

TRANSIT-MIXED CONCRETE LTD
Company Registration No. 197902587H
(Incorporated In The Republic Of Singapore)

Transit-Mixed Concrete Ltd (the “Company”) refers to the query from Singapore Exchange Securities Trading Limited (the “SGX-ST”) dated 13 June 2022, regarding its Annual Report for the Financial Year ended 28 February 2022. The Company sets out below the response to the query of the SGX-ST.

Query 1: Pursuant to Provision 9.2(b) of the Code of Corporate Governance 2018 (“Code”), the Board is required to disclose in the Company’s annual report that it has received assurance from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company’s risk management and internal control systems. However, we note from page 25 of the report that the Board has only such assurance from the ED and the CFO. Please explain how the practices adopted by the Company are consistent with the intent of Principle 9 of the Code.

Answer: *The Board has received assurance from the ED and the CFO or equivalent position that overall, the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances and the risk management and internal control systems within the Group are adequate and effective. This is in turn supported by back-to-back assurance from other key management personnel who are responsible that they have evaluated the adequacy and effectiveness of the Company’s risk management and internal control systems, including financial, operational and information technology controls.*

Query 2: We note from page 27 of the report that “the Group outsourced its internal audit function to RSM Risk Advisory Pte Ltd”, and that “their methodology for internal audit is aligned with the requirements of the IPPF (International Professional Practices Framework)”. Please disclose:

- (i) whether the internal audit standards applied by the internal auditor comply with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors;
- (ii) whether the internal auditor is a member of The Institute of Internal Auditors; and
- (iii) the name of the Partner in charge of the internal audit, as well as his/her relevant experience and track record.

Answer:

- (i) The internal audit standards applied by the internal auditor comply with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.*
- (ii) The internal auditor is a member of The Institute of Internal Auditors.*
- (iii) The Partner in charge of the internal audit is Mr Dennis Lee. Mr Lee is a partner in the firm’s Business Consulting division with extensive external and internal audit as well as risk management experience. He is actively involved in providing corporate governance, internal audit and enterprise risk management services to Singapore listed companies, fund management companies, family-managed businesses and statutory boards across a wide array of sectors, including financial services, real estate and construction, healthcare, manufacturing, transportation and logistics, retail and social services. Mr Lee is a Chartered Accountant in Singapore, as well as a Certified Public Accountant in Australia. He also*

holds a Certification in Risk Management Assurance issued by the Institute of Internal Auditors of Singapore.

Query 3: We note from page 29 of the report that the Company reported NIL interested person transactions ("IPT") for FY2022. However, we note from page 96 of the report that the Company disclosed, inter alia, the following related party transactions ("RPT") amounting to \$1,398,010 for FY2022. Please explain why these RPTs were not disclosed as IPTs on page 29:

- Management fee income (\$744,000)
- Equipment rental income (\$588,000)
- Office rental income (\$66,010)

In your response, please disclose who the related parties are and describe their relationship with the Company.

Answer: *Related parties on page 96 of the report refer to subsidiaries of the Company and are entities controlled by the Group. The subsidiaries are, namely TMC Concrete Pumping Services Pte Ltd and TMC Waste Management Pte Ltd. The financial statements of subsidiaries are included in the consolidated financial statements and intra-group balances and RPTs are eliminated in preparing the consolidated financial statement.*

The RPTs were not disclosed as IPTs on page 29 as these are not transactions with interested persons that may adversely affect the interests of the issuer or its shareholders. In the case of a company, "interested person" means:—(i) a director, chief executive officer, or controlling shareholder of the issuer; or (ii) an associate of any such director, chief executive officer, or controlling shareholder.

Query 4: We note from Note 13 that the Company had raised \$4.858 million in July 2021 through a share placement exercise, but it has not disclosed a status report on the use of the share placement proceeds as required under Listing Rule 1207(20). Please disclose:

- (i) a status report on the use of the share placement proceeds;
- (ii) whether the use of proceeds is in accordance with the stated use;
- (iii) where the proceeds have been used for working capital purposes, please provide a breakdown with specific details on how the proceeds have been applied; and
- (iv) where there is any material deviation from the stated use of proceeds, please provide the reasons for such deviation.

Answer: *As at the date of this Annual Report, the net proceeds of \$4.858 million from the share placement in July 2021 has not been utilized. Given the current challenging business environment, the proceeds are being placed in fixed deposit to generate relatively safe and low-risk returns for the Company.*

By Order of the Board
Transit-Mixed Concrete Ltd

Submitted by Chen Lee Lee, Company Secretary on 15 June 2022