

## COMPACT METAL INDUSTRIES LTD

(Incorporated in Singapore)  
(Company Registration No. 197500009H)

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### PROPOSED INTERNAL RESTRUCTURING EXERCISE BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT (CHAPTER 50) FOR THE TRANSFER OF THE LISTING STATUS OF COMPACT METAL INDUSTRIES LTD TO INTERNATIONAL CEMENT GROUP PTE. LTD. (TO BE CONVERTED INTO A PUBLIC LIMITED COMPANY)

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#### 1. INTRODUCTION

- 1.1 The Board of Directors (**Board**) of Compact Metal Industries Ltd (**Company**) refers to its announcement on 16 November 2015 regarding its entry into a scheme implementation agreement dated 16 November 2015 (**2015 Agreement**) with International Cement Group Pte. Ltd. (**NewCo**) in connection with a proposed internal restructuring exercise to transfer the Company's listing status on the Mainboard of Singapore Exchange Securities Trading Limited (**SGX-ST**) to NewCo.
- 1.2 After the entry into the 2015 Agreement, the Company submitted draft scheme documents and an application for the listing of additional securities to SGX-ST for its approval. The Company also obtained a declaration from the Monetary Authority of Singapore (**MAS**) dispensing with the prospectus requirements in connection with the issue of new shares of NewCo as contemplated under the 2015 Agreement. The declaration from MAS, valid for 6 months, had lapsed. Thereafter, the proposed internal restructuring exercise contemplated under the 2015 Agreement was held in abeyance.
- 1.3 As announced on 27 November 2017, the Company had successfully completed its acquisition of a 65% equity interest in a cement plant in Tajikistan through the purchase of all the outstanding issued shares constituting the entire share capital of HYD Tajikistan Investment Pte. Ltd.
- 1.4 As announced on 2 March 2018, the Company has recorded a consolidated pre-tax profit of S\$3,991,000 for the full year ended 31 December 2017, based on the full year consolidated unaudited financial statements of the Company and its subsidiaries (the **Compact Group**). It is noted that the average daily market capitalisation of the Company over the last 6 months is in excess of S\$40 million. Therefore, the Company expects that it would be able to satisfy the criteria under Rule 1314(1) to exit from the watch-list under the financial entry criteria (**FEC Watch-List**). Accordingly, the Company has submitted an application to SGX-ST for its removal from the FEC Watch-List.
- 1.5 In light of the above and the Company's successful diversification into the cement business, the Company wishes to resume the proposed internal restructuring exercise mentioned above to transfer its listing status to NewCo. For this purpose, the Company and NewCo have terminated the 2015 Agreement pursuant to a termination agreement dated 16 March 2018 and they have also entered into a new agreement dated 16 March 2018 for a proposed internal restructuring exercise pursuant to a scheme of arrangement under section 210 of the Companies Act (**Implementation Agreement**).
- 1.6 Under the Implementation Agreement, the proposed internal restructuring exercise (**Proposed Restructuring**) is as follows:
  - (a) by way of a scheme of arrangement:
    - (i) all the ordinary shares (each a **Share**) in the capital of the Company held by the Shareholders of the Company as at the Books Closure Date (as defined

below) will be transferred to International Cement Holdings Pte. Ltd. (**NewCo 2**), a wholly-owned subsidiary of NewCo; and

- (ii) each Shareholder will be entitled to receive one (1) new ordinary share in the capital of NewCo (each a **NewCo Share**) for each Share that he has transferred to NewCo 2,

further details are more particularly set out in paragraph 3 below (**Scheme**). In this announcement, **Shareholders** shall mean persons who are registered as holders of Shares in the register of members of the Company or who have shares entered against their names in the register maintained by The Central Depository (Pte) Limited (**CDP**) in respect of the Shares; and

- (b) on completion of the Scheme:

- (i) the Shareholders will cease to hold any Shares and instead they will become shareholders of NewCo, the number of NewCo Shares to be held by them will be the same as the number of Shares previously held them on the Books Closure Date. The Company will become an indirect wholly-owned subsidiary of NewCo through NewCo2; and
- (ii) the Company will cease its existing status as a listed vehicle and the Company's current listing status on the Mainboard of the SGX-ST will be transferred to NewCo.

