

OFFER DOCUMENT DATED 17 JUNE 2008

(Registered by the Singapore Exchange Securities Trading Limited on 17 June 2008)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).

This offer is made in or accompanied by an offer document ("Offer Document") that has been registered by the Singapore Exchange Securities Trading Limited ("SGX-ST"), acting as an agent on behalf of the Monetary Authority of Singapore (the "Authority").

The registration of this Offer Document by the SGX-ST does not imply that the SFA (as defined herein), or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, have been complied with.

Companies listed on the Catalyst (as defined herein) may carry higher investment risk when compared with larger or more established companies listed on the SGX-ST Main Board. In particular, companies may list on the Catalyst without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on the Catalyst. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor (as defined herein) confirming that the listing applicant is suitable to be listed and complies with the rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares (as defined herein) or units of Shares being offered for investment.

Acceptance of applications will be conditional upon issue of the Shares or units of Shares and upon listing of all the issued Shares or units of Shares. Monies paid in respect of any application accepted will be returned if the admission and listing do not proceed.

After the expiration of 6 months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of the entity or proposed entity will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

The Sponsor has made an application for permission to be listed for quotation on the Catalyst of, all the ordinary shares (the "Shares") in the capital of Mencast Holdings Ltd. (the "Company") already issued, the new shares (the "New Shares") which are the subject of this Invitation (as defined herein) and the Shares which may be issued upon the exercise of the options to be granted under the Mencast Employee Share Option Scheme (the "Option Shares"). The dealing in, and quotation of, the Shares, the New Shares and the Option Shares will be in Singapore dollars.

Investing in our Shares involves risks which are described in the section entitled RISK FACTORS of this Offer Document.



MENCASST HOLDINGS LTD.

(Incorporated in the Republic of Singapore on 30 January 2008)

(Company Registration No.: 200802235C)

Invitation in respect of 22,500,000 New Shares, comprising:-

- (a) 1,500,000 Offer Shares at S\$0.28 for each Offer Share by way of public offer; and
- (b) 21,000,000 Placement Shares by way of placement, comprising:-
 - (i) 20,700,000 Placement Shares at S\$0.28 for each Placement Share; and
 - (ii) 300,000 Reserved Shares at S\$0.28 for each Reserved Share reserved for Independent Directors,

payable in full on application.

Sponsor, Underwriter and Placement Agent



CIMB-GK SECURITIES PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 198701621D)



Propelling the Oil & Gas Industry



ABOUT US

Established in 1981, Mencast Holdings Ltd. and its subsidiaries ("Mencast") manufacture and supply sterngear equipment and provide sterngear services for a wide range of commercial vessel-applications.

One of the first sterngear equipment manufacturers in Singapore to achieve the ISO9001:2000 Quality Management System in 2003, Mencast caters mainly to customers in the offshore oil and gas and marine industry.

Customers include major shipyards, shipowners, owners of small tankers, bulk carriers, tugboats and barges and other smaller crafts in the Asia Pacific region, the Middle East, Europe and USA.

The ship repair and maintenance industry is growing and Mencast is positioned to ride this growth wave.

OUR COMPETITIVE STRENGTHS

- ▲ **Established track record, reputation and close proximity to our customers**
 - Established track record and reputation through our years of dealings with some of the major players in the offshore oil and gas and marine industry
 - Consistently providing high quality products and services
 - Located in Singapore – close proximity to many shipyards in Singapore and around the South-east Asia region
- ▲ **Dedicated and experienced management team**
 - Mr Sim Gok Hian, Executive Chairman
 - Engaged in this business since 1981 and one of the pioneers of this business in Singapore
 - Possesses in-depth knowledge of this business and the industry
 - Mr Glendle Sim, Chief Executive Officer
 - Over 10 years' experience with Mencast and is responsible for directing our overall strategy and growth
- ▲ **Quality sterngear equipment and sterngear services**
 - Comprehensive range of sterngear equipment and sterngear services, catered and packaged according to requirements of customers
 - Strict quality control procedures for all stages in our manufacturing process
 - Obtained ISO certification and certifications from various independent classification authorities
- ▲ **Advanced machinery and strong technical expertise**
 - Equipped with advanced machinery, such as the horizontal centrifugal casting machine and the vertical centrifugal casting machine, to improve productivity and quality of sterngear equipment
 - Able to render technical advice to customers on compliance with certification requirements and extending the seaworthiness of their vessels

INDUSTRY PROSPECTS

△ Continued increase in the level of activities in the offshore oil and gas and marine industry

- Drivers of demand for offshore support services such as new shipbuilding, repairs and maintenance of vessels
 - Higher crude oil and natural gas prices
 - Onshore oil and gas fields are maturing or close to being exhausted
 - Further fueled by the industrialization and economic growth of China and India

△ Growth in new markets

- New markets growing in areas such as Indonesia, Malaysia, Vietnam and China
- Due to proximity to major oil and gas resources



FUTURE PLANS

To be a one-stop service centre that provides comprehensive solutions for sterngear equipment and sterngear services

Expand our facility in Singapore

- To cater for the expected increase in demand for our sterngear equipment and sterngear services
- Plans to acquire a new facility to increase production and storage capacity

Establish new bases to facilitate expansion of our geographical coverage

- Intends to build new service centres in areas where major shipbuilders in Singapore have expanded to
- Exploring feasibility of establishing or acquiring a rapid deployment service team to meet customers' needs
- Intends to increase our market presence and market share in the region, including Thailand, Indonesia, Malaysia, Brunei, China, India and the Middle East

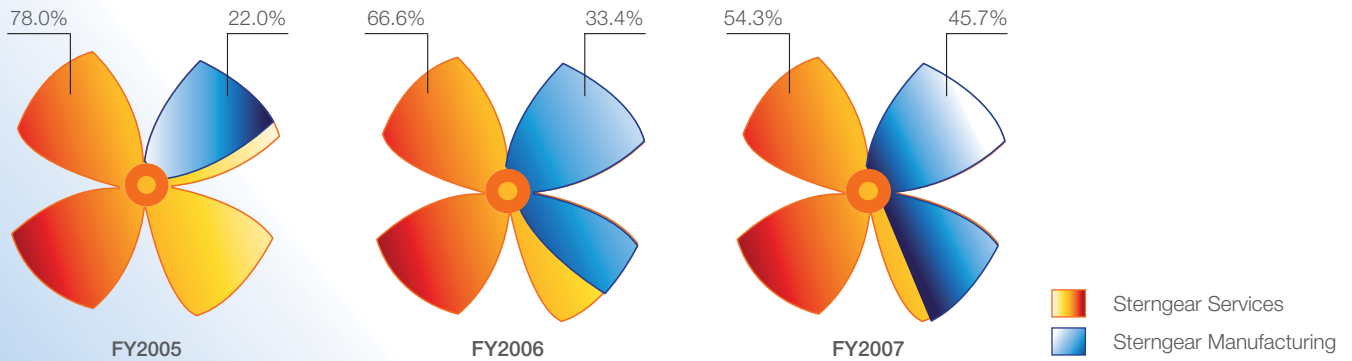
Expand through acquisitions, joint-ventures or strategic alliances

- Alliances with potential customers to retain us as their preferred sterngear service provider on a fixed term basis
- Strengthen our market position
- Expand our network of customers
- Expand into new businesses complementary to our products and services



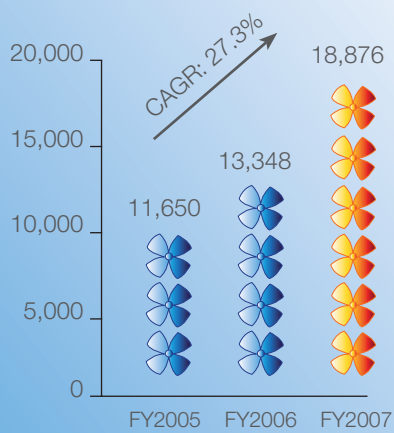
FINANCIAL HIGHLIGHTS

Revenue by Segment



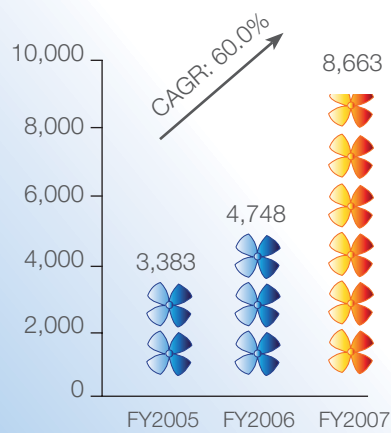
Revenue

S\$'000



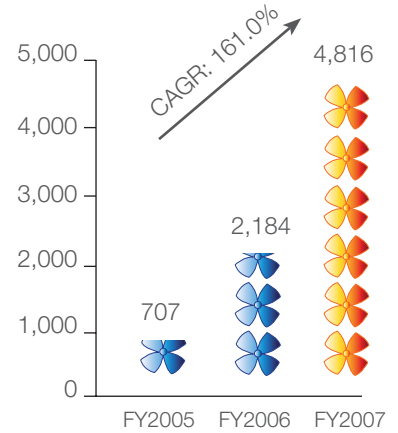
Gross Profit

S\$'000

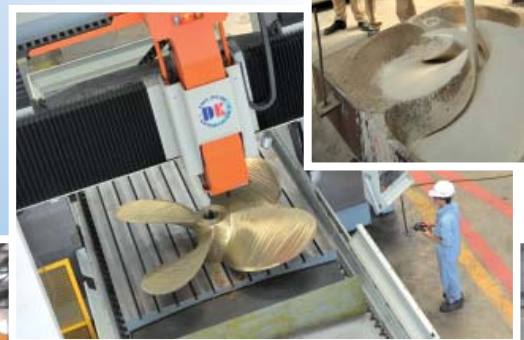
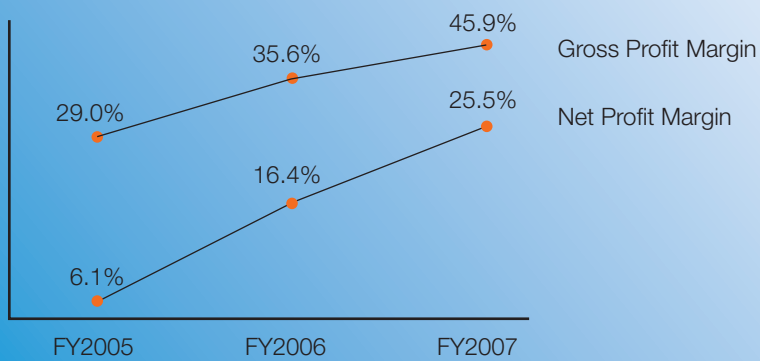


Net Profit

S\$'000



Profit Margins



CONTENTS

	<i>Page</i>
CORPORATE INFORMATION	4
DEFINITIONS	5
GLOSSARY OF TECHNICAL TERMS	11
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	14
SELLING RESTRICTIONS	16
DETAILS OF THE INVITATION	
– LISTING ON THE CATALIST	17
– INDICATIVE TIMETABLE FOR LISTING	20
PLAN OF DISTRIBUTION	21
OFFER DOCUMENT SUMMARY	25
THE INVITATION	28
RISK FACTORS	29
INVITATION STATISTICS	35
USE OF PROCEEDS AND EXPENSES OF THE INVITATION	37
DIVIDEND POLICY	38
GENERAL INFORMATION ON OUR GROUP	
– SHARE CAPITAL	39
– SHAREHOLDERS.....	41
– SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP	42
– MORATORIUM	42
DILUTION	43
RESTRUCTURING EXERCISE	45
GROUP STRUCTURE	46
SELECTED COMBINED FINANCIAL INFORMATION	47
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS	
– OVERVIEW	49
– SEASONALITY	52
– INFLATION	52
– REVIEW OF FINANCIAL RESULTS.....	52
– REVIEW OF FINANCIAL POSITION	55

– LIQUIDITY AND CAPITAL RESOURCES.....	57
– CAPITAL EXPENDITURES AND COMMITMENTS	59
– FOREIGN EXCHANGE EXPOSURE	60
– CAPITALISATION AND INDEBTEDNESS	61
HISTORY AND BUSINESS	
– HISTORY.....	63
– BUSINESS OVERVIEW	64
– OUR PRODUCTION PROCESS	66
– QUALITY ASSURANCE	68
– STAFF TRAINING	69
– MAJOR CUSTOMERS	69
– CREDIT TERMS	70
– MAJOR SUPPLIERS	71
– INVENTORY MANAGEMENT.....	72
– MARKETING AND DISTRIBUTION	73
– INSURANCE	73
– INTELLECTUAL PROPERTY	74
– GOVERNMENT REGULATIONS	74
– RESEARCH AND DEVELOPMENT	76
– COMPETITION	76
– COMPETITIVE STRENGTHS.....	77
– PROPERTIES AND FIXED ASSETS	78
– PRODUCTION FACILITY AND CAPACITY	79
– PROSPECTS	80
– TREND INFORMATION	80
– BUSINESS STRATEGIES AND FUTURE PLANS	81
INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTERESTS	
– INTERESTED PERSONS TRANSACTIONS	83
– REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS	87
– POTENTIAL CONFLICTS OF INTERESTS	87
DIRECTORS, MANAGEMENT AND STAFF	
– DIRECTORS	89
– EXECUTIVE OFFICERS.....	92
– MANAGEMENT REPORTING STRUCTURE	93
– DIRECTORS’ AND EXECUTIVE OFFICERS’ REMUNERATION.....	94
– SERVICE AGREEMENTS.....	94
– EMPLOYEES	95
– SUMMARY OF THE MENCASST EMPLOYEE SHARE OPTION SCHEME	96
CORPORATE GOVERNANCE	103

DESCRIPTION OF ORDINARY SHARES	105
EXCHANGE CONTROLS.....	109
TAXATION.....	110
CLEARANCE AND SETTLEMENT	112
GENERAL AND STATUTORY INFORMATION	113
APPENDIX A	
INDEPENDENT AUDITOR'S REPORT AND COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2005, 2006 AND 2007	A-1
APPENDIX B	
SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY	B-1
APPENDIX C	
RULES OF THE MENCASST EMPLOYEE SHARE OPTION SCHEME	C-1
APPENDIX D	
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE	D-1

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Sim Gok Hian, Executive Chairman Glennle Sim, Chief Executive Officer Sunny Wong Fook Choy, Lead Independent Director Ho Chew Thim, Independent Director Ng Eng Ho, Independent Director
COMPANY SECRETARY	:	Chan Shok Hing, ACIS
REGISTERED OFFICE	:	No. 7 Tuas View Circuit Singapore 637642
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 3 Church Street #08-01 Samsung Hub Singapore 049483
SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	CIMB-GK Securities Pte. Ltd. 50 Raffles Place #19-00 Singapore Land Tower Singapore 048623
INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS	:	Nexia TS Public Accounting Corporation Certified Public Accountants 5 Shenton Way UIC Building #23-03 Singapore 068808 Director-in-Charge: Henry SK Tan, FCPA Singapore, ACA
SOLICITORS TO THE INVITATION AND LEGAL ADVISER TO THE COMPANY ON SINGAPORE LAW	:	Shook Lin & Bok LLP No. 1 Robinson Road #18-00 AIA Tower Singapore 048542
PRINCIPAL BANKERS	:	Oversea-Chinese Banking Corporation Limited 65 Chulia Street OCBC Centre Singapore 049513 United Overseas Bank Limited 80 Raffles Place UOB Plaza 1 Singapore 049513
RECEIVING BANKER	:	CIMB Bank Berhad, Singapore Branch 50 Raffles Place #01-01 Singapore Land Tower Singapore 048623

DEFINITIONS

In this Offer Document and the accompanying Application Forms, the following definitions apply where the context so admits:-

Group Companies

- “Company” or “Mencast”* : Mencast Holdings Ltd.
- “Group”* : Our Company and our subsidiaries following the completion of the Restructuring Exercise, as at date of this Offer Document
- “Mencast Engineering”* : Mencast Engineering Pte. Ltd.
- “Mencast Marine”* : Mencast Marine Pte. Ltd.

Other Corporations and Agencies

- “ABS”* : American Bureau of Shipping is a ship classification society headquartered in the USA, that sets safety standards for the marine industry through the establishment and application of technical standards, for the design, construction and operational maintenance of ships and other marine structures
- “ASL Group”* : The subsidiaries of ASL Marine Holdings Ltd
- “ASMI”* : Association of Singapore Marine Industries
- “Authority”* : The Monetary Authority of Singapore
- “Berg Propulsion Group”* : Berg Propulsion International Pte. Ltd. and Berg Propulsion Production Pte. Ltd.
- “BV”* : Bureau Veritas, an international standard organization headquartered in France that provides standards certification for various industries, including the maritime industry
- “CDP”* : The Central Depository (Pte) Limited
- “CIMB-GK”, “Sponsor”, “Underwriter”, or “Placement Agent”* : CIMB-GK Securities Pte. Ltd.
- “Classification Societies”* : Worldwide experienced and reputable societies which undertake to arrange inspections and advise on requirements concerning survey and certification of propellers, hull and machinery of vessels. They are responsible to ensure that the vessels are built or maintained according to the relevant specifications
- “ClassNK”* : Also known as Nippon Kaiji Kyokai, ClassNK is a classification society headquartered in Japan that sets safety standards for the marine industry through the establishment and application of technical standards, for the design, construction and operational maintenance of ships and other marine structures
- “CPF”* : The Central Provident Fund

<i>"DNV"</i>	:	Det Norske Veritas, a classification society headquartered in Norway, helping, <i>inter alia</i> , the maritime industry to manage risk through ship classification, statutory certification and fuel testing, and providing technical, business risk, financial and competency related services
<i>"EDB"</i>	:	Singapore Economic Development Board
<i>"Germanischer Lloyd"</i>	:	A ship classification society headquartered in Germany that sets safety standards for the marine industry through the establishment and application of technical standards, for the design, construction and operational maintenance of ships and other marine structures
<i>"HDB"</i>	:	Housing & Development Board of Singapore
<i>"JTC"</i>	:	Jurong Town Corporation of Singapore, Singapore's national developer and manager of industrial estates and their related facilities
<i>"Keppel Group"</i>	:	The subsidiaries within the offshore and marine business division of Keppel Corporation Limited
<i>"Lloyd's Register"</i>	:	A worldwide organization that, <i>inter alia</i> , provides ship classification services to ensure that internationally recognized safety and quality standards are maintained throughout a vessel's life
<i>"M.E.N. Foundry"</i>	:	M.E.N. Foundry & Industry Service Sdn Bhd
<i>"OCBC Bank"</i>	:	Oversea-Chinese Banking Corporation Limited
<i>"Participating Banks"</i>	:	UOB Bank and its subsidiary, Far Eastern Bank Limited (the "UOB Group"), DBS Bank Ltd (including POSB) ("DBS Bank") and OCBC Bank
<i>"Pre-IPO Investor"</i>	:	Chua Siok Lan
<i>"Receiving Bank"</i>	:	CIMB Bank Berhad, Singapore Branch
<i>"SCCS"</i>	:	Securities Clearing & Computer Services (Pte) Ltd
<i>"SembCorp Marine Group"</i>	:	The subsidiaries of SembCorp Marine Ltd
<i>"SGX-ST"</i>	:	Singapore Exchange Securities Trading Limited
<i>"Share Registrar"</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<i>"UOB Bank"</i>	:	United Overseas Bank Limited
General		
<i>"Application Forms"</i>	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Offer Document
<i>"Application List"</i>	:	The list of applications for subscription of the New Shares
<i>"Articles"</i>	:	The articles of association of our Company

<i>“Associate”</i>	:	<p>(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more of the aggregate of the nominal amount of all the voting shares;</p> <p>(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</p>
<i>“Associated Company”</i>	:	<p>In relation to a corporation, means:</p> <p>(a) any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20% but not more than 50% of the aggregate of the nominal amount of all the voting shares; or</p> <p>(b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially</p>
<i>“ATM”</i>	:	Automated teller machine of a Participating Bank
<i>“Audit Committee”</i>	:	The audit committee of our Company
<i>“Board” or “Board of Directors”</i>	:	The board of directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“Combined Financial Information”</i>	:	Audited combined financial statements of our Group for FY2005, FY2006 and FY2007 as set out in Appendix A of this Offer Document
<i>“Companies Act”</i>	:	The Companies Act (Chapter 50) of Singapore as amended, modified or supplemented from time to time

<i>“Controlling Shareholder”</i>	:	In relation to a corporation, (a) a person who has an interest in the voting shares of a corporation and who exercises control over the corporation; or (b) a person who has an interest of 15% or more of the aggregate of the nominal amount of all the voting shares in a corporation, unless he does not exercise control over the corporation
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document
<i>“Electronic Applications”</i>	:	Applications for the Offer Shares made through an ATM or through IB websites in accordance with the terms and conditions of this Offer Document
<i>“EPS”</i>	:	Earnings per Share
<i>“ESOS”</i>	:	The Mencast Employee Share Option Scheme, the terms of which are set out in Appendix C to this Offer Document
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Offer Document
<i>“Executive Officers”</i>	:	The executive officers of our Company as at the date of this Offer Document
<i>“FY”</i>	:	Financial year ended or, as the case maybe, ending 31 December
<i>“Glennle Sim”</i>	:	The Chief Executive Officer of our Company, Sim Soon Ngee Glennle
<i>“IB”</i>	:	Internet banking
<i>“Independent Directors”</i>	:	The independent Directors of our Company as at the date of this Offer Document
<i>“Invitation”</i>	:	The invitation by our Company to the public in Singapore to subscribe for the New Shares at the Issue Price, subject to and on the terms and conditions of this Offer Document
<i>“Issue Price”</i>	:	S\$0.28 for each New Share
<i>“Latest Practicable Date”</i>	:	26 May 2008, being the latest practicable date for the purposes of lodgement of this Offer Document with the SGX-ST
<i>“Lead Independent Director”</i>	:	Sunny Wong Fook Choy
<i>“Listing Manual”</i>	:	The SGX-ST’s Listing Manual Section B: Rules of Catalist
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“New Shares”</i>	:	The 22,500,000 new Shares which are the subject of this Invitation
<i>“NTA”</i>	:	Net tangible assets

<i>“Offer”</i>	:	The offer by our Company of the Offer Shares to the public in Singapore for subscription at the Issue Price subject to and on the terms and conditions of this Offer Document
<i>“Offer Document”</i>	:	This Offer Document dated 17 June 2008 issued by our Company in respect of the Invitation
<i>“Offer Shares”</i>	:	The 1,500,000 New Shares which are the subject of the Offer
<i>“Options”</i>	:	The options which may be granted pursuant to the ESOS
<i>“Option Shares”</i>	:	The Shares which may be issued upon the exercise of the Options pursuant to the Mecast Employee Share Option Scheme
<i>“PER”</i>	:	Price-to-earnings ratio
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Issue Price subject to and on the terms and conditions of this Offer Document
<i>“Placement Shares”</i>	:	The 21,000,000 New Shares (including the Reserved Shares) which are the subject of the Placement
<i>“Relevant Period”</i>	:	FY2005, FY2006, FY2007 and the period between 1 January 2008 to the Latest Practicable Date
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company
<i>“Reserved Shares”</i>	:	The 300,000 Placement Shares reserved for Independent Directors
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Invitation as set out in the section entitled “Restructuring Exercise” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and our Executive Directors as set out in the section entitled “Service Agreements” of this Offer Document
<i>“SFA” or “Securities and Futures Act”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore as amended or modified from time to time
<i>“Shareholders”</i>	:	Registered holders of Shares
<i>“Shares”</i>	:	Ordinary shares in the capital of our Company
<i>“Sim Gok Hian”</i>	:	The Executive Chairman of our Company, also known as Sim Leck Hian
<i>“Singapore SME 500”</i>	:	An annual corporate accolade awarded by DP Information Group which is conferred to deserving companies and Small Medium Enterprises (SME) who have distinguished themselves through outstanding financial performance in the areas of sales/turnover, net profit and certain other specified financial indicators

<i>“Special Final Dividend”</i>	:	The special final dividend of S\$3.0 million declared by Mencast Marine in respect of FY2007
<i>“Sterngear Manufacturing”</i>	:	The business division of our Group that manufactures and supplies sterngear equipment for new vessels
<i>“Sterngear Services”</i>	:	The business division of our Group that supplies, repairs, refurbishes and reconditions sterngear equipment for existing vessels
<i>“Substantial Shareholders”</i>	:	Persons who have an interest in the Shares, the nominal amount of which is not less than 5% of the aggregate of the nominal amount of all the voting shares of our Company

Currencies, Units and Others

<i>“\$” or “S\$” and “cents”</i>	:	Singapore dollars and cents, respectively
<i>“USA” or “United States”</i>	:	United States of America
<i>“US\$” and “US cents”</i>	:	United States dollars and cents, respectively
<i>“%” or “per cent.”</i>	:	Per centum
<i>“mm”</i>	:	millimetre
<i>“m”</i>	:	metre
<i>“sq m”</i>	:	square metre

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

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 and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document, the Application Forms and Electronic Applications to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Offer Document, the Application Forms and Electronic Applications shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be.

Any reference in this Offer Document, the Application Forms and Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that Applicant.

Any reference to a time of day or dates in this Offer Document, the Application Forms and the Electronic Applications shall be a reference to Singapore time and dates, unless otherwise stated.

Any references in this Offer Document to “our Group”, “we”, “our”, and “us” or any other grammatical variations thereof shall unless otherwise stated, mean our Company, our Group or any member of our Group as the context requires.

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

GLOSSARY OF TECHNICAL TERMS

The glossary contains explanations of certain technical terms and abbreviations used in this Offer Document in connection with our Group and our business. The terms and abbreviations and the assigned meanings may not correspond to standard industry meanings and usage of these terms.

<i>“AHTS”</i>	:	Anchor handling tug supply vessels
<i>“alloy”</i>	:	A homogeneous mixture of two or more elements, at least one of which is a metal, that forms a material with metallic properties
<i>“B-series, Gawn, Kaplan style propellers”</i>	:	The B-series style propeller is a standard propeller comprising 2 to 6 blades The Gawn style propeller comprises 3 or more blades designed for high speed application The Kaplan style propeller is a propeller designed for use on trawlers, tugs, and other vessels where a nozzle is fitted to give greater thrust than a standard propeller
<i>“blue-fitting”</i>	:	The process of connecting or joining two parts together without using external keys or devices
<i>“bronze sleeves”</i>	:	Bronze bearings that fits around a shaft and allows the shaft to rotate within a cartridge
<i>“bushings”</i>	:	Cylindrical linings designed to reduce friction and wear, or constrict and restrain the motion of mechanical parts
<i>“cantilever skid plate”</i>	:	A sliding plate on which drilling equipment glides on
<i>“CNC”</i>	:	Computer numerical control. Refers to the computer control of machine tools for the purpose of manufacturing complex parts in metal as well as other materials
<i>“controllable-pitch propeller”</i>	:	Propellers with blades that can be rotated along their hub enabling their pitch to be adjusted
<i>“DWT”</i>	:	Deadweight tonnes, whereby one DWT is equivalent to 1,000 kilograms and is a measure of the total load which a vessel can carry
<i>“fixed pitch propeller”</i>	:	Propellers that are cast in one block and the position of the blades, and thereby the propeller pitch is fixed, resulting in a given pitch that cannot be changed in operation
<i>“highly-skewed propeller”</i>	:	A type of propeller used for high speed vessels where low noise and smooth operation is required
<i>“horizontal centrifugal casting machine” or “vertical centrifugal casting machine”</i>	:	Equipment using centrifugal force where the molten material is poured into a rotating mould for the production of cylindrical parts
<i>“ISO”</i>	:	International Organization for Standardization, a worldwide federation of national standards bodies

<i>"ISO9001:2000"</i>	:	A constituent part of the ISO9000 series which specifies the requirements for a quality management system for an organization that seeks to demonstrate its ability to consistently provide products that meet customer and applicable requirements and thereby to enhance customer satisfaction
<i>"kort nozzles"</i>	:	A shrouded, uniform shape duct outside the propeller assembly for marine propulsion which directs or accelerates the flow of fluid to the propeller used in ships like tugs, pushboats, supply vessels and trawlers with heavy load
<i>"marine bearings"</i>	:	Bearings of all types used to fit and house sterngear equipment
<i>"offshore support vessels"</i>	:	Vessels which perform the various support functions during the different phases of offshore oil and natural gas exploration, development and production
<i>"pitch"</i>	:	The theoretical forward movement of a propeller during one revolution
<i>"propeller"</i>	:	A device consisting of two or more identical twisted blades mounted on a hub to convert power from a marine engine into a thrust force to propel a marine vessel
<i>"propeller shaft"</i>	:	On a power-driven ship, the propeller shaft usually connects the transmission inside the vessel directly to the propeller
<i>"roller sheave"</i>	:	A wheel or roller with a groove along its edge for holding a belt, rope or cable. In a typical application, the sheaves are used to install mooring anchor legs and flexible production risers from the sea floor to the floating production vessel, and to remove and replace risers as required for general maintenance
<i>"rudder"</i>	:	An underwater blade that is mounted at the stern of a vessel and controlled through a vessel's helm to steer its movement through water
<i>"rudder pintle"</i>	:	A pin or bolt, usually inserted into a gudgeon which is used as part of a pivot or hinge which holds a rudder onto the vessel
<i>"rudder stock"</i>	:	An upright supporting shaft that connects the rudder to the steering gear
<i>"shafting"</i>	:	A rotating rod or cartridge that provides motion from the engine to the propeller
<i>"static and dynamic balancing"</i>	:	The process of reducing the forces that cause vibrations in a rotating propeller by the removal or addition of weight to the rotating propeller. Static balancing is used to remove imbalances on a single blade in a propeller and dynamic balancing is used to remove imbalances on multiple blades in a propeller

- “sterngear equipment”* : Steering or propulsion equipment that is attached to the stern of a vessel such as stern tubes, tail shafts, propellers, intermediate shafts, rudders, shaft couplings and marine bearings
- “sterngear services”* : Refurbishment and reconditioning services for sterngear equipment
- “stern thruster”* : An equipment generating thrust to control the movement of the vessel
- “stern tube”* : A long circular bearing or bushing which supports the propeller shaft where it emerges from the stern of vessel

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements. These forward-looking statements, including without limitation, statements as to our revenue and profitability, cost measures, planned strategy, expected growth in demand, expected growth in our manufacturing capacity, expected industry trends, anticipated expansion plans, and other matters discussed in this Offer Document regarding matters that are not historical facts are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- (a) changes in political, social and economic conditions, the regulatory environment and laws and regulations and the interpretation thereof in Singapore and other countries in which we conduct business or expect to conduct business;
- (b) the risk that we may be unable to realize our anticipated growth strategies and expected internal growth;
- (c) changes in currency exchange rates;
- (d) our anticipated growth strategies and expected internal growth;
- (e) changes in the availability and prices of raw materials and goods which we require to operate our business;
- (f) changes in customer preferences;
- (g) changes in competitive conditions and our ability to compete under such conditions;
- (h) changes in our future capital needs and the availability of financing and capital to fund such needs; and
- (i) other factors beyond our control.

Some of these risk factors are discussed in more detail in this Offer Document, in particular, but not limited to, the discussions under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” of this Offer Document. These forward-looking statements are applicable only as of the date of this Offer Document.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different than expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements which apply only as at the date of this Offer Document. Neither our Company, the Sponsor, Underwriter and Placement Agent, nor any other person represents or warrants that our Group’s actual future results, performance or achievements will be as discussed in those statements.

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Sponsor, the Underwriter and the Placement agent, disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances. We are, however, subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure.

In particular, pursuant to Section 241 of the SFA, if after the Offer Document is registered but before the close of the Invitation, our Company becomes aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST and would have been required by Section 243 of the SFA to be included in the Offer Document, if it had arisen before the Offer Document was lodged,

and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement offer document with the SGX-ST.

SELLING RESTRICTIONS

Singapore

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for our Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal regulatory requirements of any jurisdiction, except for the filing and/or registration of this Offer Document in Singapore in order to permit a public offering of the New Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the New Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by our Company, the Sponsor, Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions.

DETAILS OF THE INVITATION

LISTING ON THE CATALIST

We have applied to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued, the New Shares and the Option Shares. Such permission will be granted when our Company has been admitted to the Catalist. Acceptance of applications will be conditional upon, *inter alia*, permission being granted by the SGX-ST to deal in, and for quotation of, all our existing issued Shares, the New Shares and the Option Shares. Monies paid in respect of any application accepted will be returned to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk, if the said permission is not granted and you will not have any claims whatsoever against us, the Sponsor, Underwriter and Placement Agent.

A copy of this Offer Document has been lodged with and registered by the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Offer Document. Admission to the Catalist is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares, the New Shares, or the Option Shares.

We are subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, if after this Offer Document is registered but before the close of the Invitation, we become aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since the Offer Document was lodged which would have been required by Section 243 of the SFA to be included in the Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document pursuant to Section 241 of the SFA.

Where applications have been made for the New Shares prior to the lodgement of the supplementary or replacement offer document, we shall, within seven days from the date of lodgement of the supplementary or replacement offer document, either

- (a) provide the applicants with a copy of the supplementary or replacement offer document and, as the case may be, provide the applicants with an option to withdraw their applications; or
- (b) treat the applications as withdrawn and cancelled and return all monies paid, without interest or any share of revenue or other benefit arising therefrom, in respect of any application accepted within seven days from the date of lodgement of the supplementary or replacement offer document.

Any applicant who wishes to exercise his option to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us whereupon we shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at the applicant's risk.

Where the SGX-ST, acting as an agent on behalf of the Authority, issues a stop order pursuant to Section 242 of the SFA, and

- (a) in the case where the New Shares have not been issued to the applicants, the applications of the New Shares pursuant to the Invitation shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the stop order, pay to the applicants all monies the applicants have paid on account of their applications for the New Shares; or

- (b) in the case where the New Shares have been issued to the applicants, the issue of the New Shares pursuant to the Invitation shall be deemed to be void and our Company shall, within 14 days from the date of the stop order, pay to the applicants all monies paid by them for the New Shares.

Such monies paid in respect of your application will be returned to you at your own risk, without interest or any share or revenue or other benefit arising therefrom, and you will not have any claim against us, the Sponsor, Underwriter and Placement Agent.

This Offer Document has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Offer Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Offer Document are fair and accurate in all material respects as at the date of this Offer Document and that there are no material facts the omission of which would make any statements in the Offer Document misleading, and that this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group.

Neither our Company, the Sponsor, the Underwriter and Placement Agent, nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Sponsor, Underwriter and Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Invitation, nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in our affairs or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur, we may make an announcement of the same to the SGX-ST and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST. All applicants should take note of any such announcements and, upon the release of such an announcement, shall be deemed to have notice of such changes. Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies.

This Offer Document has been prepared solely for the purpose of the Invitation and may not be relied upon by any other persons other than the applicants in connection with their application for the New Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation of the New Shares in any jurisdiction in which such offer, or solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability during office hours, from:

CIMB-GK Securities Pte. Ltd.
CIMB-GK Investment Centre
50 Raffles Place
#01-01 Singapore Land Tower
Singapore 048623

and members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Offer Document is also available on the SGX-ST's website at <http://www.sgx.com>.

The Application List will open immediately upon the registration of the Offer Document by the SGX-ST and will remain open until 12.00 p.m. on 23 June 2008 or for such further period or periods as our Directors may, in consultation with the Sponsor, in their absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary offer document or replacement offer document is lodged with the SGX-ST, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for application for the New Shares are set out in Appendix D of this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable is set out for reference of applicants:

Indicative date/time	Event
12.00 p.m. on 23 June 2008	Close of Application List
24 June 2008	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
9.00 a.m. on 25 June 2008	Commence trading on a “ready” basis
30 June 2008	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 23 June 2008, the date of admission of our Company to the Catalist is 25 June 2008, the SGX-ST’s shareholding spread requirement will be complied with and the New Shares will be allotted and fully paid-up prior to 25 June 2008.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit trading on a “when ready” basis and the commencement date of such trading.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the internet at the SGX-ST’s website <http://www.sgx.com>; and
- (b) in a local English language newspaper such as The Straits Times or The Business Times.

We will publicly announce the level of subscription for the New Shares and the basis of allotment and allocation of the New Shares pursuant to the Invitation, as soon as it is practicable after the close of the Application List through the channels described in (a) and (b) above.

Investors should consult the SGX-ST’s announcement of the “ready” listing date on the Internet (at the SGX-ST’s website <http://www.sgx.com>), or the newspapers or check with their brokers on the date on which trading on a “ready” basis will commence.

PLAN OF DISTRIBUTION

The Invitation

The Invitation is for 22,500,000 New Shares offered in Singapore by way of public offer and placement comprising 1,500,000 Offer Shares and 21,000,000 Placement Shares (including up to 300,000 Reserved Shares) managed and underwritten by CIMB-GK.

Prior to the Invitation, there has been no public market for our Shares. The Issue Price is determined by our Company in consultation with the Sponsor, taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for our Shares, determined through a book-building process. The Issue Price is the same for each New Share and is payable in full on application.

CIMB-GK was appointed to manage the Invitation pursuant to the management and underwriting agreement dated 17 June 2008 (the "Management and Underwriting Agreement") entered into between our Company and CIMB-GK. CIMB-GK will receive a management fee from our Company for its services rendered in connection with the Invitation.

Offer Shares

The Offer Shares are made available to the members of the public in Singapore for subscription at the Issue Price. The terms, conditions and procedures for application and acceptance are set out in Appendix D to this Offer Document entitled "Terms, Conditions and Procedures for Application and Acceptance".

An applicant who has made an application for Offer Shares by way of an Application Form may not make another separate application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and shall be rejected.

Pursuant to the Management and Underwriting Agreement, CIMB-GK has agreed to underwrite our offer of the Offer Shares for a commission of 2.75% of the Issue Price for each Offer Share, payable by our Company pursuant to the Invitation. CIMB-GK may, at its absolute discretion, appoint one or more sub-underwriters for the Offer Shares.

Brokerage will be paid by our Company to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or IB websites at the rate of 0.25% of the Issue Price for each Offer Share or in the case of DBS Bank, 0.50% of the Issue Price for each Offer Share. In addition, DBS Bank will levy a minimum brokerage fee of S\$5,000.

The Management and Underwriting Agreement may, subject to the terms and conditions thereof, be terminated by CIMB-GK at any time on or before the date of commencement of trading of our Shares on the Catalist ("Trading Date"), on the occurrence of certain events, including:

- (a) the issue of a stop order by the SGX-ST, acting as an agent on behalf of the Authority, in accordance with Section 242 of the SFA; or
- (b) any breach of the warranties or undertakings in the Management and Underwriting Agreement or that the warranties is untrue or incorrect in any material respect; or
- (c) the occurrence of certain specified events which comes to the knowledge of CIMB-GK; or
- (d) there shall have been, since the date of the Management and Underwriting Agreement:
 - (i) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) of the Company or of the Group as a whole; or

- (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore, the SGX-ST or relevant authorities in Singapore or elsewhere) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere; or
- (iii) any change, or any development involving a prospective change or any crisis in local, national or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition or any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise); or
- (iv) any imminent threat or occurrence of any local, national or international outbreak or escalation of hostilities whether war has been declared or not, or insurrection or armed conflict (whether or not involving financial markets); or
- (v) any regional or local outbreak of disease that may have an adverse effect on the financial markets; or
- (vi) any other occurrence of any nature whatsoever,

which event or events which shall in the opinion of CIMB-GK (1) result or likely to result in a material adverse fluctuation or adverse conditions of the stock market in Singapore or elsewhere or (2) be likely to prejudice the success of the offer or subscription of the New Shares (whether in the primary market or in respect of dealings in the secondary market) or (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement or (4) be likely to have an adverse effect on the business, trading position, operations or prospects of the Company or of the Group as a whole or (5) be such that no reasonable underwriter would have entered into the Management and Underwriting Agreement or (6) result or likely to result in the issue of a stop order by the SGX-ST, acting as an agent on behalf of the Authority, pursuant to the SFA or (7) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriting in Singapore for the Underwriter to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement.

In addition, CIMB-GK may terminate the Management and Underwriting Agreement, subject to the terms and conditions thereof, if:

- (a) at any time up to the Trading Date, a stop order shall have been issued by the SGX-ST, acting as an agent on behalf of the Authority, in accordance with Section 242 of the SFA; or
- (b) at any time after the registration of the Offer Document by the SGX-ST but before the close of the Application List, our Company fails and/or neglects to lodge a supplementary or replacement offer document (as the case may be) if they or either of them becomes aware of:
 - (i) a false or misleading statement in the Offer Document;
 - (ii) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or
 - (iii) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST and would have been required by Section 243 of the SFA to be included in the Offer Document if it had arisen before the Offer Document was lodged,

that is materially adverse from the point of view of an investor; or

- (c) our Shares (including the New Shares) have not been admitted to the Catalist on or before 30 June 2008 (or such other date as our Company and CIMB-GK may agree).

The Management and Underwriting Agreement further provides that without limiting the generality of the foregoing, if it comes to the notice of CIMB-GK that (1) any statement contained in the Offer Document or the Application Forms relating thereto which in the reasonable opinion of CIMB-GK has become untrue, incorrect or misleading in any material respect or (2) circumstances or matters have arisen or have been discovered, which would, if the Offer Document was to be issued at that time, constitute in the reasonable opinion of CIMB-GK, a material omission of material information, and our Company fails to lodge a supplementary or replacement offer document or document within a reasonable time after being notified of such material misrepresentation or omission or fails to promptly take such steps as the Sponsor and the Underwriter may reasonably require to inform investors of the lodgement of such supplementary offer document, CIMB-GK reserves the right, at its absolute discretion, to inform the SGX-ST and to cancel the Invitation and (if applicable) and on and subject to the terms and conditions of the Offer Document, any application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicants for the New Shares by ordinary post, telegraphic transfer or such other means as CIMB-GK may deem appropriate at the applicant's own risk within 14 days of the termination of the Invitation.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors after consultation with CIMB-GK and approved by the SGX-ST.

Placement Shares

The Placement Shares are reserved for Placement to members of the public and institutional investors in Singapore.

Application for the Placement Shares may only be made by way of Application Forms. The terms, conditions and procedures for application and acceptance are set out in Appendix D to this Offer Document entitled "Terms, Conditions and Procedures for Application and Acceptance".

Pursuant to the placement agreement dated 17 June 2008 entered into between our Company and CIMB-GK (the "Placement Agreement"), CIMB-GK has agreed to subscribe and/or procure subscribers for the Placement Shares for a placement commission of 3.00% of the Issue Price for each Placement Share, payable by our Company. CIMB-GK may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Subscribers of the Placement Shares may be required to pay a brokerage of up to 1.00% of the Issue Price to the Placement Agent (and the prevailing Goods and Services Tax, if applicable).

The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Reserved Shares

Up to 300,000 Placement Shares shall be reserved for Independent Directors. As such, none of them will be offered more than 5% of the total Invitation size or 1,125,000 New Shares.

In the event that any of the Reserved Shares are not taken up as at the close of the Application List, they will be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List or, in the event of an under-subscription for the Placement Shares as at the close of the Application List, to satisfy excess applications made by members of the public for the Offer Shares to the extent there is an over-subscription for the Offer Shares as at the close of the Application List.

