

MENCAST HOLDINGS LTD.

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

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 59,540,977 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.20 FOR EACH RIGHTS SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

- 1.1 The board of directors (the “**Directors**”) of Mencast Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the “**Rights Issue**”) of up to 59,540,977 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.20 (the “**Issue Price**”) for each Rights Share, on the basis of one (1) Rights Share for every five (5) existing ordinary shares in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a time and date to be determined by the Directors for the purpose of determining the Shareholders’ entitlements under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded.
- 1.2 It is intended that the Rights Shares will be issued pursuant to the share issue mandate approved at the annual general meeting held on 25 April 2014 (the “**Share Issue Mandate**”) results of which were announced on 25 April 2014.

Pursuant to the Share Issue Mandate, the Directors will be authorised to, *inter alia*, issue and allot Shares in the Company by way of a rights issue on a *pro-rata* basis to Shareholders at any time and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares in the Company to be issued pursuant to such authority may be increased to but shall not exceed 50% of the issued share capital of the Company (excluding treasury shares) at the date of approval of the Share Issue Mandate.

Accordingly, the Company will not be seeking specific approval from Shareholders for the Rights Issue, as the basis of the Rights Issue would fall within the limit of the Share Issue Mandate.

2. PROPOSED RIGHTS ISSUE

- 2.1 The Company is proposing to undertake the Rights Issue, at the Issue Price for each Rights Share on a renounceable basis to Shareholders whose registered addresses with the Company or The Central Depository (Pte) Limited (the “**CDP**”), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) Market Days (as defined below) prior to the Books Closure Date, provided to the Company or the CDP, as the case may be, addresses in Singapore for the service of notices and documents (the “**Entitled Shareholders**”).

Fractional entitlements to the Rights Shares will be disregarded and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for the Rights Shares (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, “record date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the securities accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or distributions.

Entitled Shareholders will be at liberty to accept, decline, renounce or trade (during the provisional allotment trading period prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue (the “**Excess Rights Shares**”).

In the allotment of Excess Rights Shares, preference will be given to Entitled Shareholders in satisfaction of their application for Excess Rights Shares, if any, provided that where there are insufficient Excess Rights Shares to allot to each application, the Company shall allot the Excess Rights Shares to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with its day-to-day affairs or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of the Company will rank last in priority. The Company will also not make any allotments and issuance of any Excess Right Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Issue Price of S\$0.20 for each Rights Share represents a discount of approximately 66.67% to the last transacted price of S\$0.60 per Share on the Main Board of the SGX-ST on 12 May 2014 (being the immediate market day preceding the date of this Announcement).

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement (including the accompanying application forms) to be despatched by the Company to the Shareholders in due course (the “**Offer Information Statement**”).

3. IRREVOCABLE UNDERTAKINGS

3.1 To show their support for the Rights Issue and to demonstrate their commitment to and confidence in the Company, several Shareholders of the Company, namely Sim Soon Ngee Glendle, Chua Kim Choo, Sim Wei Wei, Sim Soon Ying (together, the “**Sim Concert Party**”), Gay Chee Cheong, Wong Boon Huat and Wong Chee Heng (collectively, the “**Undertaking Shareholders**”) have each irrevocably undertaken (the “**Entitled Rights Undertakings**”), respectively, to subscribe and pay for, and/or procure the subscription and payment for, their *pro-rata* rights entitlements under the Rights Issue, amounting to an aggregate of 34,726,101 Rights Shares.

Notwithstanding the above, the irrevocable undertakings by Sim Soon Ngee Glendle, Chua Kim Choo, Sim Wei Wei and Sim Soon Ying may be subject to an application to the SGX-ST pursuant to Rule 820(2) of the Listing Manual to scale down their applications for the Rights Issue to avoid being placed in the position of incurring a mandatory bid obligation under the Singapore Code of Take-overs and Mergers as a result of other shareholders not taking up their rights entitlement. Please refer to paragraph 4 of this announcement for further details.

3.2 In addition, each of Wong Boon Huat, Gay Chee Cheong, and Wong Chee Heng have also irrevocably undertaken (the “**Excess Rights Undertakings**”, together with the Entitled Rights Undertakings, the “**Irrevocable Undertakings**”) to make excess applications, over and above their *pro-rata* rights entitlements, for an aggregate of up to 10,000,000 Excess Rights Shares (subject to such Rights Shares not being taken up by Entitled Shareholders under the Rights Issue).