## 2. INFORMATION ON THE COMPANY, NEWCO AND NEWCO 2

- 2.1 **The Company.** The Company is a public company limited by shares, whose shares are listed on SGX-ST. As at the date of this announcement (**Announcement Date**), the Company has a total of 5,663,816,419 Shares in issue. For many years, the Company has been in the business of manufacturing and marketing of aluminium extrusions. The Company has successfully diversified into the cement business.
- 2.2 **NewCo.** NewCo was incorporated in Singapore on 5 November 2015 as a private limited company. NewCo was established for the proposed internal restructuring exercise contemplated under the 2015 Agreement and it is an investment holding company and it does not have any business operation since its incorporation.
- 2.3 As at the date its incorporation, the issued and paid-up share capital of NewCo is S\$1.00 comprising two (2) NewCo Shares held by Mr Ma Zhaoyang (**Mr Ma**) and Mr Zhang Zengtao (**Mr Zhang**) as the subscriber shareholders. Mr Ma and Mr Zhang, who are also executive directors and substantial shareholders of the Company, are the first two (2) directors of NewCo.
- 2.4 As at the Announcement Date, the issued and paid-up share capital of NewCo is still \$1.00 comprising of two (2) NewCo Shares which are held by Mr Zhang. Mr Ma has transferred his one (1) NewCo Share to Mr Zhang.
- 2.5 For the purpose of the Scheme, NewCo shall be converted into a public company limited by shares and to be renamed as "International Cement Group Ltd" or such other name as agreed by the Company and NewCo.
- 2.6 Subject to the completion of Scheme, the number of NewCo Shares will be increased by the number of new NewCo Shares to be issued pursuant to the Scheme.
- 2.7 **NewCo 2.** NewCo 2 was incorporated in Singapore on 5 November 2015 as a private limited company. It is a wholly-owned subsidiary of NewCo. NewCo 2 was also established for the proposed internal restructuring exercise contemplated under the 2015 Agreement and it is also an investment holding company and it does not have any business operation since its incorporation.

2.8 As at the Announcement Date, the issued and paid-up share capital of NewCo 2 is S\$1.00, comprising one (1) ordinary share held by NewCo. Mr Ma and Mr Zhang are also the first two (2) directors of NewCo 2.

2.9 On completion of the Scheme, NewCo 2 will be the immediate holding company of the Company and the Company will become an indirect wholly-owned operating subsidiary of NewCo (through NewCo 2).

### 3. THE SCHEME

3.1 The Scheme will involve, *inter alia*, the following:

- (a) a transfer to NewCo 2 of all the Shares held by the Shareholders as at a time and date to be determined by the Company on which the transfer books and register of members of the Company will be closed in order to determine the entitlements of Shareholders in relation to the Scheme (**Books Closure Date**); and
- (b) in consideration for the transfer of the Shares to NewCo 2, NewCo will allot and issue to the Shareholders such number of new NewCo Shares on the basis of one (1) NewCo Share for every one (1) Share held by each Shareholder on the Books Closure Date.

3.2 Under the Scheme, the Shareholders will transfer the Shares to NewCo 2 (a) fully paid; (b) free from encumbrances; and (c) together with all rights, benefits and entitlements attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Announcement Date, save for any dividends that may be paid by the Company prior to the Books Closure Date.

3.3 The NewCo Shares to be allotted and issued to the Shareholders pursuant to the Scheme shall be (a) credited as fully paid; (b) free from encumbrances; (c) rank *pari passu* in all respects with one another as well as with the two (2) existing issued NewCo Shares held by Mr Zhang; and (d) have the same rights, benefits and entitlements attaching thereto as the two (2) existing issued NewCo Shares held by Mr Zhang.

3.4 The Scheme is subject to, *inter alia*, the approval of a majority in number of the Shareholders holding not less than three-fourths in value of the Shares who are present and voting (either in person or by proxy) (**Requisite Majority**) at a meeting of Shareholders (and any adjournment thereof) (**Scheme Meeting**) to be convened pursuant to an order of the High Court of the Republic of Singapore (**Court**).

3.5 The Scheme shall be binding on the Company, the Shareholders and NewCo upon the approval from the Requisite Majority being obtained and upon the Court approving the Scheme thereafter. However, the Scheme shall only be effective upon a copy of the order of Court sanctioning the Scheme (**Scheme Court Order**) being duly lodged with the Accounting and Corporate Regulatory Authority of Singapore (**ACRA**) for registration (**Effective Date**).