Subscription for New Shares

To the best of our knowledge and belief, as at the date of this Offer Document, save for the Reserved Shares, we are not aware of any Directors, Shareholders or employees of our Company who intend to subscribe for the New Shares in the Invitation. We are not aware of any person who intends to subscribe for more than 5% of the New Shares. However, through a book-building process to assess market demand for our Shares, there may be persons who may indicate an interest to subscribe for Shares amounting to more than 5% of the New Shares. If such person(s) were to make an application for Shares amounting to more than 5% of the New Shares and are subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment of Shares will be made in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Listing Manual.

No Shares shall be allotted on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST.

OFFER DOCUMENT SUMMARY

The following summary highlights certain information found in greater detail elsewhere in this Offer Document. In addition to this summary, we urge you to read the entire Offer Document carefully, especially the section entitled "Risk Factors" of this Offer Document, before deciding to invest in our Shares.

OVERVIEW OF OUR GROUP

Our Business

Our principal business activities are in (i) the manufacture and supply of sterngear equipment and (ii) the provision of sterngear services, for a wide range of commercial vessel applications. We provide a one-stop integrated product line for our customers in the offshore oil and gas and marine industry for the local and regional shipyards and owners.

Please refer to section entitled "Business Overview" of this Offer Document for further details.

Our Financial Results and Financial Position

Our financial performance for FY2005, FY2006 and FY2007 and our financial position as at 31 December 2007 are summarised below. Please refer to the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Offer Document and the Combined Financial Information set out in Appendix A of this Offer Document for further details.

Financial Results of our Group

(S\$'000)	FY2005 (Audited and Restated)	FY2006 (Audited)	FY2007 (Audited)
Revenue	11,650	13,348	18,876
Gross profit	3,383	4,748	8,663
Profit before income tax	973	2,757	5,892
Net profit attributable to equity holders of the Company	707	2,184	4,816
EPS (cents) ⁽¹⁾	0.57	1.75	3.85

Note:-

- (1) For comparative purposes, EPS for the period under review has been computed based on the net profit attributable to equity holders of the Company for the relevant year and the pre-Invitation share capital of 125,000,000 Shares.

Financial Position of our Group

	————— Audited ————— As at 31 December 2007 (S\$'000)
Current assets	11,218
Non-current assets	11,257
Current liabilities	8,745
Non-current liabilities	1,201
Total equity	12,529
NTA per Share (cents) ⁽¹⁾	10.02

Note:-

- (1) NTA per Share as at 31 December 2007 has been computed based on the equity attributable to the Company's equity holders as at 31 December 2007 and the pre-Invitation share capital of 125,000,000 Shares, excluding the Special Final Dividend. The NTA per Share as at 31 December 2007, after adjusting for the Special Final Dividend, would amount to approximately 7.62 cents.

Our Competitive Strengths

We believe our competitive strengths are as follows:

- **An established track record, reputation and close proximity to our customers**

Since the commencement of our business in 1981, we have established a good track record and reputation in our industry in the region through our years of dealings with some of the major players in the offshore oil and gas and marine industry, and by consistently providing high quality products and services to our customers. In addition, our production facilities are located in Singapore, which is in close proximity to many shipyards in Singapore and around the South-east Asia region. Such close proximity provides us with opportunities to offer our sterngear equipment and sterngear services to the shipyards located in the region and to further expand our customer base.

- **We offer quality sterngear equipment and sterngear services**

Over the years, we have expanded the offerings of our products and services and are able to offer our customers a comprehensive range of sterngear equipment and sterngear services, catered and packaged accordingly to the requirements of our customers. In addition, we provide quality products and services to our customers as we implemented strict quality control procedures for all stages of our manufacturing process for our sterngear equipment and our sterngear services.

- **We possess advanced machinery and strong technical expertise**

Our manufacturing facility located at No. 7 Tuas View Circuit is equipped with advanced machinery, such as the horizontal centrifugal casting machine and the vertical centrifugal casting machine, which enables us to improve our productivity and the quality of our sterngear equipment, and reduce our production costs. In addition, we are able to render technical advice to customers on compliance with certification requirements and extending the seaworthiness of their vessels whilst minimizing repair and operational costs. The ability to provide such additional advice further increases the value of our services to our customers and increases our competitiveness in the industry.

- **We have a dedicated and experienced management team**

We are managed by a dedicated and experienced management team. Our Executive Chairman, Sim Gok Hian, has been engaged in the business of providing sterngear equipment and related services since 1981 and is one of the pioneers of this business in Singapore. His in-depth knowledge of our business and the industry and technical expertise has been instrumental in spearheading the development and growth of our Group. In addition, our Chief Executive Officer, Glendle Sim, has been with our Group for over 10 years and his ability to anticipate the needs of our customers, has enabled us to offer suitable types and ranges of products and services to our customers on a timely basis.

Please refer to section entitled "Competitive Strengths" of this Offer Document for further details.

Our Business Strategies and Future Plans

To materialize our business strategies, we intend to carry out the following plans:

- **Expand our facility in Singapore**

We plan to increase our production and storage capacity to cater for the expected increase in demand for our sterngear equipment and sterngear services. We are currently operating at our facility located at No. 7 Tuas View Circuit, with a land area of approximately 8,500 sq m. By the end of 2008, we plan to acquire and commence operations at a facility located at No. 12 Kwong Min Road, to expand our production capacity.

- **Establish new bases to facilitate expansion of our geographical coverage**

Many of the major shipbuilders in Singapore have expanded to other areas in the region such as Indonesia and Malaysia, to lower their costs of production. In order to be in closer proximity to these shipyards, we intend to build new service centres in these places to provide faster response time and services to them. These service centres are expected to be established with the required machinery to cater to the needs of the shipyards and customers in the vicinity. Such service centres are to be operated by local staff and supplemented by specialists (experienced service engineers) when required. We also intend to increase our market presence and increase our market share in the region. We will strengthen our corporate presence in growing markets such as Thailand, Indonesia, Malaysia, and Brunei and we also plan to expand our customer base to include clients from China, India, and the Middle East by appointing suitable agents in these regions.

- **Expand our core business through acquisitions, joint-ventures or strategic alliances**

We may consider expanding our core business through acquisitions, joint ventures or strategic alliances with parties who create new synergy with our existing business. Through such acquisitions, joint ventures and strategic alliances, we are looking to strengthen our market position, expand our network of customers as well as expand into new businesses complementary to our products and services.

Please refer to section entitled "Business Strategies and Future Plans" of this Offer Document for further details.

Our Contact Details

Our principal place of operations is in Singapore. Our registered office and business address is at No. 7 Tuas View Circuit, Singapore 637642. Our telephone number is (65) 6268-4331 and our facsimile number is (65) 6264-4156. Our internet address is <http://www.mencast.com.sg>. **Information contained in our website does not constitute part of this Offer Document.**

THE INVITATION

- Issue Size : Invitation in respect of 22,500,000 New Shares, comprising 1,500,000 Offer Shares and 21,000,000 Placement Shares (including the Reserved Shares).
- The New Shares will, upon issue and allotment, rank *pari passu* in all respects with the existing issued Shares.
- Issue Price : S\$0.28 for each New Share, payable in full on application.
- The Offer : The Offer comprises an invitation by our Company to the public in Singapore to subscribe for the 1,500,000 Offer Shares at the Issue Price, subject to and on the terms and conditions of this Offer Document.
- In the event of an under-subscription for the Offer Shares, that number of Offer Shares not subscribed for shall be used to satisfy excess applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares as at the close of the Application List.
- The Placement : The Placement comprises a placement of 21,000,000 Placement Shares (including the Reserved Shares) at the Issue Price, subject to and on the terms and conditions of this Offer Document.
- In the event of an under-subscription for the Placement Shares, that number of Placement Shares not subscribed for shall be used to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.
- Purpose of the Invitation : The purpose of the Invitation is to secure admission of our Company to the Catalist. Our Directors believe that the listing of our Company and the quotation of our Shares on the Catalist will enhance the public image of our Group locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide members of the public an opportunity to participate in the equity of our Company.
- Listing status : Prior to the Invitation, there had been no public market for our Shares. Our Shares will be quoted on the Catalist, subject to admission of our Company to the Catalist and permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST.

RISK FACTORS

Investors should consider carefully the following risk factors and all other information contained in this Offer Document, before deciding to invest in our Shares. You should also note that certain of the statements set forth below constitute “forward-looking statements” that involve risks and uncertainties.

If any of the following considerations and uncertainties develops into actual events, our business, financial condition or results of operations or cash flows or prospects may be adversely affected. In such circumstances, the trading price of our Shares could decline due to any of these considerations and uncertainties and investors may lose all or part of their investment in our Shares. To the best of our Directors’ belief and knowledge, all the risk factors that are material to investors in making an informed judgement have been set out below.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We are dependent on the shipbuilding and ship repair industry

We provide sterngear equipment and sterngear services to the shipbuilding and ship repair industry. The level of activities in the shipbuilding and ship repair industry are affected by, *inter alia*, changes in capacity utilisation, number of voyages, demand and supply of vessels, shipping routes, general global and regional economic conditions and international trade.

We focus mainly on vessels supporting the offshore oil and gas and marine industry. Demand for shipbuilding and ship repair activities for offshore support vessels are dependent on the level of activities in the exploration, development and production of offshore oil and natural gas. Such activities are affected by, *inter alia*, fluctuations in the prices of oil and natural gas, the numbers and locations of oil and natural gas fields, the availability and prices of alternative fuels or energy and changes in capital expenditure by customers in the offshore oil and gas industry.

In the event that there is any development which negatively impact any of the abovementioned factors or there is a decline in offshore drilling, exploration, development and production activities and/or demand for shipbuilding and ship repair services, the demand for our sterngear equipment and sterngear services may decline and this may adversely affect our business, financial performance, and financial condition.

We are exposed to potential liabilities arising from damage to property and injury or death to personnel

Due to the nature of our operations, our employees or third parties may be involved in accidents on either our or third parties’ premises or vessels. These accidents may occur as a result of, *inter alia*, fire, explosions or industrial accidents which may result in injury or death, or damages to property or vessels. In addition, in the ordinary course of our business, we may store materials and equipment belonging to our customers on our premises. We are therefore responsible for the safety of these materials and equipment. In the event that there are any losses of or damages caused to these materials and equipment, we may be liable for these losses or damages.

In the event that our insurance policies do not or is inadequate to cover the liabilities which we are liable for arising from the above events, our financial performance, cash flows and financial position may be adversely affected.

We operate in a competitive industry

We operate in a competitive environment and are subject to competition from both existing competitors and new market entrants. Competitive factors in our industry include, amongst others, the selling price and quality of products and services, response time, track record, technical expertise, production capacity, availability and consistency of the supply of raw materials as well as proximity to suppliers and customers.

Our competitors and new entrants to our industry may have access to greater financial, technological and/or other resources than we do. For example, our competitors may have greater financial capabilities and are able to acquire production facilities that are more advanced than our production facilities. Should we fail to maintain our competitive edge, our prospects and financial performance will be adversely affected.

We are exposed to credit risk and defaults in payments by our customers

We are exposed to delays in payment and/or defaults by our customers. If circumstances arise which affect our customers' ability or willingness to pay us, we may experience delays in their payments to us, or in more severe cases, we may be unable to collect our receivables. This may adversely affect our operating cash flows. In addition, we may be required to make provisions for such doubtful debts, or write off such debts. In such events, our financial performance and position may be adversely affected.

Furthermore, although we adopt a credit policy of between 30 and 60 days, some of our major customers typically take longer to pay us due to their internal payment policies, which could result in the final settlement of our invoices to be as long as 8 months after the date of the relevant invoice. Our Group's average trade receivables' turnover days were 105 days, 101 days and 95 days in FY2005, FY2006 and FY2007 respectively. In the event that we increase our business transactions with these customers, such extended payment terms may impose a burden on our Group's cash flow, and result in our Group requiring further sources of finance for our working capital requirements. If our working capital requirements increase, we may need to seek additional funding or bank loans. In such an event, we may incur additional costs for such financing. In addition, if we are unable to obtain such funds at reasonable costs, we may not be able to manage our operations and cash flows as expected and our financial performance may be adversely affected. Please refer to the section entitled "Credit Terms" of this Offer Document for further details.

We are affected by fluctuations in steel or other raw material prices

The main raw materials that we require for the manufacturing of our sterngear equipment are steel and copper alloys. In order to ensure timely delivery of products to our customers at competitive prices, we need to obtain sufficient quantities of good quality raw materials at acceptable prices in a timely manner. As we have not entered into long-term supply contracts with any of our major suppliers, there is no assurance that we will be able to continue to obtain sufficient quantities of raw materials which are of acceptable quality and prices from our suppliers in a timely manner.

In addition, we are subject to the risk of rising steel and copper alloy prices, which are dependent on the global demand and supply conditions of such metals. Should there be any significant increase in prices of our raw materials, and if we are unable to pass on such increases to our customers or find alternative suppliers who are able to supply us with such raw materials at competitive prices, our financial performance, cash flows and financial position will be adversely affected.

We may face disruptions in operations at our production facilities

Disruptions in our operations and delays may occur in the event of, *inter alia*, raw material shortages, machine breakdowns, disruptions in the power supply or utilities, industrial accidents or fires at our production facilities. This would result in longer time required for production and a delay in the delivery to our customers. Failure to meet our customers' expectations could damage our reputation and may, as a result, lead to claims from customers, loss of business and affect our ability to attract new customers. Accordingly, our business and financial performance may be adversely affected.

We do not have long-term purchase commitment from our customers

Sales to our major customers accounted for approximately 32.5%, 35.4% and 49.4% of our Group's revenue for FY2005, FY2006 and FY2007, respectively. Please refer to the section entitled "Major Customers" of this Offer Document for further details. We do not enter into long-term agreements with any of our major customers and, therefore, our ability to retain these major customers is important to our continued success. There is no assurance that these customers will continue to purchase our sterngear equipment or sterngear services at current levels in the future. There is also no assurance that we will be able to decrease our dependence on these major customers over time. In the event that these major customers cease or reduce significantly their purchase of our sterngear equipment or sterngear services and we are unable to replace them with new customers, there will be a material adverse impact on our business, financial performance and financial position.

We are subject to environmental regulations

At present, our business operations are subject to applicable government regulations or policies on environmental protection such as industrial waste control, noise and air pollution. Please refer to the section entitled "Government Regulations" of this Offer Document for further details. However, in the course of our development and expansion, environmental standards may be raised significantly, or new environmental protection regulations may be promulgated. In such an event, we may incur costs to comply with the new regulatory standards or face an increase in operating costs. In addition, should we fail to comply with any applicable environmental laws and regulations, we or any persons including the directors of our Company could be subject to substantial fines or penalties and to civil and criminal liability. In such an event, our business and financial performance, cash flows and financial position may be adversely affected.

We may incur additional costs or damages in the event of defects or delivery delays

Our sterngear equipment and sterngear services are required to comply with the stipulated specifications of the relevant quality assurance standards. Prior to delivery to our customers, our sterngear equipment is subject to inspection by the Classification Societies and third-party non-destructive tests and inspection by customers. In the event that these products do not meet specified tolerances or do not comply with the specifications of the relevant quality assurance standards during the inspection, we may be required to perform rectification works of the sterngear equipment to achieve the requisite specifications. Furthermore, any delay in completion of the provision of our sterngear equipment and sterngear services may result in us being liable to pay liquidated damages. In such events, our financial performance, cash flows and financial position may be adversely affected.

In addition, we provide product warranties of 12 months to 18 months to customers who purchase our sterngear equipment. In the event our sterngear equipment are found to be unfit for their intended purposes or contain defects and our customers and/or users suffer personal injury, death or other losses from the use of our products during the product warranty period, we may be subject to claims and may be required to compensate our customers and/or users for the said losses. Furthermore, even if we successfully defend ourselves against any such claims, we may have to incur substantial legal expenses and resources in the process. In such an event, our financial performance, cash flows and financial condition may be adversely affected.

We are dependent on foreign labour

The supply of skilled workers in Singapore for our industry is scarce and we are dependent on the supply of skilled foreign workers, which is in turn subject to the demand and supply conditions in the labour market and the local and foreign governments' labour regulations. As at 31 December 2007, approximately 60% of our employees were foreign workers. Any changes in the labour policy in Singapore or that of the foreign workers' countries of origin may affect the supply of skilled foreign workers and cause disruptions to our operations. In the event that there is a shortage of foreign workers to meet our operational requirements, we may not be able to fulfil our customers' demands in a timely manner. We may also have to pay higher salaries to attract and retain foreign workers, and this will have an adverse effect on our financial performance and condition. Furthermore, as we are currently required to pay foreign workers' levy to the Singapore government for the employment of foreign workers, any increase in the foreign workers' levy will result in an increase in our operating costs. Accordingly, our business, financial performance, cash flows and financial position will be adversely affected.

We may be affected by any adverse impact on our reputation

We believe we have over the years established our reputation in the local offshore oil and gas and marine industry as a supplier of quality sterngear equipment and sterngear services. We believe that our established reputation and track record enable us to gain customers' loyalty. Hence, if there are any major defects in our products, lapses in our services or adverse publicity of our Group, our reputation will be adversely affected and our customers may lose confidence in our products and services. This will adversely affect our business and financial performance.

There is no assurance that our expansion plans will be successful

Our future plans include the further penetration into markets such as Malaysia and Indonesia, and the expansion of our production and storage capacity and expansion of our core business through acquisitions, joint-ventures or strategic alliances. Please refer to the section entitled “Business Strategies and Future Plans” of this Offer Document for further details. Any future acquisition that we make, along with any joint ventures, strategic alliances and other investments entered into by our Group exposes us to additional business and operating risks and uncertainties. These expansion plans will require substantial financial and management resources. The success of our expansion plans depends on many factors, some of which are not within our control. In the event that our expansion plans are not successful which result in us incurring costs without increasing our revenue, business, financial performance, financial position and/or prospects may be adversely affected. In addition, we may finance such acquisitions, joint-ventures or strategic alliances by way of equity or debt fund raising. Please refer to the risk factor entitled “We may require additional funding for our future growth” of this section for further details.

Our business is dependent on our ability to meet appraisal and certification standards issued by independent classification authorities

We currently have various welding certifications from the ABS, BV, ClassNK, DNV, Germanischer Lloyd and Lloyd’s Register. We also have foundry approvals from ABS, Germanischer Lloyd and Lloyd’s Register. Under the terms of these certifications and approvals, the relevant classification authorities have the right to conduct inspections of our sterngear equipment and sterngear services to ensure that we continue to comply with the standards commensurating with these certifications and approvals. Any failure to comply with the standards or any changes in the standards implemented by the classification authorities from time to time, may cause our certifications or approvals to be withdrawn. In such events, we will no longer be able to provide products and services which bear the requisite certifications and approvals by the relevant classification authorities to meet the requirements of our customers, thereby resulting in an adverse impact on our business, financial performance and financial condition.

We are exposed to foreign exchange fluctuations

Our revenue is denominated mainly in S\$ while our purchases of raw materials are mainly denominated in S\$ and US\$. To the extent that our revenue, purchases and operating costs are not naturally matched in the same currency and there are timing differences between collections and payments, we will be susceptible to foreign exchange losses arising from adverse fluctuations in foreign exchange rates, if any. As a result of this adverse fluctuation in foreign exchange rates, our financial position and results of operations will be adversely affected.

Furthermore, going forward, we may establish service centres in Malaysia and Indonesia, and expand our presence in the region. As a result, we may become exposed to foreign exchange translation risks as our reporting currency is in S\$ and the accounts of our overseas entities will be prepared in the appropriate foreign currency.

Currently, we do not have a formal foreign currency hedging policy with respect to our foreign exchange exposure. Our management believes that it is more efficient for us to assess each transaction individually on the need to hedge our foreign exchange exposures. We will continue to monitor our foreign exchange exposure in the future and will consider hedging any material foreign exchange exposure should the need arise. Please refer to the section entitled “Management’s Discussion and Analysis of Financial Position and Results of Operations – Foreign Exchange Exposure” of this Offer Document for further details.

Failure to retain services of key personnel will adversely affect our operations and results

Our success to date has been largely due to the contributions of our Executive Directors, namely our Executive Chairman, Sim Gok Hian, our Chief Executive Officer, Glennle Sim, and our Executive Officers. Please refer to the section entitled “Directors, Management and Staff” of this Offer Document for further details of our Directors and Executive Officers.

Our continued success is dependent, to a large extent, on our ability to retain the services of our management team, comprising our Executive Directors and Executive Officers, who are responsible for our day-to-day operations and the implementation of the business strategy and corporate development of our Group. In addition, we have not purchased key man insurance for any of our Executive Directors.

The loss of services of our key executives without suitable replacement or the inability to attract and retain qualified personnel will adversely affect our business operations and hence, our profits and prospects.

Our export sales and expansion plans may be affected by social, economic, political and regulatory conditions in the countries/territories where our customers are based or where we plan to increase our presence

Currently, we export some of our products to customers in foreign countries. Accordingly, the sales of our products may be affected by changes in the social, economic, political and regulatory conditions in the countries which these customers are based in.

Factors such as fluctuations in exchange rates, economic recession, inflation, changes in government or regulatory policies, changes in labour policies and environmental policies, implementation of trade and non-trade barriers can affect our operations and financial results. Our revenue and profits will be adversely affected if there is any change in policies and/or other economic and/or political developments that have a negative impact on our operations and business.

Further, we may set up business operations in foreign jurisdictions and may face regulatory and legislative policies that may be imposed on new business establishments by the relevant government authorities in such foreign jurisdictions. In the event that such policies are unduly restrictive or impose excessive burdens on our business operations, our financial performance may be adversely affected.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Investments in securities quoted on the Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

We have made an application for our Shares to be admitted to the Catalist, a listing platform primarily designed for fast growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies. An investment in shares quoted on the Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST. The Catalist has been newly formed in February 2008 and its future success and liquidity in the market for our Shares cannot be guaranteed.

Control by our existing Shareholders may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

Upon the completion of the Invitation, our Directors, Sim Gok Hian and Glennle Sim, and Substantial Shareholders, Chua Kim Choo and Teo Cheng Toh, will beneficially own in aggregate approximately 80.7 per cent. of our Company's post-Invitation share capital. As a result, these persons, if they act together, will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions. They will also have veto power, if they act together, with respect to any Shareholders' action or approval requiring a majority vote except where they are required by the rules of the Listing Manual to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Group, which may benefit our Shareholders.

New investors in our Shares will face immediate and substantial dilution in the book value per Share and may experience future dilution

Our Issue Price of S\$0.28 per Share is substantially higher than our NTA per Share as at 31 December 2007 of 9.91 cents based on the post-Invitation issued share capital and as adjusted for the Special Final Dividend as described in the section entitled "Dividend Policy" of this Offer Document and the net proceeds from the Invitation. If we were liquidated for NTA immediately following the Invitation, each investor subscribing to the Invitation would receive less than the price they paid for their Shares. Details of the immediate dilution of our Shares incurred by new investors are described under the section entitled "Dilution" of this Offer Document.

We may require additional funding for our future growth

Although we have identified our future growth strategies set out in the section entitled “Business Strategies and Future Plans” in this Offer Document as the avenues to pursue growth in our business, the net proceeds from the Invitation may not be sufficient to fully implement all our business strategies. We may also find other opportunities to grow through acquisitions which cannot be predicted at this juncture. Under such circumstances, we may require additional funding either by way of secondary issue(s) of securities after the Invitation or by way of borrowings to raise the required capital to develop these growth opportunities. If new Shares placed to new and/or existing Shareholders are issued after the Invitation, they may be priced at a discount to the then prevailing market price of our Shares trading on the Catalist, in which case, existing Shareholders’ equity interest may be diluted. If we fail to utilise the new equity to generate a commensurate increase in earnings, our EPS will be diluted, and this could lead to a decline in our share price. Any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters. If we are unable to procure the additional funding that may be required, our growth or financial performance will be adversely affected.

Any future sales of our Shares by our Substantial Shareholders could adversely affect our share price

Any future sale or availability of our Shares can have an adverse effect on our share price. The sale of a significant amount of Shares in the public market after the Invitation, or the perception that such sales may occur, could adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. Except as otherwise described under the section entitled “Moratorium” of this Offer Document, there are no restrictions imposed on our Substantial Shareholders to dispose of their shareholdings.

There has been no prior market for our Shares and this offering may not result in an active or liquid market and there is a possibility that our Share price may be volatile

Prior to the Invitation, there has been no public market for our Shares. Although we have made an application to the SGX-ST to list our Shares on the Catalist, there is no assurance that an active trading market for our Shares will develop, or if it develops, be sustained. There is also no assurance that the market price for our Shares will not decline below the Issue Price. The market price of our Shares could be subject to significant fluctuations due to various external factors and events including the liquidity of our Shares in the market, difference between our actual financial or operating results and those expected by investors and analysts, the general market conditions and broad market fluctuations.

INVITATION STATISTICS

Issue Price	S\$0.28
NTA	
NTA per Share based on the audited combined balance sheet of our Group as at 31 December 2007 and adjusted for the Special Final Dividend as described in the section entitled "Dividend Policy" of this Offer Document (the "Adjusted NTA"):	
(a) before adjusting for the estimated net proceeds from the Invitation and based on our Company's pre-Invitation share capital of 125,000,000 Shares	7.62 cents
(b) after adjusting for the estimated net proceeds from the Invitation and based on our Company's post-Invitation share capital of 147,500,000 Shares	9.91 cents
Premium of Issue Price over the Adjusted NTA per Share as at 31 December 2007:	
(a) before adjusting for the estimated net proceeds from the Invitation and based on our Company's pre-Invitation share capital of 125,000,000 Shares	267.5%
(b) after adjusting for the estimated net proceeds from the Invitation and based on our Company's post-Invitation share capital of 147,500,000 Shares	182.5%
EPS	
Historical EPS for FY2007 based on our Company's pre-Invitation share capital of 125,000,000 Shares	3.85 cents
Historical EPS for FY2007 based on our Company's pre-Invitation share capital of 125,000,000 Shares and assuming that the Service Agreements had been in effect since 1 January 2007	3.86 cents
Price to Earnings Ratio	
Historical PER based on the Issue Price and the historical EPS for FY2007	7.3 times
Historical PER based on the Issue Price and the historical EPS for FY2007, assuming that the Service Agreements had been in effect since 1 January 2007	7.3 times
Net Operating Cash Flow⁽¹⁾	
Historical net operating cash flow per Share for FY2007, based on our Company's pre-Invitation share capital of 125,000,000 Shares	4.45 cents
Historical net operating cash flow per Share for FY2007 based on our Company's pre-Invitation share capital of 125,000,000 Shares and assuming that the Service Agreements had been in effect since 1 January 2007	4.46 cents
Price to Net Operating Cash Flow	
Issue Price to historical net operating cash flow per Share for FY2007	6.3 times
Issue Price to historical net operating cash flow per Share for FY2007, assuming that the Service Agreements had been in effect since 1 January 2007	6.3 times

Market capitalisation

Market capitalisation based on our Company's post-Invitation share capital of 147,500,000 Shares and the Issue Price of S\$0.28 S\$41.3 million

Note:-

- (1) Net operating cash flow is defined as net profit after taxation before extraordinary item with depreciation and amortisation expenses added back.

USE OF PROCEEDS AND EXPENSES OF THE INVITATION

USE OF PROCEEDS

The estimated net proceeds from the Invitation (after deducting the estimated expenses incurred in connection with the Invitation) is approximately S\$5.1 million. Our Group intends to use such net proceeds as follows:

- approximately S\$2.8 million, representing approximately 54.9% of the net proceeds of the Invitation, for the expansion of our Group's production facility and establishment of new bases to facilitate expansion of geographical coverage; and
- the balance of approximately S\$2.3 million, representing approximately 45.1% of the net proceeds of the Invitation, for our Group's working capital.

Please refer to the section entitled "Business Strategies and Future Plans" of this Offer Document for further details.

Pending the deployment of the net proceeds from the Invitation as aforesaid, the funds will be placed in short-term deposits with banks and financial institutions or invested in money market instruments or used for our working capital requirements as our Directors may deem fit in their absolute discretion.

There is no minimum amount which, in the reasonable opinion of our Directors, must be raised by the Invitation.

The allocation of each principal intended use of proceeds and each item of expense borne by our Company is set out below:

Use of proceeds	S\$'000	As a percentage of gross proceeds from the Invitation (%)
Expansion of production facility	1,000	15.9
Establishment of new bases to facilitate expansion of geographical coverage	1,800	28.6
Working capital	2,289	36.3
Expenses		
Listing fees	32	0.5
Professional fees	695	11.0
Underwriting commission, placement commission and brokerage ⁽¹⁾	189	3.0
Miscellaneous expenses	295	4.7
Total	6,300	100.0

Note:

- (1) Pursuant to the Management and Underwriting Agreement, the Underwriter has agreed to underwrite our offer of the Offer Shares for a commission of 2.75% of the Issue Price for each Offer Share. Pursuant to the Placement Agreement, the Placement Agent has agreed to subscribe and/or procure subscribers for a placement commission of 3.00% of the Issue Price for each Placement Share. Brokerage will be paid by our Company to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at the rate of 0.25% of the Issue Price for each Offer Share, or in the case of DBS Bank, 0.50% of the Issue Price for each Offer Share. In addition, DBS Bank will levy a minimum brokerage fee of S\$5,000. Applicants for Placement Shares may be required to pay a brokerage of up to 1.00% of the Issue Price to the Placement Agent (and the prevailing Goods and Services Tax, if applicable).

DIVIDEND POLICY

Our Company was incorporated on 30 January 2008 and has not distributed any cash dividend on our Shares since incorporation. In FY2007, our subsidiary, Mencast Marine, declared and paid interim dividends of approximately S\$0.25 million to its then shareholders. Further, Mencast Marine declared the Special Final Dividend in respect of FY2007 which will be paid to the then shareholders of Mencast Marine prior to the end of FY2008. Save as disclosed above, none of our subsidiaries has declared or paid dividends in the last three financial years ended 31 December 2007 and for the period from 1 January 2008 to the Latest Practicable Date.

We do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, financial position, capital needs, plans for expansion and other factors which our Directors may deem appropriate. The dividends that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and other investment plans; and
- (d) restrictions on payment of dividends imposed on us by our financing arrangements (if any).

We may declare dividends by way of an ordinary resolution of our Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by our Board of Directors. The declaration and payment of dividends will be determined at the sole discretion of our Directors, subject to the approval of our Shareholders. Our Directors may also declare an interim dividend without the approval of our Shareholders. In making their recommendations, our Directors will consider, *inter alia*, our retained earnings and expected future earnings, operations, cash flow, capital requirements and general financing condition, as well as general business conditions and other factors which our Directors may deem appropriate. Future dividends will be paid by us as and when approved by our Shareholders, where necessary, and Directors.

For information relating to taxes payable on dividends, please refer to the section entitled "Taxation" of this Offer Document.

Investors should note that all foregoing statements (including the statements above) are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends or dividend policies which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion.

The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. Investors should not make any inference from the foregoing statements as to our actual future profitability or our ability to pay any future dividends.

GENERAL INFORMATION ON OUR GROUP

SHARE CAPITAL

Our Company (company registration number 200802235C) was incorporated in Singapore on 30 January 2008 under the Companies Act as a private limited company under the name “Mencast Holdings Pte. Ltd.”. On 3 June 2008, our Company’s name was changed to “Mencast Holdings Ltd.” in connection with its conversion to a public company limited by shares.

As at the date of incorporation, our issued and paid-up share capital was S\$2 comprising two Shares.

Pursuant to the completion of the Restructuring Exercise, the issued and paid-up share capital of our Company was increased to S\$12,500,000 comprising 12,500,000 Shares.

At an extraordinary meeting held on 30 May 2008, our Shareholders approved, *inter alia*, the following:

- (a) the sub-division of each share in the issued share capital of our Company into 10 Shares (the “Share Split”);
- (b) the conversion of our Company into a public company limited by shares and the consequential change of our name to “Mencast Holdings Ltd.”;
- (c) the listing and quotation of all the issued Shares (including the New Shares to be allotted and issued as part of the Invitation) on the Catalist;
- (d) the adoption of a new set of Articles;
- (e) the approval of the service agreements for the Executive Directors;
- (f) the allotment and issue of the New Shares which are the subject of the Invitation, on the basis that the New Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;
- (g) the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to (i) allot and issue Shares in our Company; and (ii) issue convertible securities and any Shares in our Company pursuant to the convertible securities, (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as our Directors shall in their absolute discretion deem fit, provided that the aggregate number of Shares to be issued pursuant to such authority shall not exceed 100 per cent. (100%) of the issued share capital of our Company immediately after the Invitation excluding treasury shares and that the aggregate number of Shares to be issued other than on a pro-rata basis to the then existing Shareholders of our Company shall not exceed 50 per cent. (50%) of the issued share capital of our Company immediately after the Invitation excluding treasury shares. Unless revoked or varied by our Company in general meeting, such authority shall continue in full force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting is required by law or by our Articles to be held, whichever is earlier, except that the Directors shall be authorised to allot and issue new Shares pursuant to the convertible securities notwithstanding that such authority has ceased.

For the purposes of this resolution and pursuant to Rules 806(3) and 806(4) of the Listing Manual, “issued share capital of our Company immediately after the Invitation excluding treasury shares” shall mean the enlarged issued and paid-up share capital of the Company after the Invitation excluding treasury shares after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided that the options or awards were granted in compliance with the Listing Manual; and (iii) any subsequent consolidation or sub-division of shares; and

- (h) the adoption of the Mencast Employee Share Option Scheme, the rules of which are set out in Appendix C of this Offer Document and that our Directors be authorised to allot and issue Option Shares upon the exercise of Option granted under the Scheme.

As at the Latest Practicable Date, there is only one class of shares in the capital of our Company, being ordinary shares. A summary of our Articles relating to the voting rights of Shareholders is set out on in Appendix B of this Offer Document. There is no founder, management, deferred or unissued Shares reserved for issuance for any purpose.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$12,500,000 divided into 125,000,000 Shares. Upon the allotment and issue of the New Shares which are the subject of the Invitation, the resultant issued and paid-up share capital of our Company will be S\$17,872,500 divided into 147,500,000 Shares.

Details of changes in the issued and paid-up share capital of our Company since our incorporation and our issued and paid-up share capital immediately after the Invitation are as follows:

Purpose of issue	Number of Shares	Resultant issued and paid-up share capital (S\$)
Issued and paid-up Shares as at our incorporation	2	2
Issue of Shares pursuant to the Restructuring Exercise	12,499,998	12,499,998
	<u>12,500,000</u>	<u>12,500,000</u>
Share Split	125,000,000	12,500,000
New Shares issued pursuant to the Invitation	22,500,000	5,372,500 ⁽¹⁾
Post-Invitation issued and paid-up share capital	<u>147,500,000</u>	<u>17,872,500</u>

The shareholders' funds of our Company as at the date of incorporation, after adjustments to reflect the Restructuring Exercise and the Share Split, and the allotment and issue of the New Shares pursuant to the Invitation are set out below.

	As at date of incorporation (S\$)	After the Restructuring Exercise and the Share Split (S\$)	After the Invitation (S\$)
Shareholders' funds			
Issued and paid-up share capital	2	12,500,000	17,872,500
Retained earnings	–	–	–
	<u>2</u>	<u>12,500,000</u>	<u>17,872,500</u>

Note:-

- (1) This takes into account set-off of estimated issue expenses of approximately S\$927,500, which excludes estimated issue expenses of approximately S\$283,000 to be charged directly to the income statement.

SHAREHOLDERS

Our Shareholders and their respective shareholdings immediately before the Invitation (as at the Latest Practicable Date) and immediately after the Invitation are set out as follows:

	Before the Invitation				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Sim Gok Hian ⁽¹⁾	48,500,000	38.8	49,500,000	39.6	48,500,000	32.9	49,500,000	33.6
Glennle Sim ⁽¹⁾	31,000,000	24.8	67,000,000	53.6	31,000,000	21.0	67,000,000	45.4
Ho Chew Thim ⁽²⁾	–	–	–	–	100,000	0.1	–	–
Ng Eng Ho ⁽²⁾	–	–	–	–	100,000	0.1	–	–
Sunny Wong Fook Choy ⁽²⁾	–	–	–	–	100,000	0.1	–	–
Substantial Shareholders (other than Directors)								
Chua Kim Choo ⁽¹⁾	18,500,000	14.8	79,500,000	63.6	18,500,000	12.5	79,500,000	53.9
Teo Cheng Toh	21,000,000	16.8	–	–	21,000,000	14.2	–	–
Others								
Pre-IPO Investor	6,000,000	4.8	–	–	6,000,000	4.1	–	–
Public	–	–	–	–	22,200,000	15.0	–	–
Total	<u>125,000,000</u>	<u>100.00</u>			<u>147,500,000</u>	<u>100.00</u>		

Notes:-

- (1) Sim Gok Hian is deemed interested in the Shares held by his wife, Chua Kim Choo and his son, Glennle Sim, and *vice versa* by virtue of their mutual relationships.
- (2) Our Company intends to offer our Independent Directors, Ho Chew Thim, Ng Eng Ho and Sunny Wong Fook Choy, 100,000 Reserved Shares each to acknowledge and give recognition for their services and contribution to the Audit Committee, Nominating Committee and Remuneration Committee. They may sell part or all of these Shares after the admission of our Company to the Catalist.

Sim Gok Hian, our Executive Chairman, is the father of our Chief Executive Officer, Glennle Sim. Chua Kim Choo is the wife of our Executive Chairman, Sim Gok Hian, and mother of our Chief Executive Officer, Glennle Sim. Teo Cheng Toh is the uncle of Chua Kim Choo.

Saved as disclosed above, there are no other relationships between our Directors and Shareholders.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares. Our Directors are not aware of any arrangement, the operation which may, at a subsequent date, result in a change in control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation which has occurred during the last or current financial year.

Save as disclosed above, our Company is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

The significant changes in the percentage of ownership of our Company held by our Directors and Shareholders since the date of incorporation are as follows:

Name	After the date of incorporation		After the Restructuring Exercise		As at the date of this Offer Document	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Sim Gok Hian ⁽¹⁾	–	–	4,850,000	38.8	48,500,000	38.8
Glennle Sim ⁽¹⁾	2	100.0	3,100,000	24.8	31,000,000	24.8
Ho Chew Thim ⁽²⁾	–	–	–	–	–	–
Ng Eng Ho ⁽²⁾	–	–	–	–	–	–
Sunny Wong Fook Choy ⁽²⁾	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Chua Kim Choo ⁽¹⁾	–	–	1,850,000	14.8	18,500,000	14.8
Teo Cheng Toh	–	–	2,100,000	16.8	21,000,000	16.8
Others						
Pre-IPO Investor	–	–	600,000	4.8	6,000,000	4.8
TOTAL	2	100.0	12,500,000	100.0	125,000,000	100.0

Notes:-

- (1) Sim Gok Hian is deemed interested in the Shares held by his wife, Chua Kim Choo and his son, Glennle Sim, and *vice versa* by virtue of their mutual relationships.
- (2) Our Company intends to offer our Independent Directors, Ho Chew Thim, Ng Eng Ho and Sunny Wong Fook Choy, 100,000 Reserved Shares each to acknowledge and give recognition for their services and contribution to the Audit Committee, Nominating Committee and Remuneration Committee. They may sell part or all of these Shares after the admission of our Company to the Catalist.

Save as disclosed above, there were no significant changes in the percentage of ownership of Shares since the incorporation of our Company and up to the date of this Offer Document.

MORATORIUM

To demonstrate their commitment to our Group, our Company's existing Shareholders immediately prior to the Invitation, namely Sim Gok Hian, Glennle Sim, Chua Kim Choo, Teo Cheng Toh, and the Pre-IPO Investor, who will in aggregate hold 125,000,000 Shares, representing approximately 84.7% of our Company's enlarged issued and paid-up share capital after the Invitation, have each undertaken not to transfer, sell, dispose or realise any part of their respective direct and indirect interests in our Company for a period of six months from the date of our Company's admission to the Catalist, and for a period of six months thereafter not to reduce their respective interests in our Company to below 50% of their respective interests in our Company.

DILUTION

Dilution is the amount by which the Issue Price to be paid by the subscribers of our New Shares in the Invitation (“New Investors”) exceeds our NTA per Share immediately after the Invitation. Our audited NTA per Share as at 31 December 2007, adjusted for the Special Final Dividend as described in the section entitled “Dividend Policy” of this Offer Document, but before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 125,000,000 Shares, was 7.62 cents per Share.

Pursuant to the issue of the 22,500,000 New Shares at the Issue Price pursuant to the Invitation and after deducting the estimated issue expenses incurred in connection with the Invitation, our NTA per Share as at 31 December 2007 after adjusting for the Special Final Dividend and the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 147,500,000 Shares would have been 9.91 cents. This represents an immediate increase in NTA per Share of 2.29 cents to our existing Shareholders and an immediate dilution in NTA per Share of 18.09 cents or approximately 64.6% to our New Investors.

The following table illustrates such dilution on a per Share basis:

	Cents
Issue Price per Share	28.00
NTA per Share as at 31 December 2007, adjusted for the Special Final Dividend as described in the section entitled “Dividend Policy” of this Offer Document, but before adjusting for the Invitation	7.62
Increase in NTA per Share attributable to the Invitation	2.29
NTA per Share after the Invitation	9.91
Dilution in NTA per Share to New Investors	18.09
Dilution in NTA per Share to New Investors as a percentage of Issue Price	64.6%

The following table summarises the total number of Shares acquired by our existing Shareholders and the New Investors, the effective price paid per Share by our existing Shareholders and the price per Share to be paid by our New Investors pursuant to the Invitation.

	Number of Shares	Total consideration S\$'000	Average price per Share S\$
Directors			
Sim Gok Hian	48,500,000	4,850	0.10
Glennle Sim	31,000,000	3,100	0.10
Ho Chew Thim ⁽¹⁾	100,000	28	0.28
Ng Eng Ho ⁽¹⁾	100,000	28	0.28
Sunny Wong Fook Choy ⁽¹⁾	100,000	28	0.28
Substantial Shareholders			
Chua Kim Choo	18,500,000	1,850	0.10
Teo Cheng Toh	21,000,000	2,100	0.10
Others			
Pre-IPO Investor ⁽²⁾	6,000,000	1,152	0.19
New Investors	22,200,000	6,216	0.28

Notes:-

- (1) Our Company intends to offer our Independent Directors, Ho Chew Thim, Ng Eng Ho and Sunny Wong Fook Choy, 100,000 Reserved Shares each to acknowledge and give recognition for their services and contribution to the Audit Committee, Nominating Committee and Remuneration Committee.
- (2) Please refer to paragraph (d) of the section entitled “Restructuring Exercise” of this Offer Document for further details.

RESTRUCTURING EXERCISE

To streamline and rationalise our corporate structure and shareholding structure in preparation for the listing of our Company on the Catalyst, we implemented the following Restructuring Exercise prior to the Invitation:

(a) Incorporation of our Company

Our Company was incorporated on 30 January 2008 in Singapore in accordance with the Companies Act as a private limited company with an issued and paid-up share capital of S\$2 comprising two Shares, which were held by our Chief Executive Officer, Glennle Sim.

On 3 June 2008, our Company was converted into a public company and changed its name to “Mencast Holdings Ltd.”.

