

CIRCULAR DATED 20 JULY 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This circular (this “Circular”) is issued by Mun Siong Engineering Limited (the “Company”). If you are in any doubt as to the contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the Company, you should forward this Circular together with the notice (the “**Notice of EGM**”) of the extraordinary general meeting (the “**EGM**”) of the Company and the accompanying proxy form (the “**Proxy Form**”) immediately to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

This Circular together with the Notice of EGM and the Proxy Form will be sent to members by electronic means via publication on the Company’s corporate website at the URL <https://www.mun-siong.com/investors-relations> and is also made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of this Circular, the Notice of EGM and the Proxy Form will also be sent by post to members.

Shareholders will be able to participate fully at the physical EGM and will not be able to attend the EGM by way of electronic means.

Your attention is drawn to Section 11 (*Actions to be taken by Shareholders*) of this Circular in respect of actions to be taken if you wish to attend and vote at the EGM.



MUN SIONG ENGINEERING LIMITED

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

CIRCULAR TO SHAREHOLDERS IN RELATION TO

**THE PROPOSED INVESTMENT IN A NEWLY INCORPORATED WHOLLY OWNED
SUBSIDIARY IN ILLINOIS, USA, PEGASUS INDUSTRIAL MIDWEST LIMITED LIABILITY
COMPANY, BY SUBSCRIPTION OF UNITS AND SHAREHOLDER LOANS (INCLUDING THE
PROPOSED ACQUISITION OF A PROPERTY LOCATED IN ILLINOIS, USA)
AS A MAJOR TRANSACTION**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of the Proxy Form : 2 August 2022 at 3.00 p.m.

Date and time of the EGM : 5 August 2022 at 3.00 p.m.

Place of the EGM : 80 Jurong East Street 21,
Devan Nair Institute for
Employment and Employability,
Singapore 609607,
Event Hall 4, Level 1

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Cheng Woei Fen (<i>Executive Chairlady</i>) Quek Kian Hui (<i>Executive Deputy Chairman</i>) David Tan Chao Hsiung (<i>Non-Executive and Lead Independent Director</i>) Mah Kai Leong (<i>Non-Executive Independent Director</i>) Elaine Beh Pur-Lin (<i>Non-Executive Independent Director</i>)
COMPANY SECRETARY	:	Shirley Tan Sey Liy
REGISTERED OFFICE	:	35 Tuas Road Singapore 638496
LEGAL ADVISER TO THE COMPANY as to Singapore law in relation to the corporate actions set out in this Circular	:	Virtus Law LLP 1 Raffles Place #18-61 Tower 2 Singapore 048616
LEGAL ADVISER TO THE COMPANY as to US law in relation to the Proposed Investment – the Property	:	Andrew Myers Attorneys, P.C. 1885 Saint James Place 15th floor Houston, Texas 77056-4110
LEGAL ADVISER TO THE COMPANY as to US law in relation to the Proposed Investment – setting up of PIM LLC	:	The Collins Law Firm, P.C. 1770 N. Park Street Suite 200 Naperville, Illinois 60563

DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “Assignment Agreement”** : The assignment agreement entered into between PIM LLC and the Assignor on 13 May 2022, pursuant to which the Assignor will assign all of its rights, obligations and liabilities under the Option to PIM LLC, subject to, amongst others, the approval of the Shareholders for the Proposed Investment
- “Assignor”** : KQ Industrial Services LLC, a LLC incorporated on 28 September 2021 in Illinois, USA, whose sole owner and director is one of the Company’s Directors and Substantial Shareholders, Quek Kian Hui
- “associate”** : (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Board” or “Board of Directors”** : The Board of Directors of the Company as at the Latest Practicable Date
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 20 July 2022
- “Closing”** : The closing of the Proposed Acquisition
- “Closing Date”** : The date of Closing of the Proposed Acquisition which is intended to be 2 August 2022

DEFINITIONS

“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Mun Siong Engineering Limited
“Consideration”	:	The total purchase consideration of the Property of USD3,000,000 (approximately SGD4,156,000 based on the exchange rate of USD1 to SGD1.38525)
“Constitution”	:	The Constitution of the Company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises Control over the Company
“CPF”	:	Central Provident Fund
“Director”	:	A director of the Company for the time being (whether executive or non-executive), and “Directors” shall be construed accordingly
“Earnest Deposit” or “Option Fee”	:	The sum of USD45,000 (approximately SGD63,000, based on an exchange rate of USD1 to SGD1.38525) representing 1.5% of the Consideration paid by the Assignor to the Seller to enter into the Option
“EGM”	:	The extraordinary general meeting of the Company to be convened and held on 5 August 2022 for the purposes of considering and, if thought fit, passing with or without modifications, the Resolution as set out in the Notice of EGM
“EPS”	:	Earnings per share
“Estate”	:	The Estate of Gregory M Lambert who had passed away on 12 August 2021

DEFINITIONS

“Existing Equipment”	:	The existing equipment on the Property comprising the following: <ul style="list-style-type: none">(a) Cranes(b) Forklifts(c) Trailers(d) Tools(e) Trucks
“Feasibility Period”	:	The 30-day feasibility period from the date of signing the Option during which the Assignor may conduct an inspection/environmental site assessment of the Property
“Finance VP”	:	The Vice President – Finance (or equivalent) of PIM LLC
“FY2021”	:	The financial year ended 31 December 2021
“Group”	:	The Company and its subsidiaries and associated companies, collectively, for the time being
“Improvements”	:	The structures, fixtures and other improvements which had previously been completed by LCI (including the radiant floor heat, incombustible metal for roofs, frames and walls and asphalt paved or gravel) on the Property
“Latest Practicable Date”	:	5 July 2022, being the latest practicable date prior to the printing of this Circular
“LCI”	:	Lambert Construction, Inc., a corporation incorporated on 26 March 2008 in Illinois, USA, whose sole owner, director and President is Gregory M Lambert
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“LLC”	:	Limited liability company

DEFINITIONS

“New Equipment”	:	The new equipment to be purchased by PIM LLC comprising the following: <ul style="list-style-type: none">(a) Pumps and instrumentation diagrams (ID) equipment(b) Ultrasonic tank(c) Water filtration system(d) Logistics – vehicles(e) Overhead cranes(f) Bundle extractor(g) Others (including welding, office equipment, information technology (IT), etc.)
“New Wing”	:	The new wing with a gross floor area of 33,946 square feet which was built in 2019 on the east side of the existing building of the Property
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-2 of this Circular
“NTA”	:	Net tangible assets
“Option”	:	The option to purchase the Property entered into between the Seller and the Assignor on 4 April 2022
“PAE Netherlands”	:	Pegasus Advance Engineering (Netherlands) BV, an indirect wholly owned subsidiary of the Company
“PAE S”	:	Pegasus Advance Engineering Pte Ltd, a direct wholly owned subsidiary of the Company
“PAE US”	:	Pegasus Advance Engineering (US) Inc, an indirect wholly owned subsidiary of the Company
“PIM LLC”	:	Pegasus Industrial Midwest Limited Liability Company, a newly incorporated indirect wholly owned subsidiary of the Company which the Group intends to invest in pursuant to the Proposed Investment
“Property”	:	The property consisting of land, building and the Existing Equipment located at 5485 N 5000E Road, Bourbonnais, Kankakee County, Illinois 60914, the USA

