

## MENCAST HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Company registration no.: 200802235C)

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### FURTHER INFORMATION AND CLARIFICATION ANNOUNCEMENT IN RELATION TO THE PROPOSED ACQUISITION OF CERTAIN ASSETS OF TEAM PRECISION ENGINEERING AND TEAM INTERNATIONAL DEVELOPMENT

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The board of directors (the “**Board**”) of Mencast Holdings Ltd. (the “**Company**”) refers to the announcement made by the Company on 28 November 2011 (the “**Announcement**”) in relation to the proposed acquisition of certain assets of Team Precision Engineering and Team International Development (the “**Proposed Acquisition**”). Unless otherwise defined, all capitalised terms used and not defined herein shall have the same meanings given to them in the Announcement.

Further to the Announcement, the Board wishes to clarify and announce the following information in relation to the Proposed Acquisition:

#### 1. SERVICE AGREEMENTS

As stated in paragraph 5.1(i) of the Announcement, the Proposed Acquisition is conditional upon, *inter alia*, Messrs Huang Zhi Yong and Cheng Shao Rong entering into the Service Agreements, the salient terms of which are set out below:

- (a) **Term.** The term of the Service Agreement shall be for a period of three (3) years, with automatic renewal for a further period of three (3) years on the same or re-negotiated terms;
- (b) **Salary.** The salary for each Vendor shall be S\$10,000 per month;
- (c) **Annual wage supplement.** The annual wage supplement for each Vendor shall be one (1) month salary;
- (d) **Annual incentive bonus.** Each Vendor shall be entitled to an annual incentive bonus, which shall be based on the profit before income tax of the Team Assets for each financial year (the “**PBT**”), calculated in the manner provided in the table below:

<b>PBT (S\$)</b>	<b>Incentive bonus</b>
Below 800,000	Nil
From 800,000 to 1,000,000	1.5% of PBT
From 1,000,001 to 1,300,000	2.0% of PBT
From 1,300,001 to 1,500,000	2.5% of PBT
From 1,500,001 to 1,700,000	3.0% of PBT
Above 1,700,000	3.5% of PBT

- (e) **Annual leave.** The annual leave for each Vendor shall be eighteen (18) days;

- (f) **Other benefits.** Each Vendor shall be entitled to other benefits, including entertainment, travelling, hotel, and other out-of-pocket expenses, medical and dental benefits, insurance, fuel card (capped at S\$1,000 per month) and club membership fees; and
- (g) **Termination.** The Company may terminate the Service Agreement upon notice in writing pursuant to the occurrence of specified events, including bankruptcy, conviction of criminal offence, mental disorder or by reason of ill health or injury.

The Company may also terminate the employment of each Vendor with immediate effect should he be guilty of any wilful misconduct in the discharge of his duties or breach of any material provision of the Service Agreement.

The Company and the respective Vendor may also terminate the Service Agreement by giving six (6) months' written notice to the other party.

## 2. PROFIT/LOSS AFTER TAX FIGURES

The Company wishes to clarify that as both TPE and TID are partnerships registered in Singapore, the relevant income tax for the partnerships were borne by the individual partners directly and not by the partnerships.

As such, the relevant profit/loss after tax figures for both TPE and TID are not available.

## 3. COMPUTATIONS UNDER RULE 1006 OF THE CATALIST RULES

The Company wishes to clarify that the relative figure under Rule 1006(b) of the Catalist Rules set out under paragraph 8.1 of the Announcement was erroneously disclosed inadvertently. The correct relative figure under Rule 1006(b) of the Catalist Rules should be **9.7%**. This was erroneously disclosed in the Announcement as 8.1%.

The Company hereby sets out the revised relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 (b) to (d) <sup>(1)</sup> Catalist Rules:

Rule 1006(b)	The aggregate net profits attributable to the Team Assets, compared with the net profits of the Group <sup>(2)</sup>	9.7%
Rule 1006(c)	The aggregate consideration for the Proposed Acquisition, compared with the Group's market capitalisation <sup>(3)</sup>	4.7%
Rule 1006(d)	The number of Consideration Shares to be issued by the Company, compared with the number of shares previously in issue <sup>(4)</sup>	4.3%

### Notes:

- (1) Rule 1006(a) of the Catalist Rules is not applicable as it applies only for a disposal of assets and Rule 1006(e) of the Catalist Rules is not applicable as it applies only for a disposal of mineral, oil or gas assets by a mineral, oil and gas company.
- (2) Based on the profit before income tax, minority interests and extraordinary items for the Team Assets and the Group for FY2010 of approximately S\$948,000 and S\$9,800,000 respectively. The Company

had used the profit before income tax, minority interests and extraordinary items for the Team Assets and the Group for FY2010 for purposes of the computation as the profit before income tax, minority interests and extraordinary items of the Team Assets for the six-month financial period ended 30 June 2011 (being the financial period for the latest announced consolidated accounts of the Group) are not available

- (3) The market capitalisation of the Company of approximately S\$96.5 million is determined by multiplying the 187,491,000 Shares in issue as at the date of the Announcement by the volume-weighted average price of the Shares of approximately S\$0.515 on 11 November 2011 (being the last market day on which the Shares were traded prior to the date of signing of the Agreement).
- (4) Assuming that a total of 8,000,000 Consideration Shares are issued to the Vendors at the minimum Issue Price of S\$0.50 per Consideration Share.

Save as set out above, all other information contained in the Announcement remains unchanged.

**BY ORDER OF THE BOARD**

SIM SOON NGEE GLENN DLE  
Executive Chairman and Chief Executive Officer  
19 January 2012