

MENCAST HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200802235C)

PROPOSED ISSUANCE OF 22,500,000 NEW SHARES, REPRESENTING APPROXIMATELY 11.8% OF THE TOTAL EXISTING ISSUED SHARE CAPITAL OF THE COMPANY (THE "PLACEMENT")

1. The Subscription

Introduction

The Board of Directors of the Company (the "**Directors**") wishes to announce that the Company had on 19 March 2012 entered into subscription agreements with each of Heliconia Capital Management Pte. Ltd., in its capacity as general partner of SME-Co Investment Fund Limited Partnership, Dymon Asia Special Opportunities Fund, Gay Chee Cheong and Wong Chee Heng (collectively the "**Subscribers**"), respectively, to allot and issue the aggregate number of 22,500,000 new ordinary shares in the Company (the "**Subscription Shares**"), representing approximately 11.8% of the existing issued share capital of the Company as at the date of this announcement, at an issue price of S\$0.53 (the "**Issue Price**") for each Subscription Share (the "**Subscription Agreements**"). The details of the allotment to each of the Subscribers are as follows:

Subscriber	Number of Subscription Shares	Approximate % of the existing issued share capital of the Company	Consideration amount
SME-Co Investment Fund Limited Partnership	7,000,000	3.7%	S\$3,710,000
Dymon Asia Special Opportunities Fund	5,500,000	2.9%	S\$2,915,000
Gay Chee Cheong	5,000,000	2.6%	S\$2,650,000
Wong Chee Heng	5,000,000	2.6%	S\$2,650,000

The Subscription Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights similar to the existing issued ordinary shares in the capital of the Company. For the avoidance of doubt, notwithstanding the foregoing, the Subscription Shares shall not rank for all final dividend payments that may be declared by the Company in respect of the financial year ended 31 December 2011, the record date for which falls on or before the issuance and allotment of the Subscription Shares.

Each Subscription Share will be issued at the Issue Price of S\$0.53, which represents a discount of approximately 5.4% to the weighted average trading price of the shares of S\$0.56 on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 14 March 2012. The Issue Price of S\$0.53 for each Subscription Share is not priced at more than 10% discount to the weighted average price for trades done on the SGX-ST for the full market day preceding the day on which the Subscription Agreements are signed, being 14 March 2012, and was arrived at after negotiations between the Subscribers and the Company on a willing buyer and willing seller basis.

Information on the Subscribers

SME Co-Investment Fund Limited Partnership is a private equity fund managed by Heliconia Capital Management Pte. Ltd., an investment firm wholly-owned by Temasek, an Asia investment company headquartered in Singapore. SME Co-Investment Fund Limited Partnership, alongside other private equity investors, provides growth capital to Singapore-headquartered small-to-medium sized enterprises, with a view to develop them into globally-competitive companies.

Dymon Asia Special Opportunities Fund is an Asian focused fund, investing in promising private and listed companies across Asia. Dymon Asia Special Opportunities Fund is part of the Dymon Group, which manages close to US\$2.8 billion and is headquartered in Singapore.

Wong Chee Heng and Gay Chee Cheong (“GCC”) are individual private investors.

The Subscribers were introduced to the Company by the business associates of the Company. The Subscribers had entered into the Subscription Agreements for their financial investment purposes and the Company is undertaking the proposed Placement for business investments and general working capital purposes.

As 5,000,000 Subscription Shares will be issued to GCC, an existing substantial shareholder of the Company, the Company will be seeking shareholders’ approval at a general meeting for such issuance to GCC in accordance with Rule 812(1)(a) of the listing manual of the SGX-ST (the “Listing Manual”).

Save as disclosed above, as at the date of this Announcement, none of the Subscribers and their directors and substantial shareholders, where applicable, have any connections (including business relationship) with the Company and its Directors and substantial shareholders, and are not persons to whom the Company is prohibited from issuing shares to, as provided for by Rule 812 of the Listing Manual.

For the avoidance of doubt, each Subscriber is investing in the Company on a separate independent basis and the Subscribers are not parties acting in concert within the meaning of the Singapore Code on Take-overs and Mergers.

Upon the completion of the proposed Placement, save for GCC, none of the Subscribers will be interested in more than 5.0% of the enlarged issued share capital of the Company.