DEFINITIONS

“Proposed Acquisition”	:	The proposed acquisition of the Property by PIM LLC from the Seller by way of the assignment of all of the Assignor’s rights, obligations and liabilities under the Option to PIM LLC pursuant to the Assignment Agreement
“Proposed Investment”	:	The proposed investment of up to USD7,500,000 in PIM LLC by: (a) subscribing for six (6) million units in PIM LLC for USD6,000,000; and (b) extending up to USD1,500,000 of shareholder loans
“Proxy Form”	:	The proxy form in respect of the EGM as set out on pages P-1 to P-2 of this Circular
“Register of Members”	:	The register of members of the Company
“Resolution”	:	The ordinary resolution to approve the Proposed Investment as a major transaction under Chapter 10 of the Listing Manual as set out in the Notice of EGM
“Seller”	:	Municipal Trust and Savings Trust #2764 and the Estate, on behalf of Mark Lambert and Michael Lambert, the proposed co-administrators of the Estate
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGXNet”	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Shareholder Loans”	:	The interest-bearing shareholder loans of up to USD1,500,000 (approximately SGD2,078,000, based on the exchange rate of USD1 to SGD1.38525), which are intended to be unsecured, with a maximum tenure of three (3) years and bearing interest of up to 2.0% per annum above the Secured Overnight Financing Rate, to be extended by the Group to PIM LLC. The Secured Overnight Financing Rate as at 27 June 2022 is 1.50%

DEFINITIONS

“Shareholders”	:	Registered holders of Shares in the Register of Members, or where the registered holder is the CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP whose securities accounts are credited with those Shares
“Shares”	:	Ordinary shares in the capital of the Company, and each a “Share”
“SRS”	:	Supplementary Retirement Scheme
“Substantial Shareholder”	:	A person (including a corporation) who has an interest or interests in one or more voting Shares (excluding treasury shares) in the Company, and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all voting Shares (excluding treasury shares) in the Company
“USA” or “US”	:	The United States of America
“Valuation Report”	:	The appraisal report dated 21 April 2022 issued by the Valuer, CBRE, Inc., to the Group in relation to the valuation of the Property pursuant to an inspection conducted on 11 April 2022
“Valuation Summary Letter”	:	The summary letter dated 21 April 2022 from the Valuer to the Group in relation to the valuation of the Property
“Valuer”	:	CBRE, Inc.

Currencies, Units and Others

“%” or “per cent”	:	Percentage or per centum
“SGD” and “cents”	:	The lawful currency of the Republic of Singapore
“USD”	:	The lawful currency of the USA

Depositors. The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in section 81SF of the SFA.

Subsidiaries and related corporations. The terms **“subsidiaries”** and **“related corporations”** shall have the meanings ascribed to them respectively in sections 5 and 6 of the Companies Act.

References. Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

DEFINITIONS

Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the SFA, the Companies Act or the Listing Manual or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the SFA, the Companies Act or the Listing Manual or such statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS



MUN SIONG ENGINEERING LIMITED

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

Company Directors

Cheng Woei Fen (*Executive Chairlady*)
Quek Kian Hui (*Executive Deputy Chairman*)
David Tan Chao Hsiung (*Non-Executive Lead Independent Director*)
Mah Kai Leong (*Non-Executive Independent Director*)
Elaine Beh Pur-Lin (*Non-Executive Independent Director*)

Registered Office

35 Tuas Road
Singapore 638496

20 July 2022

To: The Shareholders of Mun Siong Engineering Limited

Dear Sir/Madam

THE PROPOSED INVESTMENT IN A NEWLY INCORPORATED WHOLLY OWNED SUBSIDIARY IN ILLINOIS, USA, PEGASUS INDUSTRIAL MIDWEST LIMITED LIABILITY COMPANY, BY SUBSCRIPTION OF UNITS AND SHAREHOLDER LOANS (INCLUDING THE PROPOSED ACQUISITION OF A PROPERTY LOCATED IN ILLINOIS, USA) AS A MAJOR TRANSACTION

1. INTRODUCTION

1.1. Background

On 15 May 2022, the Board of Directors of Mun Siong Engineering Limited (the “**Company**”) and together with its subsidiaries and associated companies, the “**Group**”) announced that it had, on 6 May 2022, incorporated an indirect wholly owned subsidiary, Pegasus Industrial Midwest Limited Liability Company (“**PIM LLC**”), a limited liability company in the state of Illinois, the United States of America (the “**USA**” or “**US**”).

The Group intends to invest up to USD7,500,000 in PIM LLC by:

- (a) subscribing for six (6) million units in PIM LLC for USD6,000,000; and
 - (b) extending up to USD1,500,000 of shareholder loans,
- (the “**Proposed Investment**”).

LETTER TO SHAREHOLDERS

The proceeds of the Proposed Investment will be utilised by PIM LLC in the following manner:

		USD'000	%
01	Acquisition of a property (the “ Property ”) consisting of land, building and the existing equipment on the Property comprising (i) cranes, (ii) forklifts, (iii) trailers, (iv) tools and (v) trucks (the “ Existing Equipment ”) located at 5485 N 5000E Road, Bourbonnais, Kankakee County, Illinois 60914, the USA (the “ Proposed Acquisition ”)	3,000	40.0
02	The new equipment to be purchased by PIM LLC (the “ New Equipment ”) comprising the following: (i) Pumps and instrumentation diagrams (ID) equipment (ii) Ultrasonic tank (iii) Water filtration system (iv) Logistics – vehicles (v) Overhead cranes (vi) Bundle extractor (vii) Others (including welding, office equipment, information technology (IT), etc.)	2,500	33.3
03	Renovation and modifications to the Property to suit the Group’s operation needs	400	5.4
04	Others – statutory costs such as stamp duties and professional fees incurred in relation to the Property	100	1.3
05	Working capital of PIM LLC	1,500	20
	Total Proposed Investment	7,500	100

The Company intends to acquire the Property to house and support the proposed operations of PIM LLC. Further, the Company intends to acquire the Equipment to use the same in the operations of PIM LLC. Please refer to Section 4.6 (*Rationale for the Proposed Acquisition*) of this Circular for further details of the rationale for the Proposed Acquisition.

The Proposed Investment will be an extension of one of the Group’s core competencies, i.e. providing specialised services such as repairs, coating and cleaning of heat exchangers and piping.

The Proposed Investment constitutes a “major transaction” under Chapter 10 of the Listing Manual of the SGX-ST and is subject to, *inter alia*, the approval of the Shareholders of the Company. Accordingly, the Directors are convening an extraordinary general meeting of the Company to be held on 5 August 2022 (the “**EGM**”) to seek the Shareholders’ approval for the Proposed Investment, for which approval will be sought by way of the Resolution.

LETTER TO SHAREHOLDERS

1.2. Purpose

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Investment and to seek Shareholders' approval of the same at the EGM. The Notice of EGM is set out on pages N-1 to N-2 of this Circular.

