

APPENDIX DATED 1 APRIL 2011

This appendix (“**Appendix**”) is circulated to the shareholders (the “**Shareholders**”) of Mencast Holdings Ltd. (the “**Company**”) together with the Company’s 2010 annual report (the “**Annual Report**”).

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, CIMB Bank Berhad, Singapore Branch (the “**Sponsor**”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this Appendix. This Appendix has not been examined or approved by the SGX-ST and the Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

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MENCAST HOLDINGS LTD.

(Incorporated in Singapore on 30 January 2008)

(Company Registration No. 200802235C)

Directors:

Sim Soon Ngee Glendle (Executive Chairman and Chief Executive Officer)
Wong Fook Choy Sunny (Lead Independent Director)
Ng Chee Keong (Independent Director)
Ho Chew Thim (Independent Director)
Ng Eng Ho (Independent Director)

Registered Office:

No. 7 Tuas View Circuit
Singapore 637642

To: The Shareholders of Mencast Holdings Ltd.

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with information relating to, and to seek Shareholders’ approval for, the proposed renewal of the Share Buy-Back Mandate (as defined herein) at the forthcoming annual general meeting of the Company (“**AGM**”) to be held at 10.00 a.m. on 20 April 2011.

Terms used in this Appendix shall have the meaning as defined in the Annexure for this Appendix.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Introduction

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares needs to obtain the approval of its shareholders to do so at a general meeting of its shareholders. In this regard, the Company had at its extraordinary general meeting held on 25 October 2010 obtained the approval of Shareholders for the implementation

of the Share Buy-Back Mandate that would enable the Company to purchase up to 10 per cent. of its issued Shares. The Share Buy-Back Mandate will expire on the date of the forthcoming AGM, being 20 April 2011.

Accordingly, approval is now being sought from Shareholders at the forthcoming AGM for the Renewal of the Share Buy-Back Mandate (“**Renewal of the Share Buy-Back Mandate**”). In this regard, a resolution will be proposed as an Ordinary Resolution at the forthcoming AGM pursuant to which approval will be given to the Directors to exercise all the powers of the Company to purchase or otherwise acquire its issued Shares on the terms of the Share Buy-Back Mandate. Kindly refer to the (a) Notice of AGM accompanying the Annual Report convening the AGM to be held at 10.00 a.m. on 20 April 2011 (“**Notice of AGM**”) and (b) Ordinary Resolution 10 under the heading “Special Business” set out in the Notice of AGM.

2.2 Rationale for the Renewal of the Share Buy-Back Mandate

The Company proposes to seek Shareholders’ approval for the proposed renewal of the Share Buy-Back Mandate to give the Directors the flexibility to undertake Share Purchases at any time when circumstances permit, with the objective of increasing Shareholders’ value and to improve, *inter alia*, the return of equity of the Group. A Share Purchase made at an appropriate price level is one of the ways through which the return on equity of the Group may be enhanced.

The Directors believe that the Share Buy-Back Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above the Group’s working capital requirements in an expedient and cost efficient manner. Share Purchases also allow the Directors to exercise control over the Company’s share structure and, depending on market conditions, may lead to an enhancement of the earnings per share (the “**EPS**”) and/or net tangible assets (the “**NTA**”) per Share. The Directors further believe that Share Purchases may also help to mitigate short-term market volatility and offset the effects of Share price speculation.

If and when circumstances permit, the Directors will decide whether to effect the Share Purchases *via* On-Market Share Purchases (as defined hereinafter) or Off-Market Share Purchases (as defined hereinafter), after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

The Share Purchases will only be undertaken as and when the Directors consider it to be in the best interests of the Company and/or Shareholders. No Share Purchases will be made in circumstances which the Directors believe will have or may have a material adverse effect on the liquidity and the orderly trading of the Shares and the working capital requirements and gearing level of the Company and the Group.

2.3 Authority and limits of the Share Buy-Back Mandate

The authority and limitations placed on the Share Purchases by the Company under the proposed Renewal of the Share Buy-Back Mandate, if approved at the forthcoming AGM, are summarised below:

2.3.1 Maximum number of Shares

Only Shares that are issued and fully paid-up may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate. The total number of Shares which can be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate during the Relevant Period or within any one financial year of the Company, whichever is the earlier, is limited to that number of Shares representing not more than 10.0% of the total issued ordinary share capital of the Company (ascertained as at the

date of the forthcoming AGM at which the Renewal of the Share Buy-Back Mandate is approved, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered) (the “**Approval Date**”). For the purposes of calculating the percentage of issued Shares above, any of the Shares which are held as treasury shares will be disregarded.