Conditions for the Placement

The Placement is conditional upon, *inter alia*, the following:

- (a) approval in-principle being obtained from the SGX-ST for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST in accordance with the terms of the Subscription Agreements and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Subscription Shares on the Official List of the SGX-ST are required to be fulfilled on or before the completion date, they are so fulfilled;
- (b) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation, directive or request whether existing or promulgated or issued after the date of the Subscription Agreements by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Company and/or the Subscribers;
- (c) the representations and warranties of the Company and the Subscribers under the Subscription Agreements being true, accurate and correct in all material

respects as if made on the completion date, with reference to the then existing circumstances and the Company and the Subscribers having performed in all material respects all of their obligations herein to be performed on or before the completion date;

- (d) the approval by the board of Directors of the Company being obtained for the issuance of the Subscription Shares pursuant to the Subscription Agreements and all transactions contemplated under the Subscription Agreements;
- (e) the Company having duly convened a general meeting to seek shareholders' approval for the issuance of the relevant Subscription Shares to GCC, and such approval being obtained;
- (f) the Company having a valid shareholders' general mandate for the issue of the Subscription Shares which is sufficient for the issuance and allotment of the Subscription Shares, save for the relevant Subscription Shares to be issued and allotted to GCC;
- (g) the issuance and allotment of the Subscription Shares;
- (h) the delivery of all necessary external and internal consents and approvals for the Placement, including regulatory and government approvals in any jurisdiction as may be required having been obtained and continuing to be in full force and effect;
- (i) there being no circumstance or event occurring that may have a material adverse effect on the businesses, operations, prospects or condition (financial or otherwise) of the Company;
- (j) the delivery to the Subscribers on completion date of a certificate (substantially in the form set out in Schedule 1 of the Subscription Agreements), dated the completion date, signed by a duly authorised officer of the Company;
- (k) the delivery to the Subscribers on completion date a lock-up letter from the controlling shareholders of the Company pursuant to Clause 6.3 of the Subscription Agreements;
- (l) as at the completion date, the trading of the issued and existing shares of the Company not being suspended by the SGX-ST (other than a suspension on a temporary basis requested by the Company) and the issued and existing shares of the Company not having been delisted;
- (m) the business of the Group being carried out in the normal manner and the Group not having disposed of any assets or assumed or incurred any liabilities (including contingent liabilities) other than those in connection with its ordinary course of business from date of the Subscription Agreements to the completion date; and
- (n) the delivery to the Subscribers by the Company of copies (certified true by a Director) of such written consents, approvals and/or waivers in relation to or necessary for the Subscription Agreements and other transactions contemplated under the Subscription Agreements.

Additional Listing Application

The Placement will be undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in

connection with the issuance of the Subscription Shares. The Company will make an application to the SGX-ST for the listing of and quotation for the Subscription Shares in due course.

Net Proceeds and Use of Proceeds of the Subscription

Based on the Issue Price, the net proceeds to the Company in respect of the Subscription Shares is approximately S\$11,895,000 after deducting all costs and expenses payable in relation to the Placement amounting to approximately S\$30,000.

The Company intends to use approximately 33.6% of the net proceeds for future acquisitions, approximately 33.6% for future expansions and approximately 32.8% for general working capital purposes.

Prior to deployment, the net proceeds from the Placement may be deposited with financial institutions, invested in short-term money market instruments or used for any other purposes on a short-term basis, as the Directors may deem fit.

Financial Effects of the Placement

The financial effects of the Subscription on the Company and its subsidiaries (collectively referred to hereinafter as "**the Group**") are set forth below and were prepared based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2011, subject to the following assumptions:

- (a) for the purpose of computing the earnings per share of the Group after the Subscription, it is assumed that the Subscription was completed on 1 January 2011; and
- (b) for the purpose of calculating the net asset value per share after the Subscription, it is assumed that the Subscription was completed on 31 December 2011.

Based on the last announced unaudited financial statements of the Group for the financial year ended 31 December 2011, the earnings per share of the Group after adjusting for the Subscription Shares will decrease from 5.77 cents to 5.12 cents.

Based on the last announced unaudited financial statements of the Group as at 31 December 2011, the consolidated net asset value per share of the Group after adjusting for the Subscription Shares will increase from 30.5 cents to 32.9 cents.

It should be noted that the abovementioned financial effects have been calculated based on the issued share capital of the Company as at 31 December 2011 of S\$33,538,377 divided into 187,491,247 ordinary shares, and are for illustrative purposes only and does not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Placement.

As at the date hereof, the existing issued share capital of the Company is S\$35,537,377 divided into 191,012,373 ordinary shares. Assuming the allotment and issue of 22,500,000 Subscription Shares by the Company pursuant to the Placement and the Issue Price of S\$0.53, the issued and paid-up share capital of the Company will increase to S\$47,463,377 divided into 213,512,373 ordinary shares.

2. Circular to Shareholders

A circular containing, *inter alia*, information pertaining to the issuance of the relevant Subscription Shares to GCC and the notice of the extraordinary general meeting to be convened for the purpose of approving the same will be despatched to the shareholders of the Company in due course. The Company will make further announcements in relation to the above matters as and when appropriate.

3. Interests of Directors and Substantial Shareholders

Save as disclosed above, as at the date hereof, none of the Directors or substantial shareholders of the Company, and their respective associates, has any interest, direct or indirect, in the Placement.

BY ORDER OF THE BOARD

Sim Soon Ngee Glendle
Executive Chairman and Chief Executive Officer
19 March 2012