(b) Incorporation of Mencast Engineering

On 14 February 2008, Mencast Engineering was incorporated in Singapore in accordance with the Companies Act as a private limited company with an issued and paid-up share capital of S\$2 comprising two Shares, held by our Company.

(c) Acquisition of Mencast Marine

Pursuant to a share swap agreement dated 30 May 2008, our Company acquired the entire issued share capital of Mencast Marine, comprising 2,000,000 ordinary shares, from our Executive Chairman, Sim Gok Hian, our Chief Executive Officer, Glennle Sim, Chua Kim Choo and Teo Cheng Toh, for an aggregate consideration of approximately S\$12.5 million. The purchase consideration was arrived at after taking into consideration the NTA value of Mencast Marine as at 31 December 2007 of approximately S\$12.5 million. The purchase consideration was satisfied by the allotment and issue of 12,499,998 Shares (before the Share Split), credited as fully paid, by our Company to our Executive Chairman, Sim Gok Hian, our Chief Executive Officer, Glennle Sim, Chua Kim Choo and Teo Cheng Toh, in the proportion of 40.0%, 26.0%, 16.0% and 18.0%, respectively, in accordance with their respective beneficial interests in the share capital of Mencast Marine.

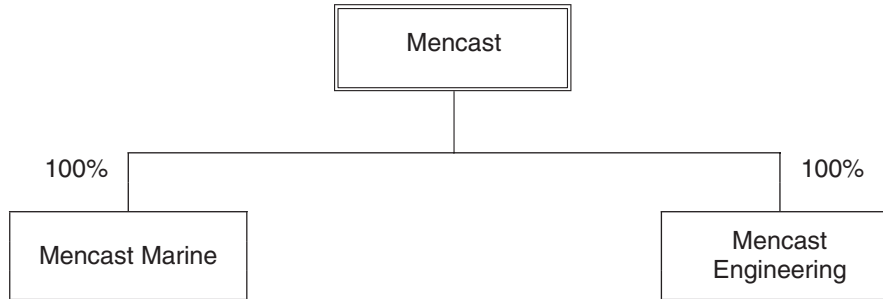
Following the said acquisition, our Company became the holding company of our Group.

(d) Sale of Shares to Pre-IPO Investor

Pursuant to a sale and purchase agreement dated 30 May 2008 between our Executive Chairman, Sim Gok Hian, our Chief Executive Officer, Glennle Sim, Chua Kim Choo and Teo Cheng Toh (collectively, the “Vendors”) and the Pre-IPO Investor, each of the Vendors sold 150,000 Shares (before the Share Split) to the Pre-IPO Investor, representing an aggregate of 600,000 Shares (before the Share Split) or 4.8% of the entire issued share capital of the Company prior to the Invitation, for an aggregate consideration of S\$1,152,000. The purchase consideration was agreed upon on a willing-buyer willing-seller basis and was arrived at after taking into consideration the earnings of our Group for FY2007.

GROUP STRUCTURE

Our Group structure following the Restructuring Exercise and as at the date of this Offer Document is as follows:



OUR SUBSIDIARIES

The details of our subsidiaries as at the date of this Offer Document are as follows:

Name of Company	Date / Place of Incorporation	Principal Place of Business	Principal Activities	Issued and Paid-up Share Capital	Equity Interest Held by our Group
Mecast Marine	8 August 1994 / Singapore	No. 7 Tuas View Circuit Singapore 637642	Manufacture, supply and refurbishment and reconditioning of sterngear equipment	S\$2.0 million	100.0%
Mecast Engineering	14 February 2008 / Singapore	No. 7 Tuas View Circuit Singapore 637642	Supply of sterngear equipment and services	S\$2	100.0%

None of our subsidiaries are listed on any stock exchange. We do not have any associated companies.

SELECTED COMBINED FINANCIAL INFORMATION

You should read the following Selected Combined Financial Information of our Group in conjunction with the full text of this Offer Document, including the section entitled “Management’s Discussion and Analysis of Financial Position and Results of Operations” of this Offer Document and the Combined Financial Information as set out in Appendix A of this Offer Document.

OPERATING RESULTS OF OUR GROUP ⁽¹⁾

(\$'000)	FY2005 (Audited and Restated)	FY2006 (Audited)	FY2007 (Audited)
Revenue	11,650	13,348	18,876
Cost of sales	(8,267)	(8,600)	(10,213)
Gross profit	3,383	4,748	8,663
Other gain	–	26	67
Expenses			
– Administrative	(2,380)	(1,983)	(2,775)
– Finance	(30)	(34)	(63)
Profit before income tax	973	2,757	5,892
Income tax expense	(266)	(573)	(1,076)
Net profit attributable to equity holders of the Company ⁽²⁾	707	2,184	4,816
EPS attributable to equity holders of the Company (cents) ^{(2) (3)}	0.57	1.75	3.85
Adjusted EPS attributable to equity holders of the Company (cents) ⁽⁴⁾	0.48	1.48	3.27

Notes:-

- (1) The financial results of our Group for FY2005 to FY2007 have been prepared on the basis that our Group structure had been in place as set out in note 3 to the Combined Financial Information in Appendix A of this Offer Document.
- (2) Had the Service Agreements been in place on 1 January 2007, the profit attributable to equity holders of the Company for FY2007 would have been approximately S\$4.8 million and our EPS would have been 3.86 cents.
- (3) For comparative purposes, EPS for the period under review has been computed based on the profit attributable to equity holders of the Company for the relevant years and the pre-Invitation share capital of 125,000,000 Shares.
- (4) For comparative purposes, adjusted EPS for the period under review has been computed based on the profit attributable to equity holders of the Company for the relevant year and the post-Invitation share capital of 147,500,000 Shares.

FINANCIAL POSITION OF OUR GROUP ^{(1) (2)}

	— Audited — As at 31 December 2007 (S\$'000)
Assets	
Current assets	
Cash and bank balances	2,243
Trade and other receivables	6,093
Inventories	2,484
Other current assets	398
	<hr/> 11,218
Non-current asset	
Property, plant and equipment	11,257
	<hr/> 22,475 <hr/>
Liabilities	
Current liabilities	
Trade and other payables	6,524
Current income tax liabilities	1,478
Bank loan	300
Finance lease liabilities	443
	<hr/> 8,745 <hr/>
Non-current liabilities	
Finance lease liabilities	643
Deferred income tax liabilities	558
	<hr/> 1,201 <hr/>
Total Liabilities	<hr/> 9,946 <hr/>
Net Assets	<hr/> 12,529 <hr/>
Equity	
Share capital	2,000
Retained earnings	10,529
	<hr/> 12,529 <hr/>
NTA per Share (cents) ⁽³⁾	<hr/> 10.02 <hr/>

Notes:-

- (1) The statement of financial position of our Group as at 31 December 2007 has been prepared on the basis that our Group structure had been in place as at 31 December 2007 as set out in note 3 to the Combined Financial Information as set out in Appendix A of this Offer Document.
- (2) Our Group's financial position as at 31 December 2007 as set out above has not been adjusted for the Special Final Dividend.
- (3) NTA per Share as at 31 December 2007 has been computed based on the equity as at 31 December 2007 and the pre-Invitation share capital of 125,000,000 Shares and has not been adjusted for the Special Final Dividend. Our NTA and NTA per Share as at 31 December 2007, after taking into account the payment of the Special Final Dividend, would amount to approximately S\$9.5 million and 7.62 cents, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion of our Group's results of operations and financial position should be read in conjunction with the Combined Financial Information as set out in Appendix A of this Offer Document. This discussion contains forward-looking statements that involve risks and uncertainties. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements, include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly in the section entitled "Risk Factors" of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Sponsor, the Underwriter, the Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.

The Combined Financial Information had been prepared on the basis that our Group structure had been in place as set out in note 3 to the "Independent Auditor's Report and Combined Financial Statements for the Financial Years Ended 31 December 2005, 2006 and 2007" as set out in Appendix A to this Offer Document.

OVERVIEW

Our principal business activities are in (i) the manufacture and supply of sterngear equipment, and (ii) the provision of sterngear services, for a wide range of commercial vessel applications. We aim to be a one-stop centre, providing an integrated product line for our customers in the offshore oil and gas and marine industry for the local and regional shipyards and owners. Our customers include major shipyards, shipowners, owners of small tankers, tugboats and barges and other smaller crafts in the Asia Pacific region, the Middle East, Europe and USA.

We provide sterngear equipment for new vessels and sterngear services for existing vessels. Under Sterngear Manufacturing, we provide the full range of services including the design, manufacture and supply of a full range of sterngear equipment to new vessels. Under Sterngear Services, we provide reconditioning and refurbishment services of sterngear equipment, including the replacement of sterngear equipment, to existing vessels. For existing vessels which require emergency repair services for their sterngear equipment, we will promptly deploy our team of experienced technical engineering staff to the location of the vessel to assess the extent of repairs required and to recommend cost-effective and time-efficient methods of repair. Our prompt response and quick turnaround time for our reconditioning and refurbishment services help to reduce the period of repair of our customers' sterngear equipment.

Our work methodology is certified by Classification Societies such as the ABS, BV, ClassNK, DNV, Germanischer Lloyd and Lloyd's Register.

Please refer to the section entitled "Business Overview" of this Offer Document for further details on our business activities.

Revenue

Our revenue is derived primarily from our two business activities, namely, (i) Sterngear Manufacturing, and (ii) Sterngear Services. Our revenue is denominated mainly in Singapore dollars.

We recognise revenue derived from Sterngear Manufacturing upon the delivery of our sterngear equipment to our customer and when collectability of the sale proceeds is reasonably assured. Revenue from the provision of our Sterngear Services is recognised when such services are rendered with all requisite tests and inspections completed.

For Sterngear Manufacturing, we typically require deposits from customers of up to 30% of the contract value to be paid upon signing of the purchase contract. For existing customers, we typically grant credit terms of between 30 days and 60 days after the delivery of the sterngear equipment for the payment of the balance amount. New customers are required to pay the balance amount upon delivery of the sterngear equipment. For new overseas customers, we typically request for payment by way of letters of credit or payment in advance.

For Sterngear Services, we typically require full payment upon rendering of the services. New customers, however, will usually be required to pay an initial deposit of 30% of the servicing fees with full payment of the balance amount upon rendering of the services. For details on our credit policy, please refer to the section entitled "Credit Terms" of this Offer Document.

The analysis of our revenue derived from Sterngear Manufacturing and Sterngear Services for the past three financial years ended 31 December 2007 are as follows:

Revenue	FY2005		FY2006		FY2007	
	S\$'000	%	S\$'000	%	S\$'000	%
Sterngear Manufacturing	2,565	22.0	4,464	33.4	8,620	45.7
Sterngear Services	9,085	78.0	8,884	66.6	10,256	54.3
Total	11,650	100.0	13,348	100.0	18,876	100.0

Revenue from Sterngear Services accounted for approximately 78.0%, 66.6% and 54.3% of our revenue in FY2005, FY2006 and FY2007, respectively. The balance of our revenue is derived from Sterngear Manufacturing.

The breakdown of our revenue according to the various geographical regions, based on our customers' billing addresses, for the past three financial years ended 31 December 2007 are as follows:

Revenue	FY2005		FY2006		FY2007	
	S\$'000	%	S\$'000	%	S\$'000	%
Singapore	9,811	84.2	11,932	89.4	12,897	68.3
Asia ⁽¹⁾	1,458	12.5	1,277	9.6	5,549	29.4
Rest of the world ⁽²⁾	381	3.3	139	1.0	430	2.3
Total	11,650	100.0	13,348	100.0	18,876	100.0

Notes:-

- (1) Asia refers to customers from Malaysia, Brunei, China, Indonesia, the Philippines, Hong Kong, India, Sri Lanka, Maldives and Australia.
- (2) Rest of the world refers to customers from Europe, the Middle East and USA.

Our revenue may be affected by the following factors:

- (a) demand for our sterngear equipment and sterngear services by the shipbuilding and ship repair industries. We provide our sterngear equipment and sterngear services to the shipbuilding and ship repair industry which are in turn dependent on the level of exploration, development and production activities in the offshore oil and gas industry;

- (b) our ability to meet appraisal and certification standards of the Classification Societies. Our products and services are subject to strict regulatory compliance and safety standards. Accordingly, customers require our products and services to be certified or approved by the Classification Societies. Any failure to comply with the standards may cause our certifications or approvals to be withdrawn; and
- (c) our ability to compete effectively. We operate in a competitive environment that is characterized by keen competition. Players in the industry generally compete on key attributes such as range and quality of products and services, technical expertise, pricing, production capability and capacity, availability and stable supply of raw materials, customer base, as well as proximity to suppliers and customers.

Cost of sales / Gross profit

Our cost of sales consists of direct materials, direct labour and workshop overheads. Cost of sales accounted for approximately 71.0%, 64.4% and 54.1% of our revenue in FY2005, FY2006 and FY2007, respectively. Our cost of sales as a proportion of revenue declined during the periods under review due to increasing margins as a result of the general increases in selling prices due to the increase in demand for our sterngear equipment and sterngear services. In addition, we were able to mitigate the general increase in prices for our raw materials by sourcing for certain of our raw materials directly from the PRC mills from FY2006 as we were able to obtain a comparatively lower price for these materials from the PRC suppliers, compared to obtaining them from our traditional sources. Our cost of sales is denominated mainly in Singapore dollars and United States dollars. The breakdown of our cost of sales during FY2005, FY2006 and FY2007 is set out below:

Cost of sales	FY2005		FY2006		FY2007	
	S\$'000	%	S\$'000	%	S\$'000	%
Direct materials	4,426	53.5	4,077	47.4	4,784	46.8
Direct labour	2,401	29.0	2,629	30.6	3,069	30.1
Workshop overheads	1,440	17.5	1,894	22.0	2,360	23.1
Total	8,267	100.0	8,600	100.0	10,213	100.0

The main component of our cost of sales is our direct material costs, which accounted for approximately 53.5%, 47.4% and 46.8% of our cost of sales for FY2005, FY2006 and FY2007, respectively. Our direct materials comprise mainly copper alloys and steel products such as forged steel, cast steel, steel pipes, forged steel bars, steel bars and stainless steel.

The major factors that affect our direct material costs include, *inter alia*, the fluctuations in copper and steel prices, our ability to source for and purchase copper alloys and steel products at competitive prices and the exchange rate between S\$ and US\$.

Our gross profit margin was approximately 29.0%, 35.6% and 45.9% in FY2005, FY2006 and FY2007, respectively, increasing as a result of the improving margins for our products and services and the comparatively lower raw material prices for the reasons mentioned above.

Other gain

Other gain refers to the gains from the disposal of our property, plant and equipment.

Administrative expenses

Our administrative expenses consist primarily of (i) administrative costs such as staff-related expenses, including directors' fees and remuneration, office and workshop-related expenses such as rental, general repairs and maintenance, property tax, depreciation and other miscellaneous expenses such as insurance costs, legal and professional fees and telecommunication expenses, and (ii) distribution costs such as advertisement costs, freight and handling charges and transportation and travelling expenses.

Administrative expenses accounted for approximately 20.4%, 14.9% and 14.7% of our revenue in FY2005, FY2006 and FY2007, respectively. The decreasing trend was due mainly to our revenue increasing at a faster rate than the rate of increase in our administrative expenses for the aforementioned periods.

Finance expenses

Our finance expenses consist mainly of interest expenses on our bank loan and finance lease liabilities. Our bank loan comprise a revolving money market bank loan which we can roll over at the prevailing market interest rate on maturity and bear interest at 3.94% per annum as at 31 December 2007. Our finance lease liabilities comprise the leases of certain of our machinery and equipment and motor vehicles and bears interest of between 2.50% and 3.34% per annum as at 31 December 2007.

Income tax expense

Our Company is subject to income tax at the applicable statutory tax rates in Singapore. The prevailing statutory tax rates in Singapore were 20.0% in each of FY2005 and FY2006 and 18.0% in FY2007.

Our effective tax rates of approximately 27.3%, 20.8% and 18.3% in FY2005, FY2006 and FY2007 respectively were higher than the prevailing statutory tax rates due mainly to certain expenses which were not deductible for tax purposes.

SEASONALITY

Generally, our business is not subject to any significant seasonal fluctuations.

INFLATION

During the period under review, inflation did not have a material impact on our financial performance as we were generally able to pass on the increase in the prices of our raw materials to our customers.

REVIEW OF FINANCIAL RESULTS

FY2005 and FY2006

Revenue

Our revenue increased by approximately S\$1.7 million or 14.7% from approximately S\$11.6 million in FY2005 to approximately S\$13.3 million in FY2006. The increase was due mainly to an increase in revenue from Sterngear Manufacturing, primarily in Singapore, by approximately S\$1.9 million, notwithstanding a marginal decrease in revenue from Sterngear Services by approximately S\$0.2 million. We recorded an increase of approximately S\$2.1 million in revenue from our Singapore-based customers due to increase in revenue from both existing and new customers. Revenue from our customers in Asia and the rest of the world, however, declined by approximately S\$0.4 million due to one-off projects to customers in these regions which did not recur in FY2006.

The increase in revenue derived from Sterngear Manufacturing was due mainly to an increase in sales to both existing and new customers by approximately S\$0.7 million and S\$1.2 million, respectively. Our existing customers which contributed to the increase in our revenue from Sterngear Manufacturing were mainly Labroy Shipbuilding and Engineering Pte. Ltd. and Shin Yang Shipyard Sdn Bhd. Our new customers in FY2006 included HRP Asia Pte Ltd, Muhibbah Marine Engineering Sdn Bhd, Nam Cheong

Dockyard Sdn Bhd and Xplore (Singapore) Pte Ltd. Such increase in revenue was driven primarily by (i) the growth of the global offshore oil and gas and marine industry which led to an increase in demand from our customers who are mainly shipbuilders for these industries, and (ii) the demand for newer vessels and vessels of higher capacity which led to an increase in shipbuilding activities.

The decrease in revenue from Sterngear Services was due mainly to the decrease in ship repair activities in our customers' shipyards as more resources were allocated to focus on shipbuilding to meet the demand for vessels in the offshore oil and gas and marine industry.

Cost of sales / Gross profit

Our cost of sales increased by approximately S\$0.3 million or 3.6% from approximately S\$8.3 million in FY2005 to approximately S\$8.6 million in FY2006. The increase in cost of sales was due mainly to the increase in direct labour costs by approximately S\$0.2 million and workshop overheads by approximately S\$0.5 million, to support the increase in our business activities. The overall increase was however, offset by a decrease in cost of direct materials by approximately S\$0.4 million. The decrease in cost of direct materials was due mainly to the comparatively lower raw material prices as we started to source for certain of our copper alloys and steel products directly from the PRC mills as well as the lower average copper prices in FY2006.

Our gross profit increased by approximately S\$1.4 million or 41.2% from approximately S\$3.4 million in FY2005 to approximately S\$4.8 million in FY2006. Gross profit margin improved by 6.6 percentage points from approximately 29.0% in FY2005 to approximately 35.6% in FY2006 due to the lower cost of raw materials as well as the higher average selling prices of our sterngear equipment and sterngear services in FY2006.

Other gain

Our other gain, which amounted to S\$0.03 million in FY2006, was due mainly to the gain from the disposal of motor vehicles.

Administrative expenses

Our administrative expenses decreased by approximately S\$0.4 million or 16.7% from approximately S\$2.4 million in FY2005 to approximately S\$2.0 million in FY2006 due to the bad debts written off of approximately S\$0.4 million (which included the writing off of an outstanding trade amount of S\$0.2 million due from a customer which went into receivership) and fees paid to marketing consultants of approximately S\$0.3 million in FY2005, which did not recur in FY2006. The decrease was offset by an increase in staff welfare costs and motor vehicles expenses of approximately S\$0.1 million each.

Finance expenses

Our finance expenses increased marginally from approximately S\$30,000 in FY2005 to S\$34,000 in FY2006. The increase was due mainly to the higher interest expense as a result of increased bank loans and finance lease liabilities to partially finance the purchase of machinery and equipment and the increase in bank charges.

Income tax expense

Our income tax expense increased by approximately S\$0.3 million or 100.0% from approximately S\$0.3 million in FY2005 to approximately S\$0.6 million in FY2006, due to the higher profit before income tax achieved.

Net profit

As a result of the above, our net profit attributable to equity holders of our Company increased by approximately S\$1.5 million or 214.3% from approximately S\$0.7 million in FY2005 to approximately S\$2.2 million in FY2006.

FY2006 and FY2007

Revenue

Our revenue increased by approximately S\$5.6 million or 42.1% from approximately S\$13.3 million in FY2006 to approximately S\$18.9 million in FY2007. This was due mainly to an increase in revenue from Sterngear Manufacturing by approximately S\$4.2 million and an increase in revenue from Sterngear Services by approximately S\$1.4 million. Revenue from customers in Singapore, Asia and rest of the world increased by approximately S\$1.0 million, S\$4.3 million and S\$0.3 million, respectively, due to an increase in revenue from both new and existing customers as a result of our increased marketing efforts.

The increase in revenue from Sterngear Manufacturing was due mainly to an increase in sales to both existing and new customers by approximately S\$2.2 million and S\$2.0 million, respectively. Our existing customers which contributed to the increase in our revenue from Sterngear Manufacturing were mainly the ASL Group, the Keppel Group and the SembCorp Marine Group. Our new customers in FY2007 included the Berg Propulsion Group, PT Logindo Samudramakmur and Peta Marine Services Pte Ltd. Such increase in sale was due to the continued increase in activities in the shipbuilding industries which was underpinned by the increased activities in the global offshore oil and gas and marine industry.

The increase in revenue from the provision of our Sterngear Services in FY2007 was due mainly to the increased number of servicing jobs of higher complexity, which commanded higher selling prices.

Cost of sales / Gross profit

Our cost of sales increased by approximately S\$1.6 million or 18.6% from approximately S\$8.6 million in FY2006 to approximately S\$10.2 million in FY2007. The increase in cost of sales was due mainly to the increase in direct material costs by approximately S\$0.7 million, direct labour costs by approximately S\$0.4 million and workshop overheads by approximately S\$0.5 million, in line with our increased business activities.

Our gross profit increased by approximately S\$3.9 million or 81.3% from approximately S\$4.8 million in FY2006 to approximately S\$8.7 million in FY2007. Our gross profit margin had improved by 10.4 percentage points from approximately 36.1% in FY2006 to approximately 46.5% in FY2007, as a result of the higher average prices commanded for our sterngear equipment and sterngear services.

Other gain

Our other gain, which amounted to approximately S\$0.1 million in FY2007, refers to gains from the disposal of machinery and equipment and a motor vehicle.

Administrative expenses

Our administrative expenses increased by approximately S\$0.8 million or 40.0% from S\$2.0 million in FY2006 to S\$2.8 million in FY2007. The increase was mainly due to (i) the increase in staff and directors' salaries and bonuses, by approximately S\$0.5 million, arising from the higher bonuses paid in tandem with the good financial performance of our Group in FY2007, (ii) the increase in depreciation expenses by approximately S\$0.1 million as a result of the acquisition of machinery and equipment, motor vehicles and office equipment, (iii) the increase in freight and handling charges and entertainment expenses by approximately S\$0.1 million, in line with the increase in our business activities and (iv) the provision of doubtful debt by approximately S\$0.2 million as the collectibility of an outstanding trade debt from a Malaysian customer had become doubtful. The above increases in expenses were partially offset by a decrease in motor vehicle expenses by approximately S\$0.1 million.

Finance expenses

Our finance expenses increased from approximately S\$0.03 million in FY2006 to approximately S\$0.07 million in FY2007. The increase was due to the increase in interest expense as a result of increased bank loans and finance lease liabilities to partially finance the purchase of machinery and equipment and the increase in bank charges.

Income tax expense

Our income tax expense increased by approximately S\$0.5 million or 83.3% from approximately S\$0.6 million in FY2006 to approximately S\$1.1 million in FY2007, due to the higher profit before income tax.

Net profit

As a result of the above reasons, our net profit attributable to equity holders of the Company increased by approximately S\$2.6 million or 118.2% from approximately S\$2.2 million in FY2006 to approximately S\$4.8 million in FY2007.

REVIEW OF FINANCIAL POSITION

Non-current assets

Non-current assets comprise entirely of property, plant and equipment which accounted for approximately 50.1% of our total assets as at 31 December 2007.

Our property, plant and equipment, which amounted to approximately S\$11.3 million as at 31 December 2007, comprise our leasehold building located at No. 7 Tuas View Circuit of approximately S\$5.4 million, machinery and equipment of approximately S\$2.8 million, office equipment and furniture and fittings of approximately S\$0.1 million, motor vehicles of approximately S\$0.6 million, and assets under construction of approximately S\$2.4 million, which relate to the construction of an annex building at our factory premises for the expansion of our production capacity. As at the Latest Practicable Date, we have completed the construction of the aforementioned factory expansion. Please refer to the section entitled "Properties and Fixed Asset" of this Offer Document for further details.

Our leasehold building located at No. 7 Tuas View Circuit, with net book value of approximately S\$5.4 million as at 31 December 2007, was pledged to secure our banking facilities, and our machinery and motor vehicles, with net book value of approximately S\$1.7 million as at 31 December 2007, were acquired under finance leases. Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further details.

Current assets

Current assets comprise cash and bank balances, trade and other receivables, inventories and other current assets which accounted for approximately 49.9% of our total assets as at 31 December 2007.

Our current assets amounted to approximately S\$11.2 million as at 31 December 2007, comprising cash and bank balances of approximately S\$2.2 million, trade and other receivables of approximately S\$6.1 million, inventories of approximately S\$2.5 million and other current assets of approximately S\$0.4 million.

Our trade and other receivables as at 31 December 2007, comprise trade receivables of approximately S\$5.9 million and other receivables of approximately S\$0.2 million in relation to advances to suppliers for our raw material purchases. As at 31 December 2007, all of our trade and other receivables were denominated in Singapore dollars.

Our inventories as at 31 December 2007 comprise raw materials of approximately S\$0.5 million and work-in-progress of approximately S\$2.0 million.

Our other current assets as at 31 December 2007 comprise deferred cost of approximately S\$0.03 million in relation to labour charges and overhead costs incurred in connection with our repair and servicing jobs, deposits paid of approximately S\$0.3 million in relation to the purchase of machinery and equipment, rental deposits of approximately S\$0.04 million relating to staff accommodation for our workers and prepayments of approximately S\$0.03 million in relation to expenses incurred for the Invitation.

Non-current liabilities

Non-current liabilities comprise finance lease liabilities and deferred income tax liabilities. Non-current liabilities accounted for approximately 12.0% of our total liabilities as at 31 December 2007.

Our non-current liabilities as at 31 December 2007 amounted to approximately S\$1.2 million, comprising finance lease liabilities of approximately S\$0.6 million and deferred income tax liabilities of approximately S\$0.6 million.

Our finance lease liabilities as at 31 December 2007 comprise the long-term portion of our finance leases, payable between two and five years, for the leases of certain of our machinery and equipment and motor vehicles from unrelated third parties. These lease agreements do not have renewal clauses but provide options for the Company to purchase the leased assets at nominal values at the end of the lease term. Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further details.

Current liabilities

Current liabilities comprise trade and other payables, current income tax liabilities, bank loans and finance lease liabilities. Current liabilities accounted for approximately 88.0% of our total liabilities as at 31 December 2007.

Our current liabilities as at 31 December 2007 amounted to approximately S\$8.8 million, comprising trade and other payables of approximately S\$6.5 million, current income tax liabilities of approximately S\$1.5 million, short-term bank loans of approximately S\$0.3 million and finance lease liabilities of approximately S\$0.5 million.

Our trade and other payables as at 31 December 2007, comprise the following:

- (i) trade payables of approximately S\$0.9 million;
- (ii) deposits from our customers of approximately S\$2.4 million in relation to the purchase of our sterngear equipment and provision of sterngear services;
- (iii) non-trade payables of approximately S\$1.2 million in relation to advances provided to our Group for working capital purposes from our Directors and Shareholders, comprising approximately S\$1.1 million due to our Executive Chairman, Sim Gok Hian, and S\$50,000, S\$40,000 and S\$37,050 due to our Chief Executive Officer, Glennle Sim, and our Shareholders, Chua Kim Choo and Teo Cheng Toh, respectively. These non-trade payables are unsecured, interest-free and repayable on demand. Please refer to the section entitled "Interested Person Transactions" of this Offer Document for further details. As at the Latest Practicable Date, all the above advances have been fully repaid;
- (iv) payables of approximately S\$0.6 million relating to our purchases of machinery and equipment during FY2007; and
- (v) accrued operating expenses of approximately S\$1.4 million relating mainly to accrued bonuses and directors' fees.

Our short-term bank loan as at 31 December 2007 comprise a revolving money market bank loan which is secured by our leasehold building at No. 7 Tuas View Circuit, and guaranteed by our Directors, Sim Gok Hian and Glennle Sim, and our Shareholder, Teo Cheng Toh. The revolving money market bank loan is denominated in Singapore dollars, bears interest at 3.94% per annum as at 31 December 2007 and repayable in October 2008. The bank loan can be rolled over at the prevailing market interest rate on maturity. Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further details.

Our finance lease liabilities as at 31 December 2007 comprise the current portion of our finance leases, repayable within one year, relating to our leases of certain of our machinery and equipment and motor vehicles. Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further details.

Total Equity

Our total equity, which comprise share capital and retained earnings, amounted to approximately S\$12.5 million as at 31 December 2007, and has not been adjusted for the payment of the Special Final Dividend.

LIQUIDITY AND CAPITAL RESOURCES

As at the Latest Practicable Date, our Group has financed our working capital, capital expenditures and other capital requirements primarily through funds generated from our operating activities and bank and other borrowings.

Our total banking facilities as at 31 December 2007 amounted to approximately S\$10.5 million, comprising S\$6.1 million of banking facilities, which includes trade, overdraft and foreign exchange facilities and S\$4.4 million of hire purchase facilities. As at 31 December 2007, we have utilised approximately S\$1.4 million or 13.3% of our total banking facilities.

Our Directors are of the opinion that, as at the Latest Practicable Date, and after taking into account our available credit facilities, existing cash and bank balances, net cash to be generated from our operating activities and the amounts required to fund our future plans in relation to the expansion of our Group's production facility and establishment of new bases to facilitate the expansion of our Group's geographical coverage, our Group has adequate working capital for our present requirements and for at least 12 months after the Invitation. Please refer to the section entitled "Business Strategies and Future Plans" of this Offer Document for further details on our Group's future plans.

In addition, the Sponsor is of the opinion that after taking to consideration the amounts required to fund the Group's expansion plans in relation to the expansion of the Group's production facility and establishment of new bases to facilitate the expansion of the Group's geographical coverage, the working capital available to the Group as at the Latest Practicable Date is sufficient for the Group's present requirements and for at least 12 months after the Invitation. Please refer to the section entitled "Business Strategies and Future Plans" of this Offer Document for further details on the Group's future plans.

A summary of our cash flows for the last three financial years ended 31 December 2007 are set out below ⁽¹⁾:

	FY2005	FY2006	FY2007
	(S\$'000)	(S\$'000)	(S\$'000)
Net cash generated from operating activities	1,111	2,029	2,374
Net cash used in investing activities	(173)	(1,665)	(2,042)
Net cash generated from / (used in) financing activities	724	(296)	(417)
Net increase / (decrease) in cash and bank balances	1,662	68	(85)
Cash and bank balances at the beginning of the year	598	2,260	2,328
Cash and bank balances at the end of the year	2,260	2,328	2,243

Note:-

(1) The information set out in the table above has not been adjusted to take into account the Special Final Dividend.

Net cash generated from operating activities

FY2005

In FY2005, our net cash generated from operating activities amounted to approximately S\$1.1 million. This was a result of the net profit before working capital changes generated of approximately S\$1.5 million which were partially offset by net working capital outflows of approximately S\$0.3 million and interest paid of approximately S\$30,000. The net working capital outflows were due to an increase in trade and other receivables by approximately S\$0.2 million, other current assets by approximately S\$0.1 million and trade and other payables by approximately S\$0.1 million, partially offset by the decrease in inventories by approximately S\$0.1 million, in line with the increase in revenue.

FY2006

In FY2006, our net cash generated from operating activities amounted to approximately S\$2.0 million. This was a result of the net profit before working capital changes generated of approximately S\$3.3 million which were partially offset by net working capital outflows of approximately S\$1.0 million and aggregate income tax and interest paid of approximately S\$0.3 million. The net working capital outflows were due mainly to the increases in trade and other receivables by approximately S\$0.8 million and inventories, mainly work-in-progress, by approximately S\$0.3 million, in line with the increase in revenue, particularly in Sterngear Manufacturing. The net working capital outflows were partially offset by the increase in trade and other payables by approximately S\$0.1 million.

FY2007

In FY2007, our net cash generated from operating activities amounted to approximately S\$2.4 million. This was a result of the net profit before working capital changes generated of approximately S\$6.7 million, net working capital outflows of approximately S\$4.0 million and aggregate income tax and interest payments of approximately S\$0.3 million. The net working capital outflows were due to an increase in trade and other receivables by approximately S\$1.9 million, in line with the increase in revenue, and the increase in inventories by approximately of S\$1.9 million due to the increase in work-in-progress due mainly to the increase in Sterngear Manufacturing. The above outflows were partially offset by the increase in trade and other payables by approximately of S\$0.3 million and the decrease in other current assets by approximately S\$0.1 million due to the reduction in deposits paid for purchase of machinery and equipment following the completion of such purchases.

Net cash used in investing activities

FY2005

In FY2005, our net cash used in investing activities amounted to approximately S\$0.2 million, due mainly to the purchase of machinery and equipment, motor vehicles and computers.

FY2006

In FY2006, our net cash used in investing activities amounted to approximately S\$1.7 million, due mainly to the purchase of machinery and equipment, office equipment, motor vehicles and computers.

FY2007

In FY2007, our net cash used in investing activities amounted to approximately S\$2.0 million, due mainly to the purchase of machinery and equipment, motor vehicles, office equipment and construction of the annex building at our factory premise to increase our production capacity.

Net cash generated from / (used in) financing activities

FY2005

In FY2005, our net cash generated from financing activities amounted to approximately S\$0.7 million due to proceeds from the issuance of new shares in our subsidiary, Mencast Marine, of approximately S\$1.0 million, which was partially offset by the repayment of bank loans of approximately S\$0.2 million and repayment of finance lease liabilities of approximately S\$0.1 million.

FY2006

In FY2006, our net cash used in financing activities amounted to approximately S\$0.3 million due to the net decrease in bank loans of approximately S\$0.1 million and repayment of finance lease liabilities of approximately S\$0.2 million.

FY2007

In FY2007, our net cash used in financing activities amounted to approximately S\$0.4 million due to the repayment of finance lease liabilities of approximately S\$0.3 million and payment of dividends of approximately S\$0.2 million. The above cash outflows were partially offset by the net increase in bank loans of approximately S\$0.1 million.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures and Divestments

Our major capital expenditures and divestments in FY2005, FY2006, FY2007, and for the period from 1 January 2008 up to the Latest Practicable Date are set out below:

Expenditures	From 1 January 2008 to the Latest Practicable Date			
	FY2005 (S\$'000)	FY2006 (S\$'000)	FY2007 (S\$'000)	(S\$'000)
Machinery and equipment	405	200	1,759	577
Furniture and fittings	–	4	–	15
Office equipment	–	20	102	–
Motor vehicles	93	302	411	–
Computers	35	14	10	4
Construction in progress	–	802	1,601	200
Total	533	1,342	3,883	796

Divestments	From 1 January 2008 to the Latest Practicable Date			
	FY2005 (S\$'000)	FY2006 (S\$'000)	FY2007 (S\$'000)	(S\$'000)
Machinery and equipment	162	–	17	–
Furniture and fittings	–	–	1	–
Office equipment	–	–	10	–
Motor vehicles	–	94	115	–
Computers	–	3	7	–
Total	162	97	150	–

The above capital expenditures were made to support our production facilities and were financed by internally generated resources, finance leases and bank loans.

Operating lease commitments

As at the Latest Practicable Date, we have operating lease commitments amounting to approximately S\$1.4 million as set out in the table below. We intend to finance such commitments through bank loans and internal resources. Our operating lease commitments as at 31 December 2005, 2006 and 2007, and as at the Latest Practicable Date are as follows:

	As at 31 December			As at the Latest Practicable Date (S\$'000)
	2005 (S\$'000)	2006 (S\$'000)	2007 (S\$'000)	
Not later than one year	72	72	72	42
Later than one year but not later than five years	286	286	286	286
Later than five years	2,004	1,217	1,145	1,080
	2,362	1,575	1,503	1,408

Our operating lease commitments represent the future aggregate minimum lease payments under non-cancellable operating leases for land leased by our Group. Please refer to the section entitled "Properties and Fixed Assets" of this Offer Document for further details.

Capital commitments

In April 2008, our Group entered into an option agreement ("Agreement") and paid a deposit of S\$73,000 in relation to the acquisition of a new factory premise located at No. 12 Kwong Min Road, Singapore 628714, from an unrelated third party. The said acquisition is due to be completed by 8 July 2008 or four weeks from the date of approval by JTC for the sale and purchase, whichever is later. We expect the said factory premise to be fully operational by the end of 2008. The purchase price under the Agreement for the said factory premise is approximately S\$3.65 million. In May 2008, we exercised the option to acquire the said factory premise and paid a further deposit of S\$292,000. We intend to finance the cost of acquisition of the said factory premise through a combination of proceeds from the Invitation, bank loans and internal resources. Please refer to the section entitled "Business Strategies and Future Plans" of this Offer Document for further details.

FOREIGN EXCHANGE EXPOSURE

The accounting records of our Group are maintained in S\$ and our operations are carried out in Singapore. The proportions of our revenue and purchases denominated in S\$ and foreign currencies are as follows:

Percentage of revenue denominated in	FY2005	FY2006	FY2007
	(%)	(%)	(%)
S\$	100.0	100.0	100.0
Percentage of purchases denominated in	FY2005	FY2006	FY2007
	(%)	(%)	(%)
S\$	88.0	77.5	85.5
US\$	12.0	22.5	14.5
Total	100.0	100.0	100.0
Percentage of expenses denominated in	FY2005	FY2006	FY2007
	(%)	(%)	(%)
S\$	100.0	100.0	100.0

To the extent that our revenue, purchases and expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection and/or payment, we will be exposed to adverse fluctuations of the various currencies against the S\$, which could adversely affect our earnings.

At present, we do not have a formal policy for hedging against foreign exchange exposure. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise.

Should we enter into any hedging transaction in the future, such transaction shall be subject to the review of our Board. In addition, should we establish any formal hedging policy in the future, such policy shall be subject to the review and approval by our Board prior to implementation. Our Audit Committee will review periodically the hedging policies, all types of instruments used for hedging as well as the foreign exchange policies and practices of our Group. In addition, we will put in place adequate procedures and controls that will be reviewed and approved by our Audit Committee.

CAPITALISATION AND INDEBTEDNESS

The following table shows our capitalisation and indebtedness as at 30 April 2008:

- (i) based on the unaudited combined balance sheet of our Group as at 30 April 2008; and
- (ii) as adjusted for the Special Final Dividend and the net proceeds from the allotment and issue of the New Shares.

	As at 30 April 2008	
	Actual (S\$'000)	As adjusted for the Special Final Dividend and the net proceeds from the allotment and issue of the New Shares (S\$'000)
Cash and cash equivalents		
– Cash and bank balances	2,646	4,736
Indebtedness		
Current		
– Bank loan	300	300
– Finance lease liabilities	513	513
Non-current		
– Finance lease liabilities	1,236	1,236
Total indebtedness	2,049	2,049
Shareholders' equity		
– Share capital	2,000	7,372 ⁽¹⁾
– Retained earnings	13,084	10,084
Total shareholders' equity	15,084	17,456
Total capitalisation and indebtedness	17,133	19,505

Note:-

- (1) This take into account set-off of estimated issue expenses of approximately S\$927,500, which excludes estimated issue expenses of approximately S\$283,000 to be charged directly to the income statement.

Cash and cash equivalents

Our cash and bank balances are denominated in S\$. As at 30 April 2008, our cash and bank balances amounted to approximately S\$2.6 million.

Indebtedness

As at 30 April 2008, we have total indebtedness of approximately S\$2.0 million.

As at 30 April 2008, our total indebtedness comprise a short-term bank loan of approximately S\$0.3 million and finance lease liabilities of approximately S\$1.7 million. Our short-term bank loan comprises a revolving money market bank loan secured by our leasehold building located at No. 7 Tuas View Circuit, and is guaranteed by our Directors, Sim Gok Hian and Glennle Sim, and our Shareholder, Teo Cheng Toh. The bank loan is denominated in Singapore dollars, bears interest at 3.08% per annum as at 30 April 2008 and repayable in October 2008. The bank loan can be rolled over at the prevailing market interest rate on maturity. Please refer to the section entitled "Interested Person Transactions" of this Offer Document for further details on the guarantees provided by our Directors.

As at 30 April 2008, our finance lease liabilities comprise machinery and equipment and motor vehicles purchased under hire purchase financing from unrelated third parties, of which approximately S\$0.5 million are payable within one year and approximately S\$1.2 million payable between two and five years. These lease agreements do not have renewal clauses but provide options for the Company to purchase the leased assets at nominal values at the end of the lease term.

Save as disclosed above, since 30 April 2008 to the Latest Practicable Date, there has been no material changes in our capitalisation and indebtedness as set out above, save for changes in our retained earnings arising from our day-to-day operations in the ordinary course of business.

To the best of our Directors' knowledge and belief, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our Shareholders in our Company.

Contingent Liabilities

As at the Latest Practicable Date, we do not have any material contingent liabilities.

Save as disclosed above, we have no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading credits) or acceptances credits, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities as at the Latest Practicable Date.

HISTORY AND BUSINESS

HISTORY

Our Company was incorporated in Singapore under the Companies Act on 30 January 2008 as a private limited company under the name of “Mencast Holdings Pte. Ltd.”. Pursuant to the Restructuring Exercise, details of which can be found under the section entitled “Restructuring Exercise” of this Offer Document, our Company became the holding company of Mencast Marine and Mencast Engineering. On 3 June 2008, we were converted into a public company limited by shares and changed our name to “Mencast Holdings Ltd.”.

Our history in the marine industry can be traced to the origins of Mencast Engineering Company, a joint partnership established in Singapore in 1981 by our founder and Executive Chairman, Sim Gok Hian, and his partners at that time, namely Teo Cheng Toh, Low Peng Chuan and Lim Kue Lay. Teo Cheng Toh is our Substantial Shareholder and the uncle of Chua Kim Choo, the wife of our Executive Chairman, Sim Gok Hian. To the best of our Executive Chairman’s knowledge and belief, at present, Low Peng Chuan is a director and shareholder of Mentrade Engineering Pte Ltd, a company which engages in marine vessel repair work and is a customer of our Group, and Lim Kue Lay is a director and shareholder of Mentrade Marine Engineering Pte Ltd (“MMEPL”). Please refer to the section entitled “Competition” of this Offer Document for further details on MMEPL.