Purely for illustrative purposes, based on the existing issued share capital of the Company as at the Latest Practicable Date, comprising 170,572,600 Shares, and assuming that no further Shares are issued on or prior to the forthcoming AGM, not more than 17,057,260 Shares (representing 10.0% of the issued share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

2.3.2 Duration of authority

Under the Share Buy-Back Mandate, Share Purchases may be made, at any time and from time to time, on and from the date of the forthcoming AGM, at which the Renewal of the Share Buy-Back Mandate is approved, up to the earlier of:

- (i) the conclusion of the next AGM or the date by which such AGM is required to be held;
- (ii) the date on which the Share Purchases are carried out to the full extent mandated; or
- (iii) the date on which the authority contained by the Share Buy-Back Mandate is revoked or varied by the Shareholders in general meeting.

The authority conferred on the Directors by the Share Buy-Back Mandate to purchase Shares may be renewed at each AGM or other general meeting of the Company. When seeking the approval of the Shareholders for the Renewal of the Share Buy-Back Mandate, the Company is required to disclose details pertaining to any Share Purchases made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases.

2.3.3 Manner of Share Purchases

Share Purchases may be made by way of:

- (i) on-market purchases through the SGX-ST’s ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose (“**On-Market Share Purchase**”); and/or
- (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Catalist Rules (“**Off-Market Share Purchase**”).

The Directors may impose such terms and conditions, which are not inconsistent with the Share Buy-Back Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all of the following conditions:

- (i) offers for the Share Purchases shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them;
- (iii) the terms of all the offers are the same, except that there shall be disregarded:
 - (a) differences in consideration attributable to the fact that offers relate to Shares with different accrued dividend entitlements;
 - (b) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (c) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

In addition, the Catalist Rules provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Share Purchase;
- (iv) the consequences, if any, of Share Purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the Share Purchase, if made, could affect the listing of the Shares on SGX-Catalist; and
- (vi) details of any Share Purchases made by the Company in the previous 12 months (whether On-Market Share Purchase or Off-Market Share Purchase), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases.

2.3.4 Maximum purchase price

The purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.

However, the purchase price to be paid for a Share pursuant to the Share Purchases as determined by the Directors must not exceed:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined hereinafter) of the Shares; and

- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares,

(the “**Maximum Price**”) in either case, excluding related expenses of the Share Purchase.

For the above purposes, “**Average Closing Price**” means the average of the closing market prices of a Share over the last 5 Market Days, on which transactions in the Shares were recorded, preceding the day of the On-Market Share Purchase or, as the case may be, preceding the date of making an announcement by the Company of an offer for an Off-Market Share Purchase and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period.

The Directors will ensure that the Share Purchases will not have any effect on the listing of the Company’s securities including the Shares listed on the SGX-ST. Rule 723 of the Catalist Rules requires at least ten per cent. (10.0%) of any class of a company’s listed securities to be held by the public at all times.

Currently, the number of Shares held in the hands of the public is 55,375,600, representing approximately 32.46% of the Company’s total issued share capital.

Assuming that (a) the Company exercises the Share Buy-Back Mandate in full and purchases 10.0% of the issued Shares from the public and (b) the Shares held by the substantial shareholders of the Company (the “**Substantial Shareholders**”) and the Directors remain unchanged, the number of Shares held in the hands of the public after the Share Purchases will be reduced to 38,318,340 Shares, representing approximately 24.96% of the Company’s total issued share capital. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake Share Purchase up to the full 10.0% limit pursuant to the Share Buy-Back Mandate without affecting the listing status of the Shares on Catalist.

2.4 Status of purchased Shares

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share.

2.5 Cancellation of purchased Shares

Any Share which is purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share shall expire on cancellation. The total number of Shares will be diminished by such number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Any Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted by the Companies Act) and cancelled will be automatically de-listed by the SGX-ST and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase.

2.6 Purchased Shares held as treasury shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act, as amended by the Companies Amendment Act, are summarised below:

2.6.1 Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed 10.0% of the total number of issued Shares.

