



Securities Investors Association (Singapore)

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Issuer: Mencast Holdings Ltd.

Security: Mencast Holdings Ltd.

Meeting details:

Date: 25 April 2019

Time: 10.30 a.m.

Venue: 42B Penjuru Road, Level 2 Auditorium, Singapore 609163

Company Description

Mencast Holdings Ltd. is a regional maintenance, repair and overhaul (MRO) solutions provider for the global Offshore and Marine industries. The Company operates in three segments: Offshore & Engineering, Marine and Energy Services. Its Offshore & Engineering segment includes inspection, maintenance and fabrication of offshore structures, as well as engineering and other services related to onshore structures, which include construction and infrastructure, oil and gas, energy, utilities, water treatment and reclamation sectors in the region. Its Marine segment includes sterngear manufacturing and refurbishment, ship inspection, repair and maintenance services, engineering and fabrication, and marine project management works. Its Energy Services segment includes custom-designed environmental and energy solutions with the use of technology and mobile decontaminating plants. Its services include semi-robotic oil tank de-sludging, air-fin cooler cleaning and heat exchange re-tubing.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5NF)

1. On 1 February 2019, the company provided shareholders with an update on the Debt restructuring agreement which included a suspension of the contractual principal sums until the end of the restructuring period, a reduction of debt by \$130 million during the restructuring period through the sale of properties and other assets, and the conversion of the working capital facilities into a term loan. There will be a final bullet payment in the 24th month after the restructuring period.

On 1 April 2019, the company announced that it had obtained an extension to 30 September 2019 for its deleveraging, subject to the final approval of the bank's credit committee.

The group has announced the exercise of the option to purchase by a third-party purchaser for its property at 7 Tuas View Circuit for \$13.5 million.

- (i) Can the board/management help shareholders understand how it is targeting to reduce the debt by \$130 million?** This is a key term in the debt restructuring agreement.
- (ii) Will the debt restructuring affect the long term prospects of the group?**
- (iii) Can management help shareholders understand the major opportunities in the next 12-18 months?**
- (iv) Would the board consider providing shareholders with regular updates on its order book?**

2. As the company is trying to finalise its debt restructuring, it has also mentioned new business opportunities into the areas of (a) dredging and reclamation, (b) start-up incubator (with the group providing mentorship, facilities and networking opportunities for growth companies synergistic with the group) and (c) artificial Intelligence/machine learning to predict degradation and corrosion of complex assets over time (in a partnership with PhDsoft).

- (i) Who is driving these new businesses?**
- (ii) Is the group allocating sufficient management time and attention to focus on the core businesses during this challenging period?**
- (iii) Will the new businesses alter the risk profile of the group?**
- (iv) What is the total investment into these new businesses and how would the group be funding these new businesses?**

3. In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("2018 CG Code"). As a consequence of the revised 2018 CG Code, the Singapore Exchange has made amendments to its Listing Rules which came into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the

requirement for independent directors to comprise one-third of the board which come into effect on 1 January 2022.

Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders.

Mr. Sunny Wong Fook Choy and Mr. Ho Chew Thim, Raymond were both appointed to the board on 29 May 2008.

Accordingly, both directors have each served on the board for nearly 11 years.

At the annual general meeting scheduled to be held on 25 April 2019, Mr. Wong and Mr. Ho are retiring pursuant to Article 89 of the constitution of the company and would be seeking re-election.

- (i) Has the nominating committee reviewed the overall desired competency matrix of the board and identified any gaps in skills or competencies that could be addressed in future director appointments?**
- (ii) What is the search and nomination process for directors, especially independent directors?**
- (iii) Has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the board?**
- (iv) Please provide shareholders with an overview of the company's near term plans to refresh the membership of the board to comply with the new 2018 Code in good time.** It is observed that the other two independent directors were appointed in 2009 and 2013 and would be similarly affected when the new rules come into effect in 2022.

In addition, Mr Ho sits on six other listed companies, namely China Kunda Technology Holdings Limited, DeClout Limited, Hengyang Petrochemical Logistics Limited, Yongmao Holdings Limited, Manulife US Real Estate Management Pte Ltd and Procurri Corporation Limited.

- (i) Would Mr Ho help shareholders understand how he is able to devote sufficient time, energy and attention to the group's matters especially as this is a critical period for the group?**
- (ii) As Mr Ho sits on a total of seven listed companies, would Mr Ho be reviewing his commitments should he be re-elected as a director of the company?**