

## **TRANSIT-MIXED CONCRETE LTD**

Company Registration No. 197902587H  
(Incorporated In The Republic Of Singapore)

Transit-Mixed Concrete Ltd (the “Company”) refers to the letter from Mr David Gerald, President & CEO of Securities Investors Association (Singapore) on 20 June 2018. The Company would like to provide the following information:-

### **1. BUSINESS OPERATIONS**

Due to challenges faced by our concrete pumping services segment in Singapore, we would be placing more focus on the regional market:

- 1) There is significant potential for greater collaboration with our Joint Venture partner in Jakarta which could help our Joint Venture company, PT ATMC Pump Services to expand into the Indonesia market which is much larger than Singapore.
- 2) We will look into the possibility of expanding our concrete pumping operation in Malaysia.
- 3) The Group will continue to explore business opportunities in the other neighboring countries.

Our management keeps a close watch on the development of the construction market especially major projects. As a result of the challenges faced by the Group during the year, management has taken cost-cutting measures such as streamlining operation procedures and the disposal of excess and old equipment to improve efficiency.

The Group maintains a reputable track record with its long distance pumping in infrastructure, MRT and tunnel pumping services which stand out from the competition in the crowded market.

### **2. VALUATION OF PLANT AND EQUIPMENT**

As at 28/2/18, the Group owned 110 units of concrete pumps and placing equipment.

The Group’s business is linked to construction demand in Singapore. The Group’s forecast of revenue growth is based on the Building and Construction Authority forecasts of the construction contract value. The BCA forecasts the value of contracts to be awarded in Singapore to amount to between \$26 billion and \$31 billion. The public sector construction is expected to strengthen with key large public sector projects lined up for this year including major contracts for the North-South Corridor, new MRT works, Deep Tunnel Sewerage System (DTSS) phase 2, an automotive hub at Jalan Terusan, a multi-storey recycling facility in Northern Singapore, various educational facilities for Institutes for Higher Learning, and the redevelopment of the National Skin Centre and Woodland Integrated Health Campus. Private sector construction demand is also expected to improve from \$9

billion in 2017 to between \$10 billion and \$12 billion in 2018, due to a promising economic outlook and an upturn in property market sentiment. The Group believes that the demand for its concrete pumps to move in line with the construction demand. Based on the BCA's forecast, the Group projected an average growth rate of 3% in the value-in-use calculation.

The average growth rate of the concrete pumping services segment for the past 3<sup>rd</sup> to 5th financial years was about 15% while the last 2 financial years was at an average rate of decline of 32%.

### **3. OTHER MATTERS**

The Board and the Nominating Committee have considered and approved Mr Yap's request for an alternate director in view of his age and succession planning.

In view of the size of the Company and the nature and scope of the Company's operations, the Company maintains an efficient Board size and does not have a formalized succession plan. The position of the Board Chairman is on a rotational basis amongst the Board directors. The Nominating Committee is mindful of refreshing the Board and regularly reviews the independence and performance of each Board director and if necessary, will look into the appointment of new directors as and when necessary. The CEO is supported by senior departmental heads who are able to operate their units independently in his absence.

Any further questions can be addressed at the AGM.

By Order of the Board  
Transit-Mixed Concrete Ltd

Submitted by Chen Lee Lee, Company Secretary on 26 June 2018