In the event that the Company holds more than 10.0% of the total number of its issued Shares as treasury shares, the Company shall cancel or dispose of the excess treasury shares below within 6 months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

2.6.2 Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller or larger amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.6.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

As at the Latest Practicable Date, the Company does not hold any of its Shares as treasury shares.

2.7 Source of funds

In undertaking Share Purchases, the Company may only apply funds legally available for such purchase in accordance with the Articles and the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than cash or, in the case of an On-Market Share Purchase, for settlement other than in accordance with the trading rules of the SGX-ST.

Pursuant to the Articles and the Companies Act, any payment made by the Company in consideration for Share Purchases may only be made out of the Company's capital or profit so long as the Company is solvent. Where the consideration paid by the Company for the Share Purchases is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. However, where the consideration paid by the Company for the Share Purchases is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced.

The Company intends to use internal resources and/or external borrowings to finance its Share Purchases.

2.8 Financial effects

It is not possible for the Company to realistically calculate or quantify the impact of Share Purchases that may be made pursuant to the Share Buy-Back Mandate as the financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the Share Purchases are made by way of On-Market Share Purchase or Off-Market Share Purchase, the price at which the Share Purchases are made, the amount (if any) borrowed by the Company to fund the Share Purchases and whether the Shares are cancelled or held in treasury.

For illustrative purposes only, the financial effects on the Company and the Group arising from the Share Purchases, based on the audited financial statements of the Company and the Group for the financial year ended 31 December 2010 (the "FY2010"), are prepared on the assumptions set out below:

- (a) the Share Purchases comprised 17,057,260 Shares (representing 10.0% of the 170,572,600 outstanding Shares as at the Latest Practicable Date);
- (b) in the case of On-Market Share Purchase, the maximum price was S\$0.390 (being 5.0% above the average of the closing market prices of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date) and accordingly the maximum amount of funds required for effecting such On-Market Share Purchase (excluding brokerage, stamp duties, commission, applicable goods, and services tax and other related expenses), would amount to S\$6,652,331;
- (c) in the case of Off-Market Share Purchase, the maximum price was S\$0.440 (being 20.0% above the average of the closing market price of the Shares for the last five (5) Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date) and accordingly the maximum amount of funds required for effecting such Off-Market Share Purchase (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses), would amount to approximately S\$7,505,194;
- (d) the Share Purchases took place on 1 January 2010; and
- (e) the Share Purchases were made entirely out of the Company's capital and financed entirely by internal cash of the Group.

Purchased and cancelled

	← Group →			← Company →		
	Before Share Purchases	After Share Purchases		Before Share Purchases	After Share Purchases	
		On-Market Share Purchase	Off-Market Share Purchase		On-Market Share Purchase	Off-Market Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 31 December 2010						
Share capital	25,126	18,474	17,621	25,126	18,474	17,621
Shareholders' fund	40,517	33,865	33,012	23,903	17,251	16,398
NTA	35,736	29,084	28,231	23,903	17,251	16,398
Current assets	29,991	23,339	22,486	12,152	5,500	4,647
Current liabilities	14,990	14,990	10,303	9,149	9,149	9,149
Cash & cash equivalents	11,604	4,952	4,099	9,483	1,978	1,978
Total borrowings	10,732	10,732	10,732	—	—	—
Net borrowings ⁽¹⁾	—	5,780	6,633	—	—	—
Net profit for FY2010	8,495	8,495	8,495	1,022	1,022	1,022
Number of Shares as at 31 December 2010 ('000)	170,573	153,516	153,516	170,573	153,516	153,516
Weighted average number of Shares as at 31 December 2010 ('000)	157,658	140,601	140,601	157,658	140,601	140,601
Financial Ratios						
NTA per Share (cents) ⁽²⁾	20.95	18.95	18.39	14.01	11.24	10.68
Gross gearing (times) ⁽³⁾	0.26	0.32	0.33	—	—	—
Net gearing (times) ⁽⁴⁾	—	0.17	0.20	—	—	—
Current ratio (times) ⁽⁵⁾	2.0	1.56	2.18	1.33	0.60	0.51
Earnings per Share (cents) ⁽⁶⁾	5.39	6.04	6.04	0.65	0.73	0.73

Notes:

- (1) "Net borrowings" represents total borrowings less cash and cash equivalents.
- (2) "NTA per Share" represents NTA divided by the number of Shares as at 31 December 2010.
- (3) "Gross gearing" represents total borrowings divided by total equity.
- (4) "Net gearing" represents net borrowings divided by total equity.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) Earnings per Share represents net profit for FY2010 respectively divided by the weighted average number of Shares for FY2010.