The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

1.3. Cautionary statements

The Proposed Investment is subject to, amongst other things, requisite approvals from all relevant regulatory authorities being obtained and approval from Shareholders for the Resolution set out in the Notice of EGM.

The Board wishes to caution Shareholders that there is no certainty or assurance as at the Latest Practicable Date that the relevant approvals will be obtained and that the Proposed Investment will materialise.

2. INFORMATION ON PIM LLC

2.1. Incorporation

PIM LLC was incorporated on 6 May 2022 in the state of Illinois, the USA, as a limited liability company. The Company effectively owns 100% of the interests in PIM LLC through a series of intermediate holding companies solely for the purpose of tax efficiency.

The structure of ownership of PIM LLC had been adopted by the Board after consultation with the Group's US tax adviser sometime in 2019 from a tax efficiency point of view. As at the Latest Practicable Date, there is no tax treaty between the USA and Singapore. There are, however, existing tax treaties between the USA and Netherlands and between Netherlands and Singapore as at the Latest Practicable Date. To utilise the tax benefits arising from the existing tax treaties, the said structure was adopted. The tax efficiency adopted is based on capital/investment repatriation, dividend flows to the Company and capital gains arising from realisation of investment. Please refer to Appendix A to this Circular for further information on the structure of ownership of PIM LLC.

It is intended that PIM LLC will have a paid-up capital of USD6,000,000 comprising six (6) million units. The Board of Managers (equivalent to the Board of Directors in a corporation) of PIM LLC will be Quek Kian Hui (Executive Deputy Chairman of the Company) and Eugene Lim Poon Kheng (Finance Director of the Company). Both of them will be appointed as the initial Board of Managers of PIM LLC.

PIM LLC will be governed by the terms and conditions of an operating agreement entered into by its sole member, Pegasus Advance Engineering (US) Inc, an indirect wholly owned subsidiary of the Company ("**PAE US**"). An operating agreement of a limited liability company ("**LLC**") is a document that customises the terms of a LLC according to the specific needs of its members and outlines the financial and functional decision-making of the LLC in a structured manner. It is similar to a constitution which governs the operations of a company incorporated in Singapore.

LETTER TO SHAREHOLDERS

In the US, a LLC such as PIM LLC is not required to issue any units to its members upon incorporation and the LLC exists without the issuance of units. As at the Latest Practicable Date, the Group has not subscribed for any units in PIM LLC as PIM LLC has not issued any units.

2.2. The business to be undertaken by PIM LLC

PIM LLC's core business will be an extension of one of the Group's core competencies – providing specialised services such as repairs, coating and cleaning of heat exchangers and piping. These specialised services are currently being provided by the Group to its customers in Singapore, Indonesia and Malaysia through the Singapore operations.

In the initial years, PIM LLC will focus on providing industrial cleaning and repairs of heat exchangers (including hydro blasting and ultrasonic cleaning). Thereafter, PIM LLC intends to enlarge its service offerings to include retubing, decoking and fabrication.

PIM LLC's target customers will be operators in the process and power industries located in the Midwest region of the USA, including states like Illinois, Indiana, Wisconsin, Ohio, Michigan, Iowa, Missouri, Minnesota, Nebraska, North Dakota, and South Dakota.

2.3. Management of PIM LLC's business

The Group has the relevant experience and expertise required as PIM LLC's business is an extension of one of the Group's core competencies. The Board and Executive Committee of the Group comprise of individuals with varied qualifications and operational experiences who will provide the strategic direction on PIM LLC's business. The Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of PIM LLC's business periodically to ensure that there are sufficient guidelines and procedures in place to monitor its operations. In addition, the Group will also apply its overseas experiences gained in setting up its Malaysia and Taiwan operations to the Proposed Investment.

It is currently envisaged that PIM LLC's business and related management will be overseen and spearheaded by the Company's Executive Deputy Chairman, Quek Kian Hui. Quek Kian Hui will be the President of PIM LLC and will be responsible for its day-to-day operations. Quek Kian Hui will largely be stationed in the US to oversee the operations of PIM LLC. Quek Kian Hui has experience and expertise in expanding the Group's specialised services arm. He oversaw the growth of the department in Asia, from only providing services in Singapore to providing a full range of specialised services in Singapore, Malaysia and Indonesia. Services include cleaning of heat exchangers and piping, specialised coatings, equipment repairs for both static and rotating equipment, as well as furnace decoking. During the initial start-up stage of PIM LLC, Quek Kian Hui will devote most of his time to PIM LLC's business, while other members in the Group's Executive Committee will takeover some of his executive functions in the Group so as to avoid any disruption to the Group's current operations.

In addition to building up a local team for PIM LLC, the Group will also second or transfer a few of the Group's operations staff to assist Quek Kian Hui during the initial start-up stage of PIM LLC. The Operations Director of the Specialised Services division of the Group will assist Quek Kian Hui with setting up the specialised services business of PIM LLC. The Group's Singapore headquarters will also remotely assist PIM LLC in its operations via digital collaboration and document control tools. PIM LLC can also tap on the Group's Singapore headquarters' accumulated knowledge and experiences, including safety, tendering, quality, know-how and operation policies and procedures. This will allow PIM LLC to be pre-qualified by the Group's target customers as soon as possible.

LETTER TO SHAREHOLDERS

The Group will hire a Vice President – Finance (or equivalent) for PIM LLC (the “**Finance VP**”) who will report to the President of PIM LLC and the Group’s Finance Director. The Group has yet to appoint any person for the said Finance VP role and will commence its hiring process once Shareholders’ approval of the Proposed Investment has been obtained. The appointed Finance VP must be a qualified accountant in the US who is conversant with the US Generally Accepted Accounting Principles (GAAP). The Finance VP will be responsible for the general management and control of the accounting and financial aspects of PIM LLC, including the establishment and maintenance of internal controls and financial record-keeping and reporting, and must adhere to the Group authorisation matrix.

As PIM LLC will be considered a significant subsidiary of the Group, the Group’s auditors, KPMG International, will be appointed as the auditors of PIM LLC.

3. THE PROPOSED INVESTMENT IN PIM LLC

3.1. The Proposed Investment

The Proposed Investment of up to USD7,500,000 (approximately SGD10,390,000, based on the exchange rate of USD1 to SGD1.38525) in PIM LLC will be carried out in the following manner:

- (a) the Group will subscribe for six (6) million units in PIM LLC for USD6,000,000 (approximately SGD8,312,000, based on the exchange rate of USD1 to SGD1.38525) within 30 days of the Company obtaining approval of its Shareholders for the Proposed Investment; and
- (b) the Group will extend up to USD1,500,000 (approximately SGD2,078,000, based on the exchange rate of USD1 to SGD1.38525) of interest-bearing shareholder loans (the “**Shareholder Loans**”). The Shareholder Loans are intended to be unsecured, with a maximum tenure of three (3) years and bearing interest of up to 2.0% per annum above the Secured Overnight Financing Rate. The Secured Overnight Financing Rate as at 27 June 2022 is 1.50%.

