

COMPACT METAL INDUSTRIES LTD
(Incorporated in Singapore)
(Company Registration No. 197500009H)

**PROPOSED RESTRUCTURING OF COMPACT METAL INDUSTRIES LTD BY WAY OF A
SCHEME OF ARRANGEMENT UNDER SECTION 210 OF THE COMPANIES ACT (CHAPTER 50)
OF SINGAPORE**

1. INTRODUCTION

1.1 The board of directors (**Board**) of Compact Metal Industries Ltd (**Company** or **Compact**) wishes to announce that the Company intends to undertake an internal restructuring exercise (**Proposed Restructuring**) pursuant to which:

- (a) International Cement Group Pte. Ltd. (**NewCo**) will acquire from the shareholders of the Company (**Shareholders**) all the ordinary shares (each a **Share**) in the capital of the Company (**Acquisition**). For each Share acquired by NewCo, a Shareholder will be entitled to receive one (1) new ordinary share in the capital of NewCo (each a **NewCo Share**). The Acquisition will be carried out by way of a scheme of arrangement under Section 210 of the Companies Act (Chapter 50) of Singapore (**Companies Act**) to be proposed and implemented by the Company, details of which are set out in paragraph 3 below (**Scheme**);
- (b) on completion of the Acquisition, the Company will transfer its current listing status on the Mainboard of the Singapore Exchange Securities Trading Limited (**SGX-ST**) to NewCo and the Company will cease its function as a listed vehicle and become an indirect subsidiary of NewCo; and
- (c) for every one (1) existing warrant of the Company (each a **Warrant**) issued pursuant to the deed poll dated 18 October 2013 (**Deed Poll 2013**) that remains outstanding at a date determined by the Company in consultation with CDP, NewCo will offer to the holder one (1) new warrant of NewCo (each a **NewCo Warrant**) to subscribe for one (1) NewCo Share on substantially the same terms and conditions as the Deed Poll 2013 and shall allow the holders of the Warrants (**Warrant Holders**) to continue to enjoy the same position and benefits as they would have under the Deed Poll 2013 and in exchange for one (1) Warrant held by the Warrant Holder. More details are set out in paragraph 5 below.

1.2 The Company and NewCo have entered into an agreement dated 16 November 2015 to, *inter alia*, implement the Scheme (**Implementation Agreement**).

2. INFORMATION ON COMPACT, 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 (i) a total of 979,515,759 Shares and (ii) a total 347,659,701 outstanding Warrants, each with a right upon its exercise, to subscribe for one (1) new Share for S\$0.02. The Company has been in the business of manufacturing and marketing of aluminium extrusions. At a general meeting earlier this year, the Company obtained Shareholders' approval to diversify its business into the cement business. The cement business is to be carried on by the Company and its subsidiaries (**Compact Group**) through International Cement Investment Pte. Ltd., a direct wholly-owned subsidiary of the Company.

- 2.2 **NewCo.** NewCo was incorporated on 5 November 2015 as a private limited company in Singapore. It is an investment holding company with no business operations. It is intended that NewCo shall be converted into a public company limited by shares prior to the holding of the Scheme Meeting (as defined herein) and to be renamed as “International Cement Group Ltd” or such other name as agreed by the Company and NewCo.
- 2.3 As at the Announcement Date, the issued and paid-up share capital of NewCo is S\$1.00, comprising two (2) ordinary shares held by Mr Ma Zhaoyang and Mr Zhang Zengtao as the subscriber shareholders (**Subscriber Shareholders**), holding one (1) NewCo Share each. Subject to the completion of the Proposed Restructuring, the number of NewCo Shares will be increased by the number of new NewCo Shares issued pursuant to the Proposed Restructuring, details of which are set out in paragraph 3 below. The Subscriber Shareholders are executive directors and substantial shareholders of the Company. They also hold Warrants. As at the Announcement Date, Mr Ma Zhaoyang holds 117,500,000 Shares and Mr Zhang Zengtao holds 117,500,000 Shares, representing approximately 12% and 12% of the issued and paid-up share capital of the Company respectively.
- 2.4 The Subscriber Shareholders are also the only two (2) directors of NewCo as at the Announcement Date. The other existing directors of the Company will also be appointed as directors of NewCo on or prior to the date on which the Scheme, if approved, becomes effective in accordance with its terms (**Effective Date**).
- 2.5 **NewCo 2.** International Cement Holdings Pte. Ltd. (**NewCo 2**) was incorporated on 5 November 2015 as a private limited company in Singapore and is a wholly-owned subsidiary of NewCo and will be the immediate holding company of the Company on completion of the Proposed Restructuring. 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. The Subscriber Shareholders are also the first two (2) directors of NewCo 2.
- 2.6 Upon completion of the Proposed Restructuring, NewCo’s principal business activity will be that of investment holding. The Company will become an indirect wholly-owned operating subsidiary of NewCo (through NewCo 2) and continue to own and operate its existing aluminium businesses.