Mencast Engineering Company first started its operations in a rented workshop located at Choa Chu Kang Road and in 1985, moved its operations to Penjuru Road. The then main business activities of Mencast Engineering Company were the repair, refurbishment and manufacture of marine propellers, shaftings and bushings for fishing and bum boats from Singapore and West Malaysia. In 1993, we expanded our operations into the manufacture and provision of repair and refurbishment services of sterngear equipment for tugboats, ferries and standby vessels.

In August 1994, our founder and Executive Chairman, Sim Gok Hian, together with his then partners, incorporated a private limited company, Mencast Marine, to assume the growing business of Mencast Engineering Company and in 1996, we moved our manufacturing facilities from Penjuru Road to Kian Teck Drive. Mencast Engineering Company has been de-registered with effect from 3 April 2008.

In December 1996, our Chief Executive Officer, Glenndle Sim, joined Mencast Marine with the initial responsibilities of overseeing its operations, manufacturing activities and customer relationships. Mencast Marine then began to gradually expand its customer base to the marine and offshore market.

In 2001, Mencast Marine began to focus on providing a more integrated product line for our customers in the marine and offshore markets for the local and regional shipyards and owners. To this end, Mencast Marine expanded its business in the provision of repair and refurbishment services and the manufacture of a full range of sterngear equipment to offshore marine supply companies. This gave us the capability to supply sterngear equipment for more sophisticated vessels such as platform supply vessels, AHTS, well maintenance work boats and tankers of up to 10,000 DWT.

In 2002, to further expand our production capacity and to cater to our rapidly growing business, we moved our operations to a larger manufacturing plant at our present premises at No. 7 Tuas View Circuit.

In 2003, Mencast Marine became one of the first sterngear equipment manufacturers in Singapore to achieve the ISO9001:2000 Quality Management System. This was a significant milestone for our Group in establishing itself as a premier manufacturer and service provider of sterngear equipment for the local and regional offshore oil and gas and marine industry.

In 2005, we were one of the first companies in Singapore to introduce a horizontal centrifugal casting machine for the casting of bronze sleeves and bushings. This machine replaces the traditional method of using sand moulds and helps to improve productivity. In the same year, we became a supplier of HRP Asia Pte. Ltd., a subsidiary of the reputable Dutch propeller manufacturer, HRP Thruster Systems B.V.

In 2006, we became a supplier and a service workshop for the Berg Propulsion Group, an established Swedish provider of propellers and stern thrusters, in Singapore.

In 2007, we became one of the first manufacturers of sterngear equipment in Singapore to introduce the vertical centrifugal casting machine for its operating activities. This machine is used for the casting of copper skid plates for oil-rigs. In the same year, we purchased additional manufacturing equipment such as the 3-axis CNC and milling machines to further improve productivity, product quality and reduce the cost of our operations.

On 14 February 2008, we incorporated our subsidiary, Mencast Engineering, to undertake the manufacture and supply of sterngear equipment for new vessels with the intention of allowing Mencast Marine to focus on the supply, repair, refurbishment and reconditioning of sterngear equipment for existing vessels.

On 29 April 2008, we paid a deposit of S\$73,000 for the option to acquire a new plant located at No. 12 Kwong Min Road, Singapore 628714. On 7 May 2008, we exercised the option to acquire the said factory and paid a further deposit of S\$292,000.

Since our inception, we have become an established manufacturer and provider of quality sterngear equipment and sterngear services in the Asia Pacific region. Our subsidiary, Mencast Marine, achieved the Singapore SME 500 award for two consecutive years in 2005 and 2006.

BUSINESS OVERVIEW

Overview of our Principal Activities

Our principal business activities are in (i) the manufacture and supply of sterngear equipment and (ii) the provision of sterngear services, for a wide range of commercial vessel applications. We aim to be a one-stop shop, providing an integrated product line for our customers in the offshore oil and gas and marine industry for the local and regional shipyards and owners.

Our major customers include the ASL Group, the Berg Propulsion Group, the Keppel Group, Labroy Shipbuilding and Engineering Pte. Ltd., Nam Cheong Dockyard Sdn Bhd, NGV Tech Sdn Bhd and the SembCorp Marine Group.

Sterngear Equipment

We manufacture and supply a full range of sterngear equipment which meet the international standards and requirements of the Classification Societies as required by our customers.

Our Products

We manufacture the following types of sterngear equipment:

(i) Propellers

We manufacture controllable-pitch, B-series, highly-skewed, Gawn, and Kaplan style propellers. Our propellers are made of manganese bronze, nickel manganese bronze, nickel aluminum bronze and manganese aluminum bronze which are highly resistant to corrosion and damages sustained in service, and can also be easily repaired by welding. In our foundry where we undertake the melting and casting of our steel and copper raw materials, we are able to produce two-, three-, four- and five-bladed propellers ranging from 250 mm to 3,000 mm in diameter. Our propellers are used in platform supply vessels, AHTS, well maintenance work boats and tankers of up to 10,000 DWT.

(ii) Propeller shafts

We manufacture propeller shafts ranging from 50 mm to 700 mm in diameter and with lengths ranging from 2 m to 15 m.

(iii) Stern tubes

We manufacture stern tubes in cast steel, forged steel and mild steel. We produce stern tubes of various dimensions up to a maximum of 15 m in length for offshore support vessels and ocean going vessels of up to 10,000 DWT.

(iv) Rudder and rudder stock

We build rudder assemblies in forged steel and mild steel for platform supply vessels, AHTS, well maintenance work boats and tankers of up to 10,000 DWT. We produce rudders ranging from 3 m to 8 m in length.

(v) Kort nozzles

We fabricate kort nozzles in steel and stainless steel mainly for tug boats, AHTS, supply vessels. We can produce kort nozzles from 1.5 m to 4.2 m in diameter.

(vi) Marine bearings and bronze sleeves

We manufacture marine bearings and bronze sleeves which are cast in bronze materials used for making parts such as marine bearings, sleeves and bushings.

Depending on our customers' requirements, we manufacture and supply our sterngear equipment singly or as an integrated package. In addition, we also manufacture sterngear equipment made of copper alloy such as sleeves, bushings and cantilever skid plates for jack-up oil rigs.

Sterngear Services

We offer sterngear services for sterngear equipment of existing vessels. Under our sterngear services, we recondition sterngear equipment, which refers to the restoration and repair of worn or damaged sterngear equipment to make it sea-worthy, and/or refurbish sterngear equipment, which refers to the modification of existing sterngear equipment to maximize its efficiency and to meet the vessels' certification requirements.

Our range of sterngear services includes the following:

- grinding, pitch checking, polishing, static and dynamic balancing and final inspection;
- re-pitching of propellers;
- blue-fitting of keyless propellers, rudder pintle and rudder stock;
- casting of replacement tips for damaged propellers;
- inspection of propellers and analysis of performance;
- shaft measurement for concentricity, bending and re-sleeving of tail shafts;
- welding services including dredging bucket repair, rudder stock repair, stainless cladding and roller sheave;
- general machining services including turning, milling, boring and shaping; and
- machining of marine bearings.

Customers for our sterngear services are generally the owners of offshore support vessels, small tankers, tug boats and other smaller crafts. We also provide a comprehensive range of emergency repair services for our customers' sterngear equipment.

For existing vessels which require emergency repair services for their sterngear equipment, we promptly deploy our team of experienced technical engineering staff to the location of the vessel to assess the extent of repairs required and to recommend cost-effective and time-efficient methods of repair. Our prompt response and quick turnaround time for our reconditioning and refurbishment services help to reduce the period of repair of our customers' sterngear equipment.

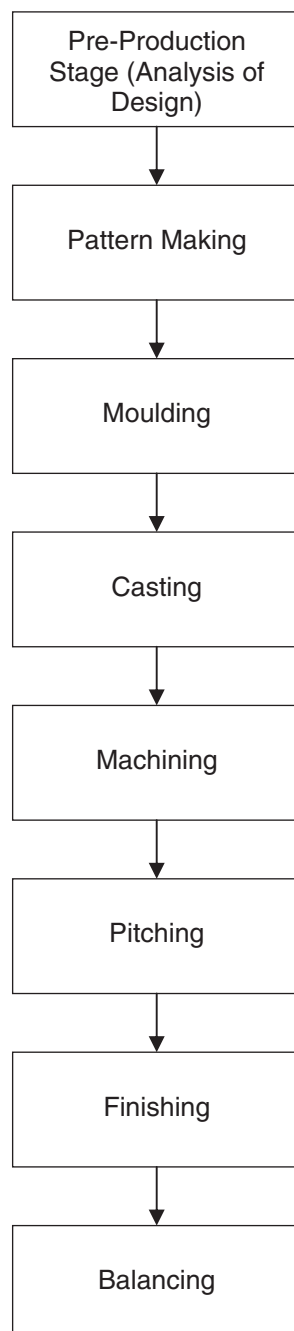
We have obtained standard certification for welding and copper alloy casting from Classification Societies such as the ABS, BV, ClassNK, DNV, Germanischer Lloyd and Lloyd's Register. We have also obtained foundry approvals from ABS, Germanischer Lloyd and Lloyd's Register. Further details on our certifications from the Classification Societies are set out in the section entitled "Certifications" in this Offer Document.

OUR PRODUCTION PROCESS

Our production plant located at No. 7 Tuas View Circuit includes a foundry, a fabrication workshop and two machining shops. Our foundry is principally used for the melting of copper alloy and has a melting capacity of up to approximately 4 tonnes. As at the Latest Practicable Date, we have 2 centrifugal casting machines and 1 high-speed 3-axis CNC milling machines which are used in the manufacturing of our sterngear equipment, and approximately 100 machines for turning, facing, boring and milling.

Sterngear Equipment

The sterngear equipment that we manufacture are mainly propellers. Accordingly, we set out below an illustration of the main steps for the manufacturing of propellers:



The description of each stage of the manufacturing process for propellers is set out as follows:

Step 1: Pre-Production Stage (Analysis of Design)

We manufacture our propellers according to the specifications and designs provided by the shipowners or naval architects appointed by the shipowners. Prior to the commencement, we obtain these propeller designs and specifications to analyse the dimensions and material compositions for the project. From time to time, we may suggest alternative materials or other modifications to the customer.

Step 2: Pattern Making

A pattern is a replica of the object to be cast and is used to prepare a cavity into which molten material will be poured during the casting process. Patterns are usually made of aluminum casting, machined and calibrated to assume the full design of the propeller.

Step 3: Moulding

A mould is then built using sodium silica sand which is mixed with sodium silicate. The sand is then formed by compacting the sand mixture together with the pattern. The hardened sand surface is torch-heated to further eliminate moisture. After the molding sand mixture has been packed and compacted around the pattern, the pattern is removed and the mould is ready for casting.

Step 4: Casting

The copper ingots are first melted in the furnace and the molten copper alloy are then poured into the mould and allowed to solidify within the mould. Our foundry has a melting capacity of approximately 4 tonnes, with a torque furnace that delivers high quality melt.

Step 5: Machining

A variety of CNC and conventional machines and specialised turning, facing, boring and milling machines are used to accurately machine the cast propeller to meet the required specifications.

Step 6: Pitching

A pitch meter is used to verify and measure the pitch accuracy of each blade so that it conforms to the relevant ISO-class tolerances at pre-determined radii across the blade face.

Step 7: Finishing

The propeller castings are polished on grinding machines to achieve its desired finishing.

Step 8: Balancing

The propellers are then balanced to ensure that the surface finishing is smooth and vibration-free.

During the manufacturing process, each propeller is checked for its diameter, pitch, balance, blade form and finish to ensure that the propeller is manufactured in compliance with the standards and specifications of the Classification Societies.

For other kinds of sterngear equipment, we may not necessarily follow the same production process as illustrated above for the production of propellers.

Sterngear services

For our sterngear services, following the various checking and assessment of the extent of repair required, the repair process for a propeller typically involves the grinding and checking of pitch, welding, polishing and balancing and ends with the final inspection by our customers and/or the relevant Classification Societies.

QUALITY ASSURANCE

Quality Assurance

The quality of our sterngear equipment and sterngear services are vital to our success and we place a very strong emphasis on quality control at all stages of our production process. Through this emphasis on quality control, we strive to maintain our reputation as a company with high standards in manufacturing and a provider of good services. As at the Latest Practicable Date, our quality control department comprised 6 engineers and technicians and they are led by our production manager, Wong Chin Hin.

Our foundry has been built specifically for the production of copper alloy castings of sterngear equipment. All the ingots used in the manufacturing process undergo quality inspection through batch testing. Ingots used for casting are recorded to enable traceability for future melting samples and sent to testing centres for mechanical and chemical testing to ensure the standards of Classification Societies are met.

We have implemented stringent quality control measures at different stages of our business processes. All sterngear equipment produced by us has an individual job sheet to allow us to track the progress at each stage of the manufacturing and repair process up to final inspection. We check to ensure that the quality of the moulding, casting, machining, polishing, balancing, blue-fitting and packing meets the relevant quality standards. In addition, if certifications are required by the Classification Societies for our sterngear equipment and services, such Classification Societies will carry out further inspections.

Certifications

All our sterngear equipment and sterngear services are supplied with a certificate of analysis detailing the chemical compositions and mechanical properties which conform to the requirements of the relevant Classification Societies. Our commitment to quality is evidenced by the following certifications which we have obtained:

Classification Society	Description	Expiry Date
ABS	Certificate of performance for carbon steel (ABS Grade 4C) clad welding shafts	5 years from 7 May 2007
ABS	Certificate of performance for stainless steel (SS316) clad welding of shafts	5 years from 25 October 2006
ABS	Certificate of performance for carbon steel (ABS Grade 2) clad welding of shafts	5 years from 25 October 2006
BV	Attestation of rebuilding of forged steel, propeller shaft and rudder stock/ pintles	No expiry date
ClassNK	Approved for stainless steel cladding for submerged arc welding	No expiry date
DNV	Approved for stainless steel clad welding	No expiry date
Germanischer Lloyd	Approved manufacturer of propellers and propeller parts in manganese bronze and nickel aluminium bronze	31 August 2010
Germanischer Lloyd	Approved welding procedure for manual metal-arc welding combined with submerged arc welding of stainless steel from both sides	31 July 2009
Lloyd's Register	Approved manufacturer of copper alloy castings for propellers in manganese bronze and nickel aluminium bronze (maximum weight of 2.8 tonnes)	7 December 2009
Lloyd's Register	Approved manufacturer of copper alloy castings for valves, liners, bushings and fittings	7 December 2009
Lloyd's Register Quality Assurance Limited	ISO 9001:2000 quality management system in respect of manufacturing and reconditioning of sterngear equipment for marine and offshore structures	31 October 2008

Our Company may apply for renewal for all the above quality certifications which are subject to meeting the relevant standards of the Classification Societies.

For the last three financial years ended 31 December 2007 and up to the Latest Practicable Date, we have not received any significant complaints relating to our products and services from our customers.

Safety Assurance

We have put in place comprehensive safety measures for our operations. Such safety measures include ensuring that our staff are properly and adequately attired in protective eye goggles, safety helmets and boots and that the fire safety equipment are well-maintained in accordance with safety regulations. In addition, we engage an independent safety manager on a monthly basis to check and brief the staff on safety procedures and to review and ensure that all our safety measures for our production processes are adequate. We also send our supervisory staff for safety courses as required by law.

For the last three financial years ended 31 December 2007 and up to the Latest Practicable Date, we have not experienced any incidents which have resulted in serious injury or death.

STAFF TRAINING

We sponsor our employees to attend training courses to upgrade their skills and knowledge. All our new employees are required to undergo in-house orientation on our corporate philosophy, culture and policies. We also provide on-the-job training for our staff to equip them with the necessary knowledge and practical skills to perform their tasks effectively. Such training is conducted by experienced supervisors and senior operators.

Most of the training is conducted in-house and our staff training costs incurred in the last three financial years ended 31 December 2007 were insignificant.

MAJOR CUSTOMERS

Since we commenced operations in 1981, we have established good working relationships with our customers, which include major shipyards, shipowners, owners of small tankers, bulk carriers, tugboats and barges and other smaller crafts in the Asia Pacific region, the Middle East, Europe and USA.

The following table sets forth our customers which accounted for 5.0% or more of our total revenue for FY2005, FY2006 and FY2007:

Name	Type of products / services provided	As a percentage of our total revenue (%)		
		FY2005	FY2006	FY2007
ASL Group	sterngear equipment and sterngear services	4.9	2.8	6.7
Berg Propulsion Group	sterngear equipment	–	–	5.1
Keppel Group	sterngear equipment and sterngear services	7.9	7.3	9.8
Labroy Shipbuilding and Engineering Pte. Ltd.	sterngear equipment and sterngear services	10.5	15.9	8.8
Nam Cheong Dockyard Sdn Bhd	sterngear equipment	–	0.8	7.2
NGV Tech Sdn Bhd	sterngear equipment	–	1.8	5.4
SembCorp Marine Group	sterngear equipment and sterngear services	9.2	6.8	6.4

Our sales to the ASL Group in FY2006, as a percentage of revenue, had decreased as compared to FY2005, mainly due to the timing of the completion of projects, which had resulted in lower absolute value of sales to the ASL Group in FY2006.

Our sales to the Keppel Group, as a percentage of revenue, decreased in FY2006 due to an increase in total revenue of our Group. Our absolute value of sales to the Keppel Group in FY2006, had in fact increased during this period due to more projects secured.

Our sales to Labroy Shipbuilding and Engineering Pte. Ltd., in FY2007, as a percentage of revenue, had decreased as compared to FY2006 mainly due to the timing of the completion of projects, which had resulted in lower value of dollar sales to Labroy Shipbuilding and Engineering Pte. Ltd. in FY2007.

Our sales to the SembCorp Marine Group, as a percentage of revenue, decreased over the years due to the increase in total revenue of our Group. Our absolute value of sales to the SembCorp Marine Group, had in fact, remained fairly stable during this period.

Our sales to the Berg Propulsion Group, Nam Cheong Dockyard Sdn Bhd and NGV Tech Sdn Bhd, as a percentage of revenue, had increased in FY2007 as they are new customers secured only either in late FY2006 or FY2007.

We do not typically enter into long-term agreements with our customers. To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major customers listed above.

Save for personal investments (whether directly or through nominees) in quoted investments which may include companies above listed on the SGX-ST, none of our Directors or Controlling Shareholders and the Associates of our Directors and Controlling Shareholders has any interest, direct or indirect, in any of our major customers listed above. Such personal investments will be disclosed to the Audit Committee on a continuing basis in order for the Audit Committee to determine whether they will result in conflicts of interests situations.

CREDIT TERMS

For sterngear equipment, we typically require deposits from customers of up to 30% of the contract value to be paid upon signing of the purchase contract. In the case of new customers, we will require the balance to be paid to us upon delivery of the sterngear equipment, and in the case of existing customers, we will grant credit terms of between 30 days and 60 days after the delivery of the sterngear equipment for the payment of the balance amount. For new overseas customers, we typically request for payment by way of letters of credit or payment in advance.

For sterngear services, we typically require full payment upon rendering of the services. New customers, however, will generally be required to pay an initial deposit of 30% of the servicing fees with full payment of the balance upon rendering of the services.

Credit terms given to customers may vary from customer to customer, taking into consideration various factors such as their payment track record, financial background, length of business relationship, frequency of purchase and the size of the transactions. We will review the credit terms, including the credit period and limit, granted to customers on a monthly basis and any changes to the terms must be approved by our Chief Executive Officer, Glennle Sim. In addition, our sales and finance department will meet to review the outstanding amounts on a monthly basis, and our sales department will then follow-up with our customers on the overdue payments.

Our average trade receivables' turnover days in FY2005, FY2006 and FY2007 are as follows:

	FY2005	FY2006	FY2007
Average trade receivables' turnover days	105	101	95

Although we adopt a credit policy of between 30 and 60 days, some of our major customers typically take longer to pay us due to their internal payment policies, which could result in the final settlement of our invoices to be as long as 8 months after the date of the relevant invoice.

Our average trade receivables' turnover days improved from 105 days in FY2005 to 95 days in FY2007 due to (i) our increased efforts to follow-up with customers with overdue payments and (ii) prompt payments by certain customers as a result of the general improvements in the payment trends in the offshore oil and gas support industry. In FY2008, we have increased the number of personnel reviewing our Group's trade receivables to improve the collection of our trade receivables.

We do not have a general provision policy for doubtful debts. Specific provision for certain debts will be made when we are of the view that collectibility of such outstanding debt is doubtful. The outstanding debt will be written off once we determine that the customer is unable to meet its financial obligations with us.

In FY2005, we wrote off an outstanding trade amount of approximately S\$0.4 million (which included the writing off of an outstanding trade amount of S\$0.2 million due from a customer which went into receivership). We also made an allowance for impairment of trade receivables of approximately S\$0.2 million in FY2007 as the collectibility of an outstanding trade debt from a Malaysian customer had become doubtful. Please refer to the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Offer Document for further details.

Save as disclosed above, we had not experienced any significant bad debts or provided for any doubtful debts in FY2005, FY2006 and FY2007.

We pay our suppliers promptly as this encourages our suppliers to deliver our raw materials to us in a timely manner, thereby avoiding any disruptions or delays in our production schedules. Payment terms granted by our suppliers vary from supplier to supplier and are also dependent, *inter alia*, on our relationship with the suppliers and the size of the transaction. Our suppliers typically grant credit terms of between 30 days and 90 days to us. Our overseas suppliers typically require us to pay in advance or by way of letters of credit.

Our average trade payables' turnover days for FY2005, FY2006 and FY2007 are as follows:

	FY2005	FY2006	FY2007
Average trade payables' turnover days	78	74	45

Our average trade payables' turnover days decreased from 78 days in FY2005 to 45 days in FY2007 as (i) we paid our suppliers promptly in order to maintain the business relationship and to obtain better pricing and (ii) we increased our purchases from suppliers in the PRC which require either payment in advance or by way of letters of credit.

MAJOR SUPPLIERS

The following table sets forth our suppliers which accounted for 5.0% or more of our total purchases in FY2005, FY2006 and FY2007:

Name	Type of products provided	As a percentage of our total purchases (%)		
		FY2005	FY2006	FY2007
Sin Ghee Huat Corporation Ltd.	Stainless steel	7.6	5.4	7.7
Hangzhou Baoding Casting & Forging Co., Ltd.	Forged and cast steel	8.4	11.7	6.6
Wuhan Heavy Industry Casting & Forging Co., Ltd.	Forged steel bars	3.6	6.3	4.8

Our purchases from each of our major suppliers fluctuated between FY2005 and FY2007 as we source different types of raw materials from the aforementioned suppliers. The types of raw materials we purchase vary, depending on the type of sterngear equipment and sterngear services that we provide and/or the type of raw material specified for use by our customers.

The key considerations in selecting our suppliers include the quality and pricing of their products, and services and timeliness of delivery. As such, our Directors are of the opinion that our Group does not depend on a single supplier and our purchases from each of our supplier may vary substantially from year to year.

We generally do not enter into long-term or exclusive agreements with any of our major suppliers.

To the best of their knowledge, our Directors are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major suppliers.

Save for personal investments (whether directly or through nominees) in quoted investments which may include companies above listed on the SGX-ST, none of our Directors or Controlling Shareholders and the Associates of our Directors and Controlling Shareholders has any material interest, direct or indirect, in any of our major suppliers listed above. Such personal investments will be disclosed to the Audit Committee on a continuing basis in order for the Audit Committee to determine whether they will result in conflicts of interests situations.

INVENTORY MANAGEMENT

Our Executive Chairman, Sim Gok Hian, who is assisted by our purchasing department, oversees the procurement function of our Group, including the sourcing for new products and new sources of raw materials for our products. We maintain close contact with our suppliers to obtain updates on market developments such as trends in material prices, new products and their uses. Our procurement staff also interacts regularly with our sales team to understand our customers' requirements. The regular feedback we obtain from our procurement and sales teams allows us to make better procurement decisions for our inventory planning.

Our inventories comprise mainly raw materials, work-in-progress and finished goods. Our inventories are measured at the lower of cost or net realisable value where cost is determined on a first-in first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

As at 31 December 2007, approximately S\$0.5 million of our inventories was in respect of raw materials and approximately S\$2.0 million of our inventories was in respect of work-in-progress.

As at the Latest Practicable Date, our entire inventory is stored in our facilities located at No. 7 Tuas View Circuit.

We monitor and manage our inventory levels by tracking movement in inventories from the receipt of inventories to the delivery to our customers. We also conduct a complete physical stock take at our warehouse on a yearly basis in the presence of our external auditors as part of the annual audit procedures.

Given the nature of our products where most of them can be melted and resold if required, we do not face inventory obsolescence. We have not experienced any write-down in stock value in the last three financial years ended 31 December 2007.

Our average inventory turnover days in FY2005, FY2006 and FY2007 are as follows:

	FY2005	FY2006	FY2007
Average inventory turnover days	8	17	54

Our average inventory turnover days had been relatively low at 8 days and 17 days in FY2005 and FY2006, respectively as compared to FY2007, as a greater proportion of our revenue in FY2005 and FY2006 were derived from Sterngear Services, which did not require significant amount of inventories to be held.

Our average inventory turnover days had increased to 54 days in FY2007 as a result of (i) an increase in work-in-progress in line with the increase in our sterngear manufacturing activities and (ii) an increase in our holdings of raw materials in anticipation of an increase in raw material prices. Moving forward, as we increase our sterngear manufacturing activities, we expect our inventory levels to increase in line with the growth in these activities.

MARKETING AND DISTRIBUTION

The sales and marketing activities of our products and services are managed by our Chief Executive Officer, Glendle Sim. He is supported by our sales and marketing team, which comprised 4 personnel as at the Latest Practicable Date. As a result of our presence in the industry for more than two decades, our Directors believe that we are known in the local offshore oil and gas and marine industry as a supplier of quality sterngear equipment and sterngear services. We typically obtain new customers either from referrals from our existing customers or from the marketing efforts of our sales and marketing team. In FY2007, approximately 44.3% of our revenue was derived from repeat business from our major customers who value the reliability and competitiveness of our products and services.

We do not typically enter into long-term agreements with our customers. Our sales and marketing team maintains regular contact with our customers over the duration of the projects. This allows us to follow up closely with customers on subsequent orders at various stages of their projects and assist them in planning their procurement.

From time to time, we advertise in trade publications and directories to raise our corporate profile. Moving forward, as we expand geographically, we intend to strengthen our sales and marketing team to meet our objectives of enhancing our market presence and increasing our market share in the region.

INSURANCE

As at the Latest Practicable Date, we have obtained insurance policies in respect of our inventories, property and fixed assets, management and employees.


Our insurance policies include group term life insurance, group hospitalisation and surgery, workmen's compensation, damage to office building, motor vehicles, machinery, equipment and inventory arising from fire or theft, public liability insurances, losses in respect of products in transit.

Our Directors are of the view that the above insurance policies are adequate for our existing operations. Our Directors will review our insurance coverage annually. However, significant damage to our operations, whether as a result of fire or other causes, may still have a material adverse effect on our results of operations or financial condition. We are not insured against loss of certain key personnel and business interruption. If such events were to occur, our business may be materially or adversely affected. Please refer to the section entitled "Risk Factors" of this Offer Document for further details.

INTELLECTUAL PROPERTY

Trademark

We have applied to register the following trademark:

Trademark	Class	Territory	Specification of Services / Goods	Date of Application	Status
	6	Singapore	Sleeves metal hardware, bronze sleeves metal hardware, copper alloy sleeves metal hardware, bushings of metal other than parts of machines, skid plates, bronze plates	27 May 2008	Pending registration
	7	Singapore	Propeller shafts, stern tubes, bearings, marine bearings	27 May 2008	Pending registration
	12	Singapore	Marine propellers, propellers for boats, propellers for vehicles, screw propellers, rudders, rudder stock, kort nozzles, bearings for vehicles	27 May 2008	Pending registration
	37	Singapore	Refurbishment, refurbishment of sterngear equipment, reconditioning of sterngear equipment, ship building, re-pitching of propellers, welding for repair purposes, repair services, repair of dredging buckets, rudder stock, stainless cladding and roller sheaves	27 May 2008	Pending registration

Save as disclosed above, we do not own any intellectual property rights. Our business or profitability is not materially dependent on any patent, licence or new manufacturing process.

GOVERNMENT REGULATIONS

Save as disclosed below, as at the Latest Practicable Date, our business operations in Singapore are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore. We have thus far not experienced any adverse effect on our business in complying with these regulations.

To the best of our Directors' knowledge, we have obtained all requisite approvals and are in compliance with all laws and regulations that would materially affect our business operations and we have not contravened any relevant laws and regulations.

Workplace Safety and Health (Registration of Factories) Regulations ("WSH Factories Regulations")

For premises that carry out the process of the manufacture of any article or part of any article, and where mechanical power is used in connection with the manufacture of any article, the occupiers or users of such premises are required by the Ministry of Manpower ("MOM") to register the premises as a "factory" with the Commissioner for Workplace Safety and Health ("CWSH") pursuant to the WSH Factories Regulations. Under the WSH Factories Regulations, occupiers or users of such premises must apply to the CWSH to register the premises as a "factory" prior to the commencement of manufacturing activities. A certificate of registration issued by the CWSH is valid for a period of one year and may be renewed subsequently upon the payment of a renewal fee of S\$915. No other requirements are needed for renewal. The CWSH may, instead of registering any premises as a "factory", issue a factory permit, with or without conditions, authorising the applicant to occupy the premises as a factory. A factory permit is valid for such period not exceeding six months as specified in the permit and may be extended subsequently for such period not exceeding six months as the CWSH may determine upon the payment of an extension fee.

We have obtained a Certificate of Registration of a Factory and a Factory Permit under the WSH Factories Regulations for our premises which is used as a factory at No. 7 Tuas View Circuit, Singapore 637642. Our Certificate of Registration of a Factory and Factory Permit will expire on 31 December 2008.

Workplace Safety and Health Act (Chapter 354A) (“WSHA”)

Under the WSHA, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organization, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations (“WSHR”). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health.

In addition to the above, under the WSHA, inspectors appointed by the CWSH may, *inter alia*, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to, *inter alia*, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

Employment of Foreign Manpower Act (Chapter 91A) (“EFMA”)

The availability and the employment cost of skilled and unskilled foreign workers are affected by the Government’s policies and regulations on the immigration and employment of foreign workers in Singapore. The policies and regulations are set out in, *inter alia*, the EFMA and the relevant Government Gazettes. The employment of foreign workers is also subject to the payment of levies. The amount of foreign worker levy payable on each foreign worker (skilled and unskilled) ranges from S\$50 to S\$295 per month. An employer of foreign workers is also subject to, *inter alia*, the provisions set out in the Employment Act (Chapter 91), the Immigration Act (Chapter 133) and the Immigration Regulations.

Electricity Act (Chapter 89A) (“Electricity Act”)

We hold licences issued by the Energy Market Authority of Singapore under the Electricity Act and the electricity (electrical installations) regulations to use or operate an electrical installation at our premises at No. 7 Tuas View Circuit, Singapore 637642. Electrical installations are licensed to ensure that they are operated and maintained by licensed electrical workers, and are safe to use. In order to be granted the

licence, we are required to appoint an appropriate class of licensed electrical worker to take charge of our electrical installation. Our appointed licensed electrical worker is required to inspect and test our electrical installation and issue a certificate of compliance in respect of our electrical installation. The licence is renewable on a yearly basis. Our current licence is valid until 14 May 2009.

As at the Latest Practicable Date, our licence under the Electricity Act has not been revoked. To the best of their knowledge, our Directors are not aware of any facts or circumstances that could cause the licence to be revoked or affect its renewal when it expires.

Environmental Protection and Management Act (Chapter 94A) (“EPMA”)

We have obtained approval for the use of our premises at No. 7 Tuas View Circuit, Singapore 637642, for the manufacturing of sterngear equipment and to carry out mechanical engineering works subject to compliance with certain prescribed toxic industrial waste control and noise and air pollution control requirements and all applicable requirements and provisions of the Code of Practice on Pollution Control and the EPMA. The approval is not subject to any renewal requirements but may be withdrawn at any time.

Registration as an Importer, Exporter, Common Carriers and Others

We are registered with the Singapore Customs as an importer and exporter under the provisions of the Registration of Traders, Common Carriers and Other under Regulation 37(1) of the Regulation of Imports and Exports Regulations. The registration is not subject to any renewal requirements but may be withdrawn at any time.

RESEARCH AND DEVELOPMENT

We do not have a research and development team.

Notwithstanding the above, we continually refine and improve our work process during the course of production and adopt these improvements to enhance our productivity and minimize re-works.

COMPETITION

We believe that the principal competitive factors in the industry for the provision of sterngear equipment and sterngear services are (i) close proximity to shipyards; (ii) adequate market and technical knowledge; (iii) the supply of quality products and services; and (iv) timely delivery of products and services provided.

We believe there are relatively few players providing sterngear equipment and sterngear services in this region. We have developed a niche position for ourselves as a provider of quality sterngear equipment and sterngear services.

To the best of our knowledge, we believe our main competitors include:-

- (i) Stone Marine Pte Ltd;
- (ii) Asia Foundry & Engineering Pte Ltd; and
- (iii) Mentrade Marine Engineering Pte Ltd ⁽¹⁾.

Note:-

- (1) As at the Latest Practicable Date, one of the founding partners of Mencast Engineering Company, Lim Kue Lay, is a director and shareholder of Mentrade Marine Engineering Pte Ltd (“MMEPL”) and Sim Ah Moi, who is a niece of our Executive Chairman, Sim Gok Hian, holds a 1.0% shareholding interest in MMEPL. Save as disclosed above, none of the directors and shareholders of MMEPL is related to our Group, Directors, Controlling Shareholders or their Associates.

We are of the view that these companies are our competitors as they provide a similar range of products and services in the region which we operate.

None of our Directors, our Controlling Shareholders or their Associates has any interest, direct or indirect, in any of the above competitors.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths enable us to compete effectively against our competitors:

An established track record, reputation and close proximity to our customers

Since the commencement of our business in 1981, we have established a track record and reputation in our industry in the region through our years of dealings with some of the major players in the offshore oil and gas and marine industry, and by consistently providing high quality products and services to our customers. We believe that our track record and good reputation have also earned us the confidence of our customers and suppliers. In FY2007, approximately 44.3% of our revenue were derived from repeat business from our major customers.

In addition, our production facilities are located in Singapore, which is in close proximity to many shipyards in Singapore and around the South-east Asia region. Such close proximity provides us with opportunities to offer our sterngear equipment and sterngear services to the shipyards located in the region and to further expand our customer base.

We provide quality sterngear equipment and sterngear services

Over the years, we have expanded the offerings of our products and services and are able to offer our customers a comprehensive range of sterngear equipment and sterngear services, catered and packaged according to the requirements of our customers.

In addition, we provide good quality products and services to our customers as we implemented strict quality control procedures for all stages of our manufacturing process for our sterngear equipment and sterngear services. Our sterngear equipment and sterngear services are also provided to vessels that require high standards of safety. In this regard, we have obtained ISO certification and certifications from various Classification Societies for our products. Please refer to the section entitled "Quality Assurance" of this Offer Document for further details.

We possess advanced machinery and strong technical expertise

Our manufacturing facility located at No. 7 Tuas View Circuit is equipped with advanced machinery, such as the horizontal centrifugal casting machine and the vertical centrifugal casting machine, which enables us to improve our productivity and the quality of our sterngear equipment, and reduce our production costs.

In addition, we are able to render technical advice to customers on compliance with certification requirements and extending the seaworthiness of their vessels whilst minimizing repair and operational costs. The ability to provide such additional advice further increases the value of our services to our customers and increases our competitiveness in the industry.

We have a dedicated and experienced management team

We are managed by a dedicated and experienced management team. Our Executive Chairman, Sim Gok Hian, has been engaged in the business of providing sterngear equipment and related services since 1981 and is one of the pioneers of this business in Singapore. His in-depth knowledge of our business and the industry and technical expertise has been instrumental in spearheading the development and growth of our Group. In addition, our Chief Executive Officer, Glenndle Sim, has been with our Group for over 10 years and his ability to anticipate the needs of our customers has enabled us to offer suitable types and ranges of products and services to our customers on a timely basis. Please refer to the section entitled "Directors, Management and Staff" of this Offer Document for further details on the experience of our Executive Directors.

PROPERTIES AND FIXED ASSETS

Properties owned by our Group

The particulars of the properties owned by our Group as at the Latest Practicable Date are set out below:

Location	Tenure	Land / built-up area (sq m)	Usage	Lessor of land site	Encumbrance
Building located at No. 7 Tuas View Circuit Singapore 637642	60 years commencing from 1 December 1998	6,002 / 2,886	Office and production facility	JTC	Mortgaged to UOB Bank
Building located at No. 7 Tuas View Circuit Singapore 637642 (Annex)	30 years commencing from 1 November 2003	2,500 / 4,082	Production facility	JTC	Mortgaged to UOB Bank

On 29 April 2008, we paid a deposit of S\$73,000 for the option to acquire a new plant located at No. 12 Kwong Min Road, Singapore 628714, through a property agent from a non-related third party for a total purchase consideration of S\$3.65 million, which was arrived at on a willing-buyer willing-seller basis. In May 2008, we exercised the option to acquire the said factory premise and paid a further deposit of S\$292,000.

Properties leased by our Group

The particulars of the properties leased by our Group as at the Latest Practicable Date are set out below:

Location	Tenure	Land / built-up area (sq m)	Monthly rental (S\$)	Usage
No. 7 Tuas View Circuit Singapore 637642	60 years commencing from 1 December 1998	6,002 / 2,886	4,441 ⁽¹⁾	Office and production facility
No. 7 Tuas View Circuit Singapore 637642 (Annex)	30 years commencing from 1 November 2003	2,500 / 4,082	1,850 ⁽²⁾	Production facility
Block 686B Jurong West Central 1 #01-138 Singapore 642686	24 months commencing from 2 August 2006	110	1,100	Staff accommodation
Block 10 Yung Kuang Road #03-10 Singapore 610010	12 months commencing from 17 April 2008	64	850	Staff accommodation
Block 8 Yung Kuang Road #09-46 Singapore 610008	12 months commencing from 19 April 2008	64	1,500	Staff accommodation
Block 213 Boon Lay Drive #06-26 Singapore 640213	2 years commencing from 16 November 2007	64	1,300	Staff accommodation

Notes:-

- (1) From 1 December 1998 to 30 November 1999, the yearly rent of S\$95,251.74 was calculated at the rate of S\$15.87 per sq m per annum. From 1 December 1999, the yearly rental of \$79,526.60 calculated at the rate of S\$12.56 per sq m per annum which rate was last revised on 1 December 2001 to the rate of S\$13.25 per sq m per annum. The yearly rental so revised on 1 December 2001 shall be subject to revision on 1 December 2002 and on 1 December of every year thereafter at the rate based on the market rent on the respective dates determined in the manner following but so that the increase shall not exceed 5.5% of the yearly rent for each immediately preceding year.

- (2) From 1 November 2003 to 31 October 2004, the annual licence fee / rent is at S\$13.51 per sq m per annum. From 1 November 2004 and 1 November of every year thereafter, the annual licence fee/rent will be revised to a rate based on the then prevailing market rent but the increase, if any, shall not exceed 5.5% of the annual licence fee/ rent for each immediately preceding year.

As at 31 December 2007, the aggregate net book value of our properties and other fixed assets such as plant and equipment amounted to approximately S\$11.3 million. Please refer to the section entitled “Management’s Discussion and Analysis of Financial Position and Results of Operations” of this Offer Document for further details.

To the best of our Directors’ knowledge and belief, there are no regulatory requirements or environmental issues that may materially affect our utilisation of the above properties and fixed assets, save as disclosed under the section entitled “Government Regulations” of this Offer Document.

PRODUCTION FACILITY AND CAPACITY

Our production capacity is located at No. 7 Tuas View Circuit, Singapore 637642. Our production capacity is limited by our available manpower, the production floor area, number of machines, the types of machines used and number of hours our factory operates. Please refer to the section entitled “Our Production Process” of this Offer Document for further details on our available machinery.

The table below summarises our estimated annual maximum production capacity and estimated average annual utilisation rates for our production facility, based on the different production departments, for the last three financial years ended 31 December 2007. We have estimated our maximum annual production capacity based on (i) the average number of our employees and machines for each financial year, and (ii) the operation of one 8-hour shift per day, 5.5 days per week and 52 weeks per year. In each of FY2005, FY2006 and FY2007, we have been operating above our maximum capacity. Based on our existing machines, we have in the past, been able to increase our production capacity by putting in overtime. The aggregate amount of overtime by our production employees in FY2005, FY2006 and FY2007 was 57,861 hours, 57,922 hours and 67,591 hours, respectively.

Department	Estimated annual maximum capacity (hours)			Estimated average annual utilisation rates ⁽¹⁾ (%)		
	FY2005	FY2006	FY2007	FY2005	FY2006	FY2007
Casting	22,880	22,880	22,880	118.2	125.5	125.8
Fitting	11,440	16,016	18,304	125.6	128.3	134.6
Grinding	20,592	20,592	20,592	121.5	133.6	135.6
Machining	93,808	96,096	116,688	134.5	127.5	126.2
Quality Assurance / Quality Control	16,016	18,304	22,880	131.2	123.5	119.8
Welding	25,168	22,880	27,456	135.5	143.3	147.3

Note:-

- (1) The estimated average annual utilisation rate is calculated based on the actual number of man-hours (including overtime) divided by the respective annual maximum capacity for the respective financial year.

The fluctuation in our estimated average annual utilisation rates is affected by the number of man-hours, which is determined by, *inter alia*, the number of employees, the type of sterngear equipment and sterngear services required by our customers and the type and efficiency of the machinery used.

In line with the growth and expansion of our business, we plan to acquire the factory premise located at No. 12 Kwong Min Road, Singapore 628714, to increase our production capacity. This new factory premise is expected to be operational by the end of this year. We may also consider adding a second shift to increase our production capacity in the future. Please refer to the section entitled “Business Strategies and Future Plans” of this Offer Document for further details.

PROSPECTS

We are encouraged by our growth achieved to date and, barring any unforeseen circumstances, we remain optimistic about our future prospects. We have identified the following factors that are expected to drive our growth in the foreseeable future. At the same time, we are mindful that the business environment remains challenging at the present time and would draw your attention to the section entitled "Risk Factors" of this Offer Document.

Our Directors believe that our growth will be favourably supported by the increased activities in the offshore oil and gas and marine industry as well as the expected regional and local economic growth which are largely driven by the continued economic expansion of China and India, strong demand in the new shipbuilding industry and the strategic location of Singapore.

Continued increase in the level of activities in the offshore oil and gas and marine industry

The level of activities in the offshore oil and gas and marine industry is underpinned largely by the prices of crude oil and natural gas. Higher crude oil and natural gas prices are expected to result in an increase in the capital expenditure for the exploration, development and production of offshore oil and gas. This is particularly so as most of the viable onshore oil and gas fields are maturing or are close to being exhausted. In addition, offshore oilfields which were previously considered to be uneconomical are being re-explored. Our Directors believe that the above, further fuelled by the demand for energy and continued increased trade as a result of the continued industrialization and economic growth of China and India, will continue to drive the demand for offshore support services such as new shipbuilding, repairs and maintenance of vessels, particularly in this region. Furthermore, the strategic location of Singapore enables it to act as a hub and port catchment for tankers travelling on shipping routes between the eastern and the western parts of the world as well as dry-bulk traffic.