The Proposed Investment will be funded by a combination of the Group’s internal financial resources and bank borrowings as follows:

- (i) up to USD6,750,000 (approximately SGD9,350,000, based on the exchange rate of USD1 to SGD1.38525) will be funded by the Group’s internal financial resources – as disclosed in the Guidance to the Financial Performance and Position of the Group for the First Quarter Ended 31 March 2022 announced by the Company on 15 May 2022, the Group’s cash reserves is SGD34,100,000 as at 31 March 2022; and
- (ii) up to USD750,000 (approximately SGD1,039,000, based on the exchange rate of USD1 to SGD1.38525) will be funded by the Group’s existing banking facilities of SGD12,900,000.

The Company anticipates that it will utilise up to USD750,000 (approximately SGD1,039,000, based on the exchange rate of USD1 to SGD1.38525) of the Group’s existing banking facilities for the Proposed Investment. This represents 10% of the Proposed Investment amount of USD7,500,000. Accordingly, the Proposed Investment will not have a material adverse impact on the Company’s gearing or expenses. Please refer to Section 7.4 (*Gearing*) of this Circular for further details on the impact of the Proposed Investment on the Company’s gearing ratio. In addition, the Group is satisfied that it will have sufficient working capital to support its existing operations after taking into consideration the Proposed Investment.

LETTER TO SHAREHOLDERS

In arriving at the total value of the Proposed Investment of USD7,500,000, the Group has taken opinions and inputs from its senior management staff in finance, engineering and specialised services divisions. Based on projections of revenue and cash flows under the various scenarios provided, the Group is satisfied that through the Proposed Investment, PIM LLC will be adequately capitalised. The Audit Committee of the Company has also reviewed the projections of revenue and cash flows under the various scenarios provided (including the underlying assumptions therein), and is similarly satisfied that PIM LLC will be adequately capitalised following the Proposed Investment.

The Shareholder Loans will limit the investment exposure of the Group and at the same time provide sufficient working capital to PIM LLC. The Group foresees that the frequency of draw down on the Shareholder Loans will gradually be reduced as PIM LLC accumulates retained earnings. PIM LLC will also explore the possibilities of establishing its own credit facilities with financial institutions in the US.

3.2. Rationale for the Proposed Investment

Since 2012, the Company has been reporting in its Corporate Governance Report forming part of its annual reports that market and customer concentration are significant risks. The Group's revenue and profitability is dependent on the Singapore market in which it provides maintenance and project works. It recognises that the process industry is dominated by a small number of major operators. Their plants and facilities provide both maintenance and project work and the working relationship spans more than 40 years. Mitigating this risk, the management of the Group stated, in the Corporate Governance Report, that it would "*seek business opportunities so as to broaden its customer base and to reduce its dependence on the Singapore economy and process industry. However, to avoid a substantial increase in the Group's business risk profile, it will continue to seek business opportunities within the area of its key competencies*".

In the recent years, the Group has intensified its efforts to seek business opportunities in Taiwan and Malaysia. These efforts have been rewarded, in the recently concluded financial year 2021, as contributions from these countries account for 28.4% of the Group's revenue. In these countries, the Group's customers are CPC Corporation (Taiwan) and Petronas (Malaysia). In Taiwan, the Group utilised its project management capabilities to execute project works such as turnaround projects with the support of the local workforce. In the last three (3) financial years, it has executed a total of three (3) turnaround projects valued at SGD26.2 million. In Malaysia, work orders received have been slow despite being awarded the master contract by Petronas in 2019 due to the COVID-19 pandemic. However, since mid-2021, work orders have been on a gradual increase.

Besides geographical diversification, the Group has increased its range of offerings, including scaffolding, distributorship, and in particular, specialised services such as repairs, coating and cleaning of heat exchangers and piping. These specialised services have made material positive contributions to the Group's profitability in the last ten (10) years. Although Singapore is its key market, the Group has in recent years secured work orders from Malaysia and Indonesia as well, which were then executed by the Singapore based team.

LETTER TO SHAREHOLDERS

The Group now wishes to expand its specialised services into the North America market as part of its continuous effort to mitigate market and customer concentration risk. From the Group's observation, the process industry in North America comprises both a number of large operators and a large number of mid-size operators. This is unlike markets the Group currently operates in, such as Singapore, Taiwan and Malaysia, where a single or small number of major operators dominate the market. The monopolistic/oligopolistic nature of these markets gives operators an upper hand to dictate prices for services.

PIM LLC was thus incorporated by the Group with an aim to provide one-stop solutions for its target customers in the Midwest region of the USA, including states like Illinois, Indiana, Wisconsin, Ohio, Michigan, Iowa, Missouri, Minnesota, Nebraska, North Dakota, and South Dakota. This would be similar to the one-stop services in which the Group's Singapore specialised services division is currently providing to the Group's existing Southeast Asia customers. PIM LLC's target customers are companies which own refineries and processing plants located near the Property, such as Dow Chemical, ExxonMobil, Stepan Company, LyondellBasell, BP, Citgo, Evonik, Valero, Pfizer, Marathon, BASF, and Phillips 66. As at the Latest Practicable Date, the Group has not secured any contracts with any target companies in the USA yet as PIM LLC has not begun its operations.

4. THE PROPOSED ACQUISITION OF THE PROPERTY

4.1. Information on the Property

The Group intends to acquire the Property to house and support the proposed operations of PIM LLC.

The Property comprises, amongst others:

- (a) four (4) tracts of land which are fee simple (freehold) with a total land area of 199,330 square feet, including associated easement rights;
- (b) one (1) building, including a new wing with a gross floor area of approximately 33,946 square feet which was built in 2019 on the east side of the existing building (the "**New Wing**"), which has a total gross floor area of approximately 59,989 square feet;
- (c) the Existing Equipment;
- (d) the structures, fixtures and other improvements which had previously been completed by LCI (including the radiant floor heat, incombustible metal for roofs, frames and walls and asphalt paved or gravel) on the Property (the "**Improvements**"); and
- (e) all items of inventory and personal property, if any, located in or on the Improvements, and used in connection with the operation of the Property and/or the Improvements.

The Property will be conveyed debt-free and unencumbered.

LETTER TO SHAREHOLDERS

The Group has appointed CBRE, Inc. in Illinois, the USA, as the independent property valuer to conduct a valuation of the Property (the “**Valuer**”). The inspection of the Property was conducted by the Valuer on 11 April 2022. Based on the appraisal report dated 21 April 2022 issued by the Valuer to the Group in relation to the valuation of the Property (the “**Valuation Report**”), the market value conclusion is as follows:

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple (Freehold) Estate	April 11, 2022	USD3,000,000

As per the Valuation Report, the sales comparison and income capitalisation approaches were used by the Valuer to value the Property. The market value of the Property, as per the Valuation Report, is thus USD3,000,000 which is equivalent to the purchase consideration of the Property.

The summary letter dated 21 April 2022 from the Valuer to the Group in relation to the valuation of the Property (the “**Valuation Summary Letter**”) is reproduced and appended in its entirety as Appendix B to this Circular.

4.2. Information on the Seller

The seller of the Property (the “**Seller**”) is Municipal Trust and Savings Trust #2764 and the Estate of Gregory M Lambert who had passed away on 12 August 2021 (the “**Estate**”), on behalf of Mark Lambert and Michael Lambert, the proposed co-administrators of the Estate.