As Victory Gate Ventures Limited, Mr Zhang, Mr Ma, Mr Douglas Ong Pang Chye and Mr Chng Beng Hua have severally undertaken upon the terms of their respective undertakings that each of them shall not, *inter alia*, directly or indirectly transfer their shares in the Company (**Moratorium Undertakings**) before 27 May 2018, the Company and NewCo have agreed to obtain the Court's approval for the Scheme no earlier than 27 May 2018.

3.6 The consideration for the transfer of all the Shares to NewCo 2 pursuant to the Scheme shall be the amount equivalent to the total number of such Shares multiplied by the weighted average price per Share quoted by SGX-ST for three consecutive market days ending on the last day for trading of Shares on SGX-ST immediately preceding completion of the Proposed Restructuring (**Completion**) (or such other amount as agreed by the Company and NewCo in consultation with the Company's financial, tax and other professional advisers) less S\$1.00 (such amount being the issued and paid-up capital of NewCo).

- 3.7 Further information on the Proposed Restructuring and the terms and conditions upon which the Scheme will be implemented will be set out in the document to be despatched by the Company to the Shareholders (**Scheme Document**) in due course.

#### 4. ZHANG'S WAIVER

As Mr Zhang holds the existing two (2) NewCo Shares and has a direct interest in the Shares as at the Announcement Date, Mr Zhang has given an undertaking to the Company and NewCo to waive his right to receive two (2) new NewCo Shares out of the total number of new NewCo Shares to be issued to him or for his direct account pursuant to the Scheme (**Zhang's Waiver**). In this regard, based on Mr Zhang's direct interest in 217,500,000 Shares as at the Announcement Date and assuming that his direct interest in such Shares shall remain the same as at the Books Closure Date, 217,499,998 NewCo Shares will be issued pursuant to the Scheme to Mr Zhang or for his direct account.

#### 5. TRANSFER OF LISTING STATUS

- 5.1 Upon Completion, the Company will become an indirect wholly-owned subsidiary of NewCo (through NewCo 2 acting as the immediate holding company of the Company). NewCo Shares will be listed and traded on SGX-ST and the Company will relinquish its status as a listed company on the Mainboard of SGX-ST and NewCo will be the new listed vehicle on SGX-ST in place of the Company.
- 5.2 The directors of the Company who are not directors of NewCo will be appointed as directors of NewCo on or prior to the Effective Date and prior to NewCo becoming the new listed vehicle on SGX-ST in place of the Company.

#### 6. PROPOSED RESTRUCTURING

- 6.1 The Proposed Restructuring is an internal restructuring exercise undertaken to facilitate a migration of the shareholding interests of the Shareholders from an interest in the capital of the Company to shareholding interests in the capital of NewCo.
- 6.2 As the principal asset of NewCo immediately after Completion will be the Shares, which are held through its wholly-owned subsidiary, NewCo 2, the financial position of NewCo and its subsidiaries (**NewCo Group**) immediately after Completion will not be substantially different from that of the Compact Group immediately prior to the Completion.
- 6.3 In particular, the Proposed Restructuring does not involve the write-off of any debt of the Company existing immediately prior to Completion and the aggregate assets and liabilities of the NewCo Group immediately after Completion will be substantially the same as that of the Compact Group immediately prior to Completion. In addition, there will be no changes to the accounting treatment or policies of NewCo Group in connection with the Proposed Restructuring. It is also confirmed that, as at the Announcement Date, none of the companies in the Compact Group are the subject of any winding-up order or involved in any criminal legal proceedings or civil legal proceedings that may have a material adverse effect on the financial position of the Compact Group taken as a whole.
- 6.4 Upon Completion, there will be no substantive change to the corporate structure or business of the NewCo Group as compared to that of the Compact Group immediately prior to Completion as it is intended that the Company's listing will be transferred to NewCo and the NewCo Group will continue to own and operate the existing businesses carried on by the Compact Group immediately prior to Completion.
- 6.5 The Proposed Restructuring will not cause or result in any substantive change in the shareholding composition or shareholding interests of the Shareholders or any change in control of the Company, as the number of shareholders and shareholding composition of NewCo immediately after Completion will be the same as that of the Company immediately prior to Completion.

