



Mencast Holdings Ltd.

(Incorporated in the Republic of Singapore on 30 January 2008)
(Company Registration No.: 200802235C)

News Release

**MENCAST TO ACQUIRE RECON PROPELLER AND
THE BUSINESS OF DENFON ENGINEERING
FOR S\$8.6 MILLION**

- **On track to transform into a global sterngear services provider**
- **Expected to complete the proposed acquisitions by August 2009**

SINGAPORE, 30 June 2009 – Mencast Holdings Ltd. (“**Mencast**” or the “**Company**”) and its subsidiaries (the “**Group**”), a sterngear equipment manufacturer and sterngear services provider in Singapore, announced today that it has entered into two sale and purchase agreements (the “**Agreements**”) in relation to the acquisition of (i) the entire issued and paid-up share capital of Recon Propeller & Engineering Pte Ltd (“**Recon Propeller**”) and (ii) the business of Denfon Engineering (the “**Denfon Business**”) (collectively, the “**Proposed Acquisitions**”). Mencast has appointed CIMB Bank Berhad, Singapore Branch, as its financial adviser for the Proposed Acquisitions.

Under the terms of the Agreements, Mencast will acquire Recon Propeller and the Denfon Business for a consideration of S\$8.4 million (the “**Recon Consideration**”) and S\$0.2 million (the “**Denfon Consideration**”) respectively. The Recon Consideration will comprise cash payment of S\$6.6 million, payable in three tranches over a two-year period commencing from the date of completion of the acquisition of Recon Propeller, with the balance S\$1.8 million satisfied *via* the issuance of new shares in the capital of the Company (“**Consideration Shares**”) at a price of between S\$0.225 and S\$0.280 per Consideration Share (“**Issue Price**”). The Denfon Consideration will be satisfied in full in a single cash payment upon completion of the acquisition of the Denfon Business.



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The completion of the Proposed Acquisitions will be subject to, *inter alia*, satisfactory completion of the legal, financial and tax due diligence exercise by the Company and/or its advisers on Recon Propeller and the Denfon Business and the approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Consideration Shares on the Catalist Board of the SGX-ST.

Incorporated in Singapore in 1992, Recon Propeller is engaged in the building and repairing of ships, tankers and other ocean-going vessels such as propeller repair and modifications for the local and regional shipyards and owners. Denfon is a partnership registered in Singapore in 1989 and is engaged in mechanical engineering works which is catered to customers in the offshore oil and gas and marine industry. For the financial year ended 31 December 2008, the unaudited profit before income tax of Recon Propeller was approximately S\$1.4 million and the unaudited loss before income tax of Denfon Engineering was approximately S\$13,000.

The market capitalization of the enlarged Group, based on the enlarged share capital of the Company following the completion of the Proposed Acquisitions and the issuance of the Consideration Shares at the lower end of the Issue Price of S\$0.225 per Consideration Share, and the last transacted price of the Company’s shares (“**Shares**”) of S\$0.220 on 23 June 2009 (being the last market day on which the Shares are traded prior to the date of signing of the Agreements), is estimated to be approximately S\$34.2 million.

The Chief Executive Officer of Mencast, Mr Glennle Sim, said: “As part of our growth and expansion strategy, we have been on an active lookout for suitable acquisitions that will complement the Group’s business strategy and generate additional value for our shareholders. With the acquisition of Recon Propeller and the Denfon Business, Mencast will be in a very strong position to capture new market opportunities beyond its existing territories and position the Group as a global sterngear services provider and a leading player in the regional sterngear services industry. Upon completion of the Proposed Acquisitions, the enlarged Group will be better positioned to leverage on the growth potential of sterngear services globally, especially in the Asia Pacific region.



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The combined resources, enlarged customer base and expanded capabilities of the Group, Recon Propeller and the Denfon Business will result in cost savings and synergies, which will contribute positively towards longer-term earnings of the enlarged Group as we expect demand for sterngear services to remain favourable as ship owners seek to prolong the life span of their vessels to reduce costs in the current economic environment.

Concurrently, we will continue to explore new strategic alliances, joint ventures and M&A opportunities with reputable industry players, to strengthen our market position and expand our sterngear manufacturing and sterngear services business segments.”

End of news release

About Mencast Holdings Ltd.

The first company to achieve a listing on SGX CATALIST, Mencast is a Singapore-based sterngear equipment manufacturer and sterngear services provider for a wide range of commercial vessel applications.

Catering primarily to customers in the offshore oil and gas and marine industry for the local and regional shipyards, Mencast’s clientele include some of the major players in the offshore oil and gas and marine industry.

Mencast is one of the first sterngear equipment manufacturers in Singapore to obtain the ISO9001:2000 Quality Management System. Also, it had achieved the Singapore SME 500 award for two consecutive years in 2005 and 2006.

For more information, please refer to the corporate website www.mencast.com.sg

*This news release and its contents have been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (“**Sponsor**”), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this news release. This news release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this news release, including the correctness of any of the statements or opinions made or reports contained in this news release.*

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