The Property was previously used by Lambert Construction, Inc. (“**LCI**”), a corporation incorporated on 26 March 2008 in Illinois, USA, whose sole owner, director and President is Gregory M Lambert. LCI was in the structural steel fabrication industry and not in competition with the Company’s proposed business. As per the Valuation Report, the immediate area surrounding the Property consists of industrial developments and agricultural land. The Valuer had not identified any restrictions to the uses of the Property in the Valuation Report. Further, the Company has confirmed that in accordance with Sec 121-209 1-2(a)(4) page 3/5 of Kankakee county’s zoning ordinance, the Group’s intended activities are permitted on the Property.

The Property is currently held in trust by the Estate and Municipal Trust and Savings Trust #2764. The Estate has decided to sell the Property after Gregory M Lambert passed away on 12 August 2021. The business of LCI will not be sold as part of the Proposed Acquisition.

4.3. Manner of acquiring the Property

In order to give effect to the Proposed Acquisition, an option to purchase the Property was signed between the Seller and KQ Industrial Services LLC (the “**Assignor**”) on 4 April 2022, supplemented by an addendum of the same date (the “**Option**”).

PIM LLC subsequently, on 13 May 2022, entered into an assignment agreement (the “**Assignment Agreement**”) with the Assignor pursuant to which the Assignor has agreed to assign all of its rights, obligations and liabilities under the Option to PIM LLC, subject to, amongst others, the approval of the Shareholders for the Proposed Investment. The Assignment Agreement allows PIM LLC to directly acquire the Property from the Seller. The Seller has acknowledged that no prior written consent is needed from the Seller for the Assignor’s entry into the Assignment Agreement.

LETTER TO SHAREHOLDERS

4.4. Information on the Assignor, the Option and the Assignment Agreement

The Assignor is a LLC incorporated on 28 September 2021 in Illinois, USA, whose sole owner and director is one of the Company's Directors and Substantial Shareholders, Quek Kian Hui. Quek Kian Hui is also the son of Cheng Woei Fen, the Executive Chairlady and a Controlling Shareholder of the Company.

The Assignor entered into the Option with the Seller in order to facilitate PIM LLC's acquisition of the Property in an expedient manner. This is because the Seller was not agreeable to entering into a conditional option, and PIM LLC was not able to enter into an unconditional option since it would need to obtain the prior approval of the Shareholders. The Assignor agreed to enter into the Option on behalf of PIM LLC. As such, the Assignor had entered into the Option upon payment of a sum of USD45,000 (approximately SGD63,000, based on an exchange rate of USD1 to SGD1.38525) (the "**Option Fee**" or "**Earnest Deposit**") representing 1.5% of the total purchase consideration of the Property of USD3,000,000 (approximately SGD4,156,000 based on the exchange rate of USD1 to SGD1.38525) (the "**Consideration**").

The Assignor has confirmed to the Company that: (a) the Assignor is not related and does not have any connections whatsoever with the Seller, LCI or any of their respective associates; and (b) there is no agreement (verbal or written) between the Assignor and the Seller to share any proceeds of the Proposed Acquisition or which entitles the Assignor to any benefit (including monetary benefit) in connection with Proposed Acquisition.

Pursuant to the terms of the Assignment Agreement the Assignor will assign all of its rights, obligations and liabilities under the Option to PIM LLC subject to approval of the Shareholders being obtained in respect of the Proposed Acquisition. PIM LLC will pay a nominal consideration of USD10 to enter into the Assignment Agreement. In the event that the Shareholders' approval is obtained, the Option will be assigned to PIM LLC and PIM LLC will at the closing of the Proposed Acquisition ("**Closing**") reimburse the Option Fee to the Assignor and pay the balance of the Consideration of USD2,955,000 (approximately SGD4,094,000 based on the exchange rate of USD1 to SGD1.38525) to the Seller. It is expressly provided in the Assignment Agreement that any and all risk flowing from the Option will be borne solely by the Assignor before the approval of the Shareholders is obtained in respect of the Proposed Acquisition. This includes the risk of loss of the Option Fee paid by the Assignor to the Seller for any reason whatsoever, including in the event of termination of the Proposed Acquisition if Shareholders' approval is not obtained.

The entry by PIM LLC into the Assignment Agreement constitutes an "interested person transaction" as defined under Chapter 9 of the Listing Manual.

4.5. Principal terms of the Option

Consideration

The Assignor had, pursuant to the terms and conditions of the Option, agreed to pay the Consideration of the Property of USD3,000,000. The Consideration was arrived at after arm's length negotiations between the Assignor and the Seller on a willing-buyer, willing-seller basis, taking into account, amongst other factors, the prevailing market conditions and the market value of the Property. The Company has also independently appointed the Valuer to value the Property.

LETTER TO SHAREHOLDERS

The Assignor has paid the Option Fee as earnest money to be applied on the Consideration. As stated above, the Option Fee will be reimbursed by PIM LLC to the Assignor at Closing. The balance Consideration of USD2,955,000 will be paid by PIM LLC to the Seller in cash at the time of Closing.

Condition precedent

The Option is conditional upon satisfactory due diligence conducted by the Assignor on the condition of the Property as evidenced by a legal inspection and environmental site assessment conducted at the Assignor's expense and by various professional parties engaged by the Assignor within 30 days from the date of signing the Option (the "**Feasibility Period**"). As the Option was signed on 4 April 2022, the Assignor exercised the option on 4 May 2022 before the expiration of the Feasibility Period.

Closing Date

Pursuant to the terms of the Option, the date of Closing of the Proposed Acquisition (the "**Closing Date**") is intended to be 2 August 2022, being 90 days following the expiration of the Feasibility Period. The Assignor will have the one-time right to extend the Closing Date for up to 30 days by providing reasonable evidence to the Seller.

Damages pursuant to default by the Assignor limited to the Option Fee

In the event that the Assignor defaults on any of its obligations under the Option and does not cure such default within ten (10) days after receiving notice from the Seller, the Seller will be entitled, as its sole and exclusive remedy, to terminate the Option and receive the deposited Option Fee as liquidated damages for such default under the Option.

As stated in Section 4.4 (*Information on the Assignor, the Option and the Assignment Agreement*) of this Circular, any and all risk flowing from the Option will be borne solely by the Assignor before the approval of the Shareholders is obtained in respect of the Proposed Acquisition. Accordingly, in the event of such default by the Assignor before Shareholders' approval is obtained, the Assignor will bear the risk of loss of the Option Fee of USD45,000.

If Shareholders' approval is obtained, PIM LLC will be obliged to (i) assume all of the Assignor's rights, obligations and liabilities under the Option and (ii) reimburse the Option Fee to the Assignor and pay the balance of the Consideration of USD2,955,000 to the Seller. If PIM LLC fails to complete the Proposed Acquisition after the assignment, that would be a default on PIM LLC's obligation under the Option and the Seller will be entitled to receive the deposited Option Fee as liquidated damages for such default under the Option.

4.6. Rationale for the Proposed Acquisition

The Property is located in Kankakee County, which is approximately 45 miles (equivalent to 72 kilometres) south of Chicago. This is logistically close to the Group's potential customers. There are a number of large to medium-sized refineries and processing plants within the 300 miles (equivalent to 483 kilometres) radius of the Property. These include plants owned by companies such as Dow Chemical, ExxonMobil, Stepan Company, LyondellBasell, BP, Citgo, Evonik, Valero, Pfizer, Marathon, BASF, and Phillips 66. Its proximity will allow PIM LLC to solicit business and be competitive.

