

SALE OF PROPERTY AT 24 LOYANG CRESCENT, SINGAPORE 508987

1. INTRODUCTION

The board of directors (the “**Board**”) of Mencast Holdings Ltd. (the “**Company**”) wishes to announce that Top Great Engineering & Marine Pte Ltd (the “**Vendor**”), a wholly-owned subsidiary of the Company, had, on 19 March 2012, entered into an Option to Purchase with Ramky Cleantech Services Pte. Ltd., a company incorporated in Singapore with its registered office at 16 Jalan Kilang #02-01 Hoi Hup Building Singapore 159416 (the “**Purchaser**”) whereby the Vendor had agreed to grant the Purchaser an option to purchase the property located at 24 Loyang Crescent, Singapore 508987 (the “**Property**”) for the consideration of S\$6,000,000 (the “**Sale Price**”) (the “**Sale**”).

The Purchaser had, on 16 April 2012, exercised the Option to purchase the Property at the Sale Price.

2. THE PROPERTY

Particulars of the Property

The Property is a leasehold JTC detached factory with a tenure of 30 plus 27 years, 5 months and 16 days, commencing from 16 August 1981.

The particulars of the Property are set out as follows:

<u>Description</u>	<u>Location</u>	<u>Approximate Site and Floor Area</u>
JTC detached factory (1-storey factory & 3-storey office)	24 Loyang Crescent, Singapore 508987	Land area : 2,971.8 sqm Floor area : 3,324.3 sqm

The Property is currently being used by the Vendor as office premises, production facilities and workers’ dormitory. The Company is of the view that the Property constitutes non-core assets of the Company and its subsidiaries (the “**Group**”) and is not necessary or material to the business of the Group. Following the Sale, the Vendor intends to relocate to the Company’s corporate headquarters.

3. THE PURCHASE CONSIDERATION

The Sale Price as stated in the option to purchase is S\$6,000,000 (exclusive of Goods and Services Tax).

The Vendor had commissioned a valuation to be conducted on the Property by CKS Property Consultants Pte Ltd. As stated in the valuation report dated 20 February 2012 (the “**Valuation Report**”), the market value of the Property was S\$6,200,000 as at 9 February 2012 (the “**Valuation**”). The Valuation was based on the transactions of

comparable properties, the prevailing market condition and underlying economic factors which may be of influence to the trend of the market prices.

The Company is of the view that the Sale Price of the Property is fair and reasonable after taking into consideration the Valuation.

4. KEY TERMS OF THE SALE

- (a) The sale and purchase is subject to the Law Society of Singapore's Conditions of Sale 2012 (the "**Conditions**") in so far as they are applicable to sale by private treaty and in so far as the Conditions and the terms and conditions of this Agreement are not contrary to or in conflict with the following:
- a. Conveyancing & Law of Property (Conveyancing) Rules 2011 as promulgated under the Conveyancing & Law of Property Act; and
 - b. Singapore Academy of Law (Conveyancing Money) Rules 2011 as promulgated under the Singapore Academy of Law Act (Cap 294A) (if applicable).
- (b) The Property is sold subject to and conditional upon consent being obtained from the Jurong Town Corporation (the "**JTC**") and any other relevant competent authority (the "**Approval**") for the Vendor to sell and the Purchaser to purchase the Property. All administrative or processing fees for JTC's processing of the application for assignment of the Property shall be borne by the Purchaser. Any processing fees imposed by JTC for any application of the change of use of the Property shall also be borne by the Purchaser. The Purchaser confirms that the proposed use of the Property is vehicle parking and maintenance depot with the continued present use as a dormitory for foreign workers.
- (c) The Vendor and the Purchaser shall within a reasonable time but not later than two (2) weeks from the date of receipt by the Purchaser of the clearances from the Central Building Plan Unit of the National Environment Agency and the Public Utilities Board, submit to the JTC and any other relevant competent authority the requisite application together with all such other information or document as may be required to enable the JTC and any other relevant competent authority to process the application for the Approval. The Approval shall be obtained at the cost and expense of the Purchaser.

Completion of the Sale shall take place on 2 July 2012 or such extended date as may be agreed by the Vendor and the Purchaser.

