

MENCAST HOLDINGS LTD.

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

PROPOSED ALLOTMENT AND ISSUANCE OF 54,640,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.27 PER SHARE

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**”) of Mencast Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has on 3 December 2015 entered into conditional subscription agreements (collectively, the “**Subscription Agreements**”) with each of the persons named in paragraph 2.1 below (together, the “**Subscribers**”).
- 1.2 Pursuant to the Subscription Agreements, the Company has agreed to allot and issue, and the Subscribers have agreed to subscribe for, an aggregate of 54,640,000 new ordinary shares in the capital of the Company (the “**New Shares**”), at an issue price of S\$0.27 per New Share (the “**Issue Price**”), amounting to an aggregate consideration of S\$14,752,800 (the “**Proposed Subscription**”).
- 1.3 The New Shares represent approximately 15.00% of the existing issued and paid-up share capital of the Company (excluding treasury shares) as at the date of this announcement, and approximately 13.04% of the enlarged issued and paid-up share capital of the Company (excluding treasury shares) immediately after completion of the Proposed Subscription, assuming that no further shares in the capital of the Company (the “**Shares**”) are issued prior thereto.

2. INFORMATION ON THE SUBSCRIBERS

- 2.1 The Subscribers are (i) Mr. Wong Swee Chun (“**Wong**”); and (ii) Mr. Goh Kai Kui (“**Goh**”).

(i) Information on Wong

Mr Wong is the founder and Chairman of Hoi Hup Realty Pte Ltd (an established real estate development company) and Straits Construction Group Pte Ltd (an award-winning building construction company).

As at the date of this announcement, Wong has an interest (directly and indirectly) in 4,059,900 Shares, representing approximately 1.11% of the existing share capital of the Company (excluding treasury shares).

Wong has agreed to subscribe for an aggregate of 45,381,000 New Shares at an Issue Price of S\$0.27, representing approximately 10.83% of the enlarged share capital of the Company (excluding treasury shares). Immediately after completion of the Proposed Subscription, Wong will have an interest (directly and indirectly) in 49,440,900 Shares, representing approximately 11.80% of the enlarged share capital of the Company (excluding treasury shares).

(ii) Information on Goh

Goh is the Chief Executive Officer of Goh Joo Hin Pte Ltd (a Fast Moving Consumer Goods brand owner and distributor, with business networks spanning parts of Asia and Pacific region).

As at the date of this announcement, Goh has an interest (directly) in 447,000 Shares, representing approximately 0.12% of the existing share capital of the Company (excluding treasury shares).

Goh has agreed to subscribe for an aggregate of 9,259,000 New Shares at an Issue Price of S\$0.27, representing approximately 2.21% of the enlarged share capital of the Company (excluding treasury shares). Immediately after completion of the Proposed Subscription, Goh will have an interest (directly) in 9,706,000 Shares, representing approximately 2.32% of the enlarged share capital of the Company (excluding treasury shares).

- 2.2 The Subscribers are not persons to whom the Company is prohibited from issuing Shares, without the approval of shareholders of the Company (the “**Shareholders**”), as provided under Rule 812(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Further, the Subscribers are separate placees and are not related to one another.
- 2.3 Both Subscribers are existing Shareholders of the Company. The Subscribers were separately approached by the Company and after negotiations, the Subscribers agreed to subscribe for, and the Company agreed to place, the New Shares. No commission or other payment is to be made in connection with the Proposed Subscription.
- 2.4 The Company understands that each of the Subscribers will not be holding the New Shares in trust or as a nominee, and is subscribing for the New Shares on his own beneficial account.
- 2.5 The rationale for the allotment and issuance of the New Shares to the Subscribers is set out in paragraph 5 below.

