



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

INCORPORATION OF A NEW SUBSIDIARY AND INTERNAL REORGANISATION

A. Incorporation of a new subsidiary

1. The Board of Directors ("**Board**") of Mencast Holdings Ltd. ("**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Group has incorporated a new subsidiary in Singapore, details of which are as set out below:

Name of subsidiary	Menji Development Pte. Ltd. (" Menji Development ")
Place of incorporation	Singapore
Date of incorporation	23 January 2024
Principal activity	To market, produce and distribute eco-building materials and products from Phomi MCM Co., Ltd. (" PMC ") in Singapore and in other overseas markets
Issued and paid-up share capital	S\$200,000 comprising 200,000 ordinary shares issued at S\$1.00 per share
The Group's percentage of shareholding	<p>60% (held through Mencast Investment Holdings Pte. Ltd. ("Mencast Investment"), a wholly-owned subsidiary of the Company). Accordingly, the amount payable by Mencast Investment for the incorporation of Mencast Development is S\$120,000, which will be funded through the Group's internal resources.</p> <p>Mr. Gong Kun ("Mr. Gong") and Mr. Wong Chee Heng ("Mr. Wong") will hold the remaining 15% and 25% of the total issued and paid-up share capital of Menji Development, respectively.</p> <p>Save for the business relationships between Mr. Gong and Mr. Wong with the Group as elaborated in the previous announcements and the ensuing paragraphs, they are unrelated to the Group's directors, controlling shareholders and their respective associates.</p>

2. As previously announced by the Board on 16 March 2020, the Company had entered into a joint venture operating agreement with PMC and Mr. Wong to incorporate and operate Menji Pte. Ltd. ("**Menji Singapore**") in Singapore. The Company presently holds 49.73% of the total issued and paid-up share capital of Menji Singapore, with Mr. Wong, PMC and Mr. Gong holding the

remaining 22.52%, 17.84% and 9.91% of the total issued and paid-up share capital of Menji Singapore, respectively. Menji Singapore in turn owns 100% of the registered share capital in Menji Technology Development (Shanghai) Co., Ltd., 旻集科技发展（上海）有限公司 (“**Menji Shanghai**”).

3. Prior to the incorporation of Menji Development and the Proposed Reorganisation (as defined below), Menji Singapore was responsible for marketing, producing and distributing PMC’s products in Singapore and other markets. Menji Shanghai is presently engaged in the provision of engineering and construction services, and the wholesale of building and construction materials in the People’s Republic of China (“**PRC**”).
4. The incorporation of Menji Development is not expected to have any material impact on the net tangible assets or earning per share of the Group for the current financial year ending 31 December 2024.
5. It is envisaged that (i) Mr. Sim Soon Ngee Glenndle, Executive Chairman & Chief Executive Officer of the Company, (ii) Mr. Wong Boon Huat, Executive Director of the Company and (iii) Mr. Gong will be appointed as directors of Menji Development.
6. Save for the foregoing, none of the directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the incorporation of Menji Development.

B. Proposed internal reorganisation

7. Introduction

- (a) The Board wishes to further announce that the Group intends to undertake an internal reorganisation exercise (the “**Proposed Reorganisation**”) involving Menji Singapore and Menji Shanghai. Pursuant to the Proposed Reorganisation, Menji Singapore will transfer its entire shareholding interests in Menji Shanghai to Menji Development post-incorporation.
- (b) The Group’s effective interest in Menji Shanghai is expected to increase from 49.73% to 60.0% (i.e. by 10.27%) as a result of the Proposed Reorganisation
- (c) The rationale of the Proposed Reorganisation

Following the completion of Menji Singapore’s acquisition of Menji Shanghai on 20 August 2021, Menji Shanghai had successfully embarked on its first residential project using PMC’s eco-friendly building materials and has plans to secure more projects. PMC is, however, restricted by their current internal investment policies which restricts their ability to participate in future projects with main contractors and/or developers secured by Menji Shanghai, PMC themselves being an indirect shareholder of Menji Shanghai (through Menji Singapore).

In view of the foregoing, the shareholders of Menji Singapore have mutually agreed for Menji Shanghai to be reorganised as a subsidiary of Menji Development, with Mencast Investment (60%), Mr. Wong (25%) and Mr. Gong (15%) as the only shareholders of Menji Shanghai.