3.3 The details of the Irrevocable Undertakings, all of which were provided on 14 May 2014, are set out below:

- (i) Sim Soon Ngee Glendle, the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company, who has an interest (directly or indirectly) in 122,109,000 Shares representing approximately 41.02% of the existing share capital of the Company as at the date of this announcement, has given an irrevocable undertaking in favour of the Company that he will subscribe and pay for, and/or procure the subscription of and payment for, his *pro-rata* rights entitlements of 12,600,000 Rights Shares;
- (ii) Chua Kim Choo, a substantial shareholder of the Company, who has an interest (directly or indirectly) in 122,109,000 Shares representing approximately 41.02% of the existing share capital of the Company as at the date of this announcement, has given an irrevocable undertaking in favour of the Company that she will subscribe and pay for, and/or procure the subscription of and payment for, her *pro-rata* rights entitlements of 6,952,800 Rights Shares;
- (iii) Sim Wei Wei, a substantial shareholder of the Company, who has an interest (directly or indirectly) in 122,109,000 Shares representing approximately 41.02% of the existing share capital of the Company as at the date of this announcement, has given an irrevocable undertaking in favour of the Company that she will subscribe and pay for, and/or procure the subscription of and payment for, her *pro-rata* rights entitlements of 2,444,000 Rights Shares;
- (iv) Sim Soon Ying, a substantial shareholder of the Company, who has an interest (directly or indirectly) in 122,109,000 Shares representing approximately 41.02% of the existing share capital of the Company as at the date of this announcement, has given an irrevocable undertaking in favour of the Company that he will subscribe and pay for, and/or procure the subscription of and payment for, his *pro-rata* rights entitlements of 2,425,000 Rights Shares;
- (v) Wong Boon Huat, an Executive Director and substantial shareholder of the Company, who has an interest (directly or indirectly) in 23,337,755 Shares representing approximately 7.84% of the existing share capital of the Company as at the date of this announcement, has given an irrevocable undertaking in favour of the Company that he will subscribe and pay for, and/or procure the subscription of and payment for, his *pro-rata* rights entitlements of 4,667,551 Rights Shares and up to 5,000,000 Excess Rights Shares (subject to availability) under the Rights Issue;
- (vi) Gay Chee Cheong, a substantial shareholder of the Company, who has an interest (directly or indirectly) in 27,102,500 Shares representing approximately 9.10% of the existing share capital of the Company as at the date of this announcement, has given an irrevocable undertaking in favour of the Company that he will subscribe and pay for, and/or procure the subscription of and payment for, his *pro-rata* rights entitlements of 3,895,500 Rights Shares and up to 2,500,000 Excess Rights Shares (subject to availability) under the Rights Issue; and
- (vii) Wong Chee Heng, a shareholder of the Company, who has an interest (directly or indirectly) in 8,706,250 Shares representing approximately 2.92% of the existing share capital of the Company as at the date of this announcement, has given an irrevocable undertaking in favour of the Company that he will subscribe and pay for, and/or procure the subscription of and payment for, his *pro-rata* rights entitlements of 1,741,250 Rights Shares and up to 2,500,000 Excess Rights Shares (subject to availability) under the Rights Issue.

In addition to the above, each of the Undertaking Shareholders has also undertaken to ensure that none of the Shares in which he/ she currently has an interest (directly or indirectly), are sold, transferred or otherwise disposed of during the period between the date of the

irrevocable undertaking and the date of issue of the Rights Shares without the prior written consent of the Company.

Each of the Undertaking Shareholders has also provided a confirmation to the Company from the relevant financial institutions that he/ she has sufficient financial resources for the purposes of fulfilling his/ her obligations pursuant to the Irrevocable Undertakings.

3.4 The Irrevocable Undertakings are subject to and conditional upon, *inter alia*, the following:-

- (i) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Main Board of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
- (ii) the lodgment of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act (Cap. 289) of Singapore with the Monetary Authority of Singapore.

3.5 In view of the foregoing Irrevocable Undertakings, the Rights Issue will not be underwritten.

4. SCALING DOWN OF SUBSCRIPTIONS

4.1 The Singapore Code on Take-overs and Mergers (the “**Code**”) regulates the acquisition of ordinary shares of, *inter alia*, corporations with a primary listing on the SGX-ST, including the Company. Except with the consent of the Securities Industry Council, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting rights in the Company or if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting rights in the Company, and acquires additional Shares representing more than 1.0% of the voting rights in the Company in any six (6)-month period, must extend a mandatory general offer for the remaining Shares in the Company in accordance with the provisions of the Code.

4.2 Depending on the level of subscription for the Rights Issue, the Company will, if necessary and upon the approval of the SGX-ST, scale down the subscription for the Rights Shares by any of the substantial Shareholders to avoid placing the relevant substantial Shareholder and/or parties acting in concert with it (as defined in the Code) in the position of incurring an obligation to make a mandatory general offer under the Code as a result of other Entitled Shareholders not taking up, whether partly or in full, their *pro-rata* rights entitlements.

5. RATIONALE FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

5.1 The Directors are of the view that the Rights Issue would provide the following benefits to the Company:-

- (i) strengthen the balance sheet of the Company; and
- (ii) increase financial resources and grant the Company the flexibility to invest in value-creating opportunities in a timely manner.