- 6.6 Subject to the Scheme becoming effective and upon Completion, all profit or loss attributable to the Company with effect from the Effective Date shall accrue to the NewCo Group, including for the avoidance of doubt, all expenses incurred by the Company and NewCo in connection with the Proposed Restructuring.

## 7. RATIONALE FOR AND BENEFITS OF THE PROPOSED RESTRUCTURING

- 7.1 The rationale for the Proposed Restructuring is, *inter alia*, as follows:
- (a) to carry on and segregate the different businesses of the Compact Group into different operating subsidiaries;
  - (b) to achieve ease and flexibility for the NewCo Group to acquire new businesses, as well as expand and/or divest existing business segments as and when opportunities arise; and
  - (c) to ring-fence the listed entity from the NewCo Group's operating entities and direct operating risks (including any possible claims and litigation arising in connection with the NewCo Group's operations and business).
- 7.2 Further, the new corporate structure would provide the NewCo Group with greater flexibility in positioning itself to explore other possible investment opportunities, new businesses and business partnerships should they arise through the appropriate operating subsidiary.
- 7.3 The proposed introduction of NewCo 2 as an intermediate holding company will provide the NewCo Group opportunities for future expansion, divestments or re-organisation of its business segments. It would also provide additional flexibility where strategic partners could invest in the operating businesses of the NewCo Group through an investment in NewCo 2. Furthermore, a strategic partner would also enjoy the flexibility to acquire the operating businesses through acquiring NewCo 2 and without having to acquire a listed vehicle, NewCo.

## 8. CONDITIONS PRECEDENT OF THE SCHEME

- 8.1 The Scheme will be subject to the fulfilment of, *inter alia*, the following conditions precedent:
- (a) **Regulatory Approvals.** Prior to the first application to the Court for an order to convene the Scheme Meeting, the following Regulatory Approvals having been obtained and such Regulatory Approvals not having been withdrawn or revoked on or before 5.00 p.m. on a business day immediately preceding the Effective Date (**Record Date**)
    - (i) declaration from the MAS that pursuant to Section 273(5) of the SFA, Subdivisions (2) and (3) of Division 1 of Part XIII of the SFA (other than Section 257 of the SFA) do not apply to the offer of new NewCo Shares made pursuant to the Scheme, for a period of six (6) months from the date of the declaration and subject to any conditions as may be imposed by MAS;
    - (ii) confirmation from SGX-ST that save for Part I and Part II of Chapter 2, Chapter 2 and Rule 1309 of the Listing Manual will not be applicable to the Proposed Restructuring; and
    - (iii) the approval-in-principle from SGX-ST for (A) the Scheme Document; and (B) the listing and quotation for all the NewCo Shares;
  - (b) **Authorisations.** In addition to the approvals mentioned in sub-paragraph (a) above:
    - (i) in relation to NewCo, all authorisations, consents, clearances, permissions and approvals as are necessary or required (for or in respect of the Proposed

Restructuring) by NewCo under any and all laws from all Governmental Agencies (as defined in the Implementation Agreement); and

- (ii) in relation to the Company, all authorisations, consents, clearances, permissions and approvals as are necessary or required (for or in respect of the Proposed Restructuring) by the Company under any and all laws from all Governmental Agencies or third parties

(collectively, the **Authorisations**) having been obtained prior to the Record Date, and not having been withdrawn or revoked (if applicable) on or before the Record Date and if any of such Authorisations is subject to any conditions or requires any actions or obligations to be taken or performed, all such actions having been duly taken or performed on or prior to the Record Date save where the failure to obtain any such Authorisation, the withdrawal or revocation of any such Authorisation, or the failure to meet any such condition or take any such action or perform any such obligation in relation to such Authorisation would not have a material effect on the NewCo, NewCo 2 or any member of the Compact Group;

