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Issuer: Transit-Mixed Concrete Ltd

Stock code: 570

Meeting details:

Date: 24 June 2021

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. In February 2021, there was a mandatory unconditional cash offer for all the shares in the company at \$0.14/share by Mr Lee Sai Sing following the purchase of a 71.36% stake from the former shareholders, including Kheng Leong Company (Private) Limited.

At the close of the offer on 6 April 2021, the offeror owned 82.43% of the company's total issued share capital. Mr Lee Sai Sing was appointed as an executive director of the company on 9 April 2021.

The profile of Mr Lee can be found on page 9 of the annual report. Mr Lee has extensive experience in investing in unlisted and listed Asian equities. He is also involved in advising corporations in restructurings, pre-initial public offerings and initial public offerings. He had worked in the fund management industry for many years in major financial institutions.

- (i) **Has the board engaged the new controlling shareholder to reassess the group's strategic direction?**
- (ii) **Are there plans to diversify into new areas other than the construction industry?**
- (iii) **For the benefit of new and long-standing shareholders, would the board (re)state the group's value proposition in the concrete pumping segment and elaborate further on how it creates sustainable, long-term value for shareholders?**

It is also noted that the company has entered into a share placement agreement to place out 34.7 million new ordinary shares at \$0.14 for each new placement share to raise approximately \$4.8 million for "expansion of business and general working capital".

- (iv) **Can the board help shareholders understand the capital expenditure requirements for the concrete pumping segment in the next 18-24 months?**
- (v) **What is the hurdle rate used by the board to assess any business expansion?**

Q2. The group has discontinued its ready-mixed concrete operations and is in the process of disposing its 45%-owned PT ATMC Pump Services joint venture.

Revenue has decreased from \$22.1 million in FY2017 to \$9.1 million in FY2020 (pre-pandemic) to \$5.0 million in FY2021. A summary of the group's financial performance can be seen on page 3 of the annual report and is reproduced below:

FINANCIAL YEAR ENDED 28 FEBRUARY

	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000
Revenue	22,106	17,036	14,375	9,091	5,011
Profit/(Loss) before income tax	2,017	(5,030)	(6,249)	(1,984)	(1,429)
Profit/(Loss) for the year	1,883	(4,760)	(5,587)	(1,655)	(1,327)
Profit/(Loss) attributable to owners of the company	1,938	(4,602)	(4,740)	(1,754)	(1,324)
Earnings/(Loss) per share (cents)	2.78	(6.61)	(6.81)	(2.52)	(1.91)
Shareholders' equity	24,000	17,988	13,185	11,496	10,057

(Source: company annual report)

- (i) **How sustainable is the group's concrete pumping services operations given the market dynamics, the challenges caused by COVID-19 and the current scale of the group's business?**

In his statement to shareholders, the executive director noted several bright spots in Singapore's construction sector, with upcoming large public infrastructure projects and key private sector projects. Furthermore, the Building and Construction Authority (BCA) forecasts total construction demand to increase to between \$23 billion and \$28 billion for 2021. The company has listed its major projects in the operating and financial review (page 7). Some of the projects are the Thomson-East Coast MRT Line, Deep Tunnel Sewerage System Phase 2 and 3 and Facebook SGA Data Centre (new in FY2021).

- (ii) **What is management's strategy to secure more contracts so as to build up its order book?**
- (iii) **Can management disclose the order book on a regular basis?**
- (iv) **For the waste management services segment, can management elaborate further on the opportunities and challenges as a result of the COVID-19 pandemic? What is the average length of a cleaning contract? What is the retention rate of the group's customers in the cleaning segment?**

Q3. On 25 May 2021, the company announced a proposed placement of 34.7 million shares to seven investors at a placement price of \$0.14 for each placement share. As disclosed in the announcement, the placement shares will represent approximately 49.9% of the existing issued and paid-up share capital (excluding treasury shares) of the company. The placement shares will represent approximately 33.3% of the enlarged issued share capital following the completion of the proposed placement.

In the same announcement dated 25 May 2021, the company stated that the placement shares will be allotted and issued pursuant to the general share issue mandate approved by shareholders at the annual general meeting of the company held on 25 August 2020.

It is noted that the general share issue mandate has a limit of 50% on a pro-rata basis and a limit of 20% otherwise.

On 28 May 2021, the company announced that it will “no longer be relying on the general mandate” and will be seeking specific approval by shareholders at an EGM to be convened.

- (i) **Did the board approve the proposed placement prior to the company’s announcement on 25 May 2021? If so, had it considered, or sought professional advice, on the limit of the general share issue mandate given that the placement was on a non pro-rata basis?**

In addition, on 7 June 2021, the company announced that it would be holding an EGM on 24 June 2021 to consider the proposed share issue and placement of 34.7 million new shares. Subsequently, on 8 June 2021, the company announced that the publication of the notice of EGM was due to an oversight as SGX-ST has yet to formally advise the company of its non-objection to the issuance of the circular and notice of EGM. The EGM has been postponed until further notice.

- (ii) **Has the board looked into how the oversight occurred?**
- (iii) **Would the board be reviewing the group’s policies, procedures and controls to ensure that they are implemented in practice and that they are adequate and effective?**
- (iv) **Are the company, the directors and its officers familiar with the relevant listing rules and regulations for a listed company in Singapore?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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

Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)