LETTER TO SHAREHOLDERS

The Property is in a relatively good condition. As per the Valuation Report, the Property was constructed in 1989 and a large addition, being the New Wing, was added in 2019. Hence, the building is considered to be relatively new and in good working condition. Further, the Equipment is currently in use by LCI and is thus assumed to be in working condition. To suit PIM LLC's operation requirement needs, the Group will carry out some renovation and modification works on the Property. The heating and insulation in the Property is fully working and suitable for operations even in winter.

Further, the Property is located in an area with historically low risk of natural disasters (such as earthquakes, tornadoes, flooding, hurricanes or snowstorms). As such, the Board is of the view that the Proposed Acquisition will allow PIM LLC to be located proximately close to the above-mentioned plant and facilities which are potential sources of business opportunities.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

5.1. Chapter 10 of the Listing Manual

Under Rule 1006 of the Listing Manual, a transaction (as defined in the Listing Manual) may be categorised as (a) non-disclosable transactions, (b) disclosable transactions, (c) major transactions or (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on the bases set out thereunder.

Rule 1014(1) of the Listing Manual states that where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the transaction is classified as a major transaction.

5.2. Relative figures

Based on the latest announced audited consolidated financial statements of the Group for the financial year ended 31 December 2021 ("FY2021"), the relative figures for the Proposed Investment as computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule	Bases of Calculation	Relative Figures
1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as this is not a disposal of assets.
1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not applicable as no profits will be derived from the Property.
1006(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued Shares of the Company, excluding treasury shares	39.8% ⁽¹⁾⁽²⁾
1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity will be issued by the Company as consideration.

LETTER TO SHAREHOLDERS

Rule	Bases of Calculation	Relative Figures
1006(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

- (1) Although the consideration for the Proposed Acquisition is USD3,000,000, the entire value of the Proposed Investment of USD7,500,000 is being used for the purpose of Rule 1006 of the Listing Manual.
- (2) The sum of the consideration (in this case the Proposed Investment) of USD7,500,000 (equivalent to SGD10,390,000 based on an exchange rate of USD1 to SGD1.38525) as compared to the Company's market capitalisation of approximately SGD26,127,558 which is computed based on 580,612,400 Shares in issue (excluding treasury shares) and the closing price of SGD0.045 per Share transacted on 12 May 2022, being the last market day preceding the date of signing the Assignment Agreement.

As the relative figure under Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Investment constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, under Rule 1014(2) of the Listing Manual, the Proposed Investment is subject to and conditional upon the approval of the Shareholders and the Directors of the Company propose to convene the EGM to seek the same.

6. INTERESTED PERSON DETAILS

PIM LLC is a subsidiary of the Company and an "entity at risk" while the Assignor is an associate of a Director of the Company and an "interested person". As such, the entry into the Assignment Agreement constitutes an "interested person transaction" as defined under Chapter 9 of the Listing Manual. Pursuant to Rule 906 of the Listing Manual, an issuer must obtain shareholders' approval for any interested person transaction of a value equal to, or more than 5% of the group's latest audited net tangible assets ("**NTA**").

Rule 902 of the Listing Manual provides that in applying the rules for an interested person transaction under the Listing Manual, regard must be given to the economic and commercial substance of the interested person transaction, instead of legal form and technicality. The arrangement with the Assignor was solely in order to expedite PIM LLC's acquisition of the Property. As such, the entry into the Assignment Agreement is merely a transaction to facilitate the Proposed Acquisition between PIM LLC and the Seller (who is not an "interested person") and is thus in substance not an interested person transaction between PIM LLC and the Assignor.

In any event, the amount at risk of the transaction with the Assignor is nominal as the amount at risk is limited to the consideration of the Assignment Agreement, being USD10. The Company will only reimburse the Option Fee to the Assignor and pay the balance Consideration directly to the Seller once the Proposed Acquisition is approved by the Shareholders.

Since the amount at risk is nominal, is under SGD100,000 (as per the threshold under Rule 906(2) of the Listing Manual) and does not exceed 5% of the Group's latest audited NTA, the entry into the Assignment Agreement will not require Shareholders' approval pursuant to Rule 906 of the Listing Manual.

LETTER TO SHAREHOLDERS

7. FINANCIAL EFFECTS OF THE PROPOSED INVESTMENT

7.1. Bases and assumptions

The *pro forma* financial effects of the Proposed Investment as set out below are for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Investment nor representative of the future financial performance and position of the Company or the Group upon the completion of the Proposed Investment.

The *pro forma* financial effects of the Proposed Investment have been prepared based on the latest announced audited consolidated financial statements of the Group for FY2021, on the following bases and assumptions:

- (a) the Proposed Investment had been completed on 31 December 2021 for the purpose of illustrating the financial effects of the Proposed Investment on the NTA per share and gearing ratio of the Group;
- (b) the Proposed Investment had been completed on 1 January 2021 for the purpose of illustrating the financial effects of the Proposed Investment on the earnings per share (“EPS”) of the Group;
- (c) PIM LLC has not commenced operations on 1 January 2021; and
- (d) the issued and paid-up share capital of the Company comprising 580,612,400 Shares (excluding treasury shares) as at 12 May 2022, being the last market day preceding the date of signing the Assignment Agreement.

7.2. NTA per share

On the bases and assumptions set out above, the *pro forma* financial effects of the Proposed Investment on the NTA per share of the Group is as follows:

FY2021	Before the Proposed Investment	After the Proposed Investment
NTA (SGD'000)	55,078	55,078 ⁽¹⁾
Number of shares	580,612,400	580,612,400
NTA per share (cents)	9.49	9.49

Note:

- (1) The Company does not intend to raise equity funds to finance the Proposed Investment. Further, the Company has assumed that PIM LLC's operations have not commenced on 1 January 2021. Therefore, there is no change in the NTA of the Group before and after the Proposed Investment.

7.3. EPS

The Company has assumed that PIM LLC has not commenced operations on 1 January 2021. As such, the EPS of the Group as at 31 December 2021 remains unchanged at 0.12 Singapore cents.

LETTER TO SHAREHOLDERS

7.4. Gearing

FY2021	Before the Proposed Investment	After the Proposed Investment
Borrowings (SGD'000)	5,532	6,571
Shareholders' equity (SGD'000)	55,078	55,078
Gearing ratio ⁽¹⁾	10.0%	11.9%

Note:

(1) Gearing ratio equals borrowings divided by shareholders' equity.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

8.1. The interests of the Directors and Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date, as recorded in the Company's Register of Directors' shareholdings and Register of Substantial Shareholders' shareholdings respectively, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	(%)	Number of Shares	(%)	Number of Shares	(%)
Directors						
Cheng Woei Fen ⁽¹⁾	278,997,600	47.99%	36,167,400	6.22%	315,165,000	54.21%
Quek Kian Hui	86,376,800	14.86%	–	–	86,376,800	14.86%
David Tan Chao Hsiung	–	–	–	–	–	–
Mah Kai Leong	–	–	–	–	–	–
Elaine Beh Pur-Lin	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Gabriel Quek Kian Teck	33,516,000	5.76%	–	–	33,516,000	5.76%

Note:

(1) Deemed interest of Cheng Woei Fen derived from the interest held by her son, Gabriel Quek Kian Teck, and interest held by her spouse.