Growth in new markets

We believe that new markets are growing outside of Singapore for sterngear equipment and sterngear services in countries such as Indonesia, Malaysia, Vietnam and China. These markets are growing in importance due to their proximity to major oil and gas resources.

TREND INFORMATION

Our Directors observed the following trends for FY2008:

We expect our revenue to increase in line with the growth in the ship repair and maintenance industry as we supply sterngear equipment and services to such industries. In addition, we expect our selling prices to increase in the current financial year as a result of the growth in demand for sterngear equipment and sterngear services as well as the general increase in raw material prices. Our revenue had increased in the past two financial years ended 31 December 2007 and, as at the Latest Practicable Date, our order book based on confirmed sales orders was approximately S\$11.2 million. Our lead-time to fulfil an order, commencing from the receipt of purchase order up to the delivery of the sterngear equipment or completion of sterngear services, is dependent, *inter alia*, on the date of delivery required by the customers and the receipt of the drawings from the naval architects.

In relation to the costs of our raw materials, which are mainly steel and copper alloy, we anticipate the fluctuations in prices of these commodities to affect our purchasing costs. These materials are major components for the manufacturing of our sterngear equipment. We expect the prices of these commodities to increase in the current financial year. We typically mitigate our exposure to potential price increases of raw materials by obtaining quotations from our suppliers for our raw materials at the time when we quote to our customers for our projects. If we are successful in securing the projects, we would promptly confirm the prices and terms with our relevant suppliers. Typically, the duration of our projects do not exceed 6 months.

We expect our operating expenses to increase in the current financial year, due mainly to the (i) increase in salaries and related costs of hiring additional workers and recruitment of additional office and management staff to support the expected increase in business activities, (ii) the increase in remuneration of our Executive Directors as a result of the Service Agreements entered into between them and our Company, and (iii) other additional compliance costs as a listed company.

Save as disclosed above and in the section entitled "Risk Factors" of this Offer Document, and barring any unforeseen circumstances, our Directors are not aware of any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition.

BUSINESS STRATEGIES AND FUTURE PLANS

We intend to be a one-stop centre that provides comprehensive solutions for sterngear equipment and sterngear services. We will further develop our reputation and track record as an integrated manufacturer of sterngear equipment and provider of sterngear services for the offshore oil and gas and marine industry. In addition to enhancement of technical expertise, we also intend to further develop our management and operational capabilities.

We plan to increase our presence in Indonesia and Malaysia to be in closer proximity with the shipbuilding, ship repair and maintenance players in these growing markets so that we can strengthen our relationships with our existing customers and secure new customers there.

We intend to leverage on our competitive strengths and build a reputation for quality, talent and reliability in the regional marketplace. In addition, we plan to undertake more extensive marketing and sales activities to market to new customers in the Asia Pacific region.

To realise the above business strategies, we intend to carry out the following plans:

Expand our facility in Singapore

We plan to increase our production and storage capacity to cater for the expected increase in demand for our sterngear equipment and sterngear services. We are currently operating at our production facility located at No. 7 Tuas View Circuit, with an aggregate land area of approximately 8,500 sq m. By the end of 2008, we plan to acquire and commence operations at a facility located at No. 12 Kwong Min Road, to expand our production capacity. In May 2008, we exercised the option to acquire the said factory premise and paid a further deposit of S\$292,000.

The estimated capital expenditure for the expansion in production capacity is approximately S\$5.0 million and we intend to utilise S\$1.0 million from the net proceeds from the Invitation to finance such expansion. The balance amount of S\$4.0 million will be funded through bank borrowings and internal funds.

Establish new bases to facilitate expansion of our geographical coverage

Many of the major shipbuilders in Singapore have expanded to other areas in the region, such as Indonesia and Malaysia, to lower their costs of production. In order to be in closer proximity to these shipyards, we intend to build new service centres in these places to provide faster response time to them. These service centres are expected to be established with the required machinery to cater to the needs of the shipyards and customers in the vicinity. Such service centres are to be operated by local staff and supplemented by specialists (experienced service engineers) when required. To this end, we are also exploring the feasibility of establishing or acquiring a rapid deployment service team to meet our customers' needs in the region.

The expected capital expenditure to either acquire or build new production plants and invest in new machinery and equipment in these new geographical areas is approximately S\$5.0 million. We intend to utilise S\$1.8 million from the net proceeds from the Invitation to finance the above plans. The balance amount of S\$3.2 million will be funded through bank borrowings and internal funds.

We also intend to increase our market presence and our market share in the region. We will strengthen our marketing presence in growing markets such as Thailand, Indonesia, Malaysia and Brunei. We also plan to expand our customer base to include more clients from China, India and the Middle East by appointing suitable agents in those regions.

Expand our core business through acquisitions, joint-ventures or strategic alliances

We may consider expanding our core business through acquisitions, joint ventures or strategic alliances with parties who create new synergy with our existing business. We are exploring alliances with potential customers to retain us on a fixed term basis as their preferred sterngear service provider. Through such acquisitions, joint ventures and strategic alliances, we are looking to strengthen our market position, expand our network of customers as well as expand into new businesses complementary to our products and services.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTERESTS

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of our Interested Persons (namely, our Directors (including our CEO), Controlling Shareholders of our Company or the Associates of such Directors (including our CEO) or Controlling Shareholders) are Interested Person Transactions.

This section sets out the Interested Person Transactions entered into by our Group for FY2005, FY2006 and FY2007 and for the period commencing from 1 January 2008 to the Latest Practicable Date.

Save as disclosed in this section and under the section entitled “Restructuring Exercise” of this Offer Document, there has been no other Interested Person Transaction in FY2005, FY2006 and FY2007 and for the period commencing from 1 January 2008 to the Latest Practicable Date involving our Group which are material in the context of this Invitation.

The following persons or companies are considered “Interested Persons” or related persons for the purposes of this section.

Interested Persons	Relationship with our Group
“Sim Gok Hian”	: Executive Chairman and Controlling Shareholder of our Company, husband of Chua Kim Choo and father of Glendle Sim and Sim Wei Wei
“Glendle Sim”	: Chief Executive Officer and Controlling Shareholder of our Company, brother of Sim Wei Wei and son of Sim Gok Hian and Chua Kim Choo
“Sim Wei Wei”	: Administrative / human resource executive of our Company, sister of Glendle Sim and daughter of Sim Gok Hian and Chua Kim Choo
“Mencast Engineering Company”	: A joint partnership in Singapore established in 1981 by our Executive Chairman, Sim Gok Hian. The partnership has been de-registered with effect from 3 April 2008. The other partner, Teo Cheng Toh, is an uncle of Chua Kim Choo and a Substantial Shareholder of our Company
“Teo Cheng Toh”	: Substantial Shareholder of our Company, a partner of Mencast Engineering Company and an uncle of Chua Kim Choo
“Lai Hwee Yoon Janice”	: Wife of Glendle Sim
“Chua Kim Choo”	: Substantial Shareholder of our Company, wife of Sim Gok Hian and mother of Glendle Sim and Sim Wei Wei
“M.E.N. Foundry”	: A partnership in Malaysia established by our Executive Chairman, Sim Gok Hian, and is principally engaged in the production of propellers for fishing trawlers. The other partners consist of a nephew of Sim Gok Hian and unrelated parties. On 30 May 2008, Sim Gok Hian executed the relevant documents to divest his entire shareholding interest in M.E.N. Foundry. Upon the completion of such divestment, M.E.N. Foundry will cease to be an Interested Person. The divestment of this interest is expected to be completed by the end of 2008.

Past Interested Person Transactions

(a) Provision of Guarantees by Interested Persons

Since April 2003 and up to December 2007, our Executive Chairman, Sim Gok Hian, and Substantial Shareholder, Teo Cheng Toh, had provided guarantees for certain credit facilities granted to our Group, details of which are as set out below:

Financial Institution	Types of Facilities	Amount of Facilities Granted (S\$)	Guarantees Provided By
Malayan Banking Berhad	Letter of credit and hire purchase	132,200	Sim Gok Hian
Malayan Banking Berhad	Hire purchase	30,000	Sim Gok Hian
OCBC Bank	Banking facilities	3,517,500	Sim Gok Hian and Teo Cheng Toh
The Hongkong and Shanghai Banking Corporation Limited	Hire purchase	40,000	Sim Gok Hian
UMF Singapore Limited	Hire purchase	141,000	Sim Gok Hian
UOB Bank	Hire purchase	33,000	Sim Gok Hian

The interest rates charged for the above credit facilities from the relevant financial institution ranged from 2.2% to 4.9% per annum. The largest aggregate amount of credit facilities drawn down on the above credit facilities during the Relevant Period, based on month-end balances, was approximately S\$627,240. As at the Latest Practicable Date, the outstanding amounts under the above facilities had been fully settled and the guarantees provided by the Interested Persons had been discharged.

As no fee was charged by the Interested Persons for the provision of the guarantees, the above arrangements were not carried out on an arm's length basis.

(b) Sales to and purchases from M.E.N. Foundry

Our Group had from time to time, sold used machinery, spare parts, scrap bronze to M.E.N. Foundry for their operational requirements. Our Group also purchased used machinery and tools, and anti-rust oil from M.E.N. Foundry for use in our production. The aggregate value of our sales to and purchases from M.E.N. Foundry in respect of the above transactions for the last three financial years ended 31 December 2007 are set out below:

	FY2005 (S\$)	FY2006 (S\$)	FY2007 (S\$)	1 January 2008 to the Latest Practicable Date (S\$)
Sales to M.E.N. Foundry	–	122,778	186,588	3,000
Purchases from M.E.N. Foundry	–	–	18,216	–

The above transactions with M.E.N. Foundry were made on normal commercial terms on an arm's length basis and were not prejudicial to our Company or Shareholders.

On 30 May 2008, Sim Gok Hian executed the relevant documents to divest his entire shareholding interest in M.E.N. Foundry. Upon the completion of such divestment, M.E.N. Foundry will cease to be an Interested Person. The divestment of this interest is expected to be completed by the end of 2008.

(c) Provision of services by Mpire Inc

Our Chief Executive Officer, Glennle Sim, is a director and shareholder of Mpire Inc (“Mpire”), holding a shareholding interest of 33.33% in Mpire, a company incorporated in the British Virgin Islands which provides consultancy and marketing services. The other two shareholders are unrelated parties.

During FY2005, Mpire had provided consultancy services to the Group. The consultancy fees paid by our Group to Mpire for its services in FY2005 was approximately S\$320,000. The transaction was entered into on an arm’s length basis and the fees charged are comparable to that normally charged by Mpire to other parties for similar scope of services. Mpire had ceased to provide such services to us since 2006 and we do not intend to engage its services in future.

The above transactions with Mpire were made on normal commercial terms on an arm’s length basis and are not prejudicial to our Company or Shareholders. We do not foresee that we would enter into any future transactions with Mpire, and in the event we do so, such transactions will be conducted in accordance with the procedures described in the section entitled “Review Procedures For Future Interested Persons Transactions” of this Offer Document.

(d) Motor vehicle held on behalf of Mecast Marine by our Executive Chairman

Our Executive Chairman, Sim Gok Hian, had previously held a motor vehicle on behalf of Mecast Marine. As at 31 December 2007, the net book value of the vehicle was approximately S\$263,000. This motor vehicle was provided for the use of Sim Gok Hian pursuant to the terms of his employment. There was no payment or other forms of remuneration to Sim Gok Hian in connection with this arrangement. With effect from April 2008, the vehicle was re-registered in the name of Mecast Marine.

(e) Advances from Interested Persons

In FY2005, FY2006, FY2007 and for the period from 1 January 2008 to the Latest Practicable Date, the following Interested Persons had provided advances to our Group which were utilized for our working capital requirements. These advances were interest-free, unsecured and had no fixed terms of repayment. The aggregate amount of advances from each of the Interested Persons as at the end of each of the last three financial years ended 31 December 2007 is set out below:

	As at 31 December 2005 (S\$)	As at 31 December 2006 (S\$)	As at 31 December 2007 (S\$)
Sim Gok Hian	1,799,848	1,387,080	1,068,236
Glennle Sim	300,216	300,216	50,000
Chua Kim Choo	300,216	300,216	40,000
Lai Hwee Yoon Janice	300,216	300,216	–
Teo Cheng Toh	–	–	37,050

During the last three financial years ended 31 December 2007, the largest aggregate outstanding amount owed by our Group, based on month-end balances, to the Interested Persons was approximately S\$3.0 million. As at the Latest Practicable Date, all outstanding amounts due to the Interested Persons had been fully repaid.

As no interest was charged nor securities required by the Interested Persons for the provision of the advances, the above arrangements were not carried out on an arm’s length basis.

Present and On-going Interested Person Transactions

(a) Provision of Guarantees by Interested Persons

As at the Latest Practicable Date, our Executive Chairman, Sim Gok Hian, Chief Executive Officer, Glendle Sim, and Substantial Shareholder, Teo Cheng Toh, had provided guarantees for credit facilities granted to our Group, details of which are as set out below:-

Financial Institution	Types of Facilities	Amount of Facilities Granted (S\$)	Guarantee Provided By
Malayan Banking	Hire purchase	419,361	Sim Gok Hian
OCBC Bank	Overdraft, letters of credit, banker's guarantee, foreign exchange	1,100,000	Sim Gok Hian, Glendle Sim and Teo Cheng Toh
OCBC Bank	Letters of credit and hire purchase	2,000,000	Sim Gok Hian, Glendle Sim and Teo Cheng Toh
OCBC Bank	Hire purchase	303,068	Sim Gok Hian, Glendle Sim and Teo Cheng Toh
ORIX Leasing Singapore Limited	Hire purchase	125,072	Sim Gok Hian and Glendle Sim
UMF Singapore Limited	Hire purchase	43,000	Sim Gok Hian
UOB Bank	Banking facilities	5,000,000	Sim Gok Hian, Glendle Sim and Teo Cheng Toh
UOB Bank	Hire purchase	2,120,000	Sim Gok Hian, Glendle Sim and Teo Cheng Toh
UOB Bank	Hire purchase	78,000	Glendle Sim
UOB Bank	Hire purchase	275,000	Sim Gok Hian, Glendle Sim and Teo Cheng Toh

As at the Latest Practicable Date, the interest rates charged by the relevant financial institutions ranged from 2.50% to 3.08% per annum. The largest aggregate amount of credit facilities drawn down and guaranteed by the Interested Persons during the Relevant Period, based on month-end balances, was approximately S\$2.0 million. As at the Latest Practicable Date, the aggregate amount of credit facilities drawn down and guaranteed by the Interested Persons was approximately S\$2.0 million.

As no fee was paid to the Interested Persons for the provision of the guarantees, the above arrangements were not carried out on an arm's length basis.

Following the admission of our Company to the Catalist, we intend to request for the discharge of the above guarantees provided by Sim Gok Hian, Glendle Sim and Teo Cheng Toh and replace them with corporate guarantees provided by our Group. Our Directors do not expect the revised terms and conditions of the credit facilities, following the discharge of the guarantees and the replacement with corporate guarantees by us, to have an adverse impact on our Group. In the event that the relevant financial institution does not agree to the release of the above guarantees, Sim Gok Hian, Glendle Sim and Teo Cheng Toh has each given an undertaking that they will not withdraw or revoke the guarantees provided by them and that the guarantees in favour of the relevant financial institution will remain.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

All future transactions with interested persons shall comply with the requirements of the Listing Manual. As stated in the Listing Manual, our Articles require a director to abstain from voting in any contract or arrangement in which he has a personal material interest.

Our Audit Committee will ensure that all future interested person transactions, including the aforementioned interested person transactions involving companies related to our Group, are conducted on normal commercial terms and not prejudicial to the interests of our Company and its minority Shareholders. Such procedures will include the following:

- (a) when purchasing items from or engaging the services of interested persons, our Directors shall take into account the prices and terms of at least two other comparative offers (where appropriate) from non-interested persons. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two comparative offers (where appropriate) from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quantity, quality, delivery time and track record will be taken into consideration;
- (b) when selling items or providing services to interested persons, our Directors shall take into account the prices and terms of at least two other successful transactions of similar nature and size to non-interested persons. The sale price or fee for the supply of services shall not be lower than the lowest sale price or fee of the other two successful transactions to non-interested persons; and
- (c) when renting from or to interested persons, our Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar location and size, or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where appropriate). The rent payable shall be based on the most competitive market rental rate of similar properties in terms of size and location, based on the results of the relevant enquiries.

Each such interested person transaction will be properly documented and submitted half-yearly to our Audit Committee for its review to ensure that all interested person transactions are conducted on normal commercial terms and in accordance with the procedures outlined. In the event that a member of our Audit Committee is involved in any interested person transaction, he will abstain from reviewing that particular transaction. Our Audit Committee will include the review of all such interested person transactions as part of the standard procedures while examining the adequacy of internal controls of our Group.

Our Audit Committee will ensure that all provisions and disclosure requirements on all such interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, as the case may be, are complied with.

Our Board of Directors will ensure that all interested person transactions will be subject to the disclosure requirements of the Listing Manual, and will be subject to Shareholders' approval if deemed necessary under the provisions of the Listing Manual. We will disclose in our annual report the aggregate value of interested person transactions conducted during the financial year.

POTENTIAL CONFLICTS OF INTERESTS

Save as disclosed below, and in the section entitled "Interested Person Transactions" of this Offer Document, and personal investments (whether directly or through nominees) in quoted investments which may include companies listed on the SGX-ST:

- (a) none of our Directors, Executive Officers, Controlling Shareholders or any of their Associates has any interest, direct or indirect, in any transactions to which our Company was or is to be a party;
- (b) none of our Directors, Executive Officers, Controlling Shareholders or any of their Associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competes materially and directly with the existing business of our Group; and

- (c) none of our Directors, Executive Officers, Controlling Shareholders or any of their Associates has any interest, direct or indirect, in any company that is our customer or supplier of goods and services.

Mencast Engineering Company

Mencast Engineering Company is a joint-partnership owned by our Executive Chairman, Sim Gok Hian, and Substantial Shareholder, Teo Cheng Toh.

The business activities of Mencast Engineering Company are in the manufacture of propellers, bushings, shaftings and other sterngear equipment. With effect from 3 April 2008, Mencast Engineering Company has been de-registered.

M.E.N. Foundry

Our Executive Chairman, Sim Gok Hian, holds a 40% shareholding interest in M.E.N. Foundry, with 45% of its shareholding interest owned by unrelated parties and the balance 15% owned by a nephew of Sim Gok Hian. M.E.N. Foundry's principal business activity is the manufacture of propellers for fishing trawlers in Malaysia. On 30 May 2008, Sim Gok Hian executed the relevant documents to divest his entire shareholding interest in M.E.N. Foundry. The divestment of this interest is expected to be completed by the end of 2008.

Save as disclosed in the sections above, none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

DIRECTORS, MANAGEMENT AND STAFF

DIRECTORS

The board of Directors is entrusted with the responsibility for the overall management of our Group. Our Directors' particulars are listed below:

Name	Age	Residential Address	Position
Sim Gok Hian	64	No. 61 Corporation Walk Singapore 618459	Executive Chairman
Glennle Sim	38	No. 51 Corporation Walk Singapore 618454	Chief Executive Officer
Ho Chew Thim	56	36B, Dunearn Road #03-08 Chancery Court Singapore 309427	Independent Director
Ng Eng Ho	55	159 Jalan Kampong Chantek Singapore 587887	Independent Director
Sunny Wong Fook Choy	52	No. 70 Jalan Simpang Bedok Singapore 488205	Lead Independent Director

Our Executive Chairman, Sim Gok Hian, is the father of our Chief Executive Officer, Glennle Sim.

Save as disclosed above, none of our Directors are related either by blood or by marriage to each other or to any Substantial Shareholders.

The working and business experience and areas of responsibility of our Directors are set out below:

Sim Gok Hian is our Executive Chairman and is the founder of our Group. Mr Sim has been the managing director of Mencast Marine since the corporation was established in August 1994. He was appointed to our Board on 29 May 2008. Mr Sim is in charge of overseeing the business operations of our Group. Between 1984 and 1997, Mr Sim was the owner of Mentrade Engineering Co which ceased its operation in 2003. Mr Sim set up Boon Hup Engineering as a sole-proprietorship in 1990 which ceased its operation in 2007. In 1981, Mr Sim set up Mencast Engineering Company as a partnership which has been de-registered with effect from 3 April 2008. Between 1978 and 1981, Mr Sim was a partner at Sim & Yap Industrial Services which ceased its operation in 1984. Between 1976 and 1969, Mr Sim was a foreman at various engineering companies engaged in the manufacturing of piston, propellers and ship repairs. From 1964 to 1969, Mr Sim was a machinist at Jurong Shipyard Ltd.

Glennle Sim is our Chief Executive Officer and has been a director of Mencast Marine since December 1996. He was appointed to our Board on 30 January 2008. Mr Sim is responsible for the daily management and operations and directing our Group's overall strategy and growth. Mr Sim started as a business development manager with our Group in charge of devising and implementing marketing and sales strategies. He was responsible for promoting sales and various product lines in the region. He graduated from the National University of Singapore with a Bachelor's degree in Business Administration in 1994 and obtained a Master of Business Administration from the University of Delaware from USA in 1996. Mr Sim has also attended Cast Metal Institute, Inc (USA) in December 1996 and completed certification curriculum in General Foundry Technology and Non-Ferrous Metals Technology.

Ho Chew Thim is our Independent Director and was appointed to our Board on 29 May 2008. He is currently the chief financial officer of China Water Holdings Pte. Ltd., an associate company of CNA Group Ltd and is responsible for its overall financial management. Prior to this, he was the chief financial officer of CNA Group Ltd. He has accumulated more than 30 years of experience in the financial field. Prior to joining CNA Group Ltd in 2006, he was a director and the chief financial officer of Achieva Limited from 2004 to 2006, overseeing its finance and administration division. He was the financial controller of Poh Tiong Logistics Limited from 1999 to 2004, China World Trade Centre Ltd in 1999 and

China-Singapore Suzhou Industrial Park Development Co. Ltd from 1998 to 1999, in charge of their financial functions. He was the vice-president (Finance) of the Development Bank of Singapore in 1997 responsible for management reporting and taxation, and the financial controller of Deutsche Bank (Singapore Branch) from 1995 to 1997, in charge of all financial functions of the bank. Between 1993 and 1995, he was the chief financial officer of L & M Group Investments Ltd, where he was responsible for the financial operations of its offices in the Asia Pacific region. From 1987, he was with United Industrial Corporation Limited, and held the position of general manager when he left in 1993. Mr Ho is a fellow of Certified Public Accountant in Singapore and Australia. He graduated with a Bachelor of Accountancy (First Class Honours) degree from University of Singapore in 1976.

Ng Eng Ho is our Independent Director and was appointed to our Board on 29 May 2008. Mr Ng is a director of Audelia Pte Ltd engaged in consultancy and investment services. He was the executive vice president of Singapore Technologies Telemedia Pte Ltd from January 2006 to October 2007 and was in charge of its operations. He was deputy president director of PT Indosat Tbk from January 2003 to December 2005. From July 1998 to September 2002, Mr Ng was the managing director of Keppel Telecommunications & Transportation Ltd. Mr Ng was the general manager of Folec Communications Pte Ltd and assistant general manager of Steamers Maritime Holdings Ltd from September 1990 to June 1995. Prior to July 1990, Mr. Ng was a chief signal officer and held various command and staff positions in the Singapore Armed Forces. He graduated from the Royal Military College of Science in United Kingdom with a Bachelor of Science (Honours) degree in Engineering in 1977.

Sunny Wong Fook Choy is our Lead Independent Director and was appointed to our Board on 29 May 2008. He is a practicing Advocate and Solicitor of the Supreme Court of Singapore. He was called to the Singapore Bar in 1982. He is currently the managing director of Wong Tan & Molly Lim LLC. He holds a Bachelor of Laws (Honours) degree from the National University of Singapore.

Experience and Expertise of the Board of Directors

Our Directors have appropriate expertise to act as directors of our Company, as evidenced by their business and working experience set out above. We will be making arrangements for Messrs Sim Gok Hian and Glendle Sim to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore subsequent to the listing of the Company.

The list of present and past directorships of each of our Director over the last five years preceding the date of this Offer Document (excluding those held in our Company), is set out below:

Name	Present Directorships	Past Directorships
Sim Gok Hian	<i>Group corporations</i> Mencast Marine	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil
Glendle Sim	<i>Group corporations</i> Mencast Engineering Mencast Marine	<i>Group corporations</i> Nil
	<i>Other corporations</i> Mpire Inc	<i>Other corporations</i> Nil

Name	Present Directorships	Past Directorships
Ho Chew Thim ⁽¹⁾	<p><i>Group corporations</i> Nil</p> <p><i>Other corporations</i> RH Energy Ltd Yongmao Holdings Limited</p>	<p><i>Group corporations</i> Nil</p> <p><i>Other corporations</i> Achieva Components Pte Ltd Achieva Components China Ltd Achieva Components (India) Pte Ltd Achieva Components International Trading (Shanghai) Co Ltd Achieva Components Sdn Bhd Achieva Components (Taiwan) Co Ltd Achieva Electronics Pte Ltd Achieva Electronics Sdn Bhd Achieva Investments Pte Ltd Achieva Investments (China) Pte Ltd Achieva Limited Achieva Service Centre Sdn Bhd Achieva Technology Australia Pte Ltd Achieva Technology Australia Pty Ltd Achieva Technology China Ltd Achieva Technology Indonesia Pte Ltd Achieva Technology Philippines Pte Ltd Achieva Technology Pte Ltd Achieva Technology Sdn Bhd EA Tech Pte Ltd Mangrove Networks Sdn Bhd Newtech Electronics Sdn Bhd Stacks Holdings Sdn Bhd Stacks Technology Sdn Bhd</p>
Ng Eng Ho	<p><i>Group corporations</i> Nil</p> <p><i>Other corporations</i> Audelia Investment Pte Ltd Audelia Pte Ltd FLS Aquaculture Sdn Bhd Goko Aqua Factory (M) Sdn Bhd</p>	<p><i>Group corporations</i> Nil</p> <p><i>Other corporations</i> Certis CISCO Computer Security & Recovery Services Pte Ltd</p>
Sunny Wong Fook Choy ⁽¹⁾	<p><i>Group corporations</i> Nil</p> <p><i>Other corporations</i> Albedo Limited Excelpoint Technology Ltd Global Testing Corporation Limited Wong Tan & Molly Lim LLC WTML Management Services Pte Ltd</p>	<p><i>Group corporations</i> Nil</p> <p><i>Other corporations</i> Advanced Integrated Manufacturing Corp. Ltd.</p>

Note:-

- (1) Companies in which Sunny Wong Fook Choy and Ho Chew Thim were appointed as director for the purpose of incorporation or as nominee director only and in the course of his professional practice have not been included in the list above.

EXECUTIVE OFFICERS

The day-to-day operations of our Group are entrusted to our Executive Directors who are assisted by a team of experienced and qualified Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Residential Address	Position
Chan Tuck Wai, Benjamin	50	Block 131 Serangoon Ave 3 #07-16 Singapore 556112	Financial controller
Sim Wei Wei	27	No. 61 Corporation Walk Singapore 618459	Administrative / human resource executive
Wong Chin Hin	54	Block 684A Jurong West Street 64 #17-101 Singapore 641684	Production manager

Our Executive Chairman, Sim Gok Hian, and Chief Executive Officer, Glennle Sim, is the father and brother, respectively, of our administrative / human resource executive, Sim Wei Wei.

The working, business experience and areas of responsibility of our Executive Officers are set out below:

Chan Tuck Wai, Benjamin is our financial controller and has been with our Group since December 2007. He oversees and coordinates the operation of our Group's finance department as well as manages all the financial, accounting and taxation functions of our Group.

Prior to joining our Group, Mr Chan held various finance positions in various industries. Preceding this appointment, Mr. Chan was the group finance manager of Delifrance Singapore Pte. Ltd. from January 2007 to December 2007. His responsibilities then included the overall supervision of Delifrance Singapore's accounting, finance, taxation and was responsible for group consolidation of the Singapore and Asia operations in Malaysia, Hong Kong and Shanghai. From October 2004 to January 2007, Mr. Chan was the financial controller of Petrojaya Pte. Ltd., which is engaged principally in ship owning and ship chartering activities. Before joining Petrojaya Pte. Ltd., Mr Chan was a group financial controller of Hitchins Group Ltd (now known as Middle East Development Singapore Ltd) from January 2002 to September 2004. From January 1997 and December 2001, Mr Chan was the financial controller of Asian Resorts Pte. Ltd. (part of Banyan Tree's group of companies). From August 1994 to January 1997, Mr Chan was an accounting manager with Hai Sun Hup Group Ltd. He was an accountant with Hwa Tat Lee Holdings Limited (now known as HTL International Holdings Limited) from August 1992 to July 1994 and was involved in the preparation of the company's listing on the SGX-ST. Mr Chan had also spent many years in professional audit firms, including being a audit senior at Coopers & Lybrand from January 1982 to August 1992.

Mr Chan is a fellow member of The Chartered Association of Certified Accountants since 1997. He is a Certified Public Accountant and non-practising member of the Institute of Certified Public Accountants of Singapore.

Sim Wei Wei is our administrative / human resource executive and has been with our Group since May 2005. She helps to coordinate the different human resource functions such as career development and compensation and benefits. Besides handling general human resource administrative duties such as maintaining leave and medical records, Ms Sim is also involved in the screening and recruitment of staff. She is in charge of planning and implementing human resource policies and procedures, as well as payroll. Ms Sim graduated from the Singapore Management University with a Bachelor's degree in Business Management in 2003.

Wong Chin Hin is our production manager and has been with our Group since 1999. His responsibilities include workers' supervision, production planning and scheduling, liaison with customers and determination of work scopes for customers' job. From 1989 to 1999, Mr Wong was a production manager with Lintech Engineering Pte Ltd. He was an electrical technician for Metallock Pte Ltd from 1979 to 1989. Mr Wong graduated from the National Industrial Board in Singapore with a certificate in electrical fitting and installation.

Save as disclosed in this Offer Document, none of our Executive Officers are related to each other or to any of our Directors or Substantial Shareholders.

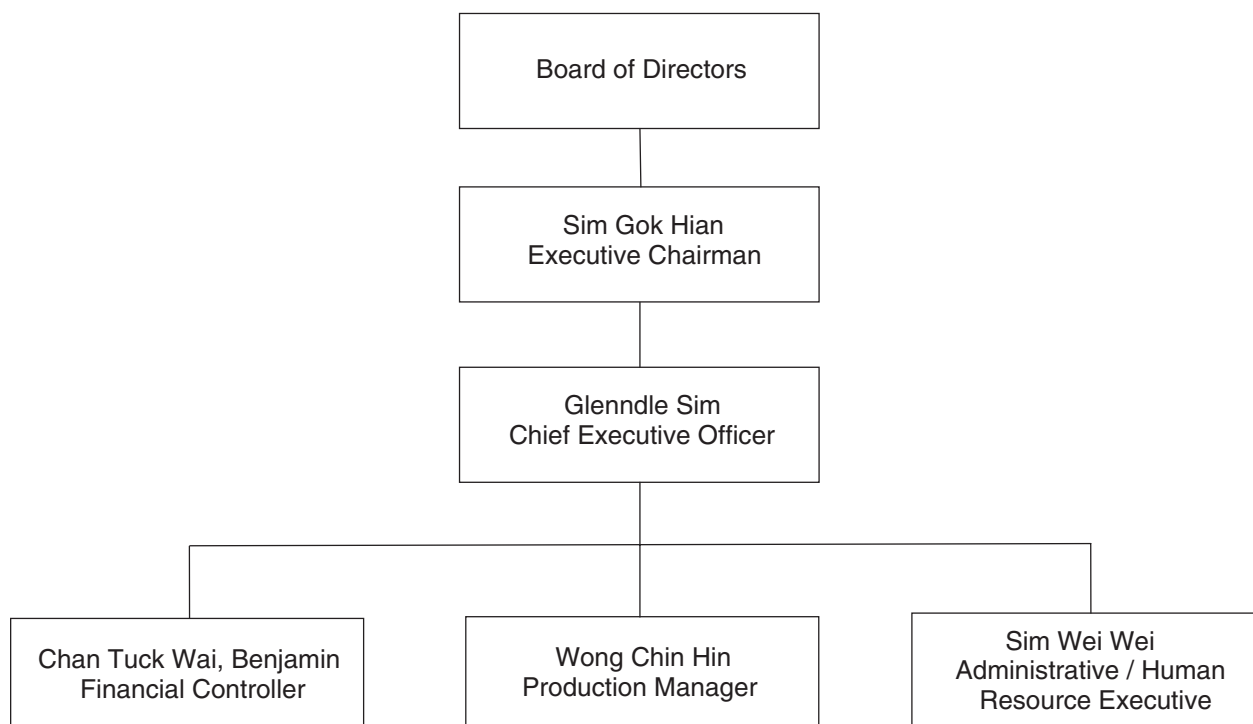
The list of present and past directorships of each of our Executive Officers over the last five years excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Chan Tuck Wai, Benjamin	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil
Sim Wei Wei	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil
Wong Chin Hin	<i>Group corporations</i> Nil	<i>Group corporations</i> Nil
	<i>Other corporations</i> Nil	<i>Other corporations</i> Nil

There is no arrangement, or understanding with a Substantial Shareholder, customer or supplier of our Company or other person, pursuant to which any of our Directors or Executive Officers was selected as a Director or Executive Officer of our Company.

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date.



DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The remuneration (including salary, bonus, contributions to mandatory provident fund scheme/CPF, directors' fees and benefits-in-kind) paid during FY2006 and FY2007 and the estimated remuneration to be paid for the current FY2008 to our Directors and Executive Officers for services rendered to us and our subsidiaries on an individual basis and in remuneration bands ⁽¹⁾ are as follows:

	FY2006	FY2007	Estimated for FY2008 ⁽²⁾
Directors			
Sim Gok Hian	A	A	B
Glennle Sim	A	B	B
Ho Chew Thim	–	–	A
Ng Eng Ho	–	–	A
Sunny Wong Fook Choy	–	–	A
Executive Officers			
Chan Tuck Wai Benjamin	–	A	A
Sim Wei Wei	A	A	A
Wong Chin Hin	A	A	A

Notes:-

(1) Remuneration bands:-

“A” refers to remuneration of between S\$0 to S\$249,999

“B” refers to remuneration of between S\$250,000 to S\$499,999

(2) The estimated remuneration for FY2008 does not include any incentive bonus payable under the Service Agreements to our Executive Directors, details of which are set out under the section entitled “Service Agreements” of this Offer Document.

As at the Latest Practicable Date, save as required under the laws and regulations of Singapore, no amounts have been set aside or accrued by our Group to provide for pension, retirement or similar benefits for any of our employees.

SERVICE AGREEMENTS

On 30 May 2008, our Company entered into separate Service Agreements with our Executive Directors, namely Sim Gok Hian and Glennle Sim, for an initial period of 2 years and 3 years respectively (unless otherwise terminated by either party giving not less than 6 months' notice to the other) with effect from the date of admission of our Company to the Catalist. Pursuant to the terms of their respective Service Agreements, Sim Gok Hian shall not voluntarily resign during the first year of his appointment, whilst Glennle Sim shall not voluntarily resign during the first two years of his appointment. The Service Agreements cover the terms of employment, specifically salaries and bonuses. We may terminate any of the Service Agreements if the relevant Executive Director is found guilty of dishonesty or serious or persistent misconduct, becomes bankrupt or otherwise acts to the prejudice of our Company. Our Executive Directors will not be entitled to any benefits upon the termination of their respective Service Agreements.

Directors' fees do not form part of the terms of the Service Agreement as these require the approval of Shareholders at our Company's annual general meeting. Pursuant to the terms of their respective Service Agreements, each of Sim Gok Hian and Glennle Sim are entitled to monthly salaries (excluding bonus payments) of S\$22,000 and S\$20,000, respectively.

Pursuant to their respective Service Agreements, each of our Executive Directors is also entitled to receive an annual incentive bonus, based on the consolidated net profit before tax (“NPBT”) of our Group and is calculated as follows:

	NPBT Attained	Incentive Bonus
(i)	NPBT from \$5,000,000 to \$6,000,000	1.5% of NPBT
(ii)	NPBT from \$6,000,001 to \$7,000,000	2.0% of NPBT
(iii)	NPBT from \$7,000,001 to \$8,000,000	2.5% of NPBT
(iv)	NPBT from \$8,000,001 to \$9,000,000	3.0% of NPBT
(v)	NPBT above \$9,000,000	3.5% of NPBT

Our Group will also provide our Executive Directors with the sole use of a motor vehicle each (with all expenses incurred in connection with the motor vehicle being borne by our Group). All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by our Executive Directors in the process of discharging their duties on behalf of our Group will be borne by our Company.

Our Group will also extend insurance to each of our Executive Directors, as well as medical and dental benefits in line with our Group’s prevailing policy to each of our Executive Directors and their immediate families.

Had the Service Agreements been in effect from 1 January 2007, the aggregate remuneration (including contributions to the CPF and other benefits if any) paid or provided to our Executive Directors and our consolidated profit before income tax and minority interest in FY2007 of approximately S\$0.7 million and S\$5.9 million respectively, will remain unchanged.

Our Group has also entered into standard letters of appointment with our Executive Officers. Such letters of appointment provide the usual terms of employment including remuneration, working hours, annual leave and grounds of termination.

Save as disclosed above, there are no other existing or proposed service contracts entered into or to be entered into between our Company and our subsidiaries with any of our Directors or Executive Officers.

EMPLOYEES

All our employees are located in Singapore and the functional distribution of our employees as at the end of each of the past three financial years are as follows:

	As at 31 December		
	2005	2006	2007
Function			
Management	4	4	5
Finance and administrative	5	4	5
Operations	82	85	99
Sales and Marketing	2	3	3
Total	93	96	112

We do not employ a significant number of temporary staff. Our employees are not covered by any collective bargaining agreements and are not unionised.

The relationship and co-operation between the management and staff have been good and are expected to continue to remain so in the future. There has not been any incidence of work stoppages or labour disputes which affect our operations.

Our Executive Chairman, Sim Gok Hian, Chief Executive Officer, Glendle Sim, and administrative / human resource executive, Sim Wei Wei, is the father, brother and sister, respectively, of our project officer, Sim Soon Ying.

Save as disclosed above, none of our employees are related either by blood or by marriage to our Directors and Executive Officers.

SUMMARY OF THE MENCASD EMPLOYEE SHARE OPTION SCHEME

On 30 May 2008, our Shareholders approved an employee share option scheme known as the Mencast Employee Share Option Scheme (the “ESOS”), the rules of which are set out in Appendix C - “Rules of the Mencast Employee Share Option Scheme” of this Offer Document. The ESOS complies with the relevant rules of the SGX-ST as set out in Chapter 8 of the Listing Manual. The ESOS will provide eligible participants with an opportunity to participate in our equity and to motivate them towards better performance through increased dedication and loyalty. The ESOS, which forms an integral and important component of our employee compensation plan, is designed to primarily reward and retain executive directors, non-executive directors and employees of our Group whose services are vital to our well being and success.

Objectives of the ESOS

The objectives of the ESOS are as follows:

- (a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and profitability of our Group;
- (c) to instill loyalty and stronger identification by participants to the long-term prosperity of our Group;
- (d) to attract potential employees with the relevant skill sets to contribute to our Group and to create value for our Shareholders; and
- (e) to align the interest of participants with the interests of our Shareholders.

Summary of ESOS

A summary of the rules of the ESOS is set out as follows:

(1) *Participants*

Under the rules of the ESOS, the following persons shall be eligible to participate in the ESOS:-

- (a) Group Employees
 - (i) confirmed full-time employees who are full-time employees of our Company and/or its Subsidiaries who have attained the age of 21 years on or before the Offer Date;
 - (ii) Directors of our Company and/or its Subsidiaries who perform an executive function;
 - (iii) independent and Non-Executive Directors of our Company;
 - (iv) employees who qualify under sub-paragraph (i) above and are seconded to a company in an Associated Company, or any other company outside our Group in which our Company and/or Group has an equity interest; and

- (v) Controlling Shareholders and their Associates, provided that their participation and the actual number of Shares and terms of any Options to be granted to them have been approved by the independent Shareholders in general meeting in a separate resolution for each such Controlling Shareholder and Associate. The resolution for the actual number and terms of Options to be granted to such Controlling Shareholder and/or his Associate should also be separate from the resolution for their participation.
- (b) Associated Company Employees
- (i) confirmed full-time employees of an Associated Company who have attained the age of 21 years and above on or before the Offer Date;
 - (ii) directors of an Associated Company who perform an executive function;
 - (iii) non-executive directors of an Associated Company; and

For this purpose, the terms “Associates”, “Associated Company”, “Associated Company Employee”, “Controlling Shareholder”, “Directors”, “Non-Executive Directors” shall have the meanings ascribed to them in the rules of the ESOS as set out in Appendix C to this Offer Document.

(2) *Administration*

The ESOS shall be administered by the Remuneration Committee with powers to determine, *inter alia*, the following:

- (a) persons to be granted Options;
- (b) number of Options to be granted; and
- (c) recommendations for modifications to the ESOS.

The Remuneration Committee will consist of Directors (including Directors or persons who may be participants of the ESOS). A member of the Remuneration Committee who is also a participant of the ESOS must not be involved in its deliberation in respect of Options granted or to be granted to him.

(3) *Size of the ESOS*

The aggregate number of Shares over which the Remuneration Committee may grant Options on any date, when added to the nominal amount of Shares issued and issuable in respect of all Options granted under the ESOS shall not exceed 15% of our issued share capital on the day immediately preceding the date of the relevant grant.

We believe that this 15% limit set by the SGX-ST gives us sufficient flexibility to decide the number of Option Shares to offer to our existing and new employees. 15% of our post-Invitation share capital constitutes approximately 22.1 million Shares. As it is intended that the ESOS shall last for ten years, assuming that there is no change in our total issued share capital, the number of Options that may be granted in a year will average approximately 2.21 million Shares. The number of eligible participants is expected to grow over the years. We, in line with its goal of ensuring sustainable growth, are constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base, and thus the number of eligible participants will increase as a result. If the number of Options available under the ESOS is limited, we may only be able to grant a small number of Options to each eligible participant which may not be a sufficiently attractive incentive. We are of the opinion that we should have sufficient number of Options to offer to new employees as well as to existing ones. The number of Options offered must also be significant to serve as a meaningful reward for contributions to our Group. However, it does not necessarily mean that the Remuneration Committee will definitely issue Option Shares up to the prescribed limit. The Remuneration Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each employee which will depend on the performance and value of the employee to our Group.

(4) *Maximum entitlements*

The aggregate number of Shares comprised in any Option to be offered to a participant under the ESOS shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account (where applicable) criteria such as rank, past performance, years of service, potential for future development of that participant.

(5) *Options, exercise period and exercise price*

The Options that are granted under the ESOS may have exercise prices that are, at the discretion of the Remuneration Committee, set at a price (the "Market Price") equal to the average of the last dealt prices for the Shares on the Catalist for the five consecutive Market Days immediately preceding the relevant date of grant of the relevant Option; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price ("Market Price Option") may be exercised after the first anniversary of the date of grant of that Option while Options exercisable at a discount to the Market Price ("Discounted Option") may only be exercised after the second anniversary from the date of grant of the Option. Options granted under the ESOS will have a life span of ten years. Under no circumstances shall the exercise price be less than the nominal value of a Share.