- (c) **Conversion into Public Company.** Prior to the first application to the Court for an order to convene the Scheme Meeting, NewCo shall have been converted into a public company limited by shares and with a new Constitution in a form to be agreed between NewCo and the Company and which is in compliance with the Listing Manual;
- (d) **Shareholders' Approval.** The approval of the Scheme by the Shareholders in compliance with the requirements of Section 210(3AB) of the Companies Act;
- (e) **Court Order.** The grant of the Scheme Court Order by the Court and such court order having become final;
- (f) **No Legal or Regulatory Restraint.** Between the date of the Implementation Agreement and up to the Record Date, no injunction or other order, legal or regulatory restraint, prohibition or condition preventing implementation of the Scheme (or the proposed transactions relating to the Scheme) having been issued by any Governmental Agency (as defined in the Implementation Agreement) or by any court of competent jurisdiction and remaining in effect as at the Record Date;
- (g) **No Prescribed Occurrence.** Between the date of the Implementation Agreement and up to the Record Date, no Prescribed Occurrence (as set out in Schedule 1 to this Announcement) having occurred other than as required or contemplated by the Implementation Agreement;
- (h) **No Termination.** The Implementation Agreement not having been duly terminated pursuant to the provisions thereunder on or prior to the Record Date;
- (i) **The Company's Warranties.** The Company's warranties (as provided under the Implementation Agreement) being true and correct, as of the date of the Implementation Agreement and as of the Record Date as though made on and as of that date unless otherwise provided in the Implementation Agreement and the Company having, as of the Record Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be performed by or complied with by the Company, on or prior to the Record Date;
- (j) **NewCo's Warranties.** NewCo's warranties (as provided under the Implementation Agreement) being true and correct, as of the date of the Implementation Agreement and as of the Record Date as though made on and as of that date unless otherwise provided in the Implementation Agreement and NewCo having, as of the Record Date, performed and complied in all material respects with all covenants and agreements contained in the Implementation Agreement which are required to be

performed by or complied with by NewCo, on or prior to the Record Date;

- (k) **Voting Undertaking.** Victory Gate Ventures Limited delivering to NewCo the duly executed Voting Undertaking;
- (l) **Zhang's Waiver.** Mr Zhang Zengtao delivering to NewCo the duly executed undertaking to the Company and NewCo to waive his right to receive two (2) new NewCo Shares out of the total number of new NewCo Shares to be issued to him pursuant to the Scheme;
- (m) **Exit from watch-list under the financial entry criteria.** The Company having satisfied the financial exit criteria stipulated in Rule 1314 of the Listing Manual for its removal from the watch list under the financial entry criteria; and
- (n) **ACRA Lodgement.** The lodgement and registration of the Scheme Court Order with ACRA pursuant to Section 210(5) of the Companies Act.

The Scheme will only become effective upon the lodgement and registration of a copy of the Scheme Court Order with ACRA pursuant to Section 210(5) of the Companies Act. The Company shall not lodge a copy of the Scheme Court Order with ACRA unless all the conditions precedent listed in paragraph 8.1 (a) to (m) above have been satisfied or waived (as the case may be) in accordance with the Implementation Agreement.

## 9. TERMINATION

9.1 The Implementation Agreement may be terminated at any time on or prior to the Record Date as follows:

- (a) immediately with notice by either NewCo or the Company, if any court of competent jurisdiction or Governmental Agency has issued an order, decree or ruling or taken any other action permanently enjoining, restraining or otherwise prohibiting or preventing the consummation of the Scheme, the Proposed Restructuring or the implantation of the Scheme (or the proposed transactions relating to the Scheme), and such order, decree, ruling, other action or refusal shall have become final and non-appealable;
- (b) by either:
  - (i) NewCo, if the Company is in material breach of any provision of the Implementation Agreement and has failed to cure such breach within 14 days' notice of such breach, on or prior to the Record Date; or
  - (ii) the Company, if NewCo is in material breach of any provision of the Implementation Agreement and has failed to cure such breach within 14 days' notice of such breach, on or prior to the Record Date,

in each case provided that either NewCo or the Company (as the case may be) has given written notice to the other party of its intention to terminate the Implementation Agreement, in which case, the Implementation Agreement shall be terminated on the date falling five (5) Business Days (as defined in the Implementation Agreement) after the date of such notice of termination; and

- (c) immediately with notice by either NewCo or the Company, if the resolutions submitted to the Scheme Meeting are not approved (without amendment) by the requisite majorities of the Shareholders.

9.2 Notwithstanding anything contained in the Implementation Agreement, any Party may immediately terminate the Implementation Agreement (save for certain specified provisions) by notice in writing to the other Party if any of the conditions precedent set out in the

Implementation Agreement has not been satisfied (or, where applicable, has not been waived) by 31 December 2018 or such other date as the Company and NewCo may agree.

