

MENCAST HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company registration no.: 200802235C)

ACQUISITION OF 2,100,000 ORDINARY SHARES IN THE CAPITAL OF VAC-TECH ENGINEERING PTE LTD – ENTRY INTO 2ND SUPPLEMENTAL SALE AND PURCHASE AGREEMENT

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as in the announcements dated 7 May 2012, 6 July 2012 and 31 July 2012, 3 September 2012 and 6 June 2013 in relation to the Vac-Tech Acquisition, and the announcements dated 26 February 2013, 6 March 2013, 22 March 2013, 25 April 2013, 22 May 2013, 7 June 2013, 20 June 2013 and 4 July 2013 in relation to the Bonus Issue (collectively, the “Announcements”).

The Board of Directors (the “**Directors**”) of Mencast Holdings Ltd. (the “**Company**”) refers to the Announcements and wishes to announce that it has, on 2 May 2014, entered into a 2nd supplemental sale and purchase agreement (the “**2nd Supplemental Agreement**”) with the Vendors, pursuant to which the Parties have agreed to revise the terms of the Agreement and the Supplemental Agreement in relation to, *inter alia*, the allotment and issuance of the 2nd Tranche Consideration Shares to the Vendors.

Pursuant to the 2nd Supplemental Agreement, the Parties have mutually agreed that notwithstanding the previous Clause 4.1.1(b) of the Supplemental Agreement, of the 2nd Tranche Payment of S\$4,200,000, (a) S\$2,500,000 shall be fully satisfied in cash; and (b) the remaining S\$1,700,000 shall be fully satisfied by the allotment and issue of the 2nd Tranche Consideration Shares with a total aggregate value of S\$1,700,000 by the Company to the Vendors, in the following manner:

- (i) of the S\$2,500,000 which shall be fully payable in cash,
 - A. S\$1,250,000 shall be payable in cash on the day the 2nd Supplemental Agreement is signed; and
 - B. a further S\$1,250,000 shall be payable in cash within ten (10) Business Days on the earlier of:
 - I. the date on which the Vendors notify the Company that the Profit Warranty has been met; or
 - II. 31 July 2015; and
- (ii) of the remaining S\$1,700,000 which shall be fully satisfied by the allotment and issue of 2nd Tranche Consideration Shares, the 2nd Tranche Consideration Shares will be allotted and issued on two separate dates, whereby:
 - A. Shares with a total value of S\$850,000 (“**2nd Tranche Consideration Shares – Part 1**”) will be issued, credited as fully paid-up, at the Issue Price, within ten (10) Business Days from the day the 2nd Supplemental Agreement is signed;
 - B. Shares with a total value of S\$850,000 (“**2nd Tranche Consideration Shares – Part 2**”) will be issued, credited as fully paid-up, at the Issue Price, within ten (10) Business Days from the earlier of:

- I. the date on which the Vendors notify the Company that the Profit Warranty has been met; or
- II. 31 July 2015.

For the avoidance of doubt, the Issue Price for each 2nd Tranche Consideration Share shall be same as that for each 1st Tranche Consideration Share (as per the announcement released by the Company on SGXNET on 3 September 2012, the Issue Price is S\$0.578).

In relation to the foregoing, as per Clause 2.2 of the Supplemental Agreement, the Vendors' entitlement to the remaining shares under the 2nd Tranche Payment shall also be adjusted accordingly to take into account the Company's Bonus Issue of Shares, at nil consideration on the basis of one (1) bonus share for every four (4) existing Shares, which was completed in June 2013.

Pursuant to the above, the amount of cash and total value of 2nd Tranche Consideration Shares which each Vendor shall receive are as follows:

	Amount of cash which the respective Vendor shall receive	Total aggregate value of 2nd Tranche Consideration Shares which the respective Vendors shall receive / Total number of shares	Total number of additional shares to be issued to the respective Vendors pursuant to the Bonus Issue
	On the day the 2nd Supplemental Agreement is signed	Within ten (10) Business Days from the day the 2nd Supplemental Agreement is signed (i.e. 2nd Tranche Consideration Shares – Part 1)	
Vendor #1	\$S\$119,000	\$S\$80,920 / 140,000 shares	35,000
Vendor #2	\$S\$1,131,000	\$S\$769,080 / 1,330,588 shares	332,647
Sub-total	\$S\$1,250,000	\$S\$850,000 / 1,470,588 shares	367,647
	On the day which is the earlier of: the date on which the Profit Warranty is met; or 31 July 2015	Within ten (10) Business Days from the earlier of: the date on which the Profit Warranty is met; or 31 July 2015 (i.e. 2nd Tranche Consideration Shares – Part 2)	
Vendor #1	\$S\$119,000	\$S\$80,920 / 140,000 shares	35,000
Vendor #2	\$S\$1,131,000	\$S\$769,080 / 1,330,588 shares	332,647
Sub-total	\$S\$1,250,000	\$S\$850,000 / 1,470,588 shares	367,647
Total	\$S\$2,500,000	\$S\$1,700,000	-

In addition to the above, the Parties have also mutually agreed that notwithstanding the previous Clause 4.2.1(b) of the Agreement, the Vendors shall undertake not to:

- (i) for a period of twelve (12) months from the original intended date of the issuance of the 2nd Tranche Consideration Shares – Part 1 (i.e. 31 July 2013) (if issued, and for such longer period if imposed by the SGX-ST), transfer, sell, dispose or realise any of the 2nd Tranche Consideration Shares – Part 1 either of them holds; and
- (ii) for a period of twelve (12) months from the date of the issuance of the 2nd Tranche Consideration Shares – Part 2 (if issued, and for such longer period if imposed by the SGX-ST), transfer, sell, dispose or realise any of the 2nd Tranche Consideration Shares – Part 2 either of them holds.

Further, the Parties have also mutually agreed that:

- (i) notwithstanding the previous Clause 4A.1 of the Agreement, the Relevant Period for the Profit Warranty shall be amended from “1 January 2012 to 31 December 2013” to “1 May 2012 to 31 July 2015”;
- (ii) notwithstanding the previous Clause 4A.3 of the Agreement, in the event the Profit Warranty is not achieved within the Relevant Period, the Cash Compensation shall be payable by the Vendors to the Company within six (6) months from “31 July 2015”, instead of “31 December 2013”; and
- (iii) in relation to the previous Clause 7.3 of the Agreement on the Profit Share Payment, the words “in relation to the soil stabilisation project amounting to S\$16 million” shall be inserted after the words “Exxon Contract”¹.

Save for the above, all other terms of the Agreement and the Supplemental Agreement remain unchanged.

Further announcements in respect of the allotment and issuance of the 2nd Tranche Consideration Shares will be made in due course.

BY ORDER OF THE BOARD

SIM SOON NGEE GLENN DLE
Executive Chairman and Chief Executive Officer
2 May 2014

¹ The amended clause shall read “Notwithstanding the terms of this Agreement and the sale and purchase of the Sale Shares, the Parties hereby further agree that the profits accrued from the Exxon Contract in relation to the soil stabilisation project amounting to S\$16 million shall be shared by the Parties in the following proportions: Vendor #2: 40%, Company: 60%”.