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

THE PROPOSED DISPOSAL OF PROPERTY AT 6 TECH PARK CRESCENT SINGAPORE 638126

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1. INTRODUCTION

The board of directors (the "**Board**") of Mencast Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, Mencast Subsea Pte Ltd ("**MSS**"), had, on 5 June 2015, granted an option (the "**Option**") to an unrelated third party (the "**Purchaser**") to purchase the property located at 6 Tech Park Crescent, Singapore 638126 (the "**Property**") at a purchase consideration of S$6,102,000 (the "**Consideration**") and on the terms and subject to the conditions of the Option agreement (the "**Option Agreement**") (the "**Proposed Disposal**"). The Purchaser had, on 18 June 2015, exercised the Option to purchase the Property.

2. THE PROPOSED DISPOSAL

2.1 Information on MSS

MSS is a private company limited by shares incorporated in Singapore, with its registered address at 42E Penjuru Road, Mencast Central, Singapore 609161, and is principally involved in the business of inspection, maintenance and repair of marine structures, drill rigs and vessels.

2.2 Information on the Property

The Property comprises a 2-storey semi-detached factory with mezzanine level, and has a land area of 1,717.2 square meters. It is a leasehold property with a 60-year lease granted by the Urban Redevelopment Authority commencing from 18 August 1993.

2.3 Value of the Property

As at 30 June 2015, the net book value of the Property is approximately S$1,816,000.

Based on the latest announced unaudited financial statements of the Group for the half year ended 30 June 2015, the Proposed Disposal is expected to result in a net gain on disposal of approximately S$4,222,000 (after deducting related expenses).

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2.4 Purchase Consideration

The Consideration was arrived at on a willing-buyer willing-seller basis, after taking into account, *inter alia*, prevailing market conditions.

Under the terms of the Option Agreement, the Consideration shall be satisfied in cash shall be payable by the Purchaser as follows:

(i) an amount of S$61,000 (the "**Option Fee**"), equivalent to 1% of the Consideration, which had been paid to MSS for the grant of the Option;

(ii) the amounts of (a) S$592,000 (the "**Deposit**"), equivalent to 10% of the Consideration less the Option Fee; and (b) S$43,000, being 7% Goods and Service Tax ("**GST**") on the Deposit, which had been paid to MSS' solicitors (acting as stakeholders pending completion of the Proposed Disposal ("**Completion**")) and MSS, respectively, upon the exercise of the Option; and

(iii) the balance 90% of the Consideration shall be paid by to MSS upon Completion.

2.5 Salient Terms of the Option Agreement

Under the terms of the Option Agreement, Completion is subject to, *inter alia*, the following:

(i) the Proposed Disposal being subject to the "The Singapore Law Society's Conditions of Sale 2012" (the "**Conditions**"), insofar as the Conditions and the terms and conditions of the Option Agreement are not contrary to or in conflict with the Conveyancing & Law of Property (Conveyancing) Rules 2011 and the Singapore Academy of Law (Conveyancing Money) Rules 2011 (if applicable);

(ii) any payment of monies made by cheque being clear on first presentation;

(iii) the Purchaser's solicitors having received satisfactory replies to their legal requisitions to the various government departments and the Land Transport Authority; and

(iv) there being no notice of intended acquisition or acquisition in whole or in part by the government or other competent authority.

Subject to the terms and conditions of the Option Agreement, Completion is expected to take place on or around ten (10) weeks from the date of exercise of the Option.

The Property shall be sold on as it is condition with vacant possession, and subject to such restrictive and other covenants and conditions thereof but otherwise free from encumbrances. The Purchaser shall bear all applicable GST which MSS may from time to time be required to supply under the Option.

2.6 Rationale for the Proposed Disposal

The Proposed Disposal is in line with the Group's on-going restructuring strategy to divest non-core assets and will allow the Group to unlock the value of the Property and improve its operational efficiencies. The proceeds from the Proposed Disposal will provide the Group with additional working capital to fund the operations and expansion of its core businesses and also to undertake new investment opportunities that may arise in the future towards achieving a higher level of shareholders' value.

2.7 Use of Proceeds

The Company expects to receive gross proceeds of S$6,102,000 from the Proposed Disposal (excluding estimated transactional costs of S$64,520 to be incurred in connection with the Proposed Disposal).

The Company intends to utilise the proceeds from the Proposed Disposal as general working capital for the requirements of the Group's businesses and operations, as well as to undertake new investment opportunities that may arise in the future.

2.8 Financial Effects

The *pro forma* financial effects of the Proposed Disposal on the Group have been prepared based on the Group's audited consolidated financial statements for the financial year ended 31 December 2014. These *pro forma* financial effects are purely for illustrative purposes only and do not reflect the future actual financial position and results of the Group after Completion.

(A) **Net tangible asset ("NTA") per share**

Assuming that the Proposed Disposal had been completed on 31 December 2014, the *pro forma* financial effects of the Proposed Disposal on the NTA per share of the Group for the financial year ended 31 December 2014 would have been as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
NTA (S$'000)	81,111	85,333
Number of issued shares excluding treasury shares ('000)	357,091	357,091
NTA per share (cents)	22.71	23.90

(B) **Earnings per share ("EPS")**

Assuming that the Property had been acquired by MSS on 1 January 2014 and that the Proposed Disposal had been completed on 1 January 2014, the *pro forma* financial effects of the Proposed Disposal on the EPS of the Group for the financial year ended 31 December 2014 would have been as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
Net profit attributable to shareholders (S$'000)	17,460	21,682
Weighted average number of issued shares ('000)	345,320	345,320
EPS (cents)	5.06	6.28

2.9 Relative Figures pursuant to Rule 1006 of the Listing Manual

(a)	Rule 1006(a) The net asset value ("**NAV**") of the Property of approximately S$1,816,000 as at 30 June 2015, compared with the Group's NAV of S$131,799,000 as at 30 June 2015(1)	1.38%
(b)	Rule 1006(b) The net profits attributable to the Property as at 30 June 2015, compared with the Group's net profits of S$3,471,000 as at 30 June 2015(1)	Not applicable as there is no profit attributable to the Property(2)
(c)	Rule 1006(c) The aggregate value of the Consideration of S$6,102,000, compared with the Company's market capitalisation(3) of approximately S$110,451,000 (based on the weighted average price of the Company's shares on the SGX-ST of S$0.305 on 17 June 2015)	5.52%
(d)	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 this is a disposal
(e)	Rule 1006(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as this is not a disposal of a mineral, oil gas asset by a mineral, oil and gas company

Notes:

(1) Based on the latest announced unaudited consolidated accounts of the Group for the half year ended 30 June 2015.

(2) As part of the Group's restructuring exercise, MSS' office and operations had been relocated from the Property to 42B Penjuru Road in October 2014.

(3) Based on the market capitalisation of the Company determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of exercise of the Option.

As the relative figure calculated under Rule 1006(c) of the Listing Manual exceeds 5% (but does not exceed 20%), the Proposed Disposal is a discloseable transaction under Chapter 10 of the Listing Manual. Accordingly, shareholders' approval is not required for the Proposed Disposal.

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective directorships and/or shareholdings in the Company, if any, none of the directors and/or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

4. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

5. DOCUMENTS FOR INSPECTION

A copy of the Option Agreement is available for inspection during normal business hours at the registered office of the Company at 42E Penjuru Road, Mencast Central, Singapore 609161 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

SIM SOON NGEE GLENNDLE
Executive Chairman and Chief Executive Officer
6 August 2015

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 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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