3. GENERAL MANDATE

- 3.1 The New Shares will be allotted and issued pursuant to the general mandate granted by the Shareholders at the annual general meeting of the Company held on 27 April 2015 (the “**General Mandate**”). As such, no circular will be issued by the Company in connection with the Proposed Subscription.
- 3.2 Under the General Mandate, the Board is authorised to issue new shares in the capital of the Company, on the basis that the total number of issued shares and instruments to be issued other than on a pro rata basis to existing Shareholders must be not more than 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company as at the time of the passing of the resolution approving the General Mandate (the “**Relevant Time**”), after adjusting for, amongst other, new shares arising from the conversion or exercise of any instruments.
- 3.3 The total number of Shares (excluding treasury shares) in the capital of the Company as at the Relevant Time was 359,739,083 (after adjusting for the issuance of 345,781 shares pursuant to

the vesting of share awards under the Mencast Performance Share Award Scheme). As at the date of this announcement, the Company has not issued any Shares under the General Mandate.

4. PRINCIPAL TERMS OF THE PROPOSED SUBSCRIPTION

4.1 Issue Price

The Issue Price represents a premium of approximately 20% to the volume weighted average price of the Shares of S\$0.23 per Share for trades done on the SGX-ST on 30 November 2015 (being the preceding full market day prior to the signing of the Subscription Agreements) up to the time a trading halt was called on 1 December 2015, and was commercially agreed between the Company and the Subscribers after arm's length negotiations.

4.2 Ranking

The New Shares, when allotted and issued, shall be issued free from all encumbrances and shall rank *pari passu* in all respects with all other then existing Shares in issue, save that they will not be entitled to any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the New Shares.

4.3 Conditions

Completion under each Subscription Agreement is conditional upon:

- (i) approval in-principle being obtained from the SGX-ST for the listing and quotation of the New Shares on the Mainboard of the SGX-ST (the "**Approval In-principle**");
- (ii) the allotment, issue and subscription of the New Shares not being prohibited by any statute, order, rule, regulation, directive or request whether existing or promulgated or issued on or after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Subscriber;
- (iii) (a) the representations and warranties of the Company and the Subscriber being true, accurate and correct in all material respects at, and as if made on the date of completion of the Proposed Subscription (the "**Completion Date**") with reference to the facts then subsisting; and (b) the Company and the Subscriber having performed in all material respects all of their undertakings and/or obligations to be performed on or before the Completion Date;
- (iv) the approval of the Board being obtained for the allotment and issuance of the New Shares and all transactions contemplated under the Subscription Agreement;
- (v) the Company having a valid Shareholders' general mandate for the issue of Shares which is sufficient for the issuance and allotment of the New Shares;
- (vi) the delivery of all necessary external and internal consents and approvals for the Proposed Subscription, including regulatory and government approvals in any jurisdiction as may be required having been obtained and continuing to be in full force and effect on the Completion Date;

- (vii) there not having been at any time hereafter any material changes from that set forth in the audited consolidated accounts of the Company for the financial year ended 31 December 2014 which is likely to have a material adverse effect on the businesses, operations, prospects or condition (financial or otherwise) of the Company and the Group;
- (viii) there being no circumstance or event occurring that may have a material adverse effect on the businesses, operations, prospects or condition (financial or otherwise) of the Company and the Group;
- (ix) as at the Completion Date, the trading of the issued Shares not being suspended by the SGX-ST (other than a trading halt of the issued Shares on a temporary basis requested by the Company on a voluntary basis) and the issued Shares not having been delisted or threatened to be delisted;
- (x) the business of the Group being carried out in the normal manner and the Group not having disposed of any assets or assumed or incurred any liabilities (including contingent liabilities) other than those in connection with its ordinary course of business from date of the Subscription Agreement to the Completion Date; and
- (xi) the delivery to the Subscriber by the Company of copies (certified true by a Director) of such written consents, approvals and/or waivers in relation to or necessary for the Subscription Agreement and all other transactions contemplated under the Subscription Agreement.

(collectively, the “**Conditions Precedent**”).

