



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

SUBSCRIPTION OF SHARES IN CS CORP PTE. LTD. AND PROPOSED JOINT VENTURE

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, SB Project Services Pte. Ltd. (“**SBPS**”), has on 12 June 2017 entered into a share subscription and shareholders’ agreement (“**SSH Agreement**”) with Mr Hiew Ching Yong (“**HCY**”), Swanhoff Pte. Ltd. (“**Swanhoff**”) and CS Corp Pte. Ltd. (“**CSC**”).

HCY and Swanhoff, a company incorporated in Singapore and wholly owned by Mr Tang Kia Yang, are the existing shareholders of CSC. The current shareholdings of HCY and Swanhoff in CSC are 30% and 70% respectively.

CSC, designated as the proposed joint venture company, is a company incorporated in Singapore and in the business of prefabricated prefinished volumetric construction (PPVC). CSC has developed a Concrete PPVC System – the CSV System (2016) (the “**CSV System**”) – which has been granted in-principle acceptance for use in building projects in Singapore, by the Building and Construction Authority (BCA) through the Building Innovation Panel^[note]. Under the SSH Agreement, CSC shall carry on the business of providing design, manufacturing, supply and assembly services of PPVC modules. CSC will invest up to S\$4.0 million to complete the design and development of the CSV System to accelerate the commencement of manufacturing and distribution of the PPVC modules.

Pursuant to the SSH Agreement, each of SBPS, HCY and Swanhoff will (i) subscribe, via cash, for 700, 60 and 140 new ordinary shares in CSC, respectively, at the subscription price of S\$1.00 for each new ordinary share (the “**Share Subscription**”) and (ii) provide funding to CSC, in proportion to their respective shareholdings in CSC, of up to S\$4.0 million by way of shareholders’ loan for commercialising the business. The subscription price for the Share Subscription was arrived at following arms’ length negotiations on a willing buyer willing seller basis, taking into account the contributions of SBPS, HCY and Swanhoff to CSC and the joint venture, as well as the current prospects of the business of CSC. The Group will fund the subscription price for the Share Subscription and its pro-rata portion of the shareholders’ loan to CSC by internal cash resources. As CSC was incorporated on 19 August 2016, it does not have any audited or unaudited financial statements yet. Based on the unaudited management accounts of CSC as at 31 May 2017, the book value and net tangible asset value of CSC is approximately S\$100.00.

Completion of the Share Subscription and the SSH Agreement is expected to take place on 31 July 2017. Upon completion, the shareholdings of SBPS, HCY and Swanhoff in CSC will be 70%, 9% and 21%, respectively, and CSC will become a subsidiary of SBPS.

The Board of Directors believes that the Share Subscription will benefit the Group in realising its long-term strategies in the construction business by synergising with manufacturing capabilities so as to be in a more competitive position to tender for projects. This capability has been prioritised by the BCA in its push for improved productivity for the construction sector through Design for Manufacturing and Assembly (DfMA) construction methods using PPVC.

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).

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 2017 and does not amount to a discloseable 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
12 June 2017

Note: The inter-agency Building Innovation Panel assists firms in receiving fast multiple agency evaluation of innovative methods, processes and materials that would improve construction productivity significantly. Participating agencies of Building Innovation Panel include BCA, Housing and Development Board, JTC Corporation, Land Transport Authority, Ministry of Manpower, National Environment Agency, PUB, The National Water Agency, Singapore Civil Defence Force and Urban Redevelopment Authority.