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 (**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 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 to NewCo 2 the Shares (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 duly authorised, validly issued, credited as fully paid, free from any encumbrances, and shall rank *pari passu* in all respects with one another as well as with the two (2) existing issued NewCo Shares held by the Subscriber Shareholders.
- 3.4 As the Subscriber Shareholders holding the existing two (2) NewCo Shares are also Shareholders, the Subscriber Shareholders have given undertakings to the Company and NewCo to waive each of their rights to receive one (1) new NewCo Share out of the total number of new NewCo Shares to be issued to the Subscriber Shareholders pursuant to the

Scheme (**Subscriber Shareholders Undertakings**). In this regard, based on the 117,500,000 Shares and 117,500,000 Shares held by Mr Ma Zhaoyang and Mr Zhang Zengtao respectively as at the Announcement Date and assuming that their shareholdings in the Company shall remain the same as at the Books Closure Date, 117,499,999 NewCo Shares and 117,499,999 NewCo Shares will be issued to Mr Ma Zhaoyang and Mr Zhang Zengtao respectively pursuant to the Scheme.

- 3.5 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) at a meeting of Shareholders to be convened pursuant to an order of the High Court of the Republic of Singapore (**Court**) and any adjournment thereof (**Scheme Meeting**). The Scheme is subject to the sanction of the Court. Thereafter, the lodgement of the order of Court sanctioning the Scheme with the Accounting and Corporate Regulatory Authority of Singapore (**ACRA**) is required for the Scheme to be effective. The Scheme will be binding on the Company and all Shareholders when it becomes effective.
- 3.6 The consideration for the Acquisition shall be S\$22.5 million being the net asset value of the Company based on its audited financial statements for the financial year ended 31 December 2014 (or such other amount as agreed by the Company and NewCo in consultation with the Company's auditors).
- 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. TRANSFER OF LISTING STATUS

Upon completion of the Scheme, 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 in lieu, NewCo Shares will be listed and traded on SGX-ST and NewCo will be the new listed vehicle on SGX-ST in place of the Company.

5. NEWCO WARRANTS PROPOSAL

- 5.1 As at 6 November 2015, there are 347,659,701 outstanding Warrants issued under the Deed Poll 2013. The Warrants will lapse and be void if not validly exercised by 10 November 2016.
- 5.2 The Scheme does not extend to the Warrants and NewCo is not acquiring any Warrants. However, under the Implementation Agreement, NewCo has agreed to the NewCo Warrants Proposal pursuant to which NewCo will make the following offer to holders of Warrants (**Warrant Holders**) with respect to their outstanding Warrants (**NewCo Warrants Proposal**):
- (a) NewCo shall exchange the Warrant Holder's holdings of outstanding Warrants for NewCo Warrants on the basis of one (1) NewCo Warrant for one (1) Warrant subject to the relevant Warrant remaining exercisable into a new Share;
 - (b) the Warrants to be exchanged shall be transferred to NewCo 2 and/or surrendered for cancellation by the Company, as determined by NewCo, and the Warrant Holder shall not exercise such Warrants into new Shares and shall not exercise any of its rights as a holder of such Warrants, in each case, from the date of its acceptance of the NewCo's offer to the date of expiry of such Warrants;
 - (c) each NewCo Warrant will be treated as rights to subscribe for one (1) NewCo Share and the terms and conditions of NewCo Warrants (including but not limited to the number of NewCo Shares under the NewCo Warrants, exercise price and the exercise period) will be on substantially the same terms and conditions as the Deed Poll 2013 and shall allow the holders of the NewCo Warrants to continue to enjoy the same position and benefits as they would have under the Deed Poll 2013 and in this

