



SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Mencast diversifies its range of products & services with proposed acquisition of Top Great for S\$24.0 million

- **Top Great and its subsidiaries are principally engaged in the business of engineering design, procurement, fabrication and installation of structural and precision engineering systems and plants**
- **With the acquisition, Mencast can provide a fuller range of services in marine maintenance, repair and overhaul**
- **Acquisition will be funded by a combination of cash and allotment and issuance of new shares**

Singapore, 18 May 2011 – Mencast Holdings Ltd. and its subsidiaries (“**Mencast**” or the “**Group**”), a sterngear equipment manufacturer and sterngear services provider in Singapore, has today entered into a sale and purchase agreement with Wong Boon Huat, Wong Boon Hwee and Wong Boon Kok (collectively the “**Vendors**”) to acquire (the “**Proposed Acquisition**”) the entire issued and paid-up share capital of Top Great Engineering & Marine Pte Ltd (“**Top Great**”).

Top Great, together with its subsidiaries (the “**Top Great Group**”), is principally engaged in the business of engineering design, procurement, fabrication and installation of structural and precision engineering systems and plants. Its business operations include the provision of skilled professionals and manpower as well as full turnkey project management of engineering projects. The latter encompasses every stage from project inception to material procurement, completion and handover.

The Top Great Group serves a large group of customers in the environmental, marine and oil & gas sectors from many countries, some of which include Singapore, Malaysia, Indonesia and the Middle East.

The unaudited profit before income tax (“**PBT**”) of the Top Great Group was approximately S\$4.70 million for the financial year ended 31 December 2010 (“**FY2010**”) and the unaudited net asset value of the Top Great Group as at 31 December 2010 was approximately S\$10.64 million.

Purchase consideration for the Proposed Acquisition

The aggregate consideration for the Proposed Acquisition will be S\$24.0 million, of which S\$9.6 million will be satisfied in cash and the balance S\$14.4 million will be satisfied by the allotment and issuance by the Group to the Vendors and their nominee, Song Bong Joo, of new ordinary shares ("**Consideration Shares**")¹ in the capital of Mencast, *via* three payment tranches.

The Vendors have jointly and severally warranted to Mencast that the Top Great Group shall achieve an aggregate audited net profit after tax ("**NPAT**") of not less than S\$8.0 million within the 2-year period from 1 May 2011 to 31 April 2013. In the event that the Top Great Group fails to achieve the profit warranty within the relevant period, the Vendors shall pay to Mencast the shortfall in cash.

Rationale for the Proposed Acquisition

The Group's current core business is in marine maintenance, repair and overhaul ("**Marine MRO**"), focusing on high precision, time sensitive and mission critical work. The Group prides itself in being one of the leading players in the manufacturing and servicing of sterngear equipment and propellers segment of the Marine MRO industry, having both offshore and marine clients.

With the Proposed Acquisition, the Group has the opportunity of leveraging on the established client base, industry reputation and accreditations developed by the Top Great Group. In addition, the Proposed Acquisition will enable the Group to provide a fuller range of Marine MRO services and increase its revenue base.

"We have constantly been on the lookout for value-accretive acquisitions of complementary businesses and we are quite pleased with this acquisition. The Top Great Group is well known in the industry and we are confident that this acquisition will allow us to create positive synergies, economies of scale and strengthen our value proposition to attract new clientele and retain existing ones.

We are looking forward to the successful completion of this acquisition and the integration of the Top Great Group in our Group."

Mr Glenndle Sim, Executive Chairman & CEO

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¹ The issue price for the Consideration Shares shall be determined based on the weighted average price of the shares of Mencast for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the ten business days period prior to the date of completion of the acquisition or S\$0.410, whichever is higher, subject to a maximum issue price of S\$0.490.

ABOUT MENCAS HOLDINGS LTD. (Bloomberg Ticker: MCAST SP)

The first company to achieve a listing on SGX-CATALIST, Mecast 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, Mecast's clientele include some of the major players in the offshore oil and gas and marine industry.

Mecast 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.mecast.com.sg

Issued for and on behalf of Mecast Holdings Ltd.

By Financial PR Pte Ltd

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*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, this being the SGX-ST Listing Manual Section B: Rules of Catalist. 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. The Sponsor and the SGX-ST assume 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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