Purchased and held as treasury shares

	← Group →			← Company →		
	Before Share Purchases	After Share Purchases		Before Share Purchases	After Share Purchases	
		On-Market Share Purchase	Off-Market Share Purchase		On-Market Share Purchase	Off-Market Share Purchase
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 31 December 2010						
Share capital	25,126	18,474	17,621	25,126	18,474	17,621
Shareholders' fund	40,517	33,865	33,012	23,903	17,251	16,398
NTA	35,736	29,084	28,231	23,903	17,251	16,398
Current assets	29,991	23,339	22,486	12,152	5,500	4,647
Current liabilities	14,990	14,990	10,303	9,149	9,149	9,149
Cash & cash equivalents	11,604	4,952	4,099	9,483	1,978	1,978
Total borrowings	10,732	10,732	10,732	—	—	—
Net borrowings ⁽¹⁾	—	5,780	6,633	—	—	—
Net profit for FY2010	8,495	8,495	8,495	1,022	1,022	1,022
Number of Shares as at 31 December 2010 ('000)	170,573	153,516	153,516	170,573	153,516	153,516
Weighted average number of Shares as at 31 December 2010 ('000)	157,658	140,601	140,601	157,658	140,601	140,601
Financial Ratios						
NTA per Share (cents) ⁽²⁾	20.95	18.95	18.39	14.01	11.24	10.68
Gross gearing (times) ⁽³⁾	0.26	0.32	0.33	—	—	—
Net gearing (times) ⁽⁴⁾	—	0.17	0.20	—	—	—
Current ratio (times) ⁽⁵⁾	2.00	1.56	2.18	1.33	0.60	0.51
Earnings per Share (cents) ⁽⁶⁾	5.39	6.04	6.04	0.65	0.73	0.73

Notes:

- (1) "Net borrowings" represents total borrowings less cash and cash equivalents.
- (2) "NTA per Share" represents NTA divided by the number of Shares as at 31 December 2010.
- (3) "Gross gearing" represents total borrowings divided by total equity.
- (4) "Net gearing" represents net borrowings divided by total equity.
- (5) "Current ratio" represents current assets divided by current liabilities.
- (6) Earnings per Share represents net profit for FY2010 respectively divided by the weighted average number of Shares for FY2010.

The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Company and the Group. The Share Purchases will only be effected after taking into consideration both financial factors (such as cash surplus, debt position and working capital requirements of the Group) and non-financial factors (such as market conditions and performance of the Shares).

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Company and the Group for FY2010 and is not necessarily representative of the future financial performance of the Company and the Group. Although the Share Buy-Back Mandate would authorise the Company to purchase up to 10.0% of the Company's issued Shares as at the date the Share Buy-Back Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10.0% of the issued Shares in full.

2.9 Catalyst Rules

The Catalyst Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of an On-Market Share Purchase, on the Market Day following the day on which the On-Market Share Purchase was made; and
- (b) in the case of an Off-Market Share Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Share Purchase.

The notification of such Share Purchases to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe, which includes details such as the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Shares, the total consideration paid for the Shares and the number of issued Shares after purchase. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

While the Catalyst Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, the Company will not undertake any Share Purchases pursuant to the Share Buy-Back Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period commencing 2 weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, or 1 month before the announcement of the Company's full year results, as the case may be, and ending on the date of announcement of the relevant results.

2.10 Listing status on SGX-Catalist

The Catalyst Rules require a listed company to ensure that at least 10.0% of any class of its listed securities must be held by in public hands. The "public", as defined under the Catalyst Rules, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiaries, as well as the associates of such persons. Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained by the Company, as at the Latest Practicable Date, the number of Shares held in the hands of the public is 55,375,600, representing approximately 32.46% of the Company's total issued share capital.