The Company and the Subscribers have agreed that in the event that any of the Conditions Precedent are not satisfied or waived by the Subscriber on or before the date falling three (3) calendar months from the date of the Subscription Agreements (or such later date as the parties may agree) (the “**Long-Stop Date**”), the Subscription Agreements shall *ipso facto* cease and neither the Company nor the Subscribers shall be released and discharged from their respective obligations, save for (a) the indemnity obligations of the Company; (b) the confidentiality obligations; and (c) any antecedent breaches.

4.4 Completion

Completion under the Subscription Agreements (“**Completion**”) is expected to take place on the date falling fourteen (14) business days after the satisfaction of the Conditions Precedent, which shall, in any event, be not later than the Long-Stop Date.

4.5 Additional Listing Application

The Company will be making an application on behalf of the Company to the SGX-ST for the listing and quotation of the New Shares on the Main Board of the SGX-ST. The Company will make the necessary announcement in due course upon obtaining the Approval In-principle from the SGX-ST.

4.6 General

The Proposed Subscription will not result in any transfer of controlling interest in the Company.

There is no moratorium on the New Shares.

5. RATIONALE AND USE OF PROCEEDS

- 5.1 Based on the Issue Price, the Proposed Subscription will allow the Company to raise net cash proceeds (after deducting estimated expenses of approximately S\$13,000) of approximately S\$14,739,800 (the “**Net Proceeds**”), which will be used to pay down existing debt so as to place the Group in a more secure financial position, which the Board believes is prudent in view of the current challenging business environment.
- 5.2 The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such Net Proceeds are materially disbursed, and whether the use of Net Proceeds is in accordance with the stated use and in accordance with the percentage allocated. The Company will also provide a status report on the utilisation of such Net Proceeds in the Company’s interim and full-year financial statements and annual report(s).

Where the Net Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on the use of the Net Proceeds in such announcement and annual report(s). Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reasons for such deviation.

- 5.3 Pending deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments or debt instruments or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit from time to time.

6. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

For illustrative purposes only, the financial effects of the Proposed Subscription on the Group, as set out below, are prepared based on the audited consolidated financial statements of the Company and the Group for the financial year ended 31 December 2014 (“**FY2014**”), and are subject to the following assumptions:

- (i) the computations are purely for illustrative purposes only and do not reflect the actual financial results and financial position of the Group after completion of the Proposed Subscription;
- (ii) for purposes of computing the effect of the Proposed Subscription on the net asset value (“**NAV**”) per Share, it is assumed that the Proposed Subscription had been completed on 31 December 2014; and
- (iii) for purposes of computing the effect of the Proposed Subscription on the earnings per Share (“**EPS**”), it is assumed that the Proposed Subscription had been completed on 1 January 2014.

6.1 NAV per Share

The effect of the Proposed Subscription on the NAV per Share of the Group for the FY2014 is as follows:

	Before the Proposed Subscription	After the Proposed Subscription
Consolidated NAV attributable to Shareholders (S\$'000)	126,291	141,031
Number of Shares ('000)	357,091	411,731
Consolidated NAV per Share attributable to Shareholders (cents)	0.35	0.34

6.2 EPS

The effect of the Proposed Subscription on the EPS of the Group for FY2014 is as follows:

	Before the Proposed Subscription	After the Proposed Subscription
Profit attributable to equity holders of the Company (S\$'000)	17,460	17,460
Weighted average number of Shares ('000)	345,320	399,960
Earnings per Share (cents)	5.06	4.37

7. **NO PROSPECTUS OR OFFER INFORMATION STATEMENT TO BE ISSUED**

The Proposed Subscription will be undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Proposed Subscription.

8. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors or, to the best of the Company's knowledge, the substantial shareholders of the Company, has any interest, direct or indirect, in the Proposed Subscription (other than through their respective shareholdings in the Company).

9. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Subscription Agreements may be inspected at the registered office of the Company at 42E Penjuru Road, Mencast Central, Singapore 609161 during normal business hours for a period of three (3) months from the date of this announcement.

10. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed Subscription is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Subscription will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

11. DIRECTORS' 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 full and true disclosure of all material facts about the Proposed Subscription 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
3 December 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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