

## MENCAST HOLDINGS LTD.

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

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### PROPOSED DISPOSAL OF PRC SUBSIDIARY – SUPPLEMENTARY AGREEMENT

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#### 1. Introduction

Reference is made to the announcements made by the Board of Directors ("**Board**") of Mencast Holdings Limited ("**Company**" and, together with its subsidiaries the "**Group**") on 4 May 2018 and on 5 July 2018 (collectively, the "**Prior Announcements**") in relation to the entry of S&W Pte Ltd ("**S&W**"), a wholly-owned subsidiary of the Company, into a sale and purchase agreement (the "**SPA**") for the disposal of S&W's entire stake in Changshu Honghua Equipment (Changshu) Co, Ltd. ("**Changshu**") on the terms and conditions of the SPA (the "**Proposed Disposal**").

*All capitalised terms used and not defined herein shall have the same meanings given to them in the Prior Announcements.*

#### 2. Supplementary Agreement

Further to the Prior Announcements, the Company had on 1 November 2018 entered into a further agreement ("**Supplemental Agreement**") to vary the terms of the SPA and the Proposed Disposal, as described below (the "**Variation**").

The Company is of the view that notwithstanding the Variation, there would be no material change in the risk profile of the Company arising from the Proposed Disposal. Nonetheless, the Company has reached out to, and is presently in consultation with, the Singapore Exchange Securities Trading Limited ("**SGX-ST**") to confirm that the waiver granted by the SGX-ST on 5 July 2018, from the requirement of obtaining shareholders' approval for the Proposed Disposal (the "**Waiver**"), remains valid in light of the Variation.

The Company will make further announcement(s) on the outcome of its consultation with the SGX-ST.

#### 3. Principal Variations

- 3.1. Consideration: The revised consideration to be paid by the Purchaser to S&W for the Proposed Disposal is RMB53.53 million (the "**Revised Consideration**") (previously RMB49 million (the "**Consideration**")), which was arrived at on a willing buyer willing seller basis after taking into account, *inter alia*, certain inter-company loans amounting to approximately RMB7.73 million owing by several subsidiaries of the Company and S&W to Changshu. The net aggregate consideration to be received by S&W for the Proposed Disposal is approximately RMB45.8 million (previously RMB49 million). The net aggregate consideration is still higher than all other offers (other than the Consideration) received by the Company as at the date of the Supplemental Agreement.

The Purchaser is required to pay the Revised Consideration to the Company and S&W according to the following payment schedule:

- (a) RMB9 million (the "**Deposit**") shall be paid as a non-refundable deposit prior to the signing of the SPA; and
- (b) the balance RMB44.53 million will be paid in 3 portions (RMB7 million, RMB 28.8 million and

RMB8.73 million) in accordance with the terms of the SPA, on or before the completion of the Proposed Disposal (“**Completion**”).

The Group is expected to record a net gain on the Proposal Disposal of approximately S\$1.19 million (previously S\$1.84 million).

3.2. Other Variations: The other principal terms of the Proposed Transaction remain as previously announced in the Previous Announcements.

#### 4. Financial Effects

4.1. Bases and Assumptions. The pro forma financial effects of the Proposed Disposal, as varied, have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 and are for illustrative purposes only and do not reflect the actual future financial position of the Group following completion of the Proposed Disposal. The pro forma financial effects have also been prepared based on, *inter alia*, the following assumptions:

- (i) the Proposed Disposal had been effected on 31 December 2017, being the end of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated net tangible assets (“**NTA**”) of the Group; and
- (ii) the Proposed Disposal had been effected on 1 January 2017, being the beginning of the most recently completed financial year of the Group, for illustrating the financial effects on the consolidated earnings of the Group.
- (iii) Estimated expenses for the Proposed Disposal are assumed to be approximately S\$201,000.

#### 4.2. NTA

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
NTA attributable to Shareholders	S\$23,139,000	S\$24,328,000
Number of Shares	422,239,524	422,239,524
NTA per Share attributable to Shareholders (cents)	5.48	5.76

#### 4.3. Earnings Per Share (“EPS”)

	Before Completion of the Proposed Disposal	After Completion of the Proposed Disposal
Net profit/(loss) attributable to Shareholders	(S\$81,988,000)	(S\$77,987,000)
Number of Shares	421,738,524	421,738,524
EPS/(Loss per Share (“LPS”)) (cents)	(19.44)	(18.49)

## 5. Computation Pursuant to Rule 1006 of the SGX-ST Listing Manual

- 5.1. For the purposes of Chapter 10 of the SGX-ST Listing Manual, the relative figures for the Proposed Disposal using the applicable bases of comparison under Rule 1006 of the Listing Manual based on the unaudited consolidated accounts of the Company for the period ended 31 December 2017 are as follows:

Listing Rule	Content	Percentage (%) / Changes (if any)
Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value.	24.4 / No change
Rule 1006(b)	Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	3.5 / No change
Rule 1006(c)	Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	26.8 / Previously 28.7
Rule 1006(d)	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 / No change
Rule 1006(e)	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.	Not applicable / No change

As announced in the Previous Announcements, the relative figures in respect of Rules 1006(a) and 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a major transaction under Rule 1014(1) of the Listing Manual and is accordingly subject to the approval of shareholders at an extraordinary general meeting to be convened pursuant to Rule 1014(2) of the Listing Manual.

As abovementioned, the Company had previously consulted with, and have sought a waiver from, the SGX-ST from the requirement of obtaining shareholders' approval for the Proposed Disposal. The Company is presently in consultation with the SGX-ST to confirm that the Waiver remains valid in light of the Variation.

The Company will make further announcements on the outcome of its consultation with the SGX-ST.

## 6. Further Information

- 6.1. **Interests of Directors and Controlling Shareholders:** None of the directors or controlling shareholders of the Company have any interest, direct or indirect, in the Proposed Disposal except through their shareholdings (if any) in the Company.
- 6.2. **Documents Available for Inspection:** Copies of the Supplemental Agreement will be 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 3 months from the date of this Announcement.
- 6.3. **Cautionary Statement:** Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders are also advised to refrain from

taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

**BY ORDER OF THE BOARD**

SIM SOON NGEE GLENDLE  
Executive Chairman & Chief Executive Officer  
1 November 2018

## **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.

**For more information on Mencast, visit <http://www.mencast.com.sg>**

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