

JOINT VENTURE IN RELATION TO MENCAS ENERGY PTE LTD

Details of Joint Venture

The Board of Directors of Mencast Holdings Ltd. (the "**Company**") wishes to announce that the Company has, on 10 April 2012, entered into a joint venture agreement with MIS Investment Pte Ltd ("**MIS**") and Mencast Energy Pte Ltd ("**Mencast Energy**") (the "**Joint Venture**"). Pursuant to the terms of the Joint Venture, the Company and MIS will inject capital into Mencast Energy, a dormant Singapore company wholly owned by the Company. Mr Sim Soon Ngee Glennle, our Executive Chairman and Chief Executive Officer, has been appointed as the first director of Mencast Energy.

The Joint Venture will expand the Group's business scope by embarking on green energy business initiatives, with particular focus on:

- waste management and treatment, including the recovery, recycle and re-use of waste;
- projects with carbon footprints;
- biomass and fuel efficiency projects; and
- water treatment projects.

The objective of the Joint venture is to broaden the revenue channels of the Company and its subsidiaries (the "**Group**"), and gradually expand the Group's business activities and expertise into the green energy segment.

Pursuant to the terms of the Joint Venture, Mencast Energy shall, upon the completion of the Joint Venture, have an issued and paid up share capital of S\$1.2 million comprising 1,200,000 issued ordinary shares. The Company shall inject S\$840,000 for a 70% majority stake in Mencast Energy, whilst MIS shall inject S\$360,000 for the balance 30% stake.

The portion of investment from the Company in relation to the Joint Venture will be funded through the Company's internal funds and external bank borrowings.

Interested Person Transaction

MIS is a private investment company owned by our Executive Chairman and Chief Executive Officer, Mr Sim Soon Ngee Glennle (80%), and his sibling, Ms Sim Wei Wei (20%). As such, the entering into of the Joint Venture would be considered as an interested person transaction ("**IPT**") under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**").

Rule 906 of the Listing Manual sets out the IPTs which will require the prior approval of the shareholders of the Company (the "**Shareholders**"). However, Rule 916 of the Listing Manual goes on to provide that an investment in a joint venture with an interested person is not required to comply with Rule 906 if:-

- (a) the risks and rewards are in proportion to the equity of each joint venture partner;
- (b) the issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
- (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.

Further to the above, the Board of Directors of the Company wishes to inform that the Company's Audit Committee (the "AC") has reviewed the terms of the Joint Venture, and is of the view that:-

- (a) the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner;
- (b) the terms of the Joint Venture are not prejudicial to the interests of the Company and its minority shareholders; and
- (c) MIS did not have an existing equity interest in Mencast Energy prior to the participation of the Company in the Joint Venture.

Notwithstanding the above, as the portion of investment from the Company in relation to the Joint Venture will amount to S\$840,000 and constitutes 4.5% of the Group's latest audited net tangible assets (the "NTA") as at 31 December 2011, this investment is not an IPT which would require prior Shareholders' approval in any case.

Financial Impact

The Joint Venture is not expected to have any material financial impact on either the NTA or the earnings per share of the Group for the financial year ending 31 December 2012.

Directors' & Controlling Shareholders' Interests

Other than the interest of MIS, Mr Sim Soon Ngee Glendle and Ms Sim Wei Wei as stated above, none of the Directors or substantial shareholders of the Company, or their respective associates, has any interest, direct or indirect, in the above transaction.

BY ORDER OF THE BOARD

Sim Soon Ngee Glendle
Executive Chairman and Chief Executive Officer
10 April 2012