



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

**PROPOSED ACQUISITION OF 100% OF THE REGISTERED SHARE
CAPITAL IN MENJI SHANGHAI, 旻集科技发展（上海）有限公司**

1. INTRODUCTION

The board of directors (the “**Board**” or “**Directors**”) of the Company (together with its subsidiaries, the “**Group**”) is pleased to announce that Menji Pte. Ltd., a 55.2% owned subsidiary of the Company (the “**Purchaser**”), has, on 11 May 2021, entered into a sale and purchase agreement (the “**SPA**”) with Gong Kun, 龚坤 (the “**Vendor**”), under which the Vendor will sell, and the Purchaser will purchase, 100% of the registered share capital in Menji Shanghai, 旻集科技发展（上海）有限公司 (“**Menji Shanghai**”) (the “**Proposed Acquisition**”). Following the completion of the Proposed Acquisition, the Purchaser shall hold 100% of the registered share capital in Menji Shanghai.

2. INFORMATION ON MENJI SHANGHAI

Menji Shanghai is a company established and registered in the People’s Republic of China (the “**PRC**”) on 26 June 2019. The principal activities of Menji Shanghai mainly include the provision of engineering and construction services, and the wholesale of building and construction materials in the PRC. Menji Shanghai has a registered share capital of RMB 1,000,000, none of which has been paid up. As of the date of this announcement, the Vendor holds 100% of the registered share capital in Menji Shanghai.

Based on the unaudited financial statements of Menji Shanghai for the financial year ended 31 December 2020, the net liability position of Menji Shanghai was RMB 295,000, and the net loss attributable to Menji Shanghai was RMB 12,000. No independent valuation was conducted on Menji Shanghai for the purposes of the Proposed Acquisition.

3. RATIONALE FOR ACQUISITION

As previously announced by the Board on 16 March 2020, the Company had entered into a joint venture operating agreement (the “**Joint Venture**”) with Phomi MCM Co., Ltd. (“**PMC**”) and Mr. Wong Chee Heng to incorporate and operate the Purchaser in Singapore. PMC is presently engaged in the production of eco-building materials using proprietary processes from sustainable and recyclable materials, and the Purchaser is responsible for marketing, producing and distributing PMC’s products in Singapore and other markets.

The Board is of the view that the Proposed Acquisition is in the Group’s best interests, as it would enable the Purchaser to expand its reach into the residential, construction and industrial building sectors in the PRC, and into marine and offshore construction projects based in the PRC where the Group has an existing client base. As the Company presently holds 55.2% of

the issued and paid-up capital in the Purchaser, the Proposed Acquisition is in line with the Group's plans to expand its service offerings, ultimately delivering growth to the Group and enhancing its revenue stream.

4. CONSIDERATION

Pursuant to the SPA, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, 100% of the registered share capital in Menji Shanghai for a purchase consideration of RMB 1.00. The purchase consideration will be paid via telegraphic transfer within 30 days following the completion of the SPA.

The consideration was determined following arms' length negotiations between the Vendor and the Purchaser on a willing buyer-willing seller basis, taking into consideration various commercial factors, amongst others, the net liability and net loss position of Menji Shanghai.

5. NON-DISCLOSEABLE TRANSACTION

The relative figures computed pursuant to Rules 1006(a) and 1006(b) of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") involve negative figures as Menji Shanghai is loss making. Under Rule 1007(1) of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction in accordance with the applicable circumstances in the Practice Note 10.1.

Pursuant to Paragraph 4.3(a) of the Practice Note 10.1 of the Listing Manual, no announcement and shareholders' approval of the Proposed Acquisition is required as (i) the absolute relative figure computed on the basis of the market capitalisation test under Rule 1006(c) amounts to 5% or less, and (ii) the net loss attributable to the Proposed Acquisition of Menji Shanghai for the financial year ended 31 December 2020 amounts to 5% or less of the audited consolidated net profit of the Company for the financial year ended 31 December 2020 (in each case taking into account only the absolute values).

6. FINANCIAL EFFECTS

The Proposed Acquisition is not expected to have a material impact on the consolidated net tangible assets and earnings per share of the Group for the current financial year ending 31 December 2021.

7. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholding interests in the Company.

8. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours of the Company for three (3) months from the date of this announcement at the Company's registered office address at 42E Penjuru Road, Mencast Central, Singapore 609161.

BY ORDER OF THE BOARD

SIM SOON NGEE GLENN DLE
Executive Chairman & Chief Executive Officer
11 May 2021