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

ANNOUNCEMENT PURSUANT TO RULE 706A OF THE SGX-ST LISTING MANUAL

Pursuant to Rule 706A of the Listing Manual of Singapore Exchange Securities Trading Limited, Mun Siong Engineering Limited ("**Company**"), together with its related companies (the "**Group**") wishes to announce the following transactions that occurred for the period from 1 July 2021 to 31 December 2021:

Increase in investment in Pegasus Advance Engineering Sdn Bhd

Our announcement dated 8 July 2021, the Company and its wholly owned subsidiary Mun Siong Engineering Sdn Bhd ("MSE M") (collectively the "Subscribers") entered into a subscription agreement with Pegasus Advance Engineering Sdn Bhd ("PAE M") and Mohamed Ridza Bin Mohamed Abdulla ("MRA"). Under this subscription agreement, the Subscribers shall inject additional capital into PAE M by subscribing up to 80 million redeemable convertible preference shares ("RCPS") in PAE M, such subscription to take place in tranches depending on the working capital requirements of PAE M and at the Subscriber's discretion, at an issue price of RM0.50 per RCPS.

The RCPS held, may at the option of the Subscribers or its holders, be converted in whole or part into (1) ordinary share in PAE M. Each ordinary share so converted shall be issued at a theoretical issue/ conversion price of RM1.00 or the net tangible asset per share, whichever is lower.

The aggregate subscription monies of up to RM40.0 million, assuming that all RCPS are issued and subscribed by the Subscribers, will be employed by PAE M to acquire and construct a fabrication building on a property in Johor (announcement dated 5 March 2021), spearhead the Group's expansion into Malaysia and general working capital purposes.

Update: On 10 December 2021, the Subscribers subscribed for 16 million RCPS at an issue price of RM0.50 per RCPS. The total subscription amount to RM8.0 million (equivalent to SGD 2.6 million) and will be used for the above designated purposes.

At date of this announcement, the Company has not exercised its option to convert the RCPS into ordinary shares of PAE M. The shareholdings in PAE M remains unchanged as follows:

Name of shareholder	Number of Ordinary Shares	Shareholding Percentage
MRA	382,500	51%
MSE M – wholly owned subsidiary of the Company	367,500	49%
	750,000	100%

The above subscription by the Company in PAE M is funded internally and is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2021.

None of the Directors or Substantial Shareholders of the Company have any interest, direct or indirect in the above transactions other than their shareholdings interest in the Company.

By Order of the Board

Cheng Woei Fen
Executive Chairlady

23 February 2022