regard, the exercise period of the NewCo Warrants will lapse and be null and void if not exercised by 10 November 2016 (which is the expiry date of the Warrants);

- (d) unless otherwise agreed by the Company and NewCo, the offer shall be open for a period of not less than 14 days and shall close on the Warrants Exercise Cut-off Date (as defined below); and
- (e) subject to the rules of the Listing Manual and approval by SGX-ST, it is intended that the NewCo Warrants will be listed on SGX-ST although NewCo makes no assurance of the same.

5.3 The NewCo Warrants Proposal and NewCo's obligations thereunder are subject to and conditional upon, *inter alia*:

- (a) the Scheme being effective and binding in accordance with the Companies Act;
- (b) Shareholders approving the NewCo Warrants Proposal and the issue of NewCo Warrants and NewCo Shares pursuant thereto; and
- (c) a declaration from the Monetary Authority of Singapore (**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 NewCo Warrants to be made pursuant to the NewCo Warrants Proposal, for a period of six (6) months from the date of the declaration and subject to any conditions as may be imposed by MAS.

As at the date hereof, declaration referred to in paragraph 5.4(c) above has been obtained. Please refer to paragraph 9 below for further details.

5.4 The Scheme will extend to all new Shares issued pursuant to the valid exercise of the Warrants on or prior to a date to be determined prior to the Books Closure Date (**Warrants Exercise Cut-Off Date**) and such new Shares issued shall be subject to the Acquisition. However any new Share issued pursuant to the valid exercise of a Warrant after the Warrants Exercise Cut-Off Date shall not fall within the scope of the Scheme and shall not be subject to the Acquisition. The Warrant Holders will be informed of the Warrants Exercise Cut-Off Date, which shall be a day falling prior to the Books Closure Date and will be fixed by the Company in consultation with the CDP.

5.5 Upon the exercise of the NewCo Warrants issued pursuant to the NewCo Warrants Proposal, the NewCo Warrant Holders will become shareholders of NewCo holding the same number of NewCo Shares as the number of new Shares to be issued by the Company immediately prior thereof if the Warrants exchanged for the NewCo Warrants had been exercised and such NewCo Shares shall be issued at an exercise price which is the same as that for the new Shares if they have been issued, as provided under the terms of the Deed Poll 2013.

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 the completion of the Proposed Restructuring will be the Shares, which are held through its wholly-owned subsidiary, NewCo 2, the Proposed Restructuring will not cause or result in any substantive change in the financial position of NewCo and its subsidiaries (**NewCo Group**) compared to that of the Compact Group immediately prior to the completion of the Proposed Restructuring. In particular, the Proposed Restructuring does not involve the write-off of any debt of the Company and the aggregate assets and liabilities of the NewCo Group immediately after the completion of the Proposed Restructuring will be substantially the same as that of the Compact Group immediately prior to completion of the Proposed Restructuring. 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 involved in any civil or criminal legal proceedings or are subject of any winding-up order.

