



(Company Registration No.: 201301440Z)
(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SEMBCORP EOSM PTE. LTD.

1. INTRODUCTION

The Board of Directors of Soilbuild Construction Group Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly owned subsidiary, Precast Concrete Pte. Ltd. (“**PCPL**”), has on 21 November 2018 entered into a share sale and purchase agreement (“**SSPA**”) with Sembcorp Design and Construction Pte. Ltd., Thye Chuan Engineering Construction Co. Pte Ltd, Wong Seng, Lim Tong Soon, Ling Hwee Doong William, Ho Hock Liong and Ho Thomas Kwok Tao (collectively, the “**Vendors**”) in respect of the proposed acquisition of the entire issued and paid-up share capital of Sembcorp EOSM Pte. Ltd. (the “**Target Company**”, and together with its subsidiaries, the “**Target Group**”) (the “**Proposed Acquisition**”).

Following the completion of the Proposed Acquisition (the “**Completion**”), the Target Company and each of its subsidiaries described in paragraph 2.1 below will become a wholly-owned subsidiary of PCPL. Completion is expected to take place on 23 November 2018.

2. INFORMATION ON THE TARGET GROUP AND THE VENDORS

2.1 The Target Company and Target Group

The Target Company is a company incorporated in Singapore on 18 May 2009. As at the date of this announcement, the Target Company has an issued and paid-up capital of S\$20,948,397 comprising 16,770,250 ordinary shares.

The Target Group comprises the Target Company and the following subsidiaries: Sembcorp EOSM (Malaysia) Sdn. Bhd. (the “**Malaysian Subsidiary**”) and Sembcorp EOSM (India) Private Limited (the “**Indian Subsidiary**”).

The Target Group is principally engaged in the provision of design, construction, fabrication and manufacturing of Pre-fabricated, Pre-finished Volumetric Construction (“**PPVC**”) modular components and other building materials in Singapore, Malaysia and India.

As at 31 October 2018, based on the latest unannounced unaudited financial statements of the Target Group, the book value of the shares and net tangible asset value of the Target Group was S\$1,546,454.

No valuation was conducted on the Target Group.

2.2 The Vendors

The Vendors collectively hold 16,770,250 ordinary shares in the Target Company (the “**Vendor Shares**”), representing 100% of the total issued and paid-up ordinary share capital of the Target Company as at the date of this announcement. The Vendor Shares are held by the Vendors in the following proportion: 10,062,150 ordinary shares (60.0%) are held by Sembcorp Design and Construction Pte. Ltd., 2,984,843 ordinary shares (17.8%) are held by Thye Chuan Engineering Construction Co. Pte Ltd, 475,406 ordinary shares (2.8%) are held by Mr Wong Seng, 1,625,660 ordinary shares (9.7%) are held by Mr Lim Tong Soon, 1,133,223 ordinary shares (6.8%) are held by Mr Ling Hwee Doong William, 229,757 ordinary shares (1.4%) are held by Mr Ho Hock Liong and 259,211 ordinary shares (1.5%) are held by Mr Ho Thomas Kwok Tao.

Sembcorp Design and Construction Pte. Ltd. is a company incorporated in Singapore, indirectly wholly-owned by Sembcorp Industries Ltd.. Thye Chuan Engineering Construction Co. Pte. Ltd. is a company incorporated in Singapore, a wholly-owned subsidiary of TG Corporation Holdings Pte. Ltd..

The information on the Target Company, Target Group and the Vendors in this paragraph 2 was provided by the Vendors and has been extracted and reproduced herein. In respect of such information, the Company has not independently verified the accuracy and correctness of the same.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Consideration

The consideration for the Vendor Shares shall be S\$12,252,972.17 (the “**Consideration**”). The Consideration is subject to adjustment for variance in the net assets of the Target Group to be agreed by the Vendors and PCPL within 45 business days following Completion.

The Consideration was derived based on arms’ length negotiations on a willing buyer willing seller basis, taking into account the following:

- (a) the Target Group’s unaudited consolidated net asset value amounting to S\$1,546,454 as of 31 October 2018; and
- (b) the Target Group’s unaudited consolidated net book value of its land and buildings amounting to approximately S\$6,735,000 as of 31 October 2018 and the market value¹ of these land and buildings amounting approximately to S\$14,976,000. The land and buildings of the Target Group comprise two plots of freehold industrial land and a plot of leasehold industrial land (expiring in 2088) with total land area of approximately 13.0 hectares, as well as an office building and covered factories erected on the said land located in Pontian, Johor, Malaysia².

¹ Determined on the basis of the comparison approach based on a valuation report issued by Knight Frank Malaysia Sdn Bhd dated 24 October 2018 which was commissioned by the Company.

² Please refer to Appendix A for photographs of the land and buildings of the Target Group located in Pontian, Johor, Malaysia.

The Consideration shall be satisfied by PCPL in cash. The Group intends to fund the Consideration by a combination of internal funds available and bank borrowings.

3.2 Sale Conditions

Completion is conditional upon, *inter alia*, the following conditions (the “**Sale Conditions**”) being fulfilled (or waived) on or prior to Completion:

- no material adverse change has occurred and is continuing immediately prior to Completion; and
- the payment by PCPL of an outstanding loan issued to the Malaysian Subsidiary.

In the event that the Sale Conditions are not fulfilled or waived on or before the long-stop date of three months from the date of the SSPA, the SSPA shall become null and void, and no party to the SSPA shall have any claim or demand against the other parties for damages, costs or otherwise whatsoever in the matter save for antecedent breaches.

4. RATIONALE

The Board of Directors believes that the Proposed Acquisition will benefit the Group by further realising its vision to deliver optimal construction and management solutions to clients and to enhance shareholders value.

In October 2017, the Building and Construction Authority (“**BCA**”) launched the Construction Industry Transformation Map with the vision to transform the construction industry into ‘an advance and integrated sector with widespread adoption of leading technologies’. One of the key approaches taken by BCA to achieve the desired vision is the adoption of Design for Manufacturing and Assembly (“**DfMA**”) methodology in the industry. In this regard, the Integrated Construction and Precast Hub (“**ICPH**”) and Pre-fabricated, Pre-finished Volumetric Construction (“**PPVC**”) are the key elements for the adoption of DfMA in building supply capacity and capabilities for the built environment.

The Group’s ICPH is targeted to be commissioned in December 2018. While the current plan is for the ICPH to house the production of certain large concrete panels, the Proposed Acquisition will provide the Group with additional plant facilities and machineries for the manufacturing and fabrication of premium precast building components and PPVC modular components to further support the Group’s growth in this segment.

The Group believes that the successful implementation of the DfMA methodologies will support the creation of a clearer construction project delivery and quality advantage for the Group in the competitive built environment sector.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction (other than through their respective shareholdings in the Company).

6. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition and accordingly, no service contract is proposed to be entered into between the Company and any such person.

The above transaction will not have a material impact on the consolidated net tangible assets and earning per share of the Group for the current financial year ending 31 December 2018.

In the opinion of the Board of Directors, the Proposed Acquisition is in connection with the ordinary course of the Group's business, and does not amount to a transaction for the purposes of Chapter 10 of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD
SOILBUILD CONSTRUCTION GROUP LTD.

Ho Toon Bah
Executive Director
21 November 2018

APPENDIX A