## 10. FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

10.1 For illustrative purposes only, the financial effects of the Proposed Restructuring set out below have been prepared based on the unaudited financial statements of the Compact Group for the financial year ended 31 December 2017. The financial effects have been prepared on the following assumptions:

- (a) estimated expenses of S\$250,000 to be incurred in relation to the Proposed Restructuring;
- (b) the share capital of NewCo upon Completion is assumed to be based on the existing paid-up share capital of the Company as at 31 December 2017;
- (c) the Scheme has been completed on 31 December 2017 for the purposes of computing the effect on the pro forma net asset value (**NAV**) per share of the Compact Group and the NewCo Group based on the unaudited consolidated financial statements of the Compact Group for the financial year ended 31 December 2017;
- (d) the Scheme has been completed on 1 January 2018 for the purposes of computing the effect on the pro forma earnings per share (**EPS**) for the Compact Group and the NewCo Group based on the unaudited consolidated financial statements of the Compact Group for the financial year ended 31 December 2017; and
- (e) the exchange ratio of one (1) new NewCo Share for one (1) Share, but having regard to Zhang's Waiver.

### 10.2 Share capital

The effect of the Scheme on the issued share capital of the Company and NewCo are as follows:

Based on the unaudited consolidated financial statements of the Company for FY2017		Upon completion of Scheme			
Company		Company		NewCo	
Number of Shares ('000)	Share Capital (S\$'000)	Number of Shares ('000)	Share Capital (S\$'000)	Number of NewCo Shares ('000)	Share Capital (S\$'000)
5,663,816	323,133	5,663,816	323,133	5,663,816	323,133

### 10.3 EPS

The effect of the Scheme on the EPS of the Compact Group and the NewCo Group are as follows:

	Before completion of Scheme	Upon completion of Scheme	
	Current Group	Current Group	NewCo Group



<b>Profit attributable to shareholders for FY2017 (S\$'000)</b>	1,704	1,454	1,454
<b>Weighted average number of shares</b>	1,595,323	1,595,323	1,595,323
<b>Basic EPS (Singapore cents)</b>	0.11	0.09	0.09

**Note:**

- (\*) The decrease in the basic EPS upon completion of the Scheme is due to the estimated expenses of S\$250,000 to be incurred in relation to the Proposed Restructuring and the Scheme.

#### 10.4 NAV

The effect of the Scheme on the NAV of the Compact Group and the NewCo Group are as follows:

	<b>Before completion of Scheme</b>	<b>Upon completion of Scheme</b>	
	<b>Current Group</b>	<b>Current Group</b>	<b>NewCo Group</b>
<b>Net assets as at 31 December 2017 (S\$'000)</b>	243,833	243,583	243,583
<b>NAV per share (Singapore cents)</b>	4.31	4.30	4.30

**Note:**

- (\*) The decrease in the NAV upon completion of the Scheme is due to the estimated expenses of S\$250,000 to be incurred in relation to the Proposed Restructuring and the Scheme.

### 11. SCHEME DOCUMENT

- 11.1 Full details of the Scheme (including the recommendation of the Directors) and notice of the Scheme Meeting to approve the Scheme will be contained in the Scheme Document to be despatched to the Shareholders in due course. In the meantime, Shareholders are advised to exercise caution when trading in their shares, pending receipt of the Scheme Document.
- 11.2 Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

### 12. DISCLOSURE OF INTERESTS

#### 12.1 Interests of the Directors in Shares

As at the Announcement Date, based on the information recorded in the Register of Directors' Shareholdings of the Company, the interests of the Directors in Shares are as follows:

	Direct Interest		Deemed Interest	
Directors	Number of Shares	%	Number of Shares	%
Ma Zhaoyang	-	-	4,617,500,000	81.5 <sup>(1)(2)</sup>
Zhang Zengtao	217,500,000	3.8	4,500,000,000	79.5 <sup>(2)</sup>
Chng Beng Hua	12,000,000	0.2	5,000,000	0.1 <sup>(3)</sup>
Kan Ah Chye @ Kan Poh Thong	-	-	-	-
Lisa Sam Hui Min	-	-	-	-
Sin Ee Wuen	-	-	-	-

**Notes:**

- (1) Mr Ma Zhaoyang's interest in 117,500,000 Shares are held under the name of nominees – Citibank Nominees Singapore Pte Ltd
- (2) Mr Ma Zhaoyang and Mr Zhang Zengtao are deemed to be interested in 4,500,000,000 Shares held by Victory Gate Ventures Limited.
- (3) Mr Chng Beng Hua's is deemed to have an interest in the 4,000,000 Shares held by his spouse and 1,000,000 Shares held by Central Provident Fund Board for his account.