- 6.3 Upon completion of the Proposed Restructuring, 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 the completion of the Proposed Restructuring 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 of the Proposed Restructuring.
- 6.4 The Scheme and the Proposed Restructuring will not cause or result in any substantive change in the shareholding composition or shareholding interests of the Shareholders, as the number of shareholders and shareholding composition of NewCo immediately after the completion of the Proposed Restructuring will be the same as that of the Company immediately prior to completion of the Proposed Restructuring.
- 6.5 Subject to the Scheme being declared effective and completion of the Proposed Restructuring, 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 Scheme and 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 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) confirmation from the Securities Industries Council of Singapore (**SIC**) that the provisions of the Singapore Code on Take-overs and Mergers (**Code**) shall not apply to the Proposed Restructuring;
 - (ii) 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; and
 - (iii) 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
 - (iv) 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) **Shareholders' Approval.** The approval of the Scheme by the Shareholders in compliance with the requirements of Section 210(3) of the Companies Act;
 - (d) **Court Order.** The grant of the Scheme Court Order by the Court and such Court Order having become final;
 - (e) **ACRA Lodgement.** The lodgement and registration of the Scheme Court Order with ACRA pursuant to Section 210(5) of the Companies Act;
 - (f) **Conversion into Public Company.** The conversion of NewCo into a public company limited by shares and the adoption by NewCo of new memorandum and articles of association in a form to be agreed between NewCo and the Company;
 - (g) **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;

- (h) **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;
- (i) **No Termination.** The Implementation Agreement not having been terminated pursuant to Clause 9 of the Implementation Agreement;
- (j) **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;
- (k) **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; and
- (l) **Subscriber Shareholders Undertakings.** The Subscriber Shareholders delivering to NewCo the duly executed Subscriber Shareholders Undertakings.

As at the date hereof, the confirmations or declarations referred to in paragraphs 8.1(a)(i), (ii) and (iii) above have been obtained. Please refer to paragraph 9 below for further details.

- 8.2 The Scheme will only become effective if all the above-mentioned conditions precedent have been satisfied or waived (as the case may be) in accordance with the Implementation Agreement and a copy of the order of the Court has been lodged with ACRA.

9. REGULATORY APPROVALS

- 9.1 If the Scheme becomes effective in accordance with its terms, NewCo (through NewCo 2) will own the entire issued and paid-up share capital of the Company. Shortly thereafter, the Shares will be delisted and withdrawn from the SGX-ST as part of the Proposed Restructuring.
- 9.2 **SGX-ST.** The Company had applied to the SGX-ST and the SGX-ST had by way of a letter dated 20 July 2015, advised that Rule 1309 of the Listing Manual is not applicable to the Proposed Restructuring.
- 9.3 In the same letter dated 20 July 2015, SGX-ST had advised that Chapter 2 (with the exception of Part I and II) of the Listing Manual is not applicable to the Proposed Restructuring. The Company will be applying to SGX-ST for the listing of and quotation of NewCo Shares on SGX-ST, including the existing NewCo Shares and the new NewCo Shares to be allotted and issued pursuant to the Scheme and or upon the exercise of the NewCo Warrants. The Company will make the necessary announcement(s) upon approval from SGX-ST for the listing of and quotation for all the NewCo Shares. The Company will also be applying to the SGX-ST for the listing of and quotation on SGX-ST of the NewCo Warrants.
- 9.4 SGX-ST's advice set out in paragraphs 9.2 and 9.3 above (as stated in their letter dated 20 July 2015) are subject to the following confirmations by the Company made by way of an SGXNet announcement:

- (a) there will be no changes to the accounting treatment or policies of NewCo Group in connection with the Proposed Restructuring;
 - (b) none of the companies in the Compact Group are involved in any civil or criminal legal proceedings or are subject to any winding up order;
 - (c) the Proposed Restructuring will not cause or result in any substantive change in the financial position of NewCo Group compared to the Compact Group; and
 - (d) the Proposed Restructuring does not involve the write-off of any debt of the Compact Group and the aggregate assets and liabilities of NewCo Group will be substantially the same as that of the Compact Group.
- 9.5 **SIC.** SIC had on 30 July 2015 orally informed that the provisions of the Code shall not apply to the Proposed Restructuring.
- 9.6 **MAS.** On 21 October 2015, MAS had declared, pursuant to Section 273(5) of the SFA, that Subdivisions (2) and (3) of Division 1 of Part XIII of the SFA (other than Section 257 of the SFA) shall not apply to the offer of new NewCo Shares under the Scheme and the offer of NewCo Warrants pursuant NewCo Warrants Proposal for a period of six (6) months