(6) *Grant of options*

Under the rules of the ESOS, there are no fixed periods for the grant of Options. As such, offers for the grant of Options may be made at any time from time to time at the discretion of the Remuneration Committee. However, no Option shall be granted during the period of 30 days immediately preceding the date of announcement of our interim or final results (as the case may be).

In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second Market Day from the date on which the aforesaid announcement is made.

(7) *Termination of Options*

Special provisions in the rules of the ESOS deal with the lapse or earlier exercise of Options in circumstances which include the termination of the participant's employment in our Group, the bankruptcy of the participant, the death of the participant, a take-over of our Company and the winding-up of our Company.

(8) *Acceptance of Options*

The grant of Options shall be accepted within 30 days from the date of offer. Offers of Options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay us a consideration of S\$1.00.

(9) *Rights of Shares arising*

Shares arising from the exercise of Options are subject to the provisions of the Memorandum of Association of our Company and the Bye-laws. The Shares so allotted will upon issue rank *pari passu* in all respects with the then existing issued Shares, save for any dividend, rights, allotments or distributions, the record date ("Record Date") for which is prior to the relevant exercise date of the Option. "Record Date" means the date as at the close of business on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

(10) *Duration of the ESOS*

The ESOS shall continue in operation for a maximum duration of ten years and may be continued for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(11) *Abstention from voting*

Shareholders who are eligible to participate in the ESOS are to abstain from voting on any resolution of Shareholders relating to the ESOS.

Grant of Discounted Options

The ability to offer Options to participants of the ESOS with exercise prices set at a discount to the prevailing market prices of the Shares will operate as a means to recognise the performance of participants as well as to motivate them to continue to excel while encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit our Shareholders when these are eventually reflected through share price appreciation. The ESOS will also serve to recruit new employees whose contributions are important to the long-term growth and profitability of our Group. Discounted Options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered Discounted Options as only employees who have made significant contributions to the success and development of our Group would be granted Discounted Options.

The flexibility to grant Discounted Options is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Remuneration Committee will have absolute discretion to:

- (a) grant Options set at a discount to the Market Price of a Share (subject to a maximum discount of 20% of the Market Price); and
- (b) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

In determining whether to give a discount and the quantum of the discount, the Remuneration Committee shall be at liberty to take into consideration factors including the performance of our Group, the performance of the participant concerned, the contribution of the participant to the success and development of our Group and the prevailing market conditions.

At present, we foresee that Discounted Options may be granted principally in the following circumstances:

- (a) Firstly, where it is considered more effective to reward and retain talented employees by way of a Discounted Option rather than a Market Price Option. This is to reward the outstanding performers who have contributed significantly to our Group's performance and the Discounted Option serves as additional incentives to such Group employees. Options granted by us on the basis of market price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence during such period the ability to offer Discounted Options would allow us to grant Options on a more realistic and economically feasible basis. Furthermore, Discounted Options will give an opportunity to our Group's employees to realise some tangible benefits even if external events cause the Share price to remain largely static.
- (b) Secondly, where it is more meaningful and attractive to acknowledge a participant's achievements through a Discounted Option rather than paying him a cash bonus. For example, Discounted Options may be used to compensate employees and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit-based cash bonuses or rewards may be combined with grants of Market Price Options or Discounted Options, as part of eligible employees' compensation packages. The ESOS will provide our Group's employees with an incentive to focus more on improving the profitability of our Group thereby enhancing shareholder value when these are eventually reflected through the price appreciation of our Shares after the vesting period.

- (c) Thirdly, where due to speculative forces and having regard to the historical performance of the Share price, the Market Price of our Shares at the time of the grant of the Options may not be reflective of financial performance indicators such as return on equity and/or earnings growth.

The Remuneration Committee will have the absolute discretion to grant Discounted Options, to determine the level of discount (subject to a maximum discount of 20% of the Market Price) and the grantees to whom, and the Options to which, such discount in the exercise price will apply provided that our Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

We may also grant Options without any discount to the Market Price. Additionally, we may, if we deem fit, impose conditions on the exercise of the Options (whether such Options are granted at the market price or at a discount to the Market Price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

Rationale for Participation of our Executive and Non-Executive Directors (including Independent Directors)

The extension of the ESOS to the Executive and Non-Executive Directors (including our Independent Directors but excluding Controlling Shareholders or their Associates) and employees of our Group allows our Group to have a fair and equitable system to reward directors and employees who have made and who continue to make significant contributions to the long-term growth of our Group.

Non-Executive directors bring to our Group their wealth of knowledge, business expertise and contacts in the business community. It is desirable that non-executive directors of our Group be allowed to participate in the ESOS to incentivise and retain them and to further align their interests with that of our Group.

Granting eligibility to the non-executive directors of our Group gives us the ability to supplement the current cash-based remuneration by way of director's fees to the non-executive directors of our Group for their services and will help us remain competitive in the remuneration of the non-executive directors of our Group when other listed companies offer share options to their Non-Executive Directors.

We are of the view that including the Non-Executive Directors of our Group in the ESOS will show our appreciation for, and further motivate them in their contribution towards our success. However, as we recognise that the services and contributions of the Non-Executive Directors of our Group cannot be measured in the same way as those of our full time employees, we envisage that the bulk of the Options will be given to our employees. Our Non-Executive Directors will be granted Options at the discretion of our Remuneration Committee.

Our Remuneration Committee, when deciding on the selection of the Non-Executive Directors of our Group to participate in the ESOS and the number of Options to be offered, will take into consideration the nature and extent of their input, the assistance and expertise rendered by them to the board of directors and the impact thereof on the growth, success and development of our Group, as well as their involvement and commitment to the boards of directors on which they sit. Our Remuneration Committee may, where it considers relevant, take into account other factors such as the economic conditions and our Group's performance.

Although our non-executive directors may be appointed as members of our Remuneration Committee, the rules of the ESOS provide that a member is not to be involved in its deliberations in respect of the grant of Options to him. We will ensure that the number of Options granted to the Non-Executive directors of our Group will be such that any conflict of interests that may potentially arise is kept minimal and that the independence of the Non-Executive directors of our Group are not compromised.

It is our intention that all our employees whether key employees or not should be treated equally for the purposes of the ESOS. The main purpose of the ESOS is to align the interests of our directors and all employees who are involved in our business and prosperity with those of our own. The extension of the ESOS to all our employees allows us a fair and equitable system to reward employees who have made and will continue to make important contributions to our long-term growth, be they key employees or otherwise.

We believe that the ESOS will be an essential part of our strategy for recruiting and retaining capable employees. The ESOS will provide an incentive to our employees to achieve and maintain a high level of performance as well as to encourage greater dedication and loyalty by enabling us to give recognition to past contributions and services as well as to further encourage participants generally to contribute towards our long term prosperity. To this end, we will determine the number of Options to be granted to an employee by taking into account the appointment, responsibilities, length of service, potential and performance. The level of performance of each employee will be assessed on the basis of an annual appraisal process for all employees.

Rationale for the participation of Glennle Sim (as Controlling Shareholder) in the Share Option Scheme

Immediately after the Invitation, our Chief Executive Officer, Glennle Sim, will have direct shareholding interests of approximately 21.0% in our Company.

Our Chief Executive Officer, Glennle Sim, has been instrumental in formulating our business strategies and spearheading the growth of our business operations. In his current capacity as Chief Executive Officer, he is responsible for the overall management and development of our Company's business operations, with a focus on sales, finance and human resources. Our Company is of the view that Glennle Sim's experience and contribution towards the growth of our Group is invaluable and his continuing contribution is required for the continued success of our Group.

In the event that Options are to be granted to Glennle Sim (as Controlling Shareholder), our Directors will disclose the rationale and justification for the grant of such Options, the actual number of Options to be granted and the terms of the Options granted to our independent Shareholders. Our Company will also seek the approval of independent Shareholders at a general meeting in a separate resolution. Details of the number of Options granted, the number of Options exercised and the subscription price (including any discount) will be disclosed in the annual report of our Company.

The aggregate number of shares available to Glennle Sim (as Controlling Shareholder) and his Associates is limited to 25.0% of the shares available under the Share Option Scheme. The aggregate number of shares available to Glennle Sim (as Controlling Shareholder) is limited to 10.0% of the shares available under the Share Option Scheme.

Cost of Options granted under the ESOS to our Company

The grant of Options under the ESOS will result in an increase in our issued share capital to the extent that Options are exercised and new Shares are issued. This will in turn depend on, *inter alia*, the number of Shares comprised in the Options granted, the vesting schedules and the prevailing Market Price of the Shares on the SGX-ST.

The issue of new Shares upon the exercise of Options granted under the ESOS will have the effect of increasing our consolidated NTA by the aggregate exercise price of the new Shares issued. On a per Share basis, the effect would be accretive if the exercise price is above the NTA per Share but dilutive otherwise.

Based on the International Financial Reporting Standards, no cash outlays would be expended by us at the time Options are granted by it (as compared with cash bonuses). However, whenever the Options are granted to subscribe for new Shares, such Options have a fair value attached to them at the time of grant. This fair value is the estimated value of the Option on its date of grant and may be derived by applying a variety of valuation techniques or pricing models developed for valuing traded options.

Under the ESOS, each participant to whom an Option is offered pays a nominal consideration of S\$1.00 to us on his acceptance of the offer of the Option. Insofar as such Options are granted at a consideration that is less than their fair value at the time of grant, there will be a cost to us (in that we will receive from the participant upon the grant of the Option to him, a consideration that is less than the fair value of the Option).

The cost to us in granting an Option would vary depending on the number of Options granted pursuant to the ESOS, whether these Options are granted at Market Price or at a discount and the validity period of the Options. Generally a greater discount and a longer validity period for an Option will result in a higher potential cost to us. If such costs were to be recognised, it would have to be charged to our profit and loss account at the time the Options are granted.

The issuance of new Shares under the ESOS will have a dilutive impact on our consolidated EPS. However, the impact is not expected to be material in any given financial year as the Options are likely to be exercised over several years in accordance with the predetermined vesting schedules.

CORPORATE GOVERNANCE

The Directors recognize the importance of corporate governance and the offering of high standards of accountability to the shareholders of our Company, and will follow closely the best practice outlined in the Best Practices Guide issued by SGX-ST.

BOARD PRACTICES

Our Directors are appointed by our shareholders at a general meeting, and an election of Directors takes place annually. One third (or the number nearest one third) of our Directors, are required to retire from office at each annual general meeting. Further all our Directors are required to retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in Appendix B of this Offer Document.

Pursuant to the Code of Corporate Governance 2005 of Singapore, the chairman of the board and the chief executive officer or managing director of a company should be separate persons, to ensure an appropriate balance of power, increased accountability and greater capacity of the board of directors of the company for independent decision making. Sim Gok Hian serves as Executive Chairman while Glennle Sim is the Chief Executive Officer of our Company. Our Nominating Committee, Remuneration Committee and Audit Committee are all chaired by Independent Directors.

In addition, Sunny Wong Fook Choy has been appointed as our Lead Independent Director and is available to our Shareholders who have concerns when contact through the normal channels of our Executive Chairman and Chief Executive Officer or our financial controller has failed to resolve such concerns or for which such contact is inappropriate.

Hence, our Directors are of the view that there are sufficient safeguards and checks to ensure that the process of decision-making by the Directors is independent and based on collective decision-making without our Executive Chairman being able to exercise considerable concentration of power or influence.

Nominating Committee

Our Nominating Committee comprises Sunny Wong Fook Choy, Ng Eng Ho and Glennle Sim. The Chairman of the Nominating Committee is Sunny Wong Fook Choy.

Our Nominating Committee will be responsible for:-

- (a) re-nomination of our Directors having regard to our Director's contribution and performance;
- (b) determining annually whether or not a director is independent; and
- (c) deciding whether or not a director is able to and has been adequately carrying out his duties as a director.

The Nominating Committee will decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long-term shareholders' value. The performance evaluation will also include consideration of our Share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. The Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. Each member of the Nominating Committee shall abstain from voting any resolutions in respect of the assessment of his performance or re-nomination as Director.

Remuneration Committee

Our Remuneration Committee comprises Messrs Ho Chew Thim, Ng Eng Ho and Sunny Wong Fook Choy. The Chairman of the Remuneration Committee is Ng Eng Ho.

Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and key executives, and determine specific remuneration packages for each Executive Director.

The recommendations of our Remuneration Committee should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting any resolutions in respect of his remuneration package.

Audit Committee

Our Audit Committee comprises Messrs Ho Chew Thim, Ng Eng Ho and Sunny Wong Fook Choy. The Chairman of the Audit Committee is Ho Chew Thim. Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to the Shareholders of our Company

Our Audit Committee shall meet periodically to perform the following functions:-

- (a) review with the external auditors the audit plan, their evaluation of the system of internal controls, their audit report, their management letter and our management's response;
- (b) review the financial statements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
- (c) review the internal control and procedures and ensure co-ordination between the external auditors and our management, reviewing the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);
- (d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our management's response;
- (e) consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;
- (f) review transactions falling within the scope of Chapter 9 and Chapter 10 of the Listing Manual;
- (g) undertake such other reviews and projects as may be requested by our board of Directors and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and
- (h) generally to undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Company's operating results and/or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

DESCRIPTION OF ORDINARY SHARES

The following statements are brief summaries of the rights and privileges of Shareholders conferred by the laws of Singapore and the Articles of our Company. These statements summarise the material provisions of the Articles but are qualified in entirety by reference to the Articles.

Ordinary Shares

There are no founder, management, deferred or unissued shares reserved for issue for any purpose. We have only one class of shares, namely, our ordinary shares which have identical rights in all respects and rank equally with one another. All of the ordinary shares are in registered form. Our Company may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase its own ordinary shares. However, it may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of its own ordinary shares.

New Ordinary Shares

New ordinary shares may only be issued with the prior approval in a general meeting of the Shareholders of our Company. The aggregate number of shares to be issued pursuant to such approval shall not exceed 100% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being, of which the aggregate number of shares to be issued other than on a pro-rata basis to our Shareholders shall not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being (the percentage of issued share capital being based on our issued shares at the time such authority is given after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or sub-division of its shares). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier but any approval may be previously revoked or varied by our Company in general meeting. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new ordinary shares are under the control of the board of Directors of our Company who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in the register of Shareholders of our Company and, in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as Shareholders of our Company. Our Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any ordinary share or other rights for any ordinary share other than the absolute right thereto of the registered holder of that ordinary share or of the person whose name is entered in the depository register for that ordinary share. The Company may close the register of Shareholders for any time or times if it provides the Accounting and Corporate Regulatory Authority of Singapore at least 14 days' notice and the SGX-ST at least 10 clear market days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. Our Company typically closes the register to determine Shareholders' entitlement to receive dividends and other distributions.

Transfer of Ordinary Shares

There is no restriction on the transfer of fully paid ordinary shares except where required by law or the listing rules or the rules or by-laws of any stock exchange on which our Company is listed. The Board of Directors may decline to register any transfer of ordinary shares which are not fully paid shares, or ordinary shares on which our Company has a lien. Ordinary shares may be transferred by a duly signed instrument of transfer in a form approved by any stock exchange on which our Company is listed.

The Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. Our Company will replace lost or destroyed certificates for ordinary shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that the Board of Directors may require.

General Meetings of Shareholders

Our Company is required to hold an annual general meeting every year. Our Board of Directors may convene an Extraordinary General Meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more Shareholders holding not less than 10% of the issued share capital of our Company (excluding treasury shares) may call a meeting. Unless otherwise required by law or by the Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and the Articles, a change of the corporate name and a reduction in the share capital. Our Company must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every Shareholder who has supplied our Company with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in the Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

Our Company may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by the Board of Directors. Our Company must pay all dividends out of its profits. Our Board of Directors may also declare an interim dividend without the approval of our Shareholders. All dividends are paid pro rata among the Shareholders in proportion to the amount paid up on each Shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

Our Board of Directors may, with approval by our Shareholders at a general meeting, capitalise any reserves or profits (including profit or moneys carried and standing to any reserve or other undistributable reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional ordinary shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which our Company is listed.

Takeovers

The Companies Act, the Securities and Futures Act and the Singapore Code on Take-overs and Mergers regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of our Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting shares in our Company must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers. "Parties acting in concert" include a company and its related and associated companies, a company and its directors (including their close relatives), a company and its pension funds and employee share schemes, a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, and a financial advisor and its client in respect of shares held by the financial advisor and shares in the client held by funds managed by the financial advisor on a discretionary basis.

An offer for consideration other than cash must be subject to certain exceptions, be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six months preceding the acquisition of shares that triggered the mandatory offer obligation. A mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting rights acquires additional voting shares representing more than 1% of the voting shares in any six month period.

Liquidation or Other Return of Capital

If our Company is liquidated or in the event of any other return of capital, holders of ordinary shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, the Articles provide that, subject to the Companies Act, our Board of Directors and officers shall be entitled to be indemnified by our Company against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. Our Company may not indemnify directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to our Company.

Limitations on Rights to Hold or Vote Shares

Except as described in "Voting Rights" and "Take-overs" above, there are no limitations imposed by Singapore law or by the Articles on the rights of non-resident Shareholders to hold or vote on ordinary shares.

Minority Rights

The rights of minority Shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any Shareholder of our Company, as they think fit to remedy any of the following situations:-

- (a) the affairs of the Company are being conducted or the powers of the Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the Shareholders; or
- (b) the Company takes an action, or threatens to take an action, or the Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:-

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of the affairs of our Company in the future;
- (c) authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder's shares by the other Shareholders or by our Company and, in the case of a purchase of shares by our Company, a corresponding reduction of its share capital;
- (e) provide that the Memorandum of Association or the Articles be amended; or
- (f) provide that our Company be wound up.

EXCHANGE CONTROLS

The following is a description of the exchange controls that exist in the jurisdictions which our Group operates in.

Singapore

There are no Singapore governmental laws, decrees, regulations or other legislation in force that may affect:-

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of the Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all the tax considerations that may be relevant to a decision to purchase the Shares. Prospective investors should consult their tax advisors regarding Singapore tax and other tax consequences of owning and disposing of the Shares. It is emphasised that neither the Company, the Directors nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Shares.

Singapore Income tax

General

Singapore tax resident taxpayers are subject to Singapore income tax on income that is accrued in or derived from Singapore and on foreign income received or deemed received in Singapore.

Non-Singapore tax resident corporate taxpayers are subject to income tax on income that is accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore, subject to certain exceptions. Non-Singapore tax resident individuals, subject to certain exceptions, are subject to income tax on the income accrued in or derived from Singapore.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

The corporate tax rate in Singapore is 18% with effect from the year of assessment 2008 (i.e., in calendar year 2007). In addition, three-quarters of up to the first S\$10,000 of a company's chargeable income and one-half of up to the next S\$290,000 will be exempt from corporate tax. The remaining chargeable income (after the tax exemption) will be taxed at 18%. The above tax exemption will not apply to Singapore dividends received by companies.

A tax exemption scheme for qualifying newly incorporated Singapore companies is applicable for years of assessment 2005 to 2009. Under this exemption scheme, the first S\$100,000 of their normal chargeable income (excluding Singapore dividends) for each of their first 3 consecutive years of assessment that falls within years of assessment 2005 to 2009 would be exempt from tax.

Singapore tax resident individuals are subject to tax based on a progressive scale. The top marginal tax rate is 20% with effect from the year of assessment 2007 (i.e., calendar year 2006).

With effect from the year of assessment 2005, all foreign-sourced personal income including foreign dividends received in Singapore by a Singapore tax resident individual (not through a partnership) will be exempt from tax.

Non-Singapore tax resident who derive certain types of income from Singapore are subject to a withholding tax currently at 20% for individuals and at 18% (i.e., the prevailing corporate income tax for non-individuals), or, generally 15% in the case of interest and rental of movable equipment income, and at 10% on royalty, unless reduced or exempted by any applicable tax incentive or double tax treaty.

Dividend distributions

Singapore does not impose withholding tax on dividends paid to Singapore tax resident or non-Singapore resident shareholders.

Our Company is under the one-tier corporate tax system. Under the one-tier system, the corporate tax payable would constitute a final tax and the company can pay tax exempt (1-tier) dividends to the shareholders subject to the Companies Act. The tax exempt (1-tier) dividends are tax exempt from Singapore taxation in the hands of Singapore shareholders (both individual and corporate).

Gains on disposal of the shares

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of a revenue nature and subject to tax especially if they arise from activities which the Inland Revenue Authority of Singapore ("IRAS") regards as the carrying on of a trade in Singapore.

Any profit from the disposal of the Shares if regarded as capital gains by the IRAS is not taxable in Singapore unless the seller is regarded as having derived gains of a revenue nature, in which case, the disposal profits would be taxable.

Stamp duty

There is no stamp duty payable on the subscription of our Shares.

Stamp duty is payable on the instrument of transfer of our Shares at the rate of S\$2.00 for every S\$1,000 or part thereof in market value of our Shares registered in Singapore. The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the CDP.

Goods and Services Tax ("GST")

The sale of our Shares by an investor belonging in Singapore through the SGX-ST or to another person belonging in Singapore would be an exempt supply not subject to GST.

Where our Shares are sold by the investor to a person belonging outside Singapore, the sale would generally be a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course of furtherance of a business may be recovered from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale, holding of shares would be subject to GST at the current rate of 7.0%. Similar services rendered to an investor belonging outside Singapore would generally be subject to GST at zero-rate.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on the Catalist, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through the Catalist will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than CDP itself, will be treated, under our Articles and the Companies Act, as members of the Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding the Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificate(s). Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$20.00 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in the Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the Catalist is payable at the rate of 0.04% of the transaction value subject to a maximum of S\$600.00 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax at the prevailing rate 7.0%. Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP depository agent. The CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
 - (a) had at any time during the last ten years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
 - (b) had at any time during the last ten years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity, or where the entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) has any unsatisfied judgments against him;
 - (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such purpose;
 - (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such breach;
 - (f) had at any time during the last ten years, judgement entered against him in any civil proceeding in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any corporation;
 - (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
 - (j) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entity in Singapore or elsewhere;

- (iii) any business trust which has been investigated for breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the corporation or partnership; and

- (k) has ever been the subject of any current or past investigation or disciplinary proceedings, or have been reprimanded or issued any warning, by any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Sim Gok Hian

In July 2006, our Executive Chairman, Sim Gok Hian's driving licence was revoked for two years and fined S\$3,500 for driving under the influence of alcohol.

Glennle Sim

Our Chief Executive Officer, Glennle Sim, was the sole proprietor of McGlynns IBR ("McGlynns") between March 1997 and March 2005. In January 2001, while McGlynns was exploring a potential business relationship with Asia Link Marine Industries Pte Ltd ("Asia Link"), Glennle Sim was requested to assist the Ministry of Manpower of Singapore ("MOM") in an investigation into Asia Link for possible breach of manpower quota requirements. No further action was taken by the MOM or any other governmental authorities against McGlynns in connection with this investigation.

Ng Eng Ho

Our Independent Director, Ng Eng Ho, was a director of Telecomone Pte Ltd ("Telecomone") when Telecomone was in liquidation under members' voluntary winding up in December 2001.

Sunny Wong Fook Choy

Our Lead Independent Director, Sunny Wong Fook Choy, had in April 2003, when he was a director of Space & Telecommunications Pte Ltd ("Space & Telecommunications"), along with the board of directors of Space & Telecommunications, passed a resolution to convene an extraordinary general meeting and a meeting of creditors to wind up Space & Telecommunications by way of creditors' voluntary winding-up. Space & Telecommunications was wound up in November 2003.

2. The aggregate remuneration paid to our Directors for services rendered in all capacities to our Company and its subsidiaries for FY2007 was approximately S\$0.7 million. For FY2008, the aggregate remuneration (excluding bonus payments under the Service Agreements) payable to our Directors by our Group is estimated to remain unchanged at approximately S\$0.7 million.
3. There is no shareholding qualification for Directors under the Articles.
4. No option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries has been granted to, or was exercised by, any of our Directors or Executive Officers within the last financial year.
5. None of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to, our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.
6. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.

SHARE CAPITAL

7. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in the Articles.
8. Save as disclosed in the sections entitled “Restructuring Exercise” and “Share Capital” of this Offer Document, there are no changes in the issued and paid-up share capital of our Company and our subsidiaries within the last three years preceding the date of this Offer Document.
9. Save as disclosed in the section entitled “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the last two years.
10. Except pursuant to the ESOS and the Reserved Shares, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

MEMORANDUM AND ARTICLES OF ASSOCIATION

11. (a) Memorandum of Association

The Memorandum of Association of our Company states, among others, that the liability of members of our Company is limited.

The principal purpose of our Company is investment holding. Our Company’s objects and purposes are set out in full in the Memorandum of Association which is available for inspection at our registered office as stated in the section entitled “Documents for Inspection” of this Offer Document.

- (b) Articles of Association

An extract of the relevant provisions of our Articles, providing, *inter alia*, for (a) a Director’s power to vote on a proposal, arrangement or contract in which the Director is interested; (b) the Director’s power to vote on remuneration for himself or for any other director; (c) borrowing powers exercisable by the Directors and variation thereof; (d) retirement or non-retirement of Directors under an age limit requirement; (e) number of shares, if any, required for Director’s qualification; (f) the rights, preferences and restrictions attaching to each class of shares; (g) any change in capital; (h) any change in the respective rights of the various classes of shares; (i) any time limit after which a dividend entitlement will lapse; and (j) any limitation on the right to own Shares, are set out in Appendix B of this Offer Document.

The complete Articles are available for inspection at our registered office as stated in the section entitled “Documents for Inspection” of this Offer Document.

MATERIAL CONTRACTS

12. The following contract, not being contracts entered into in the ordinary course of business, has been entered into by our Company and our subsidiaries within the two years preceding the Latest Practicable Date and is or may be material:-
 - (a) Share Swap Agreement dated 30 May 2008 between Mencast Marine and our Company, details of which are set out in the section entitled “Restructuring Exercise” of this Offer Document.

LITIGATION

13. Neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant including those which are pending or known to be contemplated which may have or have had in the last 12 months before the date of lodgement of this Offer Document, a material effect on the financial position or the profitability of our Company or any of our subsidiaries.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

14. Pursuant to the Management and Underwriting Agreement dated 17 June 2008 (the "Management and Underwriting Agreement") entered into between our Company and CIMB-GK, our Company appointed CIMB-GK as the Underwriter and to manage the Invitation. CIMB-GK will receive a management fee from our Company for its services rendered in connection with the Invitation.

Pursuant to the Management and Underwriting Agreement, CIMB-GK has agreed to underwrite the Offer Shares for a commission of 2.75% of the Issue Price for each Offer Share payable by our Company pursuant to the Invitation. CIMB-GK may, at its absolute discretion, appoint one or more sub-underwriters to sub-underwrite the Offer Shares.

15. Pursuant to the Placement Agreement dated 17 June 2008 (the "Placement Agreement") entered into between our Company and CIMB-GK as the Placement Agent, CIMB-GK has agreed to subscribe and/or procure subscribers for the Placement Shares for a placement commission of 3.00% of the Issue Price for each Placement Share, payable by our Company. CIMB-GK may, at its absolute discretion, appoint one or more secondary sub-placement agents for the Placement Shares.
16. Brokerage will be paid by our Company to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or their IB websites at the rate of 0.25% of the Issue Price for each Offer Share or in the case of DBS Bank, 0.50% of the Issue Price for each Offer Share. In addition, DBS Bank will levy a minimum brokerage fee of S\$5,000. Subscribers of the Placement Shares may be required to pay a brokerage of up to 1.00% of the Issue Price to the Placement Agent (and the prevailing Goods and Service Tax, if applicable).
17. The Management and Underwriting Agreement may be terminated by CIMB-GK (after prior consultation with our Company) at any time before the date of listing of our Company on the Catalist, on the occurrence of certain events including, *inter alia*:-
 - (a) a stop order by the SGX-ST, acting as an agent on behalf of the Authority, in accordance with Section 242 of the Securities and Futures Act is issued; or
 - (b) there shall come to the knowledge of CIMB-GK any breach of the warranties or undertakings in the Management and Underwriting Agreement or that any of the warranties in the Management and Underwriting Agreement is untrue or incorrect in any material respect; or
 - (c) any occurrence of an event which would render any of the warranties contained in the Management and Underwriting Agreement untrue or incorrect in any material respect which comes to the knowledge of CIMB-GK; or
 - (d) if there shall have been, since the date of the Management and Underwriting Agreement:
 - (i) any adverse change, or any development involving a prospective adverse change, in the condition (financial or otherwise) of the Company or of the Group as a whole; or

- (ii) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore, the SGX-ST or relevant Authorities in Singapore or elsewhere) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere; or
- (iii) any change, or any development involving a prospective change or any crisis in local, national or international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition or any moratorium, suspension or material restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise); or
- (iv) any imminent threat or occurrence of any local, national or international outbreak or escalation of hostilities whether war has been declared or not, or insurrection or armed conflict (whether or not involving financial markets); or
- (v) any regional or local outbreak of disease that may have an adverse effect on the financial markets; or
- (vi) any other occurrence of any nature whatsoever,

which event or events shall in the opinion of CIMB-GK: (1) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or elsewhere; or (2) be likely to prejudice the success of the offer, subscription or sale of the New Shares (whether in the primary market or in respect of dealings in the secondary market); or (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Underwriting Agreement; or (4) be likely to have an adverse effect on the business, trading position, operations or prospects of the Company or of the Group as a whole; or (5) be such that no reasonable issue manager or underwriter would have entered into the Management and Underwriting Agreement; or (6) result or be likely to result in the issue of a stop order by the SGX-ST as agent of the Authority pursuant to the Securities and Futures Act; or (7) make it uncommercial or otherwise contrary to or outside the usual commercial practices of managing or underwriting in Singapore for CIMB-GK to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement.

18. The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement. In the event that the Management and Underwriting Agreement is terminated, our Company reserves the right, at the absolute discretion of our Directors, to cancel the Invitation.

MISCELLANEOUS

19. The nature of the business of our Company has been stated in this Offer Document. As at the Latest Practicable Date, the corporations which by virtue of Section 6 of the Companies Act are deemed to be related to our Company are set out in the section entitled "Group Structure" of this Offer Document.
20. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two years preceding the date of this Offer Document.
21. There have been no public takeover offers by third parties in respect of our Shares or by us in respect of other companies' shares which have occurred during the last and current financial year.

22. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
23. No commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.
24. No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the Latest Practicable Date, been acquired or disposed of by or leased to our Company or any of our subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.
25. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate interest bearing account with the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
26. Save as disclosed in this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.
27. Save as disclosed in this Offer Document, the financial condition and operations of our Group are not likely to be affected by any of the following:
- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
 - (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.
28. Details, including the name, address and professional qualifications (including membership in a professional body) of the auditors of our Company for the last two financial years ended 31 December 2007 are as follows:

Period	Name, Professional Qualification and Address	Professional Body	Director / Partner-in-charge / Professional Qualification
From 13 June 2003	Wong Mun Piaw & Co Certified Public Accountants No. 20 Mactaggart Road #07-02 Singapore 368078	Institute of Certified Public Accountants of Singapore (ICPAS)	Wong Mun Piaw Association of Chartered Accountants
From 1 January 2006	Nexia TS Public Accounting Corporation Certified Public Accountants 5 Shenton Way UIC Building #23-03 Singapore 068808	Institute of Certified Public Accountants of Singapore (ICPAS)	Henry SK Tan / Bachelor of Accountancy (First Class Honours), National University of Singapore

We currently have no intention of changing our auditors after the listing of our Company on the Catalist.

29. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred since the Latest Practicable Date which may have a material effect on the financial information provided in the “Independent Auditor’s Report and Combined Financial Statements for the Financial Years Ended 31 December 2005, 2006 and 2007”.

CONSENTS

30. Nexia TS Public Accounting Corporation, the Independent Auditors and Reporting Accountants of the Company, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of the “Independent Auditor’s Report and Combined Financial Statements for the Financial Years Ended 31 December 2005, 2006 and 2007” in the form and context in which it is included and references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
31. Wong Mun Piau & Co Certified Public Accountants has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
32. The Sponsor, Underwriter and Placement Agent has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation to this Offer Document.
33. Each of the Solicitors to the Invitation, the Share Registrar and Share Transfer Office, the Principal Bankers and the Receiving Bank do not make, or purport to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any persons which is based on, or arises out of, the statements, information or opinions in this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

34. This Offer Document has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as of the date hereof and there are no material facts the omission of which would make any statements in this Offer Document misleading and that this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group.

DOCUMENTS AVAILABLE FOR INSPECTION

35. The following documents or copies thereof may be inspected at our registered office at No.7 Tuas View Circuit, Singapore 637642, during normal business hours for a period of six months from the date of registration by the SGX-ST of this Offer Document:
 - (a) the Memorandum and Articles of Association of our Company;
 - (b) the “Independent Auditor’s Report and Combined Financial Statements for the Financial Years Ended 31 December 2005, 2006 and 2007” as set out in Appendix A of this Offer Document;
 - (c) the material contract referred to in this Offer Document;
 - (d) the letters of consent referred to in this Offer Document; and
 - (e) the Service Agreements referred to in this Offer Document.

**INDEPENDENT AUDITOR'S REPORT AND COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2005, 2006 AND 2007**

INDEPENDENT AUDITOR'S REPORT

17 June 2008

**The Board of Directors
Mencast Holdings Ltd.
No. 7 Tuas View Circuit
Singapore 637642**

Dear Sirs

We have audited the accompanying combined financial statements of Mencast Holdings Ltd. (the "Company") and its subsidiaries (collectively the "Group") as set out on pages A-3 to A-34, comprising the combined balance sheets as at 31 December 2005, 2006 and 2007, combined income statements, combined statements of changes in equity and combined statements of cash flows for the financial years ended 31 December 2005, 2006 and 2007 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statements and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Opinion

In our opinion, the accompanying combined financial statements of the Group give a true and fair view of the state of affairs of the Group as at 31 December 2005, 2006 and 2007 and of the results, changes in equity and cash flows of the Group for the financial years ended 31 December 2005, 2006 and 2007 in accordance with Singapore Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

This report has been prepared in accordance with the Singapore Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 for the purpose of incorporation in this document.

Yours faithfully

Nexia TS Public Accounting Corporation
Certified Public Accountants
Director-in-charge: Henry SK Tan
(Appointed since financial year ended 31 December 2006)

Mencast Holdings Ltd. and Its Subsidiaries
Combined Income Statements
For the financial years ended 31 December 2005, 2006 and 2007

	Note	2005 \$'000 (Restated)	2006 \$'000	2007 \$'000
Revenue	5	11,650	13,348	18,876
Cost of sales		(8,267)	(8,600)	(10,213)
Gross profit		3,383	4,748	8,663
Other gain	6	–	26	67
Expenses				
- Administrative		(2,380)	(1,983)	(2,775)
- Finance	7	(30)	(34)	(63)
Profit before income tax		973	2,757	5,892
Income tax expense	10	(266)	(573)	(1,076)
Net profit		<u>707</u>	<u>2,184</u>	<u>4,816</u>
Attributable to:				
Equity holders of the Company		<u>707</u>	<u>2,184</u>	<u>4,816</u>
Earnings per share (cents per share)	11	<u>0.57</u>	<u>1.75</u>	<u>3.85</u>

Mencast Holdings Ltd. and Its Subsidiaries
Combined Balance Sheets
As at 31 December 2005, 2006 and 2007

	Note	2005 \$'000 (Restated)	2006 \$'000	2007 \$'000
ASSETS				
Current Assets				
Cash and bank balances		2,260	2,328	2,243
Trade and other receivables	12	3,368	4,219	6,093
Inventories	13	266	546	2,484
Other current assets	14	307	771	398
		6,201	7,864	11,218
Non-current Asset				
Property, plant and equipment	15	7,367	8,130	11,257
Total Assets		13,568	15,994	22,475
LIABILITIES				
Current Liabilities				
Trade and other payables	16	6,176	6,310	6,524
Current income tax liabilities		298	584	1,478
Bank loan	17	150	200	300
Finance lease liabilities	18	146	162	443
		6,770	7,256	8,745
Non-current Liabilities				
Bank loan	17	168	–	–
Finance lease liabilities	18	238	173	643
Deferred income tax liabilities	19	613	602	558
		1,019	775	1,201
Total Liabilities		7,789	8,031	9,946
NET ASSETS		5,779	7,963	12,529
EQUITY				
Share capital	20	2,000	2,000	2,000
Retained earnings		3,779	5,963	10,529
		5,779	7,963	12,529

Mencast Holdings Ltd. and Its Subsidiaries
Combined Statements of Changes in Equity
For the financial years ended 31 December 2005, 2006 and 2007

	Note	Share Capital \$'000	Retained Earnings \$'000	Total \$'000
As at 1 January 2005				
- As previously reported		1,000	3,251	4,251
- Prior year adjustments	21	–	(180)	(180)
- As restated		1,000	3,071	4,071
Issue of shares		1,000	–	1,000
Total recognised income - Net profit				
- As previously reported		–	974	974
- Prior year adjustments	21	–	(266)	(266)
- As restated		–	708	708
As at 31 December 2005 – As restated		2,000	3,779	5,779
Total recognised income - Net profit		–	2,184	2,184
As at 31 December 2006		2,000	5,963	7,963
Total recognised profit – Net profit		–	4,816	4,816
Dividends paid	22	–	(250)	(250)
As at 31 December 2007		2,000	10,529	12,529

Mencast Holdings Ltd. and Its Subsidiaries
Combined Cash Flow Statements
For the financial years ended 31 December 2005, 2006 and 2007

	2005 \$'000 (Restated)	2006 \$'000	2007 \$'000
Cash flows from operating activities			
Net profit	707	2,184	4,816
Adjustments for:			
- Income tax expense	266	573	1,076
- Depreciation of property, plant and equipment	489	567	745
- Loss/(gain) on disposal of property, plant and equipment	1	(26)	(11)
- Interest expense	30	34	62
	<u>1,493</u>	<u>3,332</u>	<u>6,688</u>
Change in working capital			
- Trade and other receivables	(187)	(852)	(1,874)
- Inventories	71	(280)	(1,938)
- Other current assets	(126)	27	139
- Trade and other payables	(110)	133	(351)
	<u>1,141</u>	<u>2,360</u>	<u>2,664</u>
Cash generated from operations	1,141	2,360	2,664
Income tax paid	-	(297)	(228)
Interest paid	(30)	(34)	(62)
	<u>1,111</u>	<u>2,029</u>	<u>2,374</u>
Net cash from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	(200)	(1,702)	(2,065)
Proceeds from disposal of property, plant and equipment	27	37	23
	<u>(173)</u>	<u>(1,665)</u>	<u>(2,042)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Repayment of bank loan	(150)	(317)	(200)
Repayment of finance lease liabilities	(126)	(179)	(267)
Proceeds from bank loan	-	200	300
Proceeds from issue of shares	1,000	-	-
Dividend paid	-	-	(250)
	<u>724</u>	<u>(296)</u>	<u>(417)</u>
Net cash from/(used in) financing activities			
Net increase/(decrease) in cash and bank balances	1,662	68	(85)
Cash and bank balances at beginning of the financial year	598	2,260	2,328
	<u>2,260</u>	<u>2,328</u>	<u>2,243</u>
Cash and bank balances at end of the financial year	<u>2,260</u>	<u>2,328</u>	<u>2,243</u>

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

1 Introduction

The combined financial statements of Mencast Holdings Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) have been prepared for inclusion in the offering documents of Mencast Holdings Ltd. in connection with initial public offering by the Company of 22,500,000 new ordinary shares.

2 Corporate Information

The Company was incorporated in the Republic of Singapore on 30 January 2008 under the Singapore Companies Act as a private limited company under the name of Mencast Holdings Pte. Ltd..

The Company was incorporated for the purpose of acquiring the existing companies of the Group pursuant to the Group Restructuring Exercise (Note 3).

On 3 June 2008, the name of the Company was changed to “Mencast Holdings Ltd.” in connection with the Company’s conversion to a Public Company Limited by shares. At the date of incorporation, the issued and paid up capital was \$2 comprises 2 ordinary shares.

The principal activities of the Company are those relating to investment holding. The registered office and business address is at No. 7 Tuas View Circuit, Singapore 637642.

Principal activities of the subsidiaries are disclosed in Note 3.1.

3 Restructuring Exercise and Basis of Preparation

3.1 Restructuring Exercise

The restructuring exercise comprised the following steps:

(a) Incorporation of the Company

The Company was incorporated on 30 January 2008 in Singapore in accordance with the Act as a private limited company with an issued and paid-up share capital of \$2 comprising 2 ordinary shares, which were held by Glenndle Sim, Chief Executive Officer.

On 3 June 2008, the Company was converted into a public company and changed its name to “Mencast Holdings Ltd.”.

(b) Incorporation of Mencast Engineering Pte. Ltd.

On 14 February 2008, Mencast Engineering Pte. Ltd. was incorporated in Singapore in accordance with the Act as a private limited company with an issued and paid-up share capital of \$2 comprising 2 ordinary shares, held by the Company.

3 Restructuring Exercise and Basis of Preparation (Cont'd)

3.1 Restructuring Exercise (Cont'd)

(c) Acquisition of Mencast Marine Pte. Ltd.

Pursuant to a sale and purchase agreement dated 30 May 2008, the Company acquired the entire issued share capital of Mencast Marine Pte. Ltd., comprising 2,000,000 ordinary shares, from the Executive Chairman, Sim Gok Hian, the Chief Executive Officer, Glennle Sim, Chua Kim Choo and Teo Cheng Toh, for an aggregate consideration of approximately \$12.5 million. The purchase consideration was arrived at after taking into consideration the net tangible asset value of Mencast Marine Pte. Ltd. of approximately \$12.5 million as at 31 December 2007. The purchase consideration was satisfied by the allotment and issue of 12,499,998 shares (before the Share Split), credited as fully paid, by the Company to the Executive Chairman, Sim Gok Hian, the Chief Executive Officer, Glennle Sim, Chua Kim Choo and Teo Cheng Toh, in the proportion of 40%, 26%, 16% and 18% respectively, and in accordance with their respective beneficial interest in the share capital of Mencast Marine Pte. Ltd..

Upon the completion of the Restructuring Exercise, the Company has the following subsidiaries:

<u>Name of subsidiary</u>	<u>Country of incorporation (or registration) and operation</u>	<u>Attributable equity interest of the Group (%)</u>	<u>Principal activities</u>
Mencast Engineering Pte. Ltd.	Singapore	100	Supply of sterngear equipment and services
Mencast Marine Pte. Ltd.	Singapore	100	Manufacture, supply and refurbishment and reconditioning of sterngear equipment

3.2 Basis of preparation

The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The combined financial statements have been prepared on a historical cost basis, except as disclosed.

These combined financial statements for the financial years ended 31 December 2005, 2006 and 2007 were prepared based on the audited statutory financial statements of the Group.

Mencast Marine Pte. Ltd. was established in the Republic of Singapore with a registered capital of \$1,000,000. The statutory financial statements for the financial years ended 31 December 2006 and 2007 were audited by Nexia TS Public Accounting Corporation, Certified Public Accountants and for the financial year ended 31 December 2005, they were audited by Wong Mun Piau & Co, Certified Public Accountants. The statutory audited financial statements for the financial years ended 31 December 2005, 2006 and 2007 were unqualified.