(d) An illustration of the Group's organization structure pre- and post-Proposed Reorganisation, simplified to include only the involved entities, is as follows:

Pre-Proposed Reorganisation (post-incorporation of Menji Development)

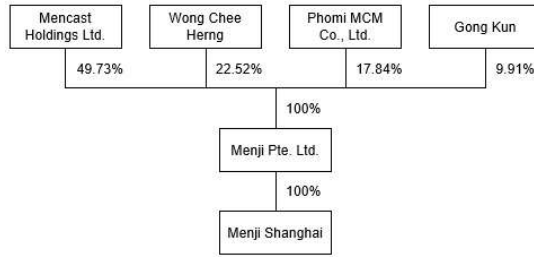


Fig 1. Shareholding of Menji Singapore and Menji Shanghai

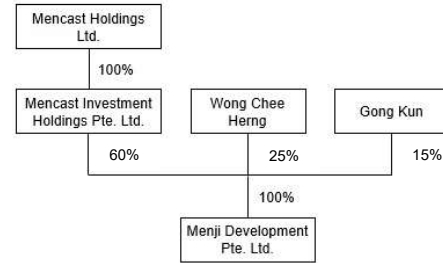


Fig 2. Shareholding of Menji Development

Post-Proposed Reorganisation

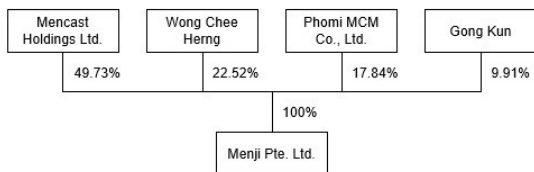


Fig 3. New shareholding of Menji Singapore

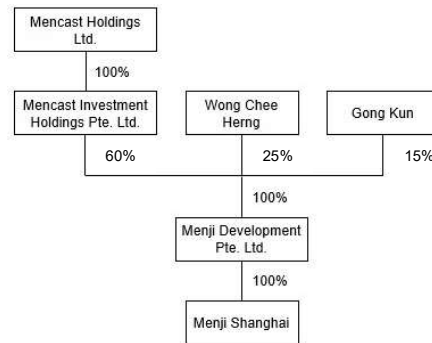


Fig 4. New shareholding of Menji Development

(e) As illustrated above, the Proposed Reorganisation will not result in any changes to the present shareholding structure of Menji Singapore. There will also be no changes to the principal business of Menji Shanghai. Following the Proposed Reorganisation:

- (i) Menji Development will market, assemble and install eco-building materials and products from PMC (as well as other suppliers or partners) in Singapore and in other overseas markets, across various industries such as construction and residential developments, and marine and offshore construction projects;
- (ii) Menji Singapore will be responsible solely for the distribution and sale of PMC's products in Singapore and other overseas markets; and
- (iii) the existing share award deed entered into between Menji Singapore and Mr. Gong, as announced by the Board on 30 September 2021 and pursuant to which Menji Singapore will issue a certain number of shares in Menji Singapore to Mr. Gong if Menji Shanghai achieves certain specified profit targets, will be terminated.

8. NTA of Menji Shanghai

Based on the latest management accounts of Menji Shanghai for the financial year ended 31 December 2023, the entire capital and reserves attributable to Menji Shanghai that is the subject of the Proposed Reorganisation has a net tangible asset value of approximately S\$178,000, and the net tangible asset value attributable to the effective equity interest of 10.27% of the shares of Menji Shanghai is approximately S\$18,000. Having considered that the Group presently holds an effective 49.73% interest in Menji Shanghai and the Proposed Reorganisation will increase the Group's effective interest in Menji Shanghai by 10.27% to 60.0%, no independent valuation was conducted on Menji Shanghai.

9. Consideration

The cash consideration payable by Menji Development to Menji Singapore for the entire share capital of Menji Shanghai is S\$180,000 (the "**Consideration**"), which is consistent with the net tangible asset described in Paragraph 8 above. The shareholders of Menji Development will fund the Consideration based on their respective shareholding proportion in Menji Development. Accordingly, the amount payable by Mencast Investment via Menji Development towards the Consideration is S\$108,000, which will be funded through the Group's internal resources.

10. Rule 1006 of the Catalist Rules

As none of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") exceeds 5%, the Proposed Reorganisation constitutes a non-discloseable transaction under Chapter 10 of the Catalist Rules.

Nevertheless, the Company wishes to voluntarily announce the Proposed Reorganisation to provide an update on the business structure of the involved entities following the Proposed Reorganisation.

11. Financial effects

For the avoidance of doubt, based on the latest management accounts available, Menji Singapore and Menji Shanghai do not contribute significantly to the Group's financial performance. Hence, the Proposed Reorganisation is not expected to contribute significantly nor 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 2024.

12. Interests of directors and substantial shareholders

Save for Mr. Sim Soon Ngee Glenndle and Mr. Wong Boon Huat who are directors of Menji Singapore, none of the directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed Reorganisation.

The Company will make further announcements when there are material developments in connection with the above.

BY ORDER OF THE BOARD

SIM SOON NGEE GLENNdle
Executive Chairman & Chief Executive Officer
23 January 2024

*This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms Charmian Lim (Telephone no.: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.