8.2. Save as disclosed in this Circular, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Investment, save for their respective shareholdings in the Company as set out above.

9. DIRECTORS' RECOMMENDATIONS

Having reviewed and considered, *inter alia*, the terms of, rationale for and benefits of the Proposed Investment, the Directors are of the view that the Proposed Investment is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Resolution at the EGM.

LETTER TO SHAREHOLDERS

Shareholders, in deciding whether to vote in favour of the Resolution, should read carefully the terms of, rationale for and benefits of the Proposed Investment. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-2 of this Circular, will be held on 5 August 2022, at 3.00 p.m. at 80 Jurong East Street 21, Devan Nair Institute for Employment and Employability, Singapore 609607, Event Hall 4, Level 1, for the purpose of considering, and if thought fit, passing (with or without any modifications) the Resolution as set out in the Notice of EGM.

11. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 72 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time fixed for the EGM.

12. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Investment. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Investment, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

LETTER TO SHAREHOLDERS

14. CONSENT

CBRE, Inc., as the Valuer, has given and has not withdrawn its written consent to the issue of this Circular and the inclusion herein of its name, the Valuation Summary Letter, and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of the following documents are available for inspection at the registered office of the Company at 35 Tuas Road, Singapore 638496 during normal business hours for three (3) months from the date of this Circular:

- (a) the Constitution of the Company;
- (b) the Valuation Summary Letter;
- (c) the Valuation Report;
- (d) the Option;
- (e) the Assignment Agreement; and
- (f) the letter of consent referred to in Section 14 (*Consent*) of this Circular.

Yours faithfully
for and on behalf of the Board of Directors of
MUN SIONG ENGINEERING LIMITED

Cheng Woei Fen
Executive Chairlady

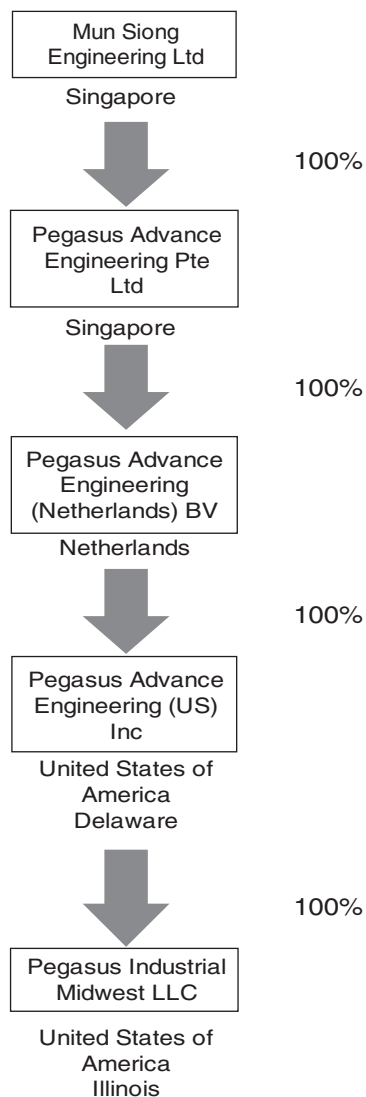
APPENDIX A – STRUCTURE OF OWNERSHIP OF PIM LLC

The sole shareholder of PIM LLC is Pegasus Advance Engineering (US) Inc (“**PAE US**”). PAE US is an investment holding company incorporated in April 2019 in the state of Delaware, the USA, with a paid-up share capital of USD1.

PAE US is a wholly owned subsidiary of Pegasus Advance Engineering (Netherlands) BV (“**PAE Netherlands**”). PAE Netherlands is an investment holding company incorporated in September 2019 in the Netherlands with a paid-up share capital of USD1. Both PAE Netherlands and PAE US are currently inactive holding companies of the Group.

PAE Netherlands is a wholly owned subsidiary of Pegasus Advance Engineering Pte Ltd (“**PAE S**”). PAE S is incorporated in Singapore in May 2013 with an issued and paid-up share capital of SGD2,000,000 and is wholly owned by the Company.

The structure of the Company’s indirect 100% ownership of PIM LLC is set out in the diagram below.



APPENDIX B – VALUATION SUMMARY LETTER

VALUATION & ADVISORY SERVICES

CBRE

321 N. Clark St. Ste. 3400
Chicago, IL 60654

T (312) 334-7193

www.cbre.com

SUMMARY LETTER

April 21, 2022

Mr. Eugene Poon Kheng Lim
PEGASUS ADVANCE ENGINEERING US INC
4527 Columbia Ave
Hammond, Indiana 46327

RE: Appraisal of: 5485 N 5000E Rd
5485 N 5000E Rd
Bourbonnais, Kankakee County, Illinois 60914
CBRE, Inc. File No. CB22US028484-1

Dear Mr. Eugene Poon Kheng Lim:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the attached Appraisal Report, which will be vested with the issuer or REIT or Trust Manager appointed for the portfolio.

The subject is a 59,989-square foot industrial (manufacturing) facility located at 5485 N 5000E Rd in Bourbonnais, Illinois. The improvements were constructed in 1989, renovated in 2019 and are situated on a 4.57-acre site that is zoned 1-2. The clear height of the improvements is 22' – 35' and the office finish is approximately 3.1%. The subject property is currently owned by Municipal Trust and Savings Trust #2764. The subject is currently pending sale to KQ Industrial Services, LLC for \$3,000,000. The subject is currently, and will be upon sale, owner-occupied. As such, there are no leases affecting the property. The table below shows the sources of the data used in this report.

APPENDIX B – VALUATION SUMMARY LETTER

DATA SOURCES

Item: **Source(s):**

Site Data:

Size Survey

Improved Data

Building Area Survey

No. Bldgs. Inspection

Year Built/Developed Owner

Compiled by CBRE

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Land Value	Free Simple Estate/Freehold	April 11, 2022	\$400,000
As is	Free Simple Estate/Freehold	April 11, 2022	\$3,000,000

Compiled by CBRE

Please note that the As Is value indicated above includes the land value.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

In valuing the subject, only the sales comparison and income capitalization approaches are applicable and have been used. The cost approach is not applicable in the estimation of market value due to age of the subject and the difficulty in adequately estimating depreciation. The exclusion of said approach(s) is not considered to compromise the credibility of the results rendered herein.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010. The report further complies with SISV Valuation Standards and Practice Guidelines (2018).