3 Restructuring Exercise and Basis of Preparation (Cont'd)

3.2 Basis of preparation (Cont'd)

The Restructuring Exercise involved companies which are under common control. The combined financial statements of the Group for the financial years ended 31 December 2005, 2006 and 2007 were prepared using the historical cost method in a manner similar to the "pooling-of-interest" method as if the Restructuring Exercise has been completed on 1 January 2005. Such manner of presentation reflects the economic substance of the combining entities as a single economic enterprise, although the legal parent-subsiary relationship was not established until after the balance sheet date.

For the financial years ended 31 December 2005, 2006 and 2007, these combined financial statements of the Group are a combination or aggregation of the financial statements of the companies in the Group.

4 Summary of Significant Accounting Policies

4.1 Statement of Compliance

The combined financial statements are prepared in accordance with FRS including related Interpretations promulgated by the Accounting Standards Council ("ASC") (formerly known as Singapore Council on Corporate Disclosure and Governance).

The measurement basis used in the preparation of the combined financial statements is historical cost except for certain financial assets and liabilities which are measured at fair value. The combined financial statements are presented in Singapore dollars, unless otherwise stated.

4.2 Use of estimates and judgements

The preparation of the combined financial statements in accordance with FRS requires the Company's management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the relevant periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities and which are not readily apparent from other sources. Actual results may differ from these estimates.

At the date of this report, the Directors of the Company have considered and anticipated that the adoption of FRS that were in issue but not effective will not have any material impact on the combined financial statements.

The Group and the Company have adopted all the applicable new/revised FRS issued by ASC that are relevant to its operations and effective for annual period beginning 1 January 2007. The adoption of these new/revised FRS has had no material effect on the combined financial statements for the current and prior financial years.

4 Summary of Significant Accounting Policies (Cont'd)

4.3 Changes in accounting policies

The Group has early adopted FRS and Interpretations to FRS ("INT FRS"), which are effective for accounting periods beginning on or after 1 January 2007, issued by the ASC for the preparation of these Combined Financial Statements of the Group since 1 January 2005. FRS 101, First-time Adoption of Financial Reporting Standards, has been applied in preparing these Combined Financial Statements.

The early adoption of FRS and INT FRS which are effective for periods beginning on or after 1 January 2007 did not result in any substantial changes to the Group's accounting policies nor any significant impact on these Combined Financial Statements.

4.4 Common Control Business Combination Outside the Scope of FRS 103

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Restructuring Exercise described in Note 3.1 resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS 103 Business Combinations. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the combined financial statements of the combined entity as if the combination had occurred from the date when the coming entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the combined financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined entity's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combined entity.

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control are transferred to the Group to the date on which that control ceases. In preparing the combined financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

4 Summary of Significant Accounting Policies (Cont'd)

4.5 Property, Plant and Equipment

Measurement

Property, plant and equipment are recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

		<u>Useful lives</u>
Machinery and equipment	–	10 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Motor vehicles	–	5 years
Computers	–	1 year
Building	–	60 years

No depreciation is provided on construction-in-progress.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the income statement during the financial year in which it is incurred.

Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

4 Summary of Significant Accounting Policies (Cont'd)

4.6 Impairment of Non-financial Assets

Property, plant and equipment are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of the assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.

4.7 Loans and Receivables

These financial assets are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Allowance for impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

4.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4.9 Trade and Other Payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

4 Summary of Significant Accounting Policies (Cont'd)

4.10 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

4.11 Leases

When the Company is the lessee:

Finance leases

Leases of property, plant and equipment where the Company assumes substantially the risks and rewards of ownership are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and borrowings respectively at the inception of the leases at the lower of the fair values of the leased assets and the present values of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding lease liability. The finance charge is recognised in the income statement and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability.

Operating leases

Leases of property, plant and equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

4.12 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue is presented, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

(i) Sale of goods

Revenue from sale of goods is recognised when the Company has delivered the products to the customer, the customer has accepted the products and the collectibility of the related receivables is reasonably assured.

(ii) Rendering of services

Revenue from reconditioning services is recognised in the period in which the services are rendered and accepted by customers. Labour and overhead costs incurred relating to reconditioning services are deferred and classified as "deferred cost" under "other current assets" until the revenue is recognised.

4 Summary of Significant Accounting Policies (Cont'd)

4.13 Income Taxes

Current income tax is recognised at the amount expected to be paid to or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in the income statement.

4.14 Provisions For Other Liabilities and Charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

4.15 Employee Benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contributions to defined contribution plans are recognised as employee compensation expense when they are due.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liabilities for annual leave as a result of services rendered by employees to balance sheet date.

4.16 Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("functional currency"). The financial statements are presented in Singapore dollars, which is the Group's functional currency.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement.

4 Summary of Significant Accounting Policies (Cont'd)

4.17 Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments, other than for the acquisition of businesses, are taken to equity as a deduction, net of tax, from the proceeds.

4.18 Dividends

Interim dividends are recorded in the financial year in which they are declared payable.

Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

4.19 Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group is principally engaged in the manufacture and service of sterngear equipment. No separate segmental information by business segment is presented, except for segment revenue, as both business segments use the same resources and share the same costs. Management is of the opinion that it is not practicable to separate the costs, assets and liabilities for each business segment.

4.20 Fair Value Estimation

The carrying amounts of current assets and liabilities, carried at amortised cost, are assumed to approximate their fair values.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest that are available to the Group for similar financial liabilities.

5 Revenue

	2005	2006	2007
	\$'000	\$'000	\$'000
	(Restated)		
Sale of goods – sterngear manufacturing	2,565	4,464	8,620
Service income – sterngear services	9,085	8,884	10,256
	<u>11,650</u>	<u>13,348</u>	<u>18,876</u>

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

6 Other Gain

	2005 \$'000	2006 \$'000	2007 \$'000
Gain on disposal of property, plant and equipment	–	26	67

7 Finance Expense

	2005 \$'000 (Restated)	2006 \$'000	2007 \$'000
Interest expense:			
- Finance lease liabilities	11	19	30
- Bank loan	19	15	33
	<u>30</u>	<u>34</u>	<u>63</u>

8 Expenses by Nature

	2005 \$'000 (Restated)	2006 \$'000	2007 \$'000
Purchase of raw materials and consumables	5,239	5,304	8,434
Advertisement	33	27	25
Directors' fees	345	255	200
Entertainment & refreshment	281	322	454
Freight & handling charges	23	17	94
Upkeep and transport expense	226	264	125
Property tax	62	56	50
Allowance for impairment of trade receivables	–	24	225
Bad debts written off	386	–	–
Depreciation	489	567	745
Employee compensation (Note 9)	2,861	3,650	4,126
Insurance	52	59	75
Printing and stationery	18	19	34
Professional fee	354	42	51
Rental expense	94	75	72
Telephone expense	47	59	59
Other expenses	66	123	157
Changes in inventories	71	(280)	(1,938)
Total cost of sales and administrative expenses	<u>10,647</u>	<u>10,583</u>	<u>12,988</u>

9 Employee Compensation

	2005 \$'000 (Restated)	2006 \$'000	2007 \$'000
Salaries and wages	2,716	3,521	3,738
Employer's contribution to defined contribution plans including Central Provident Fund	145	129	388
	<u>2,861</u>	<u>3,650</u>	<u>4,126</u>

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

10 Income Tax

	2005	2006	2007
	\$'000	\$'000	\$'000
Tax expense attributable to profit is made up of:			
- Current income tax	273	584	1,003
- Deferred income tax	(7)	(11)	(43)
	<u>266</u>	<u>573</u>	<u>960</u>
- Underprovision of current income tax in prior financial years	–	–	116
	<u>266</u>	<u>573</u>	<u>1,076</u>

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax as follows:

	2005	2006	2007
	\$'000	\$'000	\$'000
Profit before income tax	<u>973</u>	<u>2,757</u>	<u>5,892</u>
Income tax using Singapore tax rate at 18% (2006: 20%) (2005: 20%)	195	552	1,061
Effects of:			
- Change in Singapore tax rate	–	–	(60)
- Expenses not deductible for tax purposes	82	32	46
- Investment allowance	–	–	(60)
- Statutory tax exemption	(11)	(11)	(27)
	<u>266</u>	<u>573</u>	<u>960</u>

On 25 September 2007, Spring Singapore granted the Group an additional investment allowance of 30% of the approved fixed capital expenditure, subject to a maximum investment allowance of \$892,200, under the Economic Expansion Incentives (Relief from Income Tax) Act. The additional investment allowance is subject to meeting certain conditions as required by Spring Singapore.

On 15 February 2007, the Singapore Second Minister for Finance announced a reduction in the corporate tax rate from 20% to 18% and various tax incentives for the year of assessment 2008 and onwards.

11 Earnings per Shares

For illustrative purpose, the calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company for the financial years ended 31 December 2005, 2006 and 2007 and on 125,000,000 shares in issue as at the date of this report, representing the pre-invitational share capital.

There were no diluted earnings per share for the financial years ended 31 December 2005, 2006 and 2007 as there were no potential ordinary shares outstanding.

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

12 Trade and Other Receivables

	2005 \$'000 (Restated)	2006 \$'000	2007 \$'000
Trade receivables	3,368	4,023	6,124
Less: Allowance for impairment of trade receivables	–	(24)	(249)
	<u>3,368</u>	<u>3,999</u>	<u>5,875</u>
Advances to suppliers	–	220	218
	<u><u>3,368</u></u>	<u><u>4,219</u></u>	<u><u>6,093</u></u>

13 Inventories

	2005 \$'000 (Restated)	2006 \$'000	2007 \$'000
Raw materials	102	101	494
Work-in-progress	156	319	1,990
Finished goods	8	126	–
	<u>266</u>	<u>546</u>	<u>2,484</u>

The cost of inventories recognised as an expense and included in “cost of sales” amounted to \$6,495,000 (2005: \$5,310,000 and 2006: \$5,024,000).

14 Other Current Assets

	2005 \$'000 (Restated)	2006 \$'000	2007 \$'000
Deferred cost	237	154	26
Deposits for purchase of property, plant and equipment	39	529	295
Deposits	30	38	42
Prepayments	1	50	35
	<u>307</u>	<u>771</u>	<u>398</u>

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

15 Property, Plant and Equipment

Cost	Machinery and Equipment \$'000	Furniture and Fittings \$'000	Office Equipment \$'000	Motor Vehicles \$'000	Computers \$'000	Building \$'000	Construction In Progress \$'000	Total \$'000
As at 1 January 2005	2,520	76	24	689	34	6,072	-	9,415
Additions	405	-	-	93	35	-	-	533
Disposals	(162)	-	-	-	-	-	-	(162)
As at 31 December 2005	2,763	76	24	782	69	6,072	-	9,786
Additions	200	4	20	302	14	-	802	1,342
Disposals	-	-	-	(94)	(3)	-	-	(97)
As at 31 December 2006	2,963	80	44	990	80	6,072	802	11,031
Additions	1,759	-	102	411	10	-	1,601	3,883
Disposals	(17)	(1)	(10)	(115)	(7)	-	-	(150)
As at 31 December 2007	4,705	79	136	1,286	83	6,072	2,403	14,764
Accumulated depreciation								
As at 1 January 2005	1,194	62	18	392	34	364	-	2,064
Charge for the financial year	236	14	3	110	35	91	-	489
Disposals	(134)	-	-	-	-	-	-	(134)
As at 31 December 2005	1,296	76	21	502	69	455	-	2,419
Charge for the financial year	296	1	7	159	14	91	-	568
Disposals	-	-	-	(83)	(3)	-	-	(86)
As at 31 December 2006	1,592	77	28	578	80	546	-	2,901
Charge for the financial year	378	1	23	241	10	91	-	744
Disposals	(13)	(1)	(2)	(115)	(7)	-	-	(138)
As at 31 December 2007	1,957	77	49	704	83	637	-	3,507

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

15 Property, Plant and Equipment (Cont'd)

	Machinery and Equipment \$'000	Furniture and Fittings \$'000	Office Equipment \$'000	Motor Vehicles \$'000	Computers \$'000	Building \$'000	Construction In Progress \$'000	Total \$'000
Net Book Value As At								
31 December 2005	1,467	–	3	280	–	5,617	–	7,367
31 December 2006	1,371	3	16	412	–	5,526	802	8,130
31 December 2007	2,748	2	87	582	–	5,435	2,403	11,257

Included in additions in the combined financial statements are property, plant and equipment acquired under finance leases amounting to \$1,018,000 (2006: \$120,000) (2005: \$333,000).

The carrying amounts of property, plant and equipment held under finance leases are \$1,705,000 (2006: \$687,000) (2005: \$518,000) at the balance sheet date (Note 18).

Bank loan is secured by the building of the Group with carrying amounts of \$5,434,000 (2006: \$5,525,000) (2005: \$5,616,000) (Note 17).

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

16 Trade and Other Payables

	2005 \$'000 (Restated)	2006 \$'000	2007 \$'000
Trade payables to:			
- Non-related parties	1,268	1,246	880
- Entity related by common shareholder	581	381	-
	1,849	1,627	880
Advances from customers	159	831	2,427
Non-trade payables to:			
- Shareholder's close family member	300	300	-
- Entity related by common shareholder	640	440	-
- Shareholders	2,400	1,988	1,195
	3,340	2,728	1,195
Accrued operating expenses	790	1,073	1,395
Other payables	38	51	62
Payable for purchase of property, plant and equipment	-	-	565
	<u>6,176</u>	<u>6,310</u>	<u>6,524</u>

The non-trade amounts due to shareholder's close family member, an entity related by common shareholder and shareholders are unsecured, interest-free and are repayable on demand.

17 Bank Loan

	2005 \$'000	2006 \$'000	2007 \$'000
Payable within 12 months	150	200	300
Payable after 12 months	168	-	-
	<u>318</u>	<u>200</u>	<u>300</u>

The bank loan is secured by the Group's building (Note 15) and guaranteed by the Company's directors. The bank loan bears interest at 3.94% (2005: 5.75% and 2006: 4.78%) per annum and is repayable on 16 April 2008 (2006: 26 March 2007) (2005: 1 February 2008).

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

18 Finance Lease Liabilities

The Company leases certain machinery and equipment, and motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Company with options to purchase the leased assets at nominal values at the end of the lease term.

	2005 \$'000	2006 \$'000	2007 \$'000
Minimum loan payments due:			
- Not later than one year	161	180	487
- Between two and five years	267	192	708
	<u>428</u>	<u>372</u>	<u>1,195</u>
Less: Future finance charges	(44)	(37)	(109)
Present value of finance lease liabilities	<u><u>384</u></u>	<u><u>335</u></u>	<u><u>1,086</u></u>

The present value of finance lease payable is analysed as follows:

- Not later than one year	146	162	443
- Between two and five years	238	173	643
	<u>384</u>	<u>335</u>	<u>1,086</u>

The above finance lease liabilities are guaranteed by directors.

19 Deferred Income Tax Liabilities

Movements in deferred tax liabilities during the year are as follows:

	Accelerated tax depreciation \$'000
As at 1 January 2005	620
Credited to income statement	(7)
	<u>613</u>
As at 31 December 2005	613
Credited to income statement	(11)
	<u>602</u>
As at 31 December 2006	602
Effect of change in Singapore tax rate	(61)
Charged to income statement	17
	<u><u>558</u></u>

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

19 Deferred Income Tax Liabilities (Cont'd)

Deferred income tax liabilities to be settled within one year and after one year from the balance sheet date were as follows:

	2005 \$'000	2006 \$'000	2007 \$'000
To be settled within one year	11	9	14
To be settled after one year	602	593	544
	<u>613</u>	<u>602</u>	<u>558</u>

20 Share Capital

As the Company was only incorporated subsequent to 31 December 2007, the share capital in the combined balance sheets as at 31 December 2005, 2006 and 2007 represented the Group's share of paid-up capital of Mencast Marine Pte. Ltd., in which the equity holders of the Company held direct interest.

The detail of the share capital of Mencast Marine Pte. Ltd. are as follows:

	← No. of shares →		← Amount →	
	Authorised share capital '000	Issued share capital '000	Authorised share capital \$'000	Issued share capital \$'000
As at 1 January 2005	2,000	1,000	2,000	1,000
Issued during the year	—	1,000	—	1,000
As at 31 December 2006	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Effects of Companies (Amendment) Act 2005	(2,000)	—	(2,000)	—
As at 31 December 2007	<u>—</u>	<u>2,000</u>	<u>—</u>	<u>2,000</u>

Under the Companies (Amendment) Act 2005 that came into effect on 30 January 2006, the concept of par value and authorised share capital are abolished.

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

21 Prior Year Adjustments

In 2005, the Group identified errors arising from:

- (a) Sales and purchase cut-off;
- (b) Accounting for finished goods, work-in-progress and deferred cost; and
- (c) Accrual of employees' bonus.

As a result of the above errors, the Group has revised 2005 financial statements for the following items:

	As reported \$'000	Adjustment \$'000	Revised \$'000
Balance sheet as at 31.12.2005			
Trade and other receivables	3,615	(248)	3,367
Inventories	102	164	266
Other current assets	69	238	307
Trade and other payables	(5,576)	(600)	(6,176)
Income statement			
Revenue	11,847	(197)	11,650
Cost of sales	(8,403)	136	(8,267)
Administrative expenses	(1,256)	(1,124)	(2,380)
Net profit	974	(266)	708

The impact of the errors described above on retained earnings as at 1 January 2005 were as follows:

	\$'000
Trade and other receivables	(63)
Inventories	233
Trade and other payables	(350)
Net effect on retained earnings	(180)

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

22 Dividends

	2005	2006	2007
	\$'000	\$'000	\$'000
<i>Ordinary dividends</i>			
Interim dividend of \$0.15 (2006: Nil) (2005: Nil) per share, paid net of tax at 18% (2006: Nil) (2005: Nil)	—	—	250
	<u>—</u>	<u>—</u>	<u>250</u>

At Annual General Meeting on 12 May 2008, a special final exempt (one-tier) dividend of S\$1.50 per share amounting to a total of \$3,000,000 is recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2008.

23 Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2005	2006	2007
	\$'000	\$'000	\$'000
Property, plant and equipment	—	1,912	311
	<u>—</u>	<u>1,912</u>	<u>311</u>

(b) Lessee – Operating lease commitments

The Company leases land under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, were as follows:

	2005	2006	2007
	\$'000	\$'000	\$'000
Not later than one year	72	72	72
Later than one year but not later than five years	286	286	286
Later than five years	2,004	1,217	1,145
	<u>2,362</u>	<u>1,575</u>	<u>1,503</u>

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

24 Related Party Transactions

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following related party transactions took place between the Company and related parties at terms agreed between the parties:

	2005 \$'000	2006 \$'000	2007 \$'000
Income			
Sales to entity related by common shareholder	–	123	187
	<u>–</u>	<u>123</u>	<u>187</u>
Purchase/Expense			
Purchases from entity related by common shareholder	–	–	18
Consultancy and marketing services paid to entity related by common shareholder	320	–	–
	<u>320</u>	<u>–</u>	<u>–</u>

- (b) Key management personnel compensation (representing compensation to directors of a subsidiary) is as follows:

	2005 \$'000	2006 \$'000	2007 \$'000
Salaries and wages	105	120	482
Directors' fee	345	255	200
Post-employment benefits – contribution to CPF	14	8	18
	<u>464</u>	<u>383</u>	<u>700</u>

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

25 Financial Risk Management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

(a) Market risk

(i) Currency risk

The group's exposure to currency risk is not significant as its operates mainly in Singapore. Revenue and expenses are predominantly denominated in Singapore dollars.

The Group's currency exposure based on the information provided to key management is as follows:

	SGD \$'000	USD \$'000	Total \$'000
<u>As 31 December 2005</u>			
Financial assets			
Cash and bank balances	2,260	–	2,260
Trade and other receivables	3,368	–	3,368
	<u>5,628</u>	<u>–</u>	<u>5,628</u>
Financial liabilities			
Trade and other payables	(6,176)	–	(6,176)
Bank loan	(150)	–	(150)
Finance lease liabilities	(384)	–	(384)
	<u>(6,710)</u>	<u>–</u>	<u>(6,710)</u>
Currency exposure	<u>(1,082)</u>	<u>–</u>	<u>(1,082)</u>

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

25 Financial Risk Management (Cont'd)

(a) Market risk (Cont'd)

(i) Currency risk (Cont'd)

	SGD \$'000	USD \$'000	Total \$'000
<u>As 31 December 2006</u>			
Financial assets			
Cash and bank balances	2,328	–	2,328
Trade and other receivables	4,219	–	4,219
	<u>6,547</u>	<u>–</u>	<u>6,547</u>
Financial liabilities			
Trade and other payables	(5,194)	(1,116)	(6,310)
Bank loan	(200)	–	(200)
Finance lease liabilities	(335)	–	(335)
	<u>(5,729)</u>	<u>(1,116)</u>	<u>(6,845)</u>
Currency exposure	<u>818</u>	<u>(1,116)</u>	<u>(298)</u>
	SGD \$'000	USD \$'000	Total \$'000
<u>As 31 December 2007</u>			
Financial assets			
Cash and bank balances	2,243	–	2,243
Trade and other receivables	6,093	–	6,093
	<u>8,336</u>	<u>–</u>	<u>8,336</u>
Financial liabilities			
Trade and other payables	(5,959)	(565)	(6,524)
Bank loan	(300)	–	(300)
Finance lease liabilities	(1,086)	–	(1,086)
	<u>(7,345)</u>	<u>(565)</u>	<u>(7,910)</u>
Currency exposure	<u>991</u>	<u>(565)</u>	<u>426</u>

25 Financial Risk Management (Cont'd)

(a) Market risk (Cont'd)

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from bank loan at floating interest rate. The Group manages its interest rate risk by keeping bank loan to the minimum required to sustain the operations of the Group.

The reasonably possible change in the movement in the SGD interest rate with all other variables held constant assessed by management is 1% (2006: 1%) (2005: 1%). Management has assessed the impact to net profit as being not material.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining cash deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the CEO based on on going credit evaluation. The Group's trade receivables comprise 3 debtors (2006: 3 debtors) (2005: 2 debtors) that individually represented 10 - 20% of trade receivables. As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. The Group's major classes of financial assets are bank deposits and trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	2005	2006	2007
	\$'000	\$'000	\$'000
<u>By types of customers</u>			
Related party	–	20	44
Non-related parties:			
- Multi-national companies	101	412	507
- Other companies	3,266	2,966	5,323
	<u>3,367</u>	<u>3,398</u>	<u>5,874</u>

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

25 Financial Risk Management (Cont'd)

(b) Credit risk (Cont'd)

(i) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group. The Group has no trade receivables past due or impaired that were re-negotiated during the financial year.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	2005	2006	2007
	\$'000	\$'000	\$'000
Past due 0 to 3 months	358	861	617
Past due 3 to 6 months	558	616	1,343
Past due over 6 months	325	373	358
	<u>1,241</u>	<u>1,850</u>	<u>2,318</u>

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	2005	2006	2007
	\$'000	\$'000	\$'000
Gross amount	–	32	482
Less: Allowance for impairment	–	(24)	(249)
	<u>–</u>	<u>8</u>	<u>233</u>
Beginning of financial year	–	–	24
Allowance made	–	24	225
End of financial year	<u>–</u>	<u>24</u>	<u>249</u>

The impaired trade receivables arise mainly from sales to a customer in Malaysia.

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

25 Financial Risk Management (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

	Less than <u>1 year</u> \$'000	Between 1 and 2 <u>years</u> \$'000	Between 2 and 5 <u>years</u> \$'000
At 31 December 2005			
Trade and other payables	(6,176)	–	–
Bank loan	(150)	(168)	–
Finance lease liabilities	(162)	(128)	(139)
	<u>(6,488)</u>	<u>(296)</u>	<u>(139)</u>
At 31 December 2006			
Trade and other payables	(6,310)	–	–
Bank loan	(200)	–	–
Finance lease liabilities	(179)	(145)	(47)
	<u>(6,689)</u>	<u>(145)</u>	<u>(47)</u>
At 31 December 2007			
Trade and other payables	(6,524)	–	–
Bank loan	(300)	–	–
Finance lease liabilities	(487)	(387)	(321)
	<u>(7,311)</u>	<u>(387)</u>	<u>(321)</u>

The Group manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities.

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's strategies, which were unchanged from 2005, are to maintain gearing ratios within 30% to 45%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as equity plus net debt.

Mencast Holdings Ltd. and Its Subsidiaries
Notes to the Combined Financial Statements
For the financial years ended 31 December 2005, 2006 and 2007

25 Financial Risk Management (Cont'd)

(d) Capital risk (Cont'd)

	2005 \$'000	2006 \$'000	2007 \$'000
Net debt	4,618	4,517	5,666
Total equity	5,779	7,963	12,529
Total capital	<u>10,397</u>	<u>12,480</u>	<u>18,195</u>
Gearing ratio	<u>44%</u>	<u>36%</u>	<u>31%</u>

The Group has no externally imposed capital requirements for the financial years ended 31 December 2005, 2006 and 2007.

26 Segment Information

The Group is principally engaged in the manufacture and service of sterngear equipment. No separate segmental information by business segment is presented, except for segment revenue (Note 5), as both business segments use the same resources and share the same costs. Management is of the opinion that it is not practicable to separate the costs, assets and liabilities for each business segment.

The following table provides an analysis of the Group revenue by geographical market which is analysed based on the country of domicile of the customers:

	2005 \$'000	2006 \$'000	2007 \$'000
Singapore	9,811	11,932	12,897
Asia ⁽¹⁾	1,458	1,277	5,549
Rest of the world ⁽²⁾	381	139	430
Total	<u>11,650</u>	<u>13,348</u>	<u>18,876</u>

Notes:

- (1) Asia refers to customers from Malaysia, Brunei, China, Indonesia, the Philippines, Hong Kong, India, Sri Lanka, Maldives and Australia.
- (2) Rest of the world refers to customers from Europe, The Middle East and USA.

27 New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

- (a) INT FRS 111 *Group and Treasury Share Transactions* (effective for annual periods beginning on or after 1 March 2007).

The Group adopted INT FRS 111 on 1 January 2008. INT FRS 111 clarifies that the arrangement where an entity receives goods or services as consideration for its own equity-instruments shall be accounted for as an equity-settled share-based payment ("SBP") transaction, regardless of how the equity instruments needed are obtained. It also provides guidance on whether group SBP arrangements shall be classified as equity-settled or cash-settled SBP arrangements.

The Group operates an employee share option scheme and uses treasury shares to settle the obligations arising from the plans. As the Group has been recognising those share option grants as equity-settled and does not operate any other SBP group arrangements, INT FRS 111 does not have any impact to the Group.

- (b) FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 January 2009).

FRS 108 supersedes FRS 14 *Segment Reporting* and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group expects the new operating segments to be significantly different from business segments currently disclosed and expects more information to be disclosed under FRS 108.

- (c) Revised FRS 23 *Borrowing Costs* (effective for annual periods beginning on or after 1 January 2009).

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 January 2009. As the Group has been capitalising the relevant borrowing costs, the revised standard is not expected to have any impact to the Group.

27 New or revised accounting standards and interpretations (Cont'd)

Interpretation that is not yet effective and not relevant for the Group's operations

- (d) INT FRS 112 Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008).

INT FRS 112 addresses how operators shall account for rights and obligations arising from service concession arrangements, where control of the assets remains in public hands but the operator is responsible for construction activities, as well as for operating and maintaining the public sector infrastructure. As none of the group entities are operators of such arrangements, INT FRS 112 is not relevant to the Group.

28 Subsequent Event

In April 2008, the Group paid a deposit of \$73,000 for the option to acquire a new plant located at No. 12 Kwong Min Road Singapore 628714 for a total consideration of \$3,650,000. On 7 May 2008, the Group has exercised the option to acquire the new plant and have paid further deposit of \$292,000.

29 Authorisation of Combined Financial Statements for Issue

The combined financial statements of Mencast Holdings Ltd. for the financial years ended 31 December 2005, 2006 and 2007 were authorised for issue in accordance with a resolution of the Board of Directors on 17 June 2008.

SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

The discussion below provides information about certain provisions of our Memorandum and Articles of Association and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Articles.

The instruments that constitute and define our Company are the Memorandum and Articles of Association of the Company.

Memorandum of Association

The registration number with which our Company was incorporated is No. 200802235C.

Our Memorandum of Association states that the liability of our Shareholders is limited to the amount, if any, for the time being unpaid on the shares respectively held by them. Our Memorandum of Association also sets out the objects for which our Company was formed, including acting as a holding and investment company, and the powers of our Company, including the powers set out in the First Schedule to the Companies Act.

Articles of Association

The provisions in the Articles of Association of our Company relating to:-

- (a) *a Director's power to vote on a proposal, arrangement or contract in which the Director is Interested*

Article 100

A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

- (b) *the Director's power to vote on remuneration (including pension or other benefits) for himself or for any other director, and whether the quorum at a meeting of the board of Directors to vote on Directors' remuneration may include the director whose remuneration is the subject of the vote*

Article 77

The ordinary remuneration of the Directors, which shall from time to time be determined by an Ordinary Resolution of the Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The ordinary remuneration of an executive Director may not include a commission on or a percentage of turnover and the ordinary remuneration of a non-executive Director shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.

Article 78

Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine, other than by a commission on or percentage of commission or turnover, Provided that such extra remuneration (in case of an executive Director) shall not by way of commission on or a percentage of turnover and (in the case of a non-executive Director) shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover.

Article 79

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Company.

Article 80

The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(c) borrowing powers exercisable by the Directors and how such borrowing powers can be varied

Article 108

Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(d) retirement or non-retirement of Directors under an age limit requirement

Article 89

At each Annual General Meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, Provided that no Director holding office as Managing Director shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. For the avoidance of doubt, each Director (other than a Director holding office as Managing Director) shall retire at least once every three years.

Article 90

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who is due to retire at the meeting by reason of age or who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot. A retiring Director shall be eligible for reelection.

Article 91

The Company at the meeting at which a Director retires under any provision of these presents may by Ordinary Resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default, the retiring Director shall be deemed to have been re-elected except in any of the following cases:-

- (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or*
- (b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected; or*
- (c) where the default is due to the moving of a resolution in contravention of the next following Article; or*

(d) where such Director has attained any retiring age applicable to him as Director. The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

(e) *the number of shares, if any, required for Director's qualification*

Article 76

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at General Meetings.

(f) *rights, preferences and restrictions attaching to each class of shares*

Article 3

(A) Subject to the Act and these Articles, no shares may be issued by the Directors without the prior approval of the Company in General Meeting pursuant to Section 161 of the Act, but subject thereto and the terms of such approval, and to Article 5, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and whether or not subject to the payment of any part of the amount thereof in cash or otherwise as the Directors may think fit, and any shares may, subject to compliance with Sections 70 and 75 of the Act, be issued with such preferential, deferred, qualified or special rights, privileges, conditions or restrictions, whether as regards dividend, return of capital, participation in surplus assets and profits, voting, conversion or otherwise, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors in accordance with the Act, Provided Always that no options shall be granted over unissued shares except in accordance with the Act and the Designated Stock Exchange's listing rules.

(B) The Directors may, at any time after the allotment of any share but before any person has been entered in the Register of Members as the holder, recognize a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Directors may think fit to impose.

(C) Except so far as otherwise provided by the conditions of issue or by these presents, all new shares shall be issued subject to the provisions of the Statutes and of these presents with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture or otherwise.

Article 8

(A) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Designated Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance-sheets and attending General Meetings of the Company, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the Dividend on the preference shares is more than six months in arrear.

(B) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

Article 9

- (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Companies Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.
- (B) The provisions in Article 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.
- (C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.

Article 14

Every person whose name is entered as a Member in the Register of Members shall be entitled, within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the closing date of any application for shares or (as the case may be) the date of lodgement of a registrable transfer, to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred.

Article 34

- (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.
- (B) The Directors may decline to register any instrument of transfer unless:-
 - (a) such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

- (b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;
- (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty,), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
- (d) the instrument of transfer is in respect of only one class of shares.

Article 41

A reference to a member shall be a reference to a registered holder of shares in the Company, or where such registered holder is CDP, the Depositors on behalf of whom CDP holds the shares, Provided that:-

- (a) a Depositor shall only be entitled to attend any General Meeting and to speak and vote thereat if his name appears on the Depository Register maintained by CDP forty eight (48) hours before the General Meeting as a Depositor on whose behalf CDP holds shares in the Company, the Company being entitled to deem each such Depositor, or each proxy of a Depositor who is to represent the entire balance standing to the Securities Account of the Depositor, to represent such number of shares as is actually credited to the Securities Account of the Depositor as at such time, according to the records of CDP as supplied by CDP to the Company, and where a Depositor has apportioned the balance standing to his Securities Account between two proxies, to apportion the said number of shares between the two proxies in the same proportion as previously specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the proportion of Depositor's shareholding specified in the instrument of proxy, or where the balance standing to a Depositor's Securities Account has been apportioned between two proxies the aggregate of the proportions of the Depositor's shareholding they are specified to represent, and the true balance standing to the Securities Account of a Depositor as at the time of the General Meeting, if the instrument is dealt with in such manner as is provided above;
- (b) the payment by the Company to CDP of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment;
- (c) the delivery by the Company to CDP of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement; and
- (d) the provisions in these presents relating to the transfers, transmissions or certification of shares shall not apply to the transfer of book-entry securities (as defined in the Statutes).

Article 42

Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

Article 63

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members or, as the case may be, the order in which the names appear in the Depository Register in respect of the joint holding.

Article 64

Where in Singapore or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such member, to vote in person or by proxy at any General Meeting, or to exercise any other right conferred by membership in relation to meetings of the Company.

Article 65

No member shall be entitled in respect of shares held by him to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Company if any call or other sum payable by him to the Company in respect of such shares remains unpaid.

(g) *any change in capital*

Article 10

The Company may by Ordinary Resolution:-

- (a) consolidate and divide all or any of its share capital;
- (b) sub-divide its shares, or any of them, provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived;
- (c) convert or exchange any class of shares into or for any other class of shares; and/or
- (d) cancel the number of shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the number of the shares so cancelled.

Article 11

- (A) The Company may reduce its share capital or any other undistributable reserve in any manner permitted, and with, and subject to, any incident authorised, and consent or confirmation required, by law.
- (B) The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Statutes and any applicable rules of the Designated Stock Exchange hereafter, the "Relevant Laws"), on such terms and subject to such conditions as the Company may in General Meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with the Relevant

Laws. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Statutes, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

- (h) *any change in the respective rights of the various classes of shares including the action necessary to change the rights*

Article 9

- (A) Whenever the share capital of the Company is divided into different classes of shares, the variation or abrogation of the special rights attached to any class may, subject to the provisions of the Act, be made either with the consent in writing of the holders of three-quarters of the total number of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so made either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two or more persons holding at least one-third of the total number of the issued shares of the class present in person or by proxy or attorney and that any holder of shares of the class present in person or by proxy or attorney may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him where the class is a class of equity shares within the meaning of Section 64(1) of the Act or at least one vote for every share of the class where the class is a class of preference shares within the meaning of Section 180(2) of the Act, Provided Always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, the consent in writing, if obtained from the holders of three-quarters of the total number of the issued shares of the class concerned within two months of such General Meeting, shall be as valid and effectual as a Special Resolution carried at such General Meeting.
 - (B) The provisions in Article 9(A) shall *mutatis mutandis* apply to any repayment of preference capital (other than redeemable preference capital) and any variation or abrogation of the rights attached to preference shares or any class thereof.
 - (C) The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto.
- (i) *dividends and distribution*

Article 123

The Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.

Article 124

If and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.

Article 125

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:-

- (a) all Dividends in respect of shares must be paid in proportion to the number of shares held by a Member, but where shares are partly paid, all Dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (b) all Dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the Dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

Article 126

- (A) No Dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All Dividends remaining unclaimed after one year from having been first payable may be invested or otherwise made use of by the Directors for the benefit of the Company, and any Dividend or any such moneys unclaimed after six (6) years from having been first payable shall be forfeited and shall revert to the Company provided always that the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the Dividend so forfeited to the person entitled thereto prior to the forfeiture. If CDP returns any such Dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such Dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such Dividend or the date on which such other moneys are first payable.
- (B) A payment by the Company to CDP of any Dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment.

Article 127

No dividend or other monies payable on or in respect of a share shall bear interest as against the Company.

Article 128

- (A) The Directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- (B) The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares herein before contained entitled to become a member, or which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.

Article 129

The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

Article 130

The Company may upon the recommendation of the Directors by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Directors shall give effect to such resolution. Where any difficulty arises with regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates, may fix the value for distribution of such specific assets or any part thereof, may determine that cash payments shall be made to any member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Article 131

Any dividend or other monies payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of the member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person and such address as such member or person or persons may by writing direct.

Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Article 132

If two or more persons are registered in the Register of Members or (as the case may be) the Depository Register as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipts for any dividend or other monies payable or property distributable on or in respect of the share.

Article 133

Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend of transferors and transferees of any such shares.

- (j) *any limitation on the right to own Shares, including limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights on their Shares*

Article 5

- (A) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted by the rules of the Designated Stock Exchange, all new shares shall before issue be offered to such persons who as at the date (as determined by the Directors) of the offer are entitled to receive notices from the Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 5(A).

- (B) Notwithstanding Article 5(A) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:–
- (a) (i) issue shares in the capital of the Company (“shares”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and
 - (b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that:–

- (1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Designated Stock Exchange;
 - (2) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Designated Stock Exchange for the time being in force (unless such compliance is waived by the Designated Stock Exchange) and these Articles; and
 - (3) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
- (C) The Company may, notwithstanding Articles 5(A) and 5(B) above, authorise the Directors not to offer new shares to Members to whom by reason of foreign securities laws, such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members on such terms and conditions as the Company may direct.

Article 34

- (A) There shall be no restriction on the transfer of fully paid up shares (except where required by law or by the rules, bye-laws or listing rules of the Designated Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien, and in the case of shares not fully paid up, may refuse to register a transfer to a transferee of whom they do not approve, Provided Always that in the event of the Directors refusing to register a transfer of shares, the Company shall within ten market days (or such period as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) after the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.
- (B) The Directors may decline to register any instrument of transfer unless:-
- (a) such fee not exceeding S\$2.00 (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by the Designated Stock Exchange from time to time) as the Directors may from time to time require is paid to the Company in respect thereof;

- (b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;
- (c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if stamp duty is payable on such instrument of transfer in accordance with any law for the time being in force relating to stamp duty,), the certificates of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and
- (d) the instrument of transfer is in respect of only one class of shares.

Article 42

Except as required by the Statutes or law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these presents or by the Statutes or law otherwise provided) any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder and nothing in these presents contained relating to CDP or to Depositors or in any depository agreement made by the Company with any common depository for shares shall in any circumstances be deemed to limit, restrict or qualify the above.

RULES OF THE MENCAST EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THE ESOS

The ESOS shall be called the “Mencast Employee Share Option Scheme”.

2. DEFINITIONS

2.1 In the ESOS, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<i>“Act”</i>	The Companies Act, Chapter 50 of Singapore as amended, modified or supplemented from time to time.
<i>“Associated Company”</i>	A company in which at least 20% but not more than 50% of its shares are held by the Company and which the Company has control over its policies.
<i>“Auditors”</i>	The auditors of the Company for the time being.
<i>“Board”</i>	The board of directors of the Company.
<i>“CDP”</i>	The Central Depository (Pte) Limited.
<i>“CPF”</i>	Central Provident Fund.
<i>“Committee”</i>	The remuneration committee of the Company, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer this ESOS.
<i>“Company”</i>	Mencast Holdings Ltd.
<i>“control”</i>	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of a company.
<i>“Controlling Shareholder”</i>	A shareholder exercising control over the Company and unless rebutted, a person who controls directly or indirectly 15% or more of the Company’s issued share capital shall be presumed to be a Controlling Shareholder of the Company.
<i>“Date of Grant”</i>	In relation to an Option, the date on which the Option is granted to a Participant pursuant to Rule 7.
<i>“Director”</i>	A person holding office as a director for the time being of the Company and/or its Subsidiaries, as the case may be.
<i>“ESOS”</i>	The Mencast Employee Share Option Scheme, as the same may be modified or altered from time to time.
<i>“Executive Director”</i>	A director of the Company and/or its Subsidiaries, as the case may be, who performs an executive function within the Company or the relevant Subsidiary, as the case may be.

<i>“Exercise Price”</i>	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 9, as adjusted in accordance with Rule 10.
<i>“Grantee”</i>	A person to whom an offer of an Option is made.
<i>“Group”</i>	The Company and its Subsidiaries.
<i>“Group Employee”</i>	Any confirmed employee of the Group (including any Executive Director) selected by the Committee to participate in the ESOS in accordance with Rule 4.
<i>“Listing Manual”</i>	SGX-ST Listing Manual: Section B: Rules of Catalist
<i>“Market Day”</i>	A day on which the SGX-ST is open for trading in securities.
<i>“Market Price”</i>	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five consecutive Trading Days immediately preceding the Date of Grant of that Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices.
<i>“Non-Executive Director”</i>	A director of the Company and/or its Subsidiaries, as the case may be, other than an Executive Director but including the independent Directors of the Company.
<i>“Offer Date”</i>	The date on which an offer to grant an Option is made pursuant to the ESOS.
<i>“Offeree”</i>	The person to whom an offer of an Option is made.
<i>“Option”</i>	The right to subscribe for Shares granted or to be granted to a Group Employee pursuant to the ESOS and for the time being subsisting.
<i>“Option Period”</i>	The period for the exercise of an Option being: <ul style="list-style-type: none"> (a) in the case of an Option granted at Market Price to a Group Employee, a period commencing after the first anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant, subject as provided in Rules 11 and 15 and any other conditions as may be introduced by the Committee from time to time; (b) in the case of an Option granted at Market Price to a Non-Executive Director, a period commencing after the first anniversary of the Date of Grant and expiring on the fifth anniversary of such Date of Grant, subject as provided in Rules 11 and 15 and any other conditions as may be introduced by the Committee from time to time; (c) in the case of an Option granted at a discount to Market Price to a Group Employee, a period commencing after the second anniversary of the Date of Grant and expiring on the tenth anniversary of such Date of Grant, subject as provided in Rules 11 and 15 and any other conditions as may be introduced by the Committee from time to time;

- (d) in the case of an Option granted at a discount to Market Price to a Non-Executive Director, a period commencing after the second anniversary of the Date of Grant and expiring on the fifth anniversary of such Date of Grant, subject as provided in Rules 11 and 15 and any other conditions as may be introduced by the Committee from time to time.