## 12.2 Interests of Substantial Shareholders in Shares

As at the Announcement Date, based on the information recorded in the Register of Substantial Shareholders of the Company, the interests of shareholders holding 5% or more of the shares in the Company (**Substantial Shareholders**) in the Shares are as follows:

	Direct Interest		Deemed Interest	
Name of Substantial Shareholder	Number of Shares	%	Number of Shares	%
Victory Gate Ventures Limited	4,500,000,000	79.5	-	-
Ma Zhaoyang	-	-	4,617,500,000	81.5 <sup>(1)(2)</sup>
Zhang Zengtao	217,500,000	3.8	4,500,000,000	79.5 <sup>(2)</sup>

**Notes:**

- (1) Mr Ma Zhaoyang's interest in 117,500,000 Shares are held under the name of nominees – Citibank Nominees Singapore Pte Ltd
- (2) Mr Ma Zhaoyang and Mr Zhang Zengtao are deemed to be interested in 4,500,000,000 Shares held by Victory Gate Ventures Limited.

12.3 **Holdings of NewCo Shares by the Company.** As at the Announcement Date, the Company does not own or control any NewCo Shares nor has the Company agreed to acquire any NewCo Shares.

12.4 Save as disclosed in this announcement, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Restructuring and the Scheme.

### 13. OVERSEAS SHAREHOLDERS

13.1 This announcement does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law.

13.2 The applicability of the Scheme to persons not resident in Singapore may be affected by the laws of the relevant overseas jurisdiction. Accordingly, Shareholders who are not resident in Singapore (**Overseas Shareholders**) should inform themselves about and observe any applicable legal requirements. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

### 14. VOTING UNDERTAKING

As at the Announcement Date, Victory Gate Ventures Limited is a controlling shareholder of the Company with interest in 4,500,000,000 Shares. Victory Gate Ventures Limited has given an undertaking to the Company to exercise or procure the exercise of all the voting rights attributable to the Shares held by it to approve the Scheme and any other matters necessary or ancillary to the implementation of the Scheme (**Voting Undertaking**).

### 15. DOCUMENTS FOR INSPECTION

Copies of the Implementation Agreement, Zhang's Waiver and the Voting Undertaking will be made available for inspection during normal business hours at the registered offices of both the Company and NewCo for a period of three (3) months from the date of the Implementation Agreement or up until the date the Scheme becomes effective, whichever is the later.

### BY ORDER OF THE BOARD

Zhang Zengtao  
Executive Director and Managing Director

16 March 2018

## SCHEDULE 1

### PRESCRIBED OCCURENCES

The Prescribed Occurrences set out in the Implementation Agreement are reproduced below:

"For the purpose of this Agreement, **Prescribed Occurrence**, in relation to NewCo, NewCo 2 or any Compact Group Company, as the case may be, means any of the following:

- (1) **Conversion of Shares:** The Company converting all or any of its shares into a larger or smaller number of shares;
- (2) **Share Buy-back:** The Company entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Companies Act;
- (3) **Alteration of Share Capital:** The Company resolving to alter its share capital in any way;
- (4) **Dividends and other Distributions:** The Company declaring, making or paying any dividends or any other form of distribution to its shareholders without the prior written approval of NewCo;
- (5) **Injunction:** an injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Proposed Restructuring or any part thereof by NewCo or the Company;
- (6) **Resolution for Winding Up:** NewCo, NewCo 2 or any Compact Group Company resolving that it be wound up;
- (7) **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager and/or provisional judicial manager of NewCo, NewCo 2 or any Compact Group Company;
- (8) **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of NewCo, NewCo 2 or any Compact Group Company;
- (9) **Composition:** NewCo, NewCo 2 or any Compact Group Company entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
- (10) **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of NewCo, NewCo 2 or any Compact Group Company; or
- (11) **Insolvency:** NewCo, NewCo 2 or any Compact Group Company becoming or being deemed by law or a court to be insolvent, or stops or suspends or defaults on, or threatens to stop or suspend or default on, payment of its debts."