Assuming that (a) the Company exercises the Share Buy-Back Mandate in full and purchases 10.0% of the issued Shares from the public and (b) the Shares held by the Substantial Shareholders and the Directors remain unchanged, the number of Shares held in the hands of the public after the Share Purchases will be reduced to 38,318,340 Shares, representing approximately 24.96% of the Company's total issued share capital. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake Share Purchase up to the full 10.0% limit pursuant to the Share Buy-Back Mandate without affecting the listing status of the Shares on SGX-Catalist.

In undertaking the Share Purchases, the Directors will use their best efforts to ensure that the Company does not effect Share Purchases which would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the orderly trading of the Shares or the listing status of the Company.

2.11 Tax implications

Section 10J of the Income Tax Act, Chapter 134, of Singapore stipulates that when a company buys back its own shares from a shareholder using funds other than contributed capital of the company, the payment by the company shall be deemed to be a dividend paid by the company to the shareholder.

Since the Companies (Amendment) Act has come into operation, purchases of Shares made by the Company may be paid out of the Company's capital or profits so long as the Company is solvent. Where the Company purchases its Shares out of contributed capital, it shall not be regarded as having paid a dividend to Shareholders.

Shareholders who are in doubt as to their respective tax positions or the tax implications of the Share Purchases by the Company or who may be subject to tax whether in or outside in Singapore should consult their own professional advisers.

2.12 Take-over Code implications arising from Share Purchases

Appendix 2 of the Take-over Code contains the share buy-back guidance note applicable as at the Latest Practicable Date. The take-over implications from any Share Purchases by the Company are set out below.

2.12.1 Obligation to make a take-over offer

If, as a result of Share Purchases, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in the change of control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

2.12.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (e) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions and companies controlled by any of the above.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a Share Purchase by the Company are set out in Appendix 2 of the Take-over Code.

2.12.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30.0% or more, or if the voting rights of such Directors and their concert parties fall between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of 6 months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30.0% or more, or, if such

Shareholder holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1.0% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-back Mandate.

However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after the Company's Share Purchases. For the purpose of the Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than 1.0% in any period of 6 months.

Shareholders (including Directors) and their concert parties who hold more than 50% of our Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of our Company purchasing or acquiring Shares.

If the Company decides to cease the Share Purchases before it has purchased in full such number of Shares authorised by its Shareholders at the latest annual general meeting, the Company will promptly inform its Shareholders of such cessation. This will assist Shareholders to determine if they can buy any more Shares without incurring an obligation under Rule 14 of the Take-over Code.

Based on the interests of Substantial Shareholders of the Company as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, none of the Substantial Shareholders of the Company would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the Share Purchases by the Company of the maximum limit of 10.0% of the total number of issued Shares as at the Latest Practicable Date.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any Share Purchases pursuant to the Share Buy-Back Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Buy-Back Mandate is in force.

2.13 Details of Share Purchases pursuant to a Share Buy-Back Mandate

The Company has not purchased any Shares during the 12 months preceding the Latest Practicable Date.

2.14 Reporting requirements

Within 30 days of the passing of a Shareholders' resolution to approve or renew the Share Buy-Back Mandate, the Company shall lodge a copy of such resolution with ACRA. The Company shall also lodge a notice with ACRA within 30 days of a Share Purchase. Such notification is to include details such as the date of the Share Purchase; the number of Shares purchased or acquired by the Company; the number of Shares cancelled; the number of Shares held as treasury shares; the Company's issued share capital before the Share Purchase; the amount of consideration paid by our Company for the Share Purchase, whether the Shares were purchased out of profits or the capital of the Company and such other particulars that might be prescribed.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of Directors and Substantial Shareholders in the Shares as recorded in the Register of Directors' Shareholdings and Register of Members, respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Sim Soon Ngee Glennle ⁽²⁾⁽⁵⁾	31,000,000	18.2	67,076,000	39.3	98,076,000	57.5
Wong Fook Choy Sunny	100,000	0.1	—	—	100,000	0.1
Ng Chee Keong	—	—	—	—	—	—
Ho Chew Thim	100,000	0.1	—	—	100,000	0.1
Ng Eng Ho	100,000	0.1	—	—	100,000	0.1
Substantial Shareholders						
Sim Gok Hian ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	48,500,000	28.4	49,576,000	29.1	98,076,000	57.5
Chua Kim Choo ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	18,500,000	10.9	79,576,000	46.7	98,076,000	57.5
Sim Wei Wei ⁽⁴⁾⁽⁵⁾	76,000	0.1	98,000,000	57.4	98,076,000	57.5
Gay Chee Cheong ⁽⁶⁾	9,110,000	5.3	6,050,000	3.6	15,160,000	8.9
Chua Siok Lan ⁽⁶⁾	6,000,000	3.5	9,160,000	5.4	15,160,000	8.9

