

MENCAST HOLDINGS LTD.

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

INCORPORATION OF A JOINT VENTURE COMPANY

The Board of Directors ("**Board**") of Mencast Holdings Ltd. ("**Company**" and, together with its subsidiaries the "**Group**"), wishes to announce that Mencast Investment Holdings Pte. Ltd. ("**MIH**"), a wholly owned subsidiary of the Company, Dr. She Alan Jenting ("**Dr. She**") and Mr. Sim Soon Ngee Glendle ("**Mr. Sim**") (collectively called the "**Parties**") have incorporated a joint venture company under the name of Virestorm Pte. Ltd. ("**VPL**") on 26 August 2020.

VPL was incorporated in Singapore with an initial paid up capital of S\$10,000.00 divided into 10,000 ordinary shares. MIH, Dr. She and Mr. Sim holds 50%, 40% and 10% of the shares in VPL respectively. The Parties intend for VPL to carry out the business of developing, marketing and distributing Virestorm, a new technology spun out through a close partnership with the Division of Applied Sciences, Singapore Heavy Engineering Pte. Ltd., for cleaning coronavirus-infected surfaces using advanced ozone technology. With best-in-class biological kill efficacies greater than 99.999% of pathogens irrespective of distance and location, combined with entirely automatic operation, Virestorm is designed to meet and exceed the needs of hospitality, healthcare, schools, travel, transportation and other sectors. In addition to engineering and prototyping assistance, Mencast Group is using its manufacturing and marketing expertise and capabilities to commercialise this product.

Dr. She is the Chief Executive Officer of Singapore Heavy Engineering Pte. Ltd., a young rare-breed company that leverages hard science and heavy engineering in pioneering new and impactful technologies. Dr. She received his MPhys from the University of Oxford in 2012 and his PhD in Applied Physics from Harvard University in 2017. Originally from the U.S.A, Dr. She moved to Singapore in 2018 and founded Singapore Heavy Engineering Pte. Ltd.

Save for the foregoing, Dr. She is an independent third party who is not related to the Company, its subsidiaries, directors or controlling shareholder.

The joint venture is in line with the Group's long-term objective of seeking opportunities for the development and growth of its business and operations. The joint venture represents an opportunity for the Group to diversify its revenue stream and serve to reduce its reliance in the marine, offshore, oil and gas industry that it currently operates in. The Board is of the view that the joint venture will be beneficial to the Group.

In view that Mr. Sim is an Executive Director and the Chief Executive Officer of the Company, he is regarded as an interested person of the Company within the meaning of Rule 904(4) of the Singapore Exchange Securities Trading Limited Listing Manual. Accordingly, the incorporation of VPL constitutes an interested person transaction under Chapter 9 of the Mainboard Listing Rules. The amount at risk to the Company in respect of the incorporation of VPL is S\$5,000 representing 0.04% of the latest audited net tangible assets attributable to the equity shareholders of the Company ("**NTA**") of S\$11.7 million as at 31 December 2019. As the amount at risk is less than 3% of the Group's latest audited NTA, there is no requirement for any announcement to be made or any shareholders' approval to be obtained in relation thereto under Chapter 9 of the Mainboard Listing Rules.

The Audit Committee of the Company has reviewed the incorporation of VPL and is satisfied that it is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. The Audit Committee of the Company is also of the view that the risks and rewards of the joint venture incorporation are in proportion to the equity of each shareholder of VPL.

The investment by the Company will be funded through internal resources and is not expected to have any material impact on the NTA and earnings per share of the Group for FY2020.

Based on the latest announced consolidated accounts of the Company for the period ended 30 June 2020, the relative figures for the joint venture, using the applicable bases of comparison under Rule 1006 of the SGX-ST Listing Manual, is less than 5%. Accordingly, the joint venture constitutes a “non-disclosable transaction” under Chapter 10 of the SGX-ST Listing Manual.

Mr. Sim, the Company’s Executive Chairman & Chief Executive Officer and Controlling Shareholder, and Mr Wong Boon Huat, the Company’s Executive Director and Substantial Shareholder, will be appointed as directors of the joint venture.

Save as disclosed above, none of the Directors or the Controlling Shareholders or substantial shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the above transaction.

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

BY ORDER OF THE BOARD

SIM SOON NGEE GLENN DLE
Executive Chairman & Chief Executive Officer
26 August 2020

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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