<i>“Participant”</i>	The holder of an Option.
<i>“Record Date”</i>	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.
<i>“Rules”</i>	Rules of the Mecast Employee Share Option Scheme.
<i>“S\$”</i>	Singapore Dollars.
<i>“Securities Account”</i>	The securities account maintained by a Depositor with CDP.
<i>“Shareholders”</i>	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares.
<i>“Shares”</i>	Ordinary shares in the capital of the Company.
<i>“Subsidiaries”</i>	Companies which are for the time being subsidiaries of the Company as defined by Section 5 of the Act; and “Subsidiary” means each of them.
<i>“SGX-ST”</i>	Singapore Exchange Securities Trading Limited.
<i>“Trading Day”</i>	A day on which the Shares are traded on the SGX-ST.
<i>“%”</i>	Per centum

- 2.2 The term “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to it by Section 130A of the Act and the term “associate” shall have the meaning ascribed to it by the Listing Manual or any other publication prescribing rules or regulations for corporations admitted to the Catalist (as modified, supplemented or amended from time to time).
- 2.3 Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference to a time of a day in the ESOS is a reference to Singapore time.
- 2.5 Any reference in the ESOS to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under any statutory modification thereof and used in the ESOS shall have the meaning assigned to it under statutory modification.

3. OBJECTIVES OF THE ESOS

The ESOS will provide an opportunity for Group Employees who have contributed significantly to the growth and performance of the Group (including Executive and Non-Executive Directors) and who satisfy the eligibility criteria as set out in Rule 4 of the ESOS, to participate in the equity of the Company.

The ESOS is primarily a share incentive scheme. It recognises the fact that the services of such Group Employees are important to the success and continued well-being of the Group. Implementation of the ESOS will enable the Company to give recognition to the contributions made by such Group Employees. At the same time, it will give such Group Employees an opportunity to have a direct interest in the Company at no direct cost to its profitability and will also help to achieve the following positive objectives:

- (a) the motivation of each Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) the retention of key employees and Executive Directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;
- (c) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of, the Company;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
- (e) to align the interests of the Participants with the interests of the Shareholders.

4. ELIGIBILITY

4.1 The following persons shall be eligible to participate in the ESOS at the absolute discretion of the Committee:-

- (a) Group Employees
 - (i) confirmed full-time employees of the Company and/or its Subsidiaries who have attained the age of twenty-one on or before the Offer Date;
 - (ii) Directors of the Company and/or its Subsidiaries who perform an executive function;
 - (iii) independent and Non-Executive Directors of the Company who has made and will continue to make significant contributions to the long-term growth of our Group, provided that the following information shall be disclosed in a circular, letter or notice of participation seeking approval for the participation of a Non-Executive Director in the ESOS. The circular, letter or notice of participation proposing such a resolution should include clear rationale and justification for allowing participation by such Non-Executive Director and the rationale and justification for any discount granted pursuant to the ESOS under the grants made to such Non-Executive Director.

Any Director who is a member of the Committee shall not be involved in the Committee's deliberations and decision in respect of Options to be granted to or held by that Director;

- (iv) employees who qualify under sub-paragraph (i) above and are seconded to a company in an Associated Company, or any other company outside the Group in which the Company and/or Group has an equity interest; and
- (v) Controlling Shareholders or their Associates provided that:-
 - (a) their participation in the ESOS is specially approved by independent Shareholders in a separate resolution for each such person;
 - (b) the aggregate number of Shares available to such Controlling Shareholders and their Associates shall not exceed 25 of the total number of Shares available under the ESOS;

- (c) the number of Shares available to any one Controlling Shareholder or his Associate shall not exceed 10.0 per cent. of the total number of Shares available under the ESOS ; and
- (d) they have been instrumental in contributing and spearheading the growth of the business operations of our Group.

No Option shall be granted to such Controlling Shareholder(s) or their Associates unless his participation in the ESOS and the actual number and the terms of the Options to be granted shall have been approved by the independent Shareholders in separate resolutions for each such person. A circular, letter or notice of participation proposing such a resolution should include clear rationale for the proposed participation by such Controlling Shareholders or their Associates. Such circular, letter or notice to Shareholders shall also include a clear rationale for the number and terms (including Exercise Price) of the Options to be granted.

Such Controlling Shareholder and Associate shall abstain from voting on the resolution in relation to his participation in the ESOS, the actual number and terms of Options to be granted and the grant of Options to him.

- (b) Associated Company Employee
 - (i) confirmed full-time employees of an Associated Company who have attained the age of twenty-one on or before the Offer Date;
 - (ii) directors of an Associated Company who perform an executive function; and
 - (iii) non-executive directors of an Associated Company.

4.2 For the purposes of paragraphs (a)(i) and (b)(i) above, the secondment of an employee to another company shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.

4.3 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other companies within the Group or by any Associated Company or otherwise.

4.4 Subject to the Act and any requirement of the SGX-ST, the terms of eligibility for participation in the ESOS may be amended from time to time at the absolute discretion of the Remuneration Committee, which would be exercised judiciously.

5. MAXIMUM ENTITLEMENT

Subject to Rule 4 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the ESOS shall be determined at the discretion of the Committee who shall take into account criteria such as rank, past performance, years of service and potential development of the Participant.

6. LIMITATION ON SIZE OF THE ESOS

The aggregate nominal amount of Shares over which the Committee may grant Options on any date, when added to the nominal amount of Shares issued and issuable in respect of all Options granted under the ESOS shall not exceed fifteen 15% of the issued share capital of the Company on the day immediately preceding the Offer Date of the Option.

7. OFFER DATE

- 7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the ESOS is in force, except that no Option shall be granted during the period of thirty (30) days immediately preceding the date of announcement of the Company's interim and/or final results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day on which such announcement is released.
- 7.2 An offer to grant the Option to a Grantee shall be made by way of a letter (the "Letter of Offer") in the form or substantially in the form set out in Schedule A, subject to such amendments as the Committee may determine from time to time.

8. ACCEPTANCE OF OFFER

- 8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the thirtieth (30th) day from such Offer Date (a) by completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Schedule B, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the ESOS in accordance with these Rules.
- 8.2 If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the thirty (30) days period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.
- 8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice given pursuant to Rule 12 which does not strictly comply with the terms of the ESOS.
- 8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 11.6 in the event of the death of such Grantee.
- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 1,000 Shares.
- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (a) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period; or
 - (b) the Grantee dies prior to his acceptance of the Option; or
 - (c) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
 - (d) the Grantee being a Group Employee ceases to be in the employment of the Group or (being a Director) ceases to be a Director of the Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or
 - (e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

9. EXERCISE PRICE

9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be determined by the Committee and permitted by the SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the ESOS at a discount not exceeding the maximum discount as aforesaid.

9.2 In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:

- (a) the performance of the Company and/or its Subsidiaries, as the case may be;
- (b) the years of service and individual performance of the eligible Group Employee or Director;
- (c) the contribution of the eligible Group Employee or Director to the success and development of the Company and/or the Group; and
- (d) the prevailing market conditions.

10. ALTERATION OF CAPITAL

10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares, class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which additional Options may be granted to Participants, may, be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made (a) if as a result, the Participant receives a benefit that a Shareholder does not receive; and (b) unless the Committee after considering all relevant circumstances considers it equitable to do so.

10.3 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities for cash, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase granted by the Shareholders of the Company (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10.

- 10.4 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 10.
- 10.5 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

11. OPTION PERIOD

- 11.1 Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by a Participant after the first anniversary of the Date of Grant of that Option, Provided Always that the Options shall be exercised before the expiry of the relevant Option Period, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.2 Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), at any time, by a Participant after the second anniversary from the Date of Grant of that Option, Provided always that the Options shall be exercised before the expiry of the relevant Option Period, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:
- (a) subject to Rules 11.4, 11.5 and 11.6, upon the Participant ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever; or
 - (b) upon the bankruptcy of the Participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or
 - (c) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

For the purpose of Rule 11.4(a), a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 11.4 If a Participant ceases to be employed by the Group by reason of his:
- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
 - (b) redundancy;
 - (c) retirement at or after a normal retirement age; or
 - (d) retirement before that age with the consent of the Committee,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Participant ceases to be employed by a Subsidiary:

- (a) by reason of the Subsidiary, by which he is principally employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within the Group; or
- (b) for any other reason, provided the Committee gives its consent in writing, he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 If a Participant, who is also an Executive Director, ceases to be a Director for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 1,000 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in Schedule C (the "Exercise Notice"), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier's order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the abovementioned Notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

12.2 Subject to:

- (a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules, the Memorandum and Articles of Association of the Company, the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within ten (10) Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares in respect of which such Option has been exercised by the Participant and within five (5) Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

12.3 The Company shall, if necessary, as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.

12.4 Shares which are all allotted on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in the name of CDP to the credit of the securities account of the Participant maintained with CDP or the Participant's securities sub-account with a CDP Depository Agent.

- 12.5 Shares allotted and issued upon the exercise of an Option shall be subject to all provisions of the Memorandum of Association and Bye-Laws of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.
- 12.6 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

13. MODIFICATIONS TO THE ESOS

- 13.1 Any or all the provisions of the ESOS may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:
- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in nominal amount of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
 - (b) any modification or alteration which would be to the advantage of Participants under the ESOS shall be subject to the prior approval of the Shareholders in general meeting; and
 - (c) no modification or alteration shall be made without the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted and listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the ESOS in any way to the extent necessary to cause the ESOS to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Participants.

14. DURATION OF THE ESOS

- 14.1 The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which the ESOS is adopted by Shareholders. Subject to compliance with any applicable laws and regulations in Singapore, the ESOS may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The ESOS may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the ESOS is so terminated, no further Options shall be offered by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the ESOS shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

15. TAKE-OVER AND WINDING UP OF THE COMPANY

15.1 In the event of a take-over offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rules 11.1 and 11.2) holding Options as yet unexercised shall, notwithstanding Rules 11 and 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or
- (b) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided Always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void.

Provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11.3, remain exercisable until the expiry of the Option Period.

15.2 If, under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and 11.2) shall notwithstanding Rules 11 and 12 but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, Provided always that the date of exercise of any Option shall be before the tenth anniversary of the Offer Date.

15.3 If an order or an effective resolution is passed for the winding up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

15.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provision of this Rule 15.4) and thereupon, each Grantee (or his personal representative) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the aggregate Exercise Price for the shares in respect of which the notice is given whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.

15.6 To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

16. ADMINISTRATION OF THE ESOS

16.1 The ESOS shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.

16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the ESOS) for the implementation and administration of the ESOS as it thinks fit.

16.3 Any decision of the Committee, made pursuant to any provision of the ESOS (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the ESOS or any rule, regulation, or procedure thereunder or as to any rights under the ESOS).

16.4 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him.

17. NOTICES

17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.

17.2 Any notice or documents given by the Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

18. TERMS OF EMPLOYMENT UNAFFECTED

18.1 The ESOS or any Option shall not form part of any contract of employment between the Company or any Subsidiary (as the case may be) and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the ESOS or any right which he may have to participate in it or any Option which he may hold and the ESOS or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

18.2 The ESOS shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company or any Subsidiary.

19. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the ESOS shall be borne by that Participant.

20. COSTS AND EXPENSES OF THE ESOS

- 20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 19 which shall be payable by the relevant Participant.
- 20.2 Save for such costs and expenses expressly provided in the ESOS to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the ESOS including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

21. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

22. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the ESOS, including but not limited to the Company's delay in allotting and issuing the Shares or in applying for or procuring the listing of the Shares on the SGX-ST.

23. DISCLOSURE IN ANNUAL REPORT

The Company shall make the following disclosure in its annual report:

- (a) The names of the members of the Committee;
- (b) The information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Options in any particular financial year):
- (i) participants who are Directors of the Company; and
 - (ii) participants, other than those in (i) who receive 5% or more of the total number of Options available under the ESOS.

Name of Participant	Options granted during financial year under review (including terms)	Aggregate Options granted since commencement of the ESOS to end of financial year under review	Aggregate Options exercised since commencement of the ESOS to end of financial year under review	Aggregate Options outstanding as at end of financial year under review
---------------------	--	--	--	--

- (c) The number and proportion of Options granted at the following discounts to average market value of the Shares in the financial year under review:
- (i) Options granted at up to 10% discount; and
 - (ii) Options granted at between 10% but not more than 20% discount.
- (d) If any of the requirements set out in Rule 23 herein are not applicable, an appropriate negative statement shall be included.

24. ABSTENTION FROM VOTING

Grantees who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the ESOS.

25. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

26. GOVERNING LAW

The ESOS shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the ESOS, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

Schedule A

MENCAST EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: _____

Date: _____

To: **Name**
Designation
Address

Private and Confidential

Dear Sir/Madam,

1. We have the pleasure of informing you that, pursuant to the Mencast Employee Share Option Scheme ("ESOS"), you have been nominated to participate in the ESOS by the Committee (the "Committee") appointed by the Board of Directors of Mencast Holdings Ltd. (the "Company") to administer the ESOS. Terms as defined in the ESOS shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option (the "Option"), to subscribe for and be allotted _____ Shares at the price of S\$_____ for each Share.
3. *The Option is personal, to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Committee.*
4. The Option shall be subject to the terms of the ESOS, a copy of which is available for inspection at the business address of the Company.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on _____ failing which this offer will lapse.

Yours faithfully,
For and on behalf of

••

Name:

Schedule B

MENCAST EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No: _____

Date: _____

To: The Committee,
Mencast Employee Share Option Scheme

Closing Date for Acceptance of Offer	:	_____
Number of Shares Offered	:	_____
Exercise Price for each Share	:	S\$ _____
Total Amount Payable	:	S\$ _____

I have read your Letter of Offer dated _____ and agree to be bound by the terms of the Letter of Offer and ESOS referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for _____ Shares at S\$ _____ for each Share. I enclose cash for S\$1.00 in payment for the purchase of the Option/I authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to subscribe for such shares.

I agree to keep all information pertaining to the grant of the Option to me confidential.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

Note:

* *Delete accordingly*

Schedule C

MENCAST EMPLOYEE SHARE OPTION SCHEME

FORM OF EXERCISE OF OPTION

Total number of ordinary shares (the “Shares”) offered at S\$ _____ for each Share (the “Exercise Price”) under the ESOS on _____ (Date of Grant)	:	_____
Number of Shares previously allotted thereunder	:	_____
Outstanding balance of Shares to be allotted thereunder	:	_____
Number of Shares now to be subscribed	:	_____

To: The Committee,

••

1. Pursuant to your Letter of Offer dated _____ and my acceptance thereof, I hereby exercise the Option to subscribe for _____ Shares in Mencast Holdings Ltd. (the “Company”) at S\$ _____ for each Share.
2. I enclose a *cheque/cashiers order/banker’s draft/postal order no. _____ for S\$ _____ by way of subscription for the total number of the said Shares.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Mencast Employee Share Option Scheme and the Memorandum of Association and the Bye-Laws of the Company.
4. *I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.*
5. I request the Company to allot and issue the Shares in the name of The Central Depository (Pte) Limited (“CDP”) for credit of my *Securities Account with CDP/Sub-Account with the Depository Agent/CPF investment account with my Agent Bank specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP in respect thereof.

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No : _____

*Direct Securities Account No. : _____

OR

*Sub Account No. : _____

Name of Depository Agent : _____

OR

*CPF Investment Account No. : _____

Name of Agent Bank : _____

Signature : _____

Date : _____

Note:

* *Delete accordingly*

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the New Shares at the Issue Price for each New Share subject to the following terms and conditions:-

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for Offer Shares may be made by way of printed Offer Shares Application Forms or by way of Electronic Applications through ATMs belonging to the Participating Banks ("ATM Electronic Applications") or through Internet Banking ("IB") websites of the relevant Participating Banks ("Internet Electronic Applications", which together with ATM Electronic Applications, shall be referred to as "Electronic Applications").

Your application for the Placement Shares (other than Reserved Shares) may only be made by way of printed Placement Shares Application Forms. Your application for Reserved Shares may only be made by way of printed Reserved Shares Application Forms.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE NEW SHARES.

3. **You (not being an approved nominee company) are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares (other than Reserved Shares). If you submit an application for Offer Shares by way of an Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor, the Underwriter and Placement Agent.**

If you submit an application for Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Offer Shares by way of an Internet Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor, the Underwriter and Placement Agent.

If you, being other than an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor, the Underwriter and Placement Agent.

If you have made an application for Placement Shares (other than Reserved Shares) by way of an Application Form, you should not make any application for Offer Shares either by way of an Application Form or by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and may be rejected at the discretion of our Company, the Sponsor, the Underwriter and Placement Agent.

Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of an Application Form, you may not make any application for Placement Shares (other than Reserved Shares). Such separate applications shall be deemed to be a multiple applications and may be rejected at the discretion of our Company, the Sponsor, the Underwriter and Placement Agent

If you have made an application for Reserved Shares, you may submit one separate application for the Offer Shares in your own name by way of an Application Form or by way of an Electronic Application, or submit one separate application for Placement Shares (other than Reserved Shares) by way of an Application Form, provided that you adhere to the terms and conditions of this Offer Document. Such separate applications shall NOT be treated as multiple applications.

Joint and multiple applications for the New Shares shall be rejected. If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares or both Offer Shares and Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications may be rejected at the discretion of our Company, the Sponsor, the Underwriter and Placement Agent.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.
6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status provided in your Application Form or in the case of an Electronic-Application, contained in records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.**

9. **Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**
10. Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company with regards hereto will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment, which shall be at our discretion, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
11. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.

You hereby consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residency status, CDP Securities Account number, CPF Investment Account number (if applicable) and shares application amount from your account with the relevant Participating Bank to the Share Registrar, SCCS, SGX-ST, CDP, CPF, our Company, the Sponsor, Underwriter and Placement Agent.

12. In the event that our Company lodges a supplementary or replacement Offer Document (“Relevant Document”) pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Invitation, and the New Shares have not been issued, we will (as required by law) at our Company’s sole and absolute discretion either:-
- (i) within 7 days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw; or
 - (ii) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the lodgement of the Relevant Document.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under paragraph 12(i) above to withdraw your application, we shall pay to you all monies paid by you on account of your application for the New Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven days from the receipt of such notification.

In the event that at any time at the time of the lodgement of the Relevant Document, the New Shares have already been issued but trading has not commenced, we will (as required by law) either :-

- (iii) within 7 days from the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the New Shares; or
- (iv) deem the issue as void and refund your payment for the New Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 7 days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraph 12(iii) above to return the New Shares issued to him shall, within 14 days from the date of lodgement of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those New Shares, whereupon we shall, within 7 days from the receipt of such notification and documents, pay to him all monies paid by him for the New Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the New Shares issued to him shall be void.

Additional terms and instructions applicable upon the lodgement of the supplementary or replacement Offer Document, including instructions on how you can exercise the option to withdraw, may be found in such supplementary or replacement Offer Document.

13. In the event of an under-subscription for Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for the Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

Any of the Reserved Shares not taken up will be made available first to satisfy applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares and then to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares.

In the event of an under-subscription for Placement Shares (other than Reserved Shares) as at the close of the Application List, that number of Placement Shares (other than Reserved Shares) under-subscribed shall be made available to satisfy applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

In the event of an over-subscription for Offer Shares as at the close of the Application List and Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for Offer Shares will be determined by ballot or otherwise as determined by our Directors after consultation with CIMB-GK and approved by the SGX-ST.

In all the above instances, the basis of allotment of the New Shares as may be decided by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as practicable, via an announcement through the SGX-ST and through an advertisement in a local newspaper.

14. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted to you pursuant to your application, to us, the Sponsor, the Underwriter, the Placement Agent and any other parties so authorised by the foregoing persons.
15. Any reference to “you” or the “applicant” in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application, a person applying for the Placement Shares through the Placement Agents and a person applying for the Reserved Shares.
16. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM (as the case may be) or by (in the case of

an Internet Electronic Application) clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen of the relevant Participating Banks (as the case may be) in accordance with the provisions of this Offer Document, you:-

- (a) irrevocably offer, agree and undertake to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price for each New Share and agree that you will accept such New Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Memorandum and Articles of Association of our Company for application;
 - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and those set out in the IB websites or ATMs of the relevant Participating Banks, the terms and conditions set out in this Offer Document shall prevail;
 - (c) agree that the aggregate Issue Price for the New Shares applied for is due and payable to the Company upon application;
 - (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any New Shares to you; and
 - (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Sponsor, the Underwriter, the Placement Agent will infringe any such laws as a result of the acceptance of your application.
17. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:-
- (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares and the New Shares on a “when-issued” basis on the Catalist;
 - (b) the Management and Underwriting Agreement and the Placement Agreement referred to in the section entitled “Plan of Distribution” of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
 - (c) the SGX-ST, acting as an agent on behalf of the Authority, has not served a stop order (“Stop order”) which directs that no or no further shares to which this Offer Document relates be allotted.
18. In the event that a Stop order in respect of the New Shares is served by the SGX-ST, acting as an agent on behalf of the Authority, and
- (a) in the case where the New Shares have not been issued, all applications shall be deemed to have been withdrawn and cancelled and our Company shall refund (at your own risk) all monies paid on account of your application of the New Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop order; or
 - (b) in the case where the New Shares have already been issued, the issue of the New Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, refund (at your own risk) all monies paid on account of your application for the New Shares (without interest or any share of revenue or other benefit arising therefrom).

This shall not apply where only an interim Stop order has been served.

19. In the event that an interim Stop order in respect of the New Shares is served by the SGX-ST, acting as an agent on behalf of the Authority, no New Shares shall be issued, to during the time when the interim Stop order is in force.
20. The SGX-ST, acting as an agent on behalf of the Authority, is not able to serve a Stop order in respect of the New Shares if the New Shares have been issued, listed for quotation on a securities exchange and trading in the New Shares has commenced.
21. In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website at <http://www.sgx.com> and through a paid advertisement in a local newspaper.
22. We will not hold any application in reserve.
23. We will not allot Shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST.
24. Additional terms and conditions for applications by way of Application Forms are set out on pages D-6 to D-10 of this Offer Document.
25. Additional terms and conditions for applications by way of Electronic Applications are set out on pages D-10 to D-18 of this Offer Document.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out under the section entitled "Terms, Conditions and Procedures for Application and Acceptance" of this Offer Document, as well as the Memorandum and Articles of Association of our Company.

1. Your application for the Offer Shares must be made using the **WHITE** Application Forms and **WHITE** official envelopes "A" and "B" for Offer Shares, the **BLUE** Application Forms and **BLUE** official envelopes for Placement Shares (other than Reserved Shares) or the **PINK** Application Forms for Reserved Shares, accompanying and forming part of this Offer Document.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" must be completed and the words "**NOT APPLICABLE**" or "**N.A.**" should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full names as it appears in your identity cards (if you have such an identification document) or in your passports and, in the case of a corporation, in your full name as registered with a competent authority. If you are a non-individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing

the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Company's Share Registrar and Share Transfer Office. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign on page 1 of the Application Form.
- (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
- (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0 per cent. of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**MENCAST SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", and with your name and address written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.** We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement or receipt will be issued by our Company, or the Sponsor for applications and application monies received.
8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 5 Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a Stop order by the SGX-ST, acting as an agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop order.
9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.

10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Sponsor and/or any other party involved in the Invitation, and it, in any such event, our Company and/or the Sponsor does not receive your Application Form, you shall have no claim whatsoever against our Company, the Sponsor, the Underwriter and the Placement Agent and/or any other party involved in the Invitation for the New Shares applied for or for any compensation, loss or damage.
11. By completing and delivering the Application Form, you agree that:-
- (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 23 June 2008** or such other time or date as our Company may, in consultation with the Sponsor, decide:-
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (b) neither our Company, the Sponsor, the Underwriter, the Placement Agent nor any other party involved in the Invitation shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
 - (c) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (d) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
 - (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
 - (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor, the Underwriter, the Placement Agents or any other person involved in the Invitation shall have any liability for any information not so contained;
 - (g) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Sponsor, the Underwriter, the Placement Agent or other authorised operators; and
 - (h) you irrevocably agree and undertake to subscribe for the number of New Shares applied for as stated in the Application Form or any smaller number of such New Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot and/or allocate a smaller number of New Shares or not to allot and/or allocate any New Shares to you, you agree to accept such decision as final.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes "A" and "B". **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. You must:-
 - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Offer Document in the **WHITE** official envelope "A" provided;
 - (b) in the appropriate spaces on **WHITE** official envelope "A":-
 - (i) write your name and address;
 - (ii) state the number of Offer Shares applied for;
 - (iii) tick the relevant box to indicate the form of payment; and
 - (iv) affix adequate Singapore postage;
 - (c) Seal the **WHITE** official envelope "A";
 - (d) write, in the special box provided on the larger **WHITE** official envelope "B" addressed to **Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street, #08-01 Samsung Hub, Singapore 049483**, the number of Offer Shares for which the application is made; and
 - (e) insert **WHITE** official envelope "A" into **WHITE** official envelope "B", seal **WHITE** official envelope "B", affix adequate Singapore postage on **WHITE** official envelope "B" (if despatched by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND**, the documents at your own risk to **Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street, #08-01 Samsung Hub, Singapore 049483**, to arrive by **12.00 noon on 23 June 2008 or such other time as our Company may, in consultation with the Sponsor, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Placement Shares (other than Reserved Shares)

1. Your application for Placement Shares (other than Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **Boardroom Corporate & Advisory Services Pte. Ltd., 3 Church Street, #08-01 Samsung Hub, Singapore 049483**, to arrive by **12.00 noon on 23 June 2008 or such other time as our Company may, in consultation with the Sponsor, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Reserved Shares

1. Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **PINK** Reserved Shares Application Form and the correct remittance in full in respect of the number of Reserved Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **our Company's registered office at No. 7 Tuas View Circuit, Singapore 637642** to arrive **by 12.00 noon on 23 June 2008 or such other time as our Company may, in consultation with the Sponsor, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB website screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently, the UOB Group and DBS Bank, are the only Participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of the UOB Group are set out respectively in the "Steps for Electronic Applications through ATMs of the UOB Group" and the "Steps for Internet Electronic Applications through the IB website of the UOB Group" (collectively, the "Steps") appearing on pages D-15 to D-18 of this Offer Document.

The Steps set out the actions that you must take at an ATM or the IB website of the UOB Group to complete an Electronic Application. Please read carefully the terms of this Offer Document, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to "you" or the "applicant" in this section "Additional Terms and Conditions for Electronic Applications" and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with an IB User Identification ("User ID") and a Personal Identification Number/Password ("PIN") given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of the UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that your mailing address for the account selected for the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise your application is liable to be rejected. In this connection, you will be asked to declare that you are in Singapore at the time when you make the application.

You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below and those set out under the section entitled "Terms, Conditions and Procedures for Application and Acceptance" of this Offer Document as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:-
 - (a) **that you have received a copy of this Offer Document (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;**
 - (b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residence status, share application amount, CPF Investment Account number (if applicable) and CDP Securities Account number and application details (the "Relevant Particulars") with the relevant Participating Bank to the CDP, CPF, SCCS, SGX-ST, Share Registrar, our Company, the Sponsor, the Underwriter and Placement Agent or other authorised operators (the "Relevant Parties"); and**
 - (c) **that this is your only application for Offer Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the "Enter" or "Confirm" or "Yes" or "OK" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, such confirmation, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES), WHETHER AT THE ATMS OR THE IB WEBSITES (IF ANY) OF ANY PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES) ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATM or the IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of the relevant Participating Bank for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and/or to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decide to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "Confirm" or "Yes" or "OK" or any other relevant key on the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.

We will not keep any applications in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account. **Trading on a "WHEN ISSUED" basis, if applicable, is expected to commence after such refund has been made.**

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement and/or the Placement Agreement or by CIMB-GK pursuant to the Management and Underwriting Agreement and/or the Placement Agreement, on and subject to the terms and conditions of this Offer Document, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by being automatically credited to you in Singapore currency within 14 days of the termination of the Invitation. In the event that the Invitation is cancelled following the issuance of a Stop Order by the SGX-ST, acting as an agent on behalf of the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to you in Singapore currency within 14 days from the date of the Stop Order.

Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on the Catalist. You may also call CDP Phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment via an announcement through the SGX-ST and by advertisement in a generally circulating daily press). To sign up for the service, you may contact CDP customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, the Sponsor, the Underwriter nor the Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks.

If you make Electronic Applications through the ATMs or the IB websites of the following Participating Banks, you may check the provisional results of your Electronic Applications as follows:-

Bank	Telephone	Available at ATM/ Internet	Operating Hours	Service Expected From
UOB Group	1800 222 2121	ATM (Other Transactions – “IPO Enquiry”) ⁽¹⁾ http://www.uobgroup.com ^{(1) (2)}	ATM/Phone Banking - 24 hours a day Internet Banking 24 hours a day	Evening of the balloting day Evening of the balloting day
DBS Bank	1 800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	Internet Banking http://www.dbs.com ⁽²⁾	24 hours a day	Evening of the balloting day
OCBC	1 800 363 3333	ATM / Internet Banking / Phone Banking http://www.ocbc.com ⁽³⁾	24 hours a day	Evening of the balloting day

Notes:-

- (1) If you have made your Electronic Application through the ATMs or IB website of the UOB Group, you may check the results of your application through UOB Personal Internet Banking, ATMs of the UOB Group or UOB Phone Banking Services.
- (2) If you have made your Electronic Application through the IB website of the UOB Group or DBS Bank, you may check the result of your application through the same channels listed in the table above in relation to ATM Electronic Application listed above.
- (3) If you have made your Electronic Application through the ATMs of OCBC, you may check your results through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking Services.
7. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, and the Sponsor and if, in any such event, our Company, the Sponsor and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, our Directors, the Sponsor and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage. CDP shall not be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to the electronic application.
8. Electronic Applications shall close at **12.00 noon on 23 June 2008** or such other time as our Company may, in consultation with the Sponsor, decide. Subject to the paragraph above, an Internet Electronic Application is deemed to be received when it enters the designated information system of the relevant Participating Bank.

9. You are deemed to have irrevocably requested and authorised our Company to:-
- (a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant Share certificate(s) to CDP;
 - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) of the application monies in Singapore currency, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting of applications; and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore currency, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.
10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.
11. All your particulars in the records of your relevant Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.
12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.
13. By making and completing an Electronic Application, you are deemed to have agreed that:-
- (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks as the agents of our Company, at the ATMs and IB websites (if any):-
 - (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (b) neither our Company, the Sponsor, Underwriter, Placement Agent, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 above or to any cause beyond our respective controls;
 - (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;
 - (d) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and

- (e) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor, the Underwriter, the Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained.

Steps for Electronic Applications through the ATMs and the IB website of the UOB Group

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through ATMs or through the IB website of the UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than the UOB Group) may differ from that represented below.

Steps for an ATM Electronic Application through ATMs of the UOB Group

Owing to space constraints on the UOB Group's ATM screens, the following terms will appear in abbreviated form:-

"&"	:	and
"A/C" and "A/CS"	:	ACCOUNT AND ACCOUNTS, respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	THE CENTRAL PROVIDENT FUND
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT
"ESA"	:	ELECTRONIC SHARE APPLICATION
"IC/PSSPT"	:	NRIC or PASSPORT NUMBER
"NO" or "NO."	:	NUMBER
"PERSONAL NO"	:	PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	:	SHARE REGISTRARS
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
"YR"	:	YOUR
Step 1	:	Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.
2	:	Select "CASHCARD/OTHER TRANSACTIONS".
3	:	Select "SECURITIES APPLICATION".
4	:	Select the share counter which you wish to apply for.

5 : Read and understand the following statements which will appear on the screen:-

- **THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENTS. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENTS**

(Press "ENTER" to continue)

- **PLEASE CALL 1800-22-22-121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT**
- **WHERE APPLICABLE, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT**

(Press "ENTER" key to confirm that you have read and understood the above statements)

6 : Read and understand the following terms which will appear on the screen:-

- **YOU HAVE READ, UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS/DOCUMENT /SUPPLEMENTARY DOCUMENT & THIS ELECTRONIC APPLICATION**
- **YOU CONSENT TO DISCLOSE YR NAME, IC/PSSPT, NATIONALITY, ADDR, APPLN AMT, CPFINVT A/C NO & CDP A/C NO FROM YR A/CS TO CDP, CPF, SCCS, REGISTRARS, SGX-ST & ISSUER/VENDOR(S)**
- **THIS IS YR ONLY FIXED PRICE APPLN & IS IN YR NAME & AT YR RISK**

(Press "ENTER" to continue)

7 : Screen will display:-

NRIC/Passport No. XXXXXXXXXXXX

IF YOUR NRIC NO. / PASSPORT NO. IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.

(Press "CANCEL" or "CONFIRM")

8 : Select mode of payment i.e. "CASH ONLY". You will be prompted to select Cash Account type to debit (i.e., "CURRENT ACCOUNT / I- ACCOUNT", "CAMPUS" OR "SAVINGS ACCOUNT / TX ACCOUNT"). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.

9 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of the UOB Group). If this is the first time you are using the UOB Group's ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of the UOB Group, and the following screen will be displayed for your input of your CDP Securities Account number.

- 10 : Read and understand the following terms which will appear on the screen:-
- **PLEASE DO NOT APPLY FOR YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**
 - **PLEASE USE YOUR OWN ATM CARD**
 - **DO NOT KEY IN THE CDP A/C NO. OF YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**
 - **KEY IN YOUR CDP A/C NO. (12 DIGITS) 1681-XXXX-XXXX**
 - **PRESS ENTER KEY**
- 11 : Key in your CDP Securities Account number (12 digits) and press the “ENTER” key.
- 12 : Select your nationality status.
- 13 : Key in the number of Shares you wish to apply for and press the “ENTER” key.
- 14 : Check the details of your Electronic Application on the screen and press “ENTER” key to confirm your Electronic Application.
- 15 : Select “NO” if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

Steps for an Internet Electronic Application through the IB website of the UOB Group


Owing to space constraints on the UOB Group’s IB website screens, the following terms will appear in abbreviated form:-

- “CDP” : The Central Depository (Pte) Limited
- “CPF” : The Central Provident Fund
- “NRIC” or “I/C” : National Registration Identity Card
- “PR” : Permanent Resident
- “SGD” or “\$” : Singapore Dollars
- “SCCS” : Securities Clearing & Computer Services (Pte) Ltd
- “SGX” : Singapore Exchange Securities Trading Limited

- Step 1 : Connect to the UOB Group website at <http://www.uobgroup.com>.
- 2 : Locate the Login icon on the left hand side next to “Internet Banking”.
- 3 : Click on Login and at drop list select “UOB Personal Internet Banking”.
- 4 : Enter your Username and Password and click “Submit”.
- 5 : Select “Investment Services” (“IPO” should be the default transaction that appears, select “Application”).
- 6 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions.

- 7 : Click "Continue".
- 8 : Select your country of residence (you must be residing in Singapore to apply), and click "Continue".
- 9 : Select the IPO counter from the drop list (if there are concurrent IPOs) and click "Continue".
- 10 : Check the share counter, select the mode of payment and account number to debit and click on "Continue".
- 11 : Read the important instructions and click on "Continue" to confirm that:-
1. **You have read, understood and agreed to all terms and conditions of the application and Prospectus/Document or Supplementary Document.**
 2. **You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable), and application details to the share registrars, SGX, SCCS, CDP, CPF Board and issuer/vendor(s).**
 3. **This application is made in your own name, for your own account and at your own risk.**
 4. **For FIXED/MAX price shares application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.**
 5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in S\$, based on the Bank's prevailing board rates at the time of applications. The different prevailing board rates at the time of the application and at the time of refund of applications monies may result in either a foreign exchange profit or loss, or application monies may be debited and refunds credited in S\$ at the same exchange rate.**
 6. **For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**
- 12 : Check your personal details, details of the share counter you wish to apply for and account to debit.
- Select (a) Nationality;
- Enter (b) your CDP securities account number; and
- (c) the number of shares applied for.
- 13 : Check your personal particulars (name, NRIC/Passport number and nationality), details of the share counter you wish to apply for, CDP securities account number, account to debit and number of shares applied for.
- 14 : Click "Submit", "Clear" or "Cancel".
- 15 : Print the Confirmation Screen (optional) for your own reference and retention only.

Marine Classification Approval Certificates



Certificate No. M306/ND(0817)

Mencast Marine Pte Ltd
No. 7 Tuas Circuit
07042
Singapore

has been approved as a manufacturer in accordance with the requirements of Lloyd's Register for:

Copper Alloy Castings for Valves, Lines, Bells and Fittings

This approval is subject to compliance with the Rules for the Manufacture, Testing and Certification of Castings. The full details of the provisions and guidelines to which this approval applies are given in the Appendix of this certificate.

Lloyd's Register is to be notified of any change that may affect the validity of this Certificate.

This Certificate is issued to the above manufacturer and is valid until the date given below.

Valid Until : 09 December 2006
Date of Issue : 03 December 2005

C D Wayne
Senior Technical Director (ND)
For Lloyd's Register Asia

ND32 - This certificate is subject to the terms and conditions contained

ClassNK NIPPON KAISEI KYOKAI
4-7-430-CHUO, SHYOSHU-KU,
TOKYO 100-0047, JAPAN
TEL: 81-3-5561-2100
FAX: 81-3-5561-2101
E-MAIL: CLASSNK@CLASSNK.CO.JP
CLASSNK TOKYO

MENCASAT MARINE PTE. LTD.
72, Kian Teck Drive,
Singapore 07042
Singapore

Our Ref: 99AF00126
Date: October 26, 1999

Subject: Stainless Steel Cladding

Dear Sirs,

Reference is made to your document dated 08-August 1999.

We are pleased to inform you that the proposed stainless steel clad welding is approved under the following conditions:

(1) Process	Submerged arc welding
Shield material	Automatic stainless steel T16
Filler	ER308L
Flux	ESAB OK 16.91
Procedure	Mencast Welding Procedure Specification, No.MC-106
Minimum diameter of shaft	200mm
Minimum thickness of cladding	3mm

(2) Welding area is to be the parallel part except the length of shaft diameter from the taper end and flange.

(3) A test plate is to be submitted to the Society for approval for each ship.

(4) It is required that the testing and inspection are carried out in the presence of the Society's surveyor.

Yours faithfully,
Y. S. Chan
General manager of Machinery Department

CC: NK Singapore Office

Published in Register No. 110

Det Norske Veritas
APPROVAL OF MANUFACTURER
CERTIFICATE

This is to certify that

MENCASAT MARINE PTE. LTD., NO. 32 KIAN TECH DRIVE, SINGAPORE

is granted approval for

AUTENTIC STAINLESS STEEL CLAD WELDING ON PROPELLER SHAFTS, RUBBER SHAFTS, RUBBER STOCKS AND FITTINGS

This approval is subject to compliance with Det Norske Veritas' Rules for Classification and the following particulars:

Steel type	Unalloyed and austenitic stainless forged steels
Welding method	Submerged arc welding
Inspection conditions	See appendix
Valid until	2004-05-31

Hand: 09-07-20
Far Det Norske Veritas AS

J. O. Nakkley
Head of Section,
Materials and Production Technology

DET Norske Veritas AS, VERITASVEIEN 1, NO-2007 KJELLER, NORWAY. TEL: +47 63 80 00 00. FAX: +47 63 80 00 01
Form No. 100, Issue January 95

Approval of Material Manufacturers
Zulassung von Werkstoffherstellern

Germanischer Lloyd

This is to certify that the works of
MENCASAT MARINE PTE. LTD.
7 TUAS VIEW CIRCUIT
07042 SINGAPORE

has been subjected to an approval test in accordance with the Society's Rules with satisfactory results and is approved for the manufacture of the following product:

Copper alloy castings for valves, lines, bells and fittings subject to the following conditions:

Popular and popular parts cast of Cu alloy in accordance with the Rules for Materials, Chapter 5, Section 1.

This approval is granted provided that all products intended to be used for the construction of ships or installations placed with Germanischer Lloyd comply in every respect with the Society's Rules and Regulations.

Certificate of approval No. ND 1301-191
Date of approval in our letter of approval ref. no. 141336-1-04 of 23.04.05
Hamburg, 2004-09-25

Germanischer Lloyd
U. Pfla
U. Pfla

BUREAU VERITAS

SCF 2 006 0387 1

ATTESTATION
REBUILDING OF FORGED STEEL
PROPELLER SHAFT AND RUBBER STOCKS/PINTLES (S)

At the request of Mencast Marine Pte Ltd, the documentation for Welding Procedure Specifications (WPS/PPS/97/04) and Procedure Qualification Record (PQR/PPQR/05/04) were reviewed within the scope of the General Conditions for Bureau Veritas Marine Section, and have been assigned for use on Bureau Veritas classed vessels subject to following:-

- Plan Approval: Prior to work being started, all necessary details on the shaft and
- Survey Station: A BV Surveyor to be in attendance during the entire process of the repair.
- Minimum Thickness of Welding: 5.0mm
- Final Machining: The entire shaft area to be machined. Transverse from the weld deposit to shaft end to be tapered with sufficient radius and surface checked by NDT surveyor's satisfaction.

It is witness whereof this attestation has been issued for the ends and purposes to which it was designed.

Made out at Singapore on 18th November 2001.

T. Y. CHEN
Surveyor

Lloyd's Register

Mencast Marine Pte Ltd
No. 7 Tuas Circuit
Singapore 07042

12 January 2004

Dear Sir:

LLLOYD'S APPROVAL - MENCASAT MARINE PTE LTD

- Reference is made to your letter dated 28 November 2003.
- In view of the satisfactory nature, the above works has been approved for the manufacture of propellers in grade CA 1 up to 2.8 tonnes and general castings up to 12 tonnes, subject to compliance with the rules. The firm's name has been entered accordingly in the Lloyd's Register of Approved Manufacturers.
- There has been received several Certificates of approval for your information and records. Also enclosed are copies of the firm's scope of approval for your records. A summary of these will appear in the next publication and you should therefore ensure that they are accurate.
- It should be noted that if at some future date you wish to increase the size or alter the grade of the supply condition outside the scope of approval, procedure tests, in accordance with the appropriate Materials and Qualification Procedure will be required to be carried out.
- Our fees for the inspection for the above works and issuance of the Certificate has been forwarded to you under separate cover.
- The List are now on the Internet at www.classnk.or.jp under Approval Lists. This approval information will be available within the next 30 days.

Yours faithfully,
C I Chan
Senior Surveyor
Lloyd's Register Asia - Singapore

American Bureau of Shipping

CERTIFICATE NO. 01-ABSP-22

PURE OF ISSUE
ABS BOSTON
EFFECTIVE DATE
23 OCTOBER 2001

Certificate of Conformance

THIS IS TO CERTIFY THAT MENCASAT MARINE PTE. LTD., SINGAPORE HAS QUALIFIED FOR STAINLESS STEEL CLAD WELDING OF SHAFTS IN ACCORDANCE WITH THE AMERICAN BUREAU OF SHIPPING

"GUIDE FOR REPAIR AND CLADDING OF SHAFTS 1998"

PROCESS: SUBMERGED ARC WELDING

SHAFT MATERIAL: CARBON STEEL - ABS GRADE 2

FILLER METAL: FIRST LAYER ER308L
SUBSEQUENT LAYERS ER7018

FLUX: ESAB OK 16.91

PROCEDURE: WPS NO. MC-A, DATED 26 JUNE 1996

ABS REPORT: 019211189

THIS CERTIFICATE IS VALID FOR FIVE YEARS FROM THE EFFECTIVE DATE.

W. H. HANZALEK
WILLIAM HANZALEK
MMP CHIEF ENGINEER

MENCAST HOLDINGS LTD.

No. 7, Tuas View Circuit, Singapore 637642

Tel: (65) 6268 4155

Fax: (65) 6264 4156

www.mencast.com.sg