5. RATIONALE OF THE SALE

As the Vendor would be moving to the Company's corporate headquarters situated at 42E Penjuru Road, the Company is of the view that the Property is no longer required for the Group's operations.

6. USE OF PROCEEDS FROM THE SALE

The Company expects to realise a net gain of approximately S\$921,000 from the sale after taking into account all related expenses and the net book value of the Property as at 31 March 2012. The sale would provide additional cash flows to the Company to enable it to redeploy its resources to other value-accretive investment opportunities.

Prior to the deployment of the net proceeds for such purposes, the net proceeds may be placed in deposits with financial institutions as the Board of the Company may, in their absolute discretion, deem fit.

7. FINANCIAL EFFECTS

The net book value of the Property as at 31 December 2011 was S\$5,000,000.

The estimated expenses to be incurred by the Vendor in connection with the Sale is approximately S\$125,000.

The Sale would have an effect on the net tangible asset (the "NTA") of the Group, NTA per share of the Group and the Group's earnings per share (the "EPS") as there is a net gain of approximately S\$921,000 from the sale by the Vendor.

For illustrative purposes only, based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2011, the financial effects of the sale are estimated as follows:

NTA per share

Assuming the sale had been completed on 31 December 2011, the NTA per share of the Group would be as follows:

	<u>Before the Sale</u>	<u>After the Sale</u>
Net assets (S\$'000)	57,158	57,601
Number of issued shares ('000)	187,491	187,491
Net assets per share (cents)	30.5	30.7

Earnings per share

Assuming that Sale had been completed on 1 January 2011, the EPS of the Group would be as follows.

	<u>Before the Sale</u>	<u>After the Sale</u>
Profits after tax attributable to equity holders of the Company (S\$'000)	8,495	9,416
Number of issued shares ('000)	170,573	170,573
Earnings per share (cents)	5.0	5.5

8. RELATIVE FIGURES COMPUTED UNDER LISTING RULE 1006 OF THE LISTING MANUAL

The Company hereby sets out the relative figures for the sale of property computed according to Rule 1006 (a) to (d) of the listing manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Listing Manual”), based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2011:

Rule 1006 (a)	The aggregate net asset value of assets to be disposed of, compared with the Company’s net asset value as at 31 December 2011 ⁽¹⁾	8.7%
Rule 1006 (b)	The aggregate net profits attributable to the assets to be disposed of, compared with net profits attributable to equity holders of the Company ⁽²⁾	9.0%
Rule 1006 (c)	The aggregate value of consideration received, compared with the Company’s market capitalisation as at 13 April 2012, being the market day immediately preceding the date of the exercise of the Option by the Purchaser ⁽³⁾	5.1%
Rule 1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no equity securities will be issued in connection with the Sale

Notes:

- (1) The “net asset value” of the Property is based on its market value as stated in the Valuation Report less depreciation of approximately S\$4,954,000. The Company has used the net assets value of S\$57,158,000 (being the financial period for the latest announced consolidated accounts of the Group).
- (2) Based on the profit of assets to be disposed of less sales expenses of S\$921,000. The Company has used the net profits of S\$10,236,000 (being the financial period for the latest announced consolidated accounts of the Group).
- (3) The “market capitalisation” of the Company is determined by multiplying the 191,012,000 shares in issue as at the date of announcement by the weighted average price of the shares of approximately S\$0.605 transacted on 13 April 2012, being the market day immediately preceding the date of the exercise of the Option by the Purchaser.

As the relative figure computed under Listing Rule 1006(a) to Rule 1006(d) as computed above exceeds 5% but does not exceed 20%, the sale constitutes a discloseable transaction within the meaning of Chapter 10 of the Listing Manual and as such, the Company is releasing this announcement pursuant to Rule 1010 of the Listing Manual.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, controlling or substantial shareholders of the Company has any direct or indirect interest in the Sale.

10. DOCUMENTS FOR INSPECTION

Copies of the Option to Purchase and the Valuation Report will be made available for inspection during normal business hours at the registered office of the Company at No. 7 Tuas View Circuit, Singapore 637642 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

SIM SOON NGEEN GLENDLE

Executive Chairman and Chief Executive Officer
16 April 2012