

**MENCAST HOLDINGS LTD.**

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

**RESPONSE TO QUERY FROM SGX REGCO - FULL YEAR FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020**

The Board of Directors (the "Board") of Mencast Holdings Ltd. (the "Company", together with its subsidiaries, the "Group") would like to respond to the queries raised by the Singapore Exchange Regulation Pte. Ltd. ("SGX RegCo") in an email to the Company on 2 March 2021 (as set out below), in relation to the Company's full year results for the financial year ended 31 December 2020 ("FY2020").

**SGX-ST Query 1:**

It is disclosed on page 2 of the unaudited financial statements that an amount of S\$2,160,000 was recognised as impairment losses on property, plant and equipment and S\$3,500,000 was recognised as impairment loss on disposal group classified as held-for-sale for the year ended 31 December 2020. In this regard, please disclose the following information:

- (i) how the amount of impairment was determined;
- (ii) whether any valuation was conducted; the value placed on the assets; the basis and the date of such valuation;
- (iii) the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of impairment; and
- (iv) the reasons for the impairment losses.

**Company's Response:**

The impairment charge of S\$2,160,000 on property, plant and equipment relate to a vessel and the S\$3,500,000 impairment charge relates to one of the Group's properties accounted under disposal group "Classified as held for sale".

Management engaged independent external appraisers to carry out a valuation of the group's non-financial assets as at 31 December 2020, and this valuation forms part of the management's process for impairment assessment.

The date, basis and value of the impaired assets are tabulated as follow:

	Vessel	Property
Date of valuation	25 November 2020	22 February 2021
Valuation	S\$11,600,000	S\$67,000,000
Basis of Valuation	The following factors were considered in determining the estimated current fair value of the vessel: a) the type, size and machinery provided on board and other specifications of the vessel;	The basis of valuation is Market Value which is synonymous with fair value and the methodology is Direct Comparison Method cross checked with Income Method.

	<ul style="list-style-type: none"> <li>b) the age of the vessel and future economic life expectancy;</li> <li>c) the assumed satisfactory condition of the vessel's hull, machinery and equipment; and</li> <li>d) the supply and demand for vessels of such type and size in the sales and purchase market.</li> </ul>	
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In view of the slow recovery in the marine, oil and gas markets, the priority of the Group has been to strengthen its balance sheet and liquidity through selective disposal of its non-core assets to pare down debt.

The Group is actively engaged in discussions with potential parties in relation to the sale of these non-financial assets. Industry conditions in the marine and oil and gas industry are quite volatile and uncertain, and where estimated recoverable amounts are less than carrying value and/or fair value less costs to sell, an impairment charge has been taken. Two such assets, namely the vessel and property in the table above were identified as having a carrying value and/or fair value less costs to sell above estimated recoverable amount and impairment charges of \$2,160,000 and \$3,500,000 made respectively.

The Board has reviewed this assessment and is satisfied with the reasonableness of the methodologies used to determine the values of these impairment losses.

**BY ORDER OF THE BOARD**

SIM SOON NGEE GLENN DLE  
 Executive Chairman & Chief Executive Officer  
 4 March 2021

## **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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