Notes:

- (1) Based on 170,572,600 issued Shares as at the Latest Practicable Date.
- (2) 31,000,000 Shares are registered in the name of HSBC (Singapore) Nominees Pte Ltd. Mr Sim Soon Ngee Glennle is the son of Mr Sim Gok Hian and Mdm Chua Kim Choo.
- (3) Mr Sim Gok Hian is the husband of Mdm Chua Kim Choo.
- (4) Sim Wei Wei is the daughter of Sim Gok Hian and Chua Kim Choo and the sister of Sim Soon Ngee Glennle.
- (5) Each of Mr Sim Gok Hian, Mdm Chua Kim Choo, Mr Sim Soon Ngee Glennle and Ms Sim Wei Wei is deemed to have an interest in the Shares held by each other.
- (6) Chua Siok Lan is the wife of Gay Chee Cheong and each of them are deemed to have an interest in the Shares held by each other.

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the Renewal of the Share Buy-Back Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Renewal of the Share Buy-Back Mandate at the forthcoming AGM.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Appendix) collectively and individually accept full responsibility for the accuracy of the information given and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and opinions expressed in this Appendix are fair and accurate and there are no material facts, the omission of which would make any statement in this Appendix misleading.

Where information contained in this Appendix has been extracted from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources.

Yours faithfully
For and on behalf of the Board of Directors of
Mencast Holdings Ltd.

Sim Soon Ngee Glennle
Executive Chairman and Chief Executive Officer

ANNEXURE

In this Appendix, the following definitions apply throughout unless the context otherwise requires:

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore.
“Articles”	:	The articles of association of the Company, as amended or modified from time to time.
“Board”	:	The board of directors of the Company.
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time.
“CDP”	:	The Central Depository (Pte) Limited.
“Company”	:	Mencast Holdings Ltd..
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore.
“Companies Amendment Act”	:	The Companies (Amendment) Act 2005 of Singapore.
“Directors”	:	The directors of the Company for the time being.
“FY”	:	Financial year ended or ending 31 December.
“Group”	:	The Company and its subsidiaries.
“Latest Practicable Date”	:	25 March 2011, being the latest practicable date prior to the printing of this Appendix.
“Market Day”	:	A day on which the SGX-ST or SGX-Catalist is open for trading in securities.
“Registrar”	:	The Registrar of Companies.
“Relevant Period”	:	The period commencing from the date on which the last annual general meeting was held or if no such meeting was held, the date it was required by law to be held before the resolution relating to the Share Buy-Back Mandate is passed, and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date the resolution relating to the Share Buy-Back Mandate is passed.
“SGX-Catalist”	:	The Catalist Board of the SGX-ST.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Share Buy-Back Mandate”	:	A general and unconditional mandate given by Shareholders (including the subsequent renewal thereof if approved by Shareholders) that authorises the Directors to purchase Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set forth in the Companies Act and the Catalist Rules.

“Share Purchase”	:	The purchase of Shares by the Company pursuant to the Share Buy-Back Mandate
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the depositors who have Shares entered against their names in the Depository Register.
“Shares”	:	Ordinary shares in the capital of the Company.
“Take-over Code”	:	The Singapore Code on Take-over and Mergers, as amended or modified from time to time.
“S\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore.
“%” or “per cent.”	:	Per centum or percentage.

The terms **“depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The terms **“subsidiary”** and **“Substantial Shareholder”** shall have the meanings ascribed to them in Sections 5 and 81 of the Companies Act respectively.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to any statute or enactment is a reference to that statute or enactment as for the time being amended or reenacted. Any word defined under the Companies Act or the Catalist Rules or any modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the Companies Act or the Catalist Rules or such modification thereof, as the case may be.

Any reference to a time of day and date in this Appendix shall be a reference to Singapore time and date, unless otherwise stated.

Any discrepancies in the tables in this Appendix between the listed amounts and the totals thereof and/or the respective percentages are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.