



## **MUN SIONG ENGINEERING LIMITED**

(Company Registration No. 196900250M)  
(Incorporated in the Republic of Singapore)

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### **ANNOUNCEMENT ON GROUP WIDE MASTER SERVICE AGREEMENT FOR INTEGRATED TURNAROUND MAIN MECHANICAL AND MAINTENANCE MECHANICAL STATIC ("CONTRACT AWARD") FROM PETROLIAM NASIONAL BERHAD ("PETRONAS")**

#### **- ENTRY INTO A SHAREHOLDERS' AGREEMENT DATED 21 AUGUST 2019 ("SHA") WITH THE MALAYSIAN PARTNER**

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#### **1. INTRODUCTION**

The board of directors ("**Board**") of Mun Siong Engineering Limited ( "**Company**") refers to the Company's announcement dated 2 May 2019 ("**Announcement**"). Unless otherwise defined, all capitalised terms and references used herein shall bear the same meanings ascribed to them in the Announcement and references therein.

The Board wishes to inform shareholders that the Company had on 21 August 2019 entered into a SHA with the Malaysian partner to incorporate and operate a joint venture company ("**JV Co**") in Malaysia for the purpose of undertaking the Contract Award.

#### **2. INFORMATION RELATING TO THE MALAYSIAN PARTNER**

The Malaysian partner, Highbase Strategic Sdn Bhd ("**HSSB**") is a company incorporated in Malaysia which is principally engaged in the business of cleaning, repair and maintenance of pressure vessels and storage tanks in Malaysia. It also engages in trading of oil and chemical products.

The shareholders and directors of HSSB are Noor Jasni Bin Zakaria and Norliza Binti Mohd.

HSSB is an independent third party and is not related to the Company or any of the Company's directors or controlling shareholders or their associates.

#### **3. RATIONALE FOR THE JOINT VENTURE**

The JV Co, when incorporated and commence operations, will undertake maintenance and turnaround works for facilities and plants owned by Petronas, including those that Petronas owns with its joint venture partners, in southern West Malaysian (Johor).

The joint venture is part of the Company's initiative to reach out to key players in the oil and gas and petrochemical industries tapping on its accumulated working experiences. This will enable the Company to widen its existing customers base and reduce dependence on its key market in Singapore.

#### **4. PRINCIPAL TERMS OF THE SHA**

##### **4.1 Capital Contribution**

Pursuant to the SHA, the JV Co will be incorporated in Malaysia with an initial issued and paid-up share capital of RM1,000,000 consisting of 1,000,000 ordinary shares, which will be subscribed and held by the parties in the proportions as set out in the table below:

<b>Name of Shareholder</b>	<b>Shareholding Percentage</b>	<b>Number of Shares</b>	<b>Initial Capital Contribution</b>
The Company	49%	490,000	RM490,000
HSSB	51%	510,000	RM510,000
<b>Total</b>	<b>100%</b>	<b>1,000,000</b>	<b>RM1,000,000</b>

The Contract Award, among other terms and conditions of the award, has stipulated that the Company's shareholding must not exceed 49.0%.

The initial capital contribution shall be satisfied by the parties in cash and will be used for the JV Co's operating expenses. Both parties have agreed that an amount equivalent to 12 months of the JV Co's operating expenses (to be calculated based on the amount agreed by the parties) ("**Estimated OPEX**") plus 5% of the Estimated OPEX is to be allocated to meet the operating expenses of the JV Co. Any shortfall will be advanced by both parties in accordance with the above shareholding proportions.

##### **4.2 Working Arrangement**

The JV Co will act as owner and a project manager in relation to the Contract Award to manage the subcontracts to be awarded to the parties (the Company and HSSB), third party subcontractors and the appointed suppliers.

##### **4.3 Management of JV Co**

JV Co's board of directors will comprise five members. The Company and HSSB will each nominate two members. Both parties have agreed to appoint one independent director onto the JVCo's board of directors which shall be mutually agreed by the parties.

##### **4.4 Governing Law**

The SHA shall be governed by and construed in accordance with the laws of Malaysia.

**5. FINANCIAL IMPACT**

The initial capital contribution by the Company will be funded by internal resources and is not expected to have any significant impact on the net tangible asset and earnings per share of the Company for the current financial year ending 31 December 2019.

The incorporation of JV Co will be subjected to the fulfilment of certain condition precedents (or unless waived) by its shareholders (the Company and HSSB). It should be noted that the timing and amount of work under the Contract Award is at the discretion of Petronas.

**6. NON-DISCLOSEABLE TRANSACTION**

As each of the relative figures computed on the applicable bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") is less than 5%, the Joint Venture is a "non-disclosable transaction" for the purposes of Chapter 10 of the Listing Manual of the SGX-ST.

**7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the joint venture.

**8. FURTHER ANNOUNCEMENTS**

The Company will continue to provide further updates on material developments in relation to this matter.

**By Order of the Board**

Cheng Woei Fen  
Executive Chairlady

23 August 2019