



MUN SIONG ENGINEERING LIMITED
(Company Registration No. 196900250M)
(Incorporated in the Republic of Singapore)

PROPOSED JOINT VENTURE

Mun Siong Engineering Limited (the “Company”) and its subsidiaries (the “Group”) would like to announce that the Company is in advance discussions to enter into a joint venture with an owner, who owns a group of companies, specialising in the provisions of equipment fabrication and maintenance (including mechanical) services to the oil and gas and petrochemical industries in North America (the “Oldco”). The Oldco has an operating track record in providing engineering services and its core competencies are similar to that of the Group, whom is also providing mechanical engineering and fabrication works. The Group’s other areas of core competencies are in electrical and instrumentations.

The Group and the shareholder of Oldco intends to form a joint venture (the “Newco”). It is intended that the core businesses and customers of Oldco be assumed by Newco. The employees in the Oldco will be employed by NewCo at its sole discretion.

The Group’s participation in Newco will be through the subscription of new shares and provision of a standby line of credit. This will put Newco in a good position to undertake higher dollar value projects from Oldco’s existing customers and establish new customers. The Group will, through Newco, also be able to introduce its specialised services to customers of Newco. This will allow Newco to widen its range of services and further enhance its operating capabilities.

Investment into Newco will allow the Group quicker access to the oil and gas and petrochemical industries in North America. The Group will be the substantial and controlling shareholder of Newco. The investment into Newco will be funded from the Group’s cash reserve.

The Group’s management has conducted and completed its internal financial and business due diligence on Oldco. It has also mandated a major international accounting firm to conduct a financial due diligence on Oldco. Concurrently, to the financial due diligence, the Group is also conducting its legal due diligence and seeking advice on taxation matters relating to this investment – collectively the External Due Diligence. Besides, the External Due Diligence, the Group has commenced seeking advice from its financial advisors on compliance matters regarding this proposed investment.

The Group will make the necessary announcement once it enters into a definitive investment/joint venture agreement.

It should be noted that the External Due Diligence are still ongoing, and no definitive investment/joint venture agreement has been entered as at the date of this announcement. Shareholders are advised to exercise caution at all times when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

**Cheng Woei Fen
Executive Chairlady**

29 January 2019