5.2 The Rights Issue, if fully subscribed, will raise approximately S\$11.91 million and the net proceeds of the Rights Issue, after deducting estimated expenses of approximately S\$125,000, will amount to approximately S\$11.79 million (the “**Net Proceeds**”).

The Net Proceeds from the Rights Issue will be used for the funding of mergers and acquisitions, capital expenditure and general working capital requirements

The Company intends to utilise the Net Proceeds in the following manner:

Use of Net Proceeds	Amount (S\$'000,000)	Percentage of Net Proceeds (%)
Funding of business expansion through mergers and acquisitions and capital expenditures	10.0	84.8
General working capital requirements	1.79	15.2
Total	11.79	100.0

Pending the deployment of the Net Proceeds for the purposes mentioned above, such proceeds may be deposited with banks or financial institutions, invested in short-term money markets or marketable securities or used for any other purpose on a short-term basis as the Directors may deem fit.

The Company will make periodic announcements on the utilisation of the proceeds of the Rights Issue, as and when the funds from the Rights Issue are disbursed or utilised. Where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report.

The Directors believe that the Issue Price of S\$0.20 for each Rights Share is attractive, and in the reasonable opinion of the Directors, there is no minimum amount that needs to be raised from the Rights Issue taking into consideration the intended use of proceeds.

6. ELIGIBILITY TO PARTICIPATE IN THE RIGHTS ISSUE

6.1 The Company proposes to provisionally allot the Rights Shares to Entitled Shareholders (comprising Entitled Depositors, Entitled Scripholders and excluding Foreign Shareholders, as defined below) under the Rights Issue.

(A) Entitled Depositors

Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date (the "**Entitled Depositors**") will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date.

To be "Entitled Depositors", depositors must have registered addresses in Singapore with CDP as at the Books Closure Date, or if they have registered addresses outside Singapore, they must provide CDP at 4 Shenton Way #02-01 SGX Centre 2, Singapore 068807 with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

(B) Entitled Scripholders

Shareholders whose Shares are not registered in the name of CDP but whose names appear in the Register of Members of the Company with registered addresses in Singapore as at the Books Closure Date (the "**Entitled Scripholders**") will be provisionally allotted Rights Shares on the basis of the number of Shares held by them as stated in the Register of Members of the Company as at the Books Closure Date.

To be "Entitled Scripholders", Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date, or if they have registered addresses outside Singapore, must provide the Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. on the Books Closure Date by the Share Registrar, will be registered to determine the transferee's provisional allotments of Rights Shares entitlements.

(C) **Foreign Shareholders**

For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, by 5.00 p.m. (Singapore Time) on the date being three (3) market days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**") and the OIS and its accompanying documents will not be despatched to Foreign Shareholders. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotment of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than \$10.00, such net proceeds will be retained for the sole benefit of the Company or dealt with as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar, CPF Board or CDP in connection therewith.

Where such provisional allotments of Rights Shares are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar, CPF Board or CDP in respect of such sales or proceeds thereof, of such provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

If such provisional allotments of Rights Shares cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the Rights Shares represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar, CPF Board or CDP in connection therewith.

7. **APPROVALS**

- 7.1 The proposed Rights Issue is subject to, *inter alia*, the following:
- (a) the approval in-principle of the SGX-ST for the dealing in, listing and quotation of the Rights Shares on the Main Board of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Rights Issue), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company; and
 - (b) the lodgment of the Offer Information Statement together with all other accompanying documents (if applicable) pursuant to the Securities and Futures Act (Cap. 289) of Singapore with the Monetary Authority of Singapore.
- 7.2 The Company will be making an application to the SGX-ST for the permission to deal in and for the listing of and quotation for the Rights Shares on the SGX-ST.

The Offer Information Statement will be lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course following, *inter alia*, the obtaining of approval in-principle of the SGX-ST.

Appropriate announcements in relation to the above application, lodgment and despatch will be made in due course.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and substantial Shareholders has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes true and fair disclosure of all material facts about the Rights Issue and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

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

About Mencast

Mencast Holdings Ltd. and its subsidiaries ("Mencast" or the "Group") is a regional maintenance, repair and overhaul ("MRO") solutions provider for the global Offshore, Oil & Gas and Marine sectors. Headquartered in Singapore, our Group was successfully listed in June 2008 as the first sponsor-approved listing on Singapore's SGX Catalist and later became the first such company to transfer to the SGX Mainboard.

Led by a dedicated and experienced management team, and operating from our new waterfront facilities and logistics seaborne hub on 52,120 square meters of land area, Mencast is well on track to achieve its goal of becoming a leader in the Oil & Gas MRO industry. **For more information on Mencast, visit <http://www.mencast.com.sg>**

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