



**MUN SIONG ENGINEERING LIMITED**

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

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**INCREASE IN PAID UP CAPITAL AND REDEMPTION OF REDEEMABLE CONVERTIBLE  
PREFERENCE SHARES IN PEGASUS ADVANCE ENGINEERING SDN BHD**

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The Board of Directors ("**Directors**" or "**Board**") of Mun Siong Engineering Limited (the "**Company**"), together with its subsidiaries and associated companies, (the "**Group**") wishes to inform the shareholders of the Company that the issued and paid-up capital of Pegasus Advance Engineering Sdn Bhd ("**PAE M**") has increased from RM750,000 to RM8,750,000.

PAE M, a joint venture company, was set up in December 2019. The shareholders of PAE M are Mohamed Ridza Bin Mohamed Abdulla ("**MRA**") (51%) and Mun Siong Engineering Sdn Bhd ("**MSE M**") (49%). MSE M is a wholly-owned subsidiary of the Company. PAE M is set up to spearhead the Group's entry into Malaysia which is part of the Group's continuous drive to broaden its customer base, mitigating its market and customer concentration risks. Its business offerings will comprise of the Group's current core competencies. PAE M is currently erecting a fabrication yard on a property purchased in 2021 (refer to announcement dated 5 March 2021). This will be completed by the end of 2023. Currently, works are carried out at a rented workshop space near our existing client's plants and facilities.

On 8 July 2021, the Company entered into a subscription agreement with PAE M and MRA for the issuance of 80 million redeemable convertible preference shares ("**RCPS**") at a subscription price and exercise price of RM0.50 each per RCPS. The subscription and conversion of RCPS, in tranches, is at the discretion of the subscriber (the Company). Proceeds from the RCPS issuance are for the purpose of acquisition and construction of the fabrication yard located in the State of Johor and general working capital purposes. On 10 December 2021, the Company had subscribed for 16 million RCPS, total proceeds of RM8.0 million, representing the total amount of RCPS currently outstanding. Refer to announcements dated 8 July 2021 and 23 February 2022.

PAE M is in the process of applying for, or renewing, a number of operating licenses in Malaysia. As we understand that the relevant issuing authorities for these licences would take into account the amount of paid-up ordinary shares as a major component of the applicant's shareholders' funds, PAE M has issued 8.0 million new ordinary shares at RM1.00 each which have been subscribed by MRA and MSE M on a pro-rated basis. Proceeds from this new ordinary share issuance is RM8.0 million and will be utilised to redeem all the outstanding RCPS of RM8.0 million. Subsequent to the completion of the issuance of new ordinary shares, the shareholders' fund will be RM8.75 million comprising of 8.75 million ordinary shares. RCPS will be issued, in the event, that PAE M needs to meet its working capital commitments.

Shareholders	Existing			New		
	Number of Shares	RM	Shareholding (%)	Number of Shares	RM	Shareholding (%)
<u>Ordinary Shares</u>						
MRA	382,500	382,500	51	4,462,500	4,462,500	51
MSE M	<u>367,500</u>	<u>367,500</u>	<u>49</u>	<u>4,287,500</u>	<u>4,287,500</u>	<u>49</u>
	<u>750,000</u>	<u>750,000</u>	<u>100</u>	<u>8,750,000</u>	<u>8,750,000</u>	<u>100</u>
<u>RCPS</u>						
The Company	16,000,000	8,000,000	Nil	Nil	Nil	Nil

The subscription of ordinary shares in PAE M by MSE M will be funded by the Group's internal resources and is not expected to have a material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 December 2022.

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

#### **BY ORDER OF THE BOARD**

Cheng Woei Fen  
Executive Chairlady  
27 May 2022