

COMPACT METAL INDUSTRIES LTD.

(the **Company**)

(Company Registration No.: 197500009H)

(Incorporated in the Republic of Singapore)

PROPOSED ACQUISITION OF A 65% EQUITY INTEREST IN A JOINT VENTURE COMPANY ESTABLISHED IN TAJIKISTAN THAT WHOLLY OWNS A NEWLY-CONSTRUCTED CEMENT PLANT

RECEIPT OF THE WHITEWASH WAIVER FROM THE SECURITIES INDUSTRY COUNCIL (SIC)

1. INTRODUCTION

The board of directors of the Company (**Board**) refers to its announcement of 27 April 2017 (the **27 April Announcement**) in relation to the Company's Proposed Acquisition from Victory Gate Ventures Limited (the **Vendor**) of the entire issued and paid up share capital of HYD Tajikistan Pte Ltd (the **Sale Company**). All capitalised terms used in this announcement shall, unless otherwise defined, have the same meanings ascribed to them in the 27 April Announcement.

2. RECEIPT OF THE WHITEWASH WAIVER

Further to the 27 April Announcement, the Board wishes to announce that the SIC has granted the Whitewash Waiver in respect of the obligation of the Vendor to make a mandatory general offer under Rule 14.1 of the Code as a result of the issue of the Consideration Shares to the Vendor under the Proposed Acquisition, subject to the following conditions:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the issue of the Consideration Shares, approve by way of a poll, a resolution (the **Whitewash Resolution**) to waive their rights to receive a general offer from the Vendor;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Vendor, its concert parties and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Vendor and his concert parties did not acquire or are not to acquire any Company shares or instruments convertible into and options in respect of Company shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Company shares which have been disclosed in the circular):
 - (i) during the period between the date of the announcement of the Proposed Acquisition and the date shareholders' approval is obtained for the Whitewash Resolution; and
 - (ii) in the 6 months prior to the date of the announcement of the Proposed Acquisition, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Company in relation to the Proposed Acquisition;
- (e) the Company appoints an independent financial adviser to advise the independent shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in its circular to shareholders:
 - (i) details of the Proposed Acquisition;

- (ii) the possible dilution effect to existing holders of voting rights as a result of the Vendor acquiring the Consideration Shares;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Company shares held by the Vendor and its concert parties as at the latest practicable date;
 - (iv) the number and percentage of voting rights to be issued to the Vendor as a result of his acquisition of the Consideration Shares under the Proposed Acquisition;
 - (v) that shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Vendor at the highest price paid by the Vendor and its concert parties for shares in the Company in the past 6 months preceding the commencement of the offer. In this regard, specific and prominent reference should be made to this; and
 - (vi) the fact that the issue of the Consideration Shares to the Vendor under the Proposed Acquisition would result in the Vendor and its concert parties holding shares carrying over 49% of the voting rights of the Company and the fact that the Vendor and its concert parties would then be free to acquire further shares in the Company without incurring any obligation under Rule 14 to make a general offer. In this regard, specific and prominent reference should be made to these facts;
- (g) the circular by the Company to its shareholders states that the waiver granted by Council to the Vendor from the requirement to make a general offer under Rule 14 is subject to the conditions stated at paragraph 2(a) to (f) above;
 - (h) the Vendor obtains Council's approval in advance for those parts of the circular that refer to the Whitewash Resolution;
 - (i) to rely on the Whitewash Resolution, the acquisition by the Vendor of the Consideration Shares under the Proposed Acquisition must be completed within 3 months of the date of approval of the Whitewash Resolution.

3. CAUTION IN TRADING

A circular containing further details on, inter alia, the Proposed Acquisition and the Whitewash Resolution, together with a notice of extraordinary general meeting, will be despatched to Shareholders in due course.

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this Announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated in this Announcement.

Shareholders are advised to read this Announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD
COMPACT METAL INDUSTRIES LTD

Zhang Zengtao
Managing Director

30 June 2017