APPENDIX B – VALUATION SUMMARY LETTER

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE – VALUATION & ADVISORY SERVICES



Rebecca Masik-Cannady, SRA, AI-RRS
Senior Appraiser
State Certified General Real Estate Appraiser
State of Illinois License No. 553-002482
Expiration Date: 9/30/2023
Phone: 312-334-7193
Email: becky.masikcannady@cbre.com



Steven Ogasawara, MAI, SRA
Managing Director
State Certified General Real Estate Appraiser
State of Illinois License No. 553-000162
Expiration Date: 9/30/2023
Phone: 312-935-1454
Email: Steven.Ogasawara@cbre.com

NOTICE OF EXTRAORDINARY GENERAL MEETING

MUN SIONG ENGINEERING LIMITED

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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of MUN SIONG ENGINEERING LIMITED (the “**Company**”) will be held at 80 Jurong East Street 21, Devan Nair Institute for Employment and Employability, Singapore 609607, Event Hall 4, Level 1 on 5 August 2022 at 3.00 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the ordinary resolution as set out below:

Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular to the shareholders of the Company dated 20 July 2022 (the “**Circular**”).

ORDINARY RESOLUTION – TO APPROVE THE PROPOSED INVESTMENT AS A MAJOR TRANSACTION

Resolved that:

- (a) approval be and is hereby given for the Group’s Proposed Investment of up to USD7,500,000 in PIM LLC being a major transaction under Chapter 10 of the Listing Manual; and
- (b) the Directors (or any one of them) be and are hereby authorised to take such steps and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds), and to exercise such discretion in relation to the Proposed Investment as they (or he or she) may deem fit, with such modifications thereto (if any) as they (or he or she) may consider necessary, desirable or expedient, in order to give full effect to this resolution.

BY ORDER OF THE BOARD

Shirley Tan Sey Liy
Company Secretary
Singapore, 20 July 2022

Notes:

- (1) This Notice of EGM together with the proxy form and the Circular will be sent to members by electronic means via publication on the Company’s corporate website at the URL <https://www.mun-siong.com/investors-relations> and is also made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of this Notice of EGM, Proxy Form and the Circular will also be sent by post to members.
- (2) In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask question relating to the item on the agenda of the EGM by:–
 - (a) submitting question via mail to the Company’s registered office at 35 Tuas Road, Singapore 638496, or email to EGMQuery@mun-siong.com in advance of the EGM by 27 July 2022, 3.00 p.m.; or
 - (b) “live” at the EGM.

When submitting the questions, please provide the Company with the following details, for verification purpose:–

- (i) full name;
- (ii) NRIC number;
- (iii) current address;
- (iv) contact number; and
- (v) number of Shares held.

Please also indicate the manner in which you hold Shares in the Company (e.g. via CDP, CPF or SRS).

NOTICE OF EXTRAORDINARY GENERAL MEETING

Shareholders are encouraged to submit their questions before 27 July 2022, 3.00 p.m., as this will allow the Company sufficient time to address and respond to these questions on or before 30 July 2022, 3.00 p.m. (48 hours prior to the closing date and time for the lodgement of the proxy forms). The responses will be published on (i) the SGX-ST's website; and (ii) the Company's corporate website.

- (3) A member who is not a relevant intermediary, entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend, speak and vote in his/her stead at the EGM of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company.
- (4) A member who is a relevant intermediary may appoint one or more proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Relevant intermediary has the meaning ascribed to it in section 181 of the Companies Act.
- (5) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
- (6) The instrument appointing a proxy must be deposited at the registered office of the Company at 35 Tuas Road, Singapore 638496; or email to Proxyform@mun-siong.com, in each case, by 3.00 p.m. on 2 August 2022, being not less than 72 hours before the time appointed for holding the EGM.
- (7) Investors who hold shares through the CPF Investment Scheme or the SRS:–
 - (a) may vote at the EGM if they are appointed as proxies by their respective CPF agent banks or SRS operators, and should contact their respective CPF agent banks or SRS operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman (Chairlady) of the EGM as their proxy to vote on their behalf at the EGM, in which case they should approach their respective CPF agent banks or SRS operators to submit their votes, at least seven (7) working days before the EGM (i.e. by 3.00 p.m. on 26 July 2022).
- (8) The Circular has been published and may be accessed at the Company's corporate website at the URL <https://www.mun-siong.com/investors-relations> and is also made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.

Personal Data Privacy:

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of the Company and/or any adjournment thereof, or (b) submitting any question prior to the EGM in accordance with this Notice of EGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:–

- (i) processing, administration and analysis by the Company (or its agents) of proxy(ies) and representative(s) appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes;
- (iii) addressing substantial and relevant questions from members received before the EGM and if necessary, following up with the relevant members in relation to such questions;
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities; and
- (v) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

MUN SIONG ENGINEERING LIMITED

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

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. The notice (the "Notice of EGM") of extraordinary general meeting (the "EGM") together with this proxy form and the circular to the shareholders of Mun Siong Engineering Limited (the "Company") dated 20 July 2022 (the "Circular") will be sent to members by electronic means via publication on the Company's corporate website at the URL <https://www.mun-siong.com/investors-relations> and is also made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>. For convenience, printed copies of the Notice of EGM, this proxy form and the Circular will also be sent by post to members.
2. A relevant intermediary may appoint more than two proxies to attend the extraordinary general meeting and vote (please see note 3 for the definition of "relevant intermediary").
3. For investors who have used their Central Provident Fund ("CPF") and/or Supplementary Retirement Scheme ("SRS") monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. Please read the notes to this Proxy Form.

I/We _____ (Name), NRIC/Passport Number* _____

of _____ (Address)
being a member/members of **MUN SIONG ENGINEERING LIMITED** (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing *him/her/them, the Chairman (Chairlady) of the EGM as *my/our proxy/proxies to attend and to vote for *me/us on my/our behalf at the EGM to be held at 80 Jurong East Street 21, Devan Nair Institute for Employment and Employability, Singapore 609607, Event Hall 4, Level 1 on 5 August 2022 at 3.00 p.m., and at any adjournment thereof.

*I/We have directed *my/our *proxy/proxies to vote for or against the resolution to be proposed at the EGM indicated hereunder. If no specific directions as to voting on the resolution are given, the *proxy/proxies may vote or abstain from voting at *his/her/their discretion and any other matters arising at the EGM.

Note: Please indicate with an "X" or number of votes in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the notice of the EGM. In the absence of specific directions or in the event of any item arising not summarised below, the *proxy/proxies may vote or abstain as *he/she/they may think fit.

No.	Description of Resolution	For	Against	Abstain
1.	To approve the Proposed Investment as a major transaction under Chapter 10 of the Listing Manual			

Note: Please note that the short description given above of the resolution to be passed does not in any way whatsoever reflect the intent and purpose of the resolution. The short description has been inserted for convenience only. Shareholders are encouraged to refer to the notice of the EGM for the full purpose and intent of the resolution to be passed.

Dated this _____ day of _____ 2022.

Total Number of Shares Held

Signature(s) of member(s)/

Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Fold here

Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act 2001), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote on his behalf at the EGM. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company.
3. Pursuant to section 181 of the Companies Act 1967, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Relevant intermediary is either:
 - (i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (ii) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or
 - (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased on behalf of CPF investors.

Affix
postage
stamp
here

MUN SIONG ENGINEERING LIMITED
35 TUAS ROAD
SINGAPORE 638496

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 35 Tuas Road, Singapore 638496 not less than 72 hours before the time appointed for the EGM.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with section 179 of the Companies Act 1967.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the notice of the EGM dated 20 July 2022.

