Annual Report, annual review of the remuneration is carried out by the Remuneration Committee (the "RC") to ensure that the remuneration of the Executive Directors is 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 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. The remuneration of the Company's Executive Directors has been formulated to attract, retain, and motivate individuals who have the experience and skillsets which are key to successful execution of the Group's business strategy and create long-term value for its stakeholders. 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.

SHARE PRICE AND INVESTOR RELATIONS

[Appendix 1 – Questions 27 to 36]

Company's Response:

The Company is committed to delivering sustainable, long term shareholder value. While stock prices and market valuations are determined by a myriad of factors, including but not limited to market forces that are beyond the Company's control, the collective focus of the Board and Management of the Company remains on securing the long-term success and sustainability of the Group. We do so by developing and executing long-term strategies that sharpen our competitive advantage, manage our risks, and strengthen our core competencies. We aim to grow our business profitably by continuing to serve our customers exceptionally well, by delivering best-in-class standards in innovation, operational excellence, safety, reliability, and responsiveness, so as to register satisfactory long-term returns on capital employed while maintaining a prudent, efficient capital structure. The Company believes in transparent, open, and timely communication to the public and the market of its business and prospects to enable the market to value the Company's business appropriately.

Communication with shareholders is managed by the Board, assisted by Management. The Board's policy is to ensure all shareholders should be informed of all major developments impacting the Group in a timely manner. We recognise the importance of communicating our strong track record and financial performance through investor outreach and engagement efforts. We regularly disseminate comprehensive financial reports, host analyst calls, and engage in investor presentations. These efforts are aimed at ensuring transparency and providing a clear picture of our financial performance and prospects, as well as our investment merits and competitive strengths. The Board recognises the value of strengthening investor confidence and is committed to improving investor relations.

Our corporate video describing the history and business of our Group and various project videos are available on our website via following links:
http://www.tiongwoon.com/company-profile.html
https://tiongwoon.listedcompany.com/project_videos.html

AGM MATTERS

[Appendix 1 – Questions 37 to 38]

Company's Response:

We note the feedback with respect to our AGM date and timing, as well as the suggestion of an AGM presentation, and will take the feedback into consideration, in planning for future meetings.

The date and timing of the AGM this year took into account, inter alia, the special resolution to adopt a new constitution, whereby the Company is required to provide shareholders at least 21 days of notice before the AGM.

By Order of the Board
TIONG WOON CORPORATION HOLDING LTD

Ang Kah Hong
Executive Chairman

20 October 2023

Appendix 1

BUSINESS AND OPERATIONS

1. TWC has done well over the past 5 years, increasing both topline, bottom-line, profit margins, cash flows, balance sheet and dividends as shown in your latest annual report.

   (i) Can management explain how despite Covid-19 pandemic, inflationary cost pressures, intense competitive pressures and labour, dormitory shortages, and rising costs that TWC management team has been able to consistently do well in terms of sales, net profit, net margins, cash flows, balance sheet and dividend increases in the past 5 years.

   (ii) Please share the critical and key success factors in having delivered the good performance despite the tough macro-operating conditions as outlined in my earlier message.

2. The Chairman stated in his message to shareholders, "*The Group believes that there will be steady customer demand for its solutions and services, particularly in the Heavy Lift and Haulage business segment underpinned by demand in the petrochemical and construction sectors in Singapore, as well as in key regional markets such as India, Saudi Arabia and Thailand."*

   There have been reports of China undertaking massive infrastructural projects in Saudi. Is Tiong Woon riding on the coattails?

3. The company has done better in the past year. What are the current concerns on your main business in various geographies? The downside risks that could affect profitability for the group? Please elaborate.

4. Can management share what is the utilization rate of the different tonnage cranes of the company and if there is a need for further purchases to meet the strong demand ahead?

5. Can management share the average selling price trend in the year just passed for your cranes and the expected ASP trend going forward into the new year?

6. Can management share what was the average selling price trends in the year just completed for your fleet of cranes and what is the expected trend going forward in the year ahead?

7. With the rising interest rate environment, how is the company coping with the higher rates and will there be a need to do equity fund raising to help mitigate the higher borrowings?

8. Can management share how is the company coping with the inflationary cost pressures from labour to dormitories to raw material costs and also staff retention and rotation plans?

9. How is TWC coping with the rapidly rising dormitory and labour costs and shortage in trained crane operators?

BUSINESS OUTLOOK AND STRATEGY

10. I have noticed that the company's official outlook wording has turned positive from cautious in the past few years.

    (i) Can management explain and elaborate on this change in outlook compared to the past few years where it was a more cautious outlook?

    (ii) Can management please justify the reasons for this change in view?

11. In reference to page 6 and 10 of the annual report, where Tiong Woon has conveyed its positive outlook in the face of prevailing macro-economic and geo-political uncertainties, and underscored its belief in steady customer demand for its Heavy Lift and Haulage solutions, particularly in the petrochemical and construction sectors, as well as in significant regional markets such as India, Saudi Arabia, and Thailand,

    (i) Could you kindly provide a comprehensive explanation of the driving factors behind Tiong Woon's expectation of sustained customer demand for its Heavy Lift and Haulage solutions?

    (ii) Specifically, we would appreciate insights into the underlying factors supporting this outlook in both the local market of Singapore and the key regional markets of India, Saudi Arabia, and Thailand. Such insights would greatly benefit shareholders by enhancing their understanding of the company's business/growth strategy and capital expenditure plan.

12. In the latest annual report that was just released, management has for the first time given a positive outlook versus historical outlook statements of more caution/cautious optimism.

    (i) Can management please explain and elaborate the more positive outlook compared with historical statements given the tough macro-outlook such as inflationary cost pressures (highest in 20 years), 17- year highs in global interest rates, rising geopolitical risks between Russia-Ukraine and Israel-Palestine and recessionary conditions around the world?

    (ii) Please help us to understand the gap between the latest annual report's positive corporate outlook versus the very uncertain and challenging macro-outlook conditions.

13. Can these key and critical success factors continue to underpin the company's steady and good performance going forward into FY2024 and beyond? Please elaborate if management thinks the good performance can be sustained going forward.

14. Can management share what would be the company's vision and targets over the next 2-3 years in terms of sales, profits, dividends, fleet size, headcounts and ESG targets?

15. What is the capex spend going forward expected to be and if it can be funded internally or must be financed with more borrowings?

16. Can management please share the expansion plans going forward in terms of capex budget, headcount expansion, fleet renewal and expansion plans, which are the key growth drivers going forward in terms of geographical areas and the business segments (government or private) and if possible, industry segmentations?

17. What strategic considerations, market opportunities, and long-term objectives influenced Tiong Woon Corporation's decision to enter the ultra-high tonnage business? We kindly request the management to provide shareholders with:

    (i) A comprehensive historical overview, explaining the origins of this initiative, initial challenges encountered, and the strategic decisions made to establish Tiong Woon as the single crane company in Singapore competing on a global scale alongside industry leaders like Mammoet and Sarens.

    (ii) An overview of the ultra-high tonnage business, encompassing its key features, market dynamics, and growth potential, to elucidate the significance of Tiong Woon's involvement in this sector.

    (iii) Insights into Tiong Woon's future strategic roadmap for continued success in the ultra-high tonnage business, outlining the key strategies and initiatives planned.

    (iv) Considering the prevailing perception among market participants that Tiong Woon is predominantly perceived as a Singapore-centric construction-related business, do you have any strategies in place to bridge this perception gap and effectively communicate Tiong Woon's achievements and potential in the ultra-high tonnage business to investors and stakeholders? As one possible solution, would the company consider creating a video presentation to comprehensively showcase the scope, achievements, and prospects of this particular business segment?

CAPITAL ALLOCATION INCLUDING DIVIDEND AND SHARE BUYBACK

18. Earnings per share are above 6 cents. The dividend stands at 1c. That is just about 16 per cent of earnings. The group's cash balance is about $75m as shown in the annual report. The group should consider increasing dividend payout to at least 30 per cent of earnings. It is definitely affordable and sustainable. Please provide assurance on this.

19. Can management please also explain that despite the company only paying dividend of 1 cent on last year's EPS of 7 cents, implying a payout ratio of only about 15%, why must it be split into 0.6 cents special and 0.4 cents special dividend?

20. Could the company also be more generous with its dividends payout to **ALL shareholders** considering the good set of results vs the amount of remuneration paid by company to its own management?

    Esp in relation to the current high interest rate environment where Singapore T bills is paying almost 4%, how can the company justify paying a paltry dividend to minority shareholders? How can they benefit from the company's results via a tangible return?

21. I also notice that the dividends have been rising nicely over the past 5 years albeit gradually, can management explain if this gradually rising trend be sustained going forward?

22. Referring to the minutes of the previous year's Annual General Meeting, particularly item 5(a), where it was stated that increasing the dividend payout might not have a material impact on share price and that institutional investments play a significant role in share price dynamics, I would like to offer a different perspective. I believe that restricting the discussion of increasing the dividend payout to its immediate impact on share price may be too narrow. Dividends are a critical element of the total return and have a substantial influence on investor decision-making. What investors seek is an appropriate level of dividends, considering the company's overall capital allocation decisions, as this is fundamental to driving long-term value creation for stakeholders.

    Moreover, there is a need for enhanced communication on this matter beyond just emphasizing the company's capital-intensive nature and the consideration of worst-case scenarios. The comment in question appears somewhat defeatist, and I encourage the board not to adopt such a mindset. While increasing the dividend payout might not lead to an immediate material impact on share price, it does not mean that the company's efforts cannot influence share price at all.

    In times of exceptional company performance, particularly in a challenging macroeconomic and geopolitical environment, a combination of well-executed investor relations activities and a clear articulation of business growth strategies and capital allocation decisions can realistically enhance trading liquidity and market capitalization. This can, in turn, attract boutique institutional investors.

    Incorporating an appropriate level of market capitalization into strategic considerations is important. Could the company reassure shareholders that it is committed to proactive efforts, effective communication of its investment propositions and company strategies, and will not resign itself to market conditions, all for the benefit of the company and its stakeholders?

23. Shareholders are seeking greater transparency with respect to Tiong Woon's dividend decisions. Presently, the dividend payout ratio stands at approximately 15%, which includes special dividends. Nevertheless, there seems to be a lack of clarity regarding the methodology employed by the company in determining both regular and special dividend allocations. Considering the company's current favourable financial position, are there any considerations or possibilities for increasing the dividend payout ratio beyond the current 15% level?

    Furthermore, it is imperative that the company communicates its dividend decision within the context of capital allocation, rather than solely relying on the explanation that the industry is highly capital-intensive. This explanation alone is not sufficient. Shareholders are looking for a more comprehensive articulation of the company's dividend decision, especially concerning its mid and long-term strategic considerations. In this regard, I refer you to this article on capital allocation, which dividend are discussed as part of the broader strategy:
    https://behavioralvalueinvestor.com/blog/capital-allocation-guide-for-ceos.

    The article suggests “the dividend is not the goal; it is the residual of your company’s conservatively estimated cash flow minus better uses of capital that can create value for shareholders”. It emphasizes the importance of focusing on value creation rather than simply managing the optics around the dividend. Personally, I would like to express my concern against dividend decision that is contingent on setting aside capital with the worst-case scenario in mind.

In consideration of the evolving business environment with a higher cost of capital considering the significantly higher interest rate, there is a question about the prudence of continuing to allocate substantial capital to a capital-intensive business without the assurance of a long-term return on capital and clear strategic considerations guiding this allocation. Could the management please provide insights into how Tiong Woon is addressing these concerns and what measures are being taken to ensure that capital allocation decisions are aligned with the creation of long-term shareholder value?

24. I believe that to ensure intelligent capital allocation, it is imperative to consider including some form of return on capital metrics into the executive compensation plan. If executive compensation plans do not include return on capital metrics, there could be dysfunctional decision-making, where management may be encouraged to keep investing to generate profits regardless of return on capital, especially when the current executive compensation plan is purely profit-focused.

    Not that Tiong Woon's management is behaving as such, but to become a progressive and forward-looking organization, we want to put in place the appropriate compensation plan to ensure long-term value creation for all stakeholders.

    In light of this, could the management provide insights into the company's approach to executive compensation, particularly concerning the incorporation of metrics related to return on capital and strategic capital allocation in executive incentive plans? How does the company plan to align executive compensation with the goals of responsible capital management and long-term value creation for shareholders?

25. I would like to emphasize the importance of considering share buybacks as a significant component of our company's capital allocation strategy. I came across an insightful article on capital allocation (accessible https://behavioralvalueinvestor.com/blog/capital-allocation-guide-for-ceos), which underscores the role of share buybacks in driving long-term value creation for both the company and its stakeholders. I encourage our company not to view dividends and share buybacks through a narrow lens but rather to recognize their broader implications, as this article provides valuable insights on capital allocation.

    Given the potential impact of share buybacks on our company's performance and shareholder value, I strongly urge our management not to sideline this critical aspect of capital allocation. Can the management provide insights into our company's approach to share buybacks and its strategic importance within the broader context of long-term value creation for our shareholders?

    Additionally, as the need arises to rotate independent directors, I propose that our company consider expertise and knowledge related to capital allocation when selecting new independent directors. Directors with experience in this area can offer valuable insights and guidance in making informed capital allocation decisions. Will the company take this into account when appointing new independent directors to the board?

26. When does the management anticipate resuming the share buyback program as it can help to increase shareholder value and demonstrate confidence in the company’s financial strength and future prospects to investors and the market?

Appendix 1

SHARE PRICE AND INVESTOR RELATIONS

27. The valuation of the company is at a low level. NAV is $1.27 and the PER below 8 times at 49 cents. Tiong Woon must do more to make investors aware of its business and prospects. The group deserves a higher valuation.

28. TWC's share price has been flattish in the past 5 years despite improving fundamentals such as rising profits, sales, cash flows and dividends. Can management explain the reasons for the widening gap between TWC's share price vs its improving fundamentals. What are the steps that management can take to help close the widening gap between TWC's share price and its fundamental performance.

29. Can management please share why despite the strong financial track record of the company in the past 5 years with sales and profits and dividends all moving upwards in a nice positive trajectory, but the company's share price remains flattish and has not reflected the company's strong fundamental performance?

30. Can management explain how and in what form the company is communicating their strong track record and financial performance to help better educate the stock market investors so that the company's share price can trade closer to its net asset value of $1.30 - $1.40/share?

31. While we appreciate the efforts made so far pertaining to communicate information to shareholders and market participant about the company development and future prospects, how does the company plan to further amplify its communication efforts with market participants, and are there any specific initiatives or channels you're considering ensuring a much better outreach?

    Could the company explore additional ways to effectively communicate and showcase your best-in-class capabilities in which you "compete shoulder-to-shoulder in the international arena among global heavy lift players" to both market participants and shareholders? This could further strengthen investor confidence.

32. In light of Tiong Woon's recent remarkable profit performance, positive outlook, and active engagement in the thriving petrochemical and construction sectors spanning Singapore, Thailand, India, and Saudi Arabia, we are eager to gain insights into the strategies the company is considering improving its market capitalization to a more respectable level on a more sustained basis. This inquiry stems from the observation that the current share price does not fully reflect these notable achievements.

33. We would like to reference a Bloomberg article from 2015 titled 'Is Investor Relations Responsible for the Share Price?' accessible via the following link: https://www.bloomberg.com/professional/blog/is-investor-relations-responsible-for-the-share-price. This article underscores the significance of Investor Relations in comprehending the company's investment proposition, effectively communicating prospects, and ensuring the company's valuation aligns with its true potential, particularly through trust, reliability, and transparency. Moreover, the article suggests that Investor Relations should consistently analyse and identify factors that may hinder the shares from achieving fair value.

Appendix 1

In the realm of Investor Relations at Tiong Woon Corporation, we seek your insights on the following:

(i) Could you provide an overview of the company's strategy for effectively communicating its investment proposition and future prospects to a broad range of potential investors?

(ii) Within the company, who holds the responsibility and accountability for overseeing Investor Relations activities? Additionally, have any key performance indicators been established to assess the effectiveness of these activities?

(iii) Does the company have sufficient proficiency in Investor Relations, if not, what steps are taken to address it? Will the company consider engaging external professionals on a retainer or project basis to supplement existing internal resources?

(iv) Beyond external market conditions, have efforts been made to identify internal factors that may impede our shares from reaching their fair value? While external market conditions can influence stock performance, proactive internal analysis can help address and mitigate these issues.

We understand the challenges posed by external market conditions and firmly believe that dedicated efforts can significantly impact and optimize our share value. Your insights on these matters are highly valued.

34. What are we doing as a company to raise our profile in the market?

35. After a noteworthy financial performance and optimistic outlook were communicated by the company, it appears that there has been limited media coverage and public engagement. How might the company consider improving its visibility in the market and society?

36. Perhaps the company could engage shareholders more regularly (e.g., via a quarterly briefing and update to SGX so that it can increase its visibility to the investing public, institutional investors, and even engage a professional IR firm to do this)?

AGM MATTERS

37. The AGM is being held at the end of October. There are at least 3 other AGMs on the same date and time - 27th October, morning,

(i) Do we really need to hold our AGM so late in October?

(ii) The company should bring its AGM forward to the middle of October each year to allow more shareholders to attend. Time should be 10am so that we don’t have to join the commuter rush each morning.

38. Can the company provide a comprehensive presentation on its performance and future outlook during the AGM to enhance shareholders' understanding of the company and its business prospects? Additionally, can the presentation slides be made available on SGX to accommodate potential investors and shareholders unable to attend the AGM due to other commitments or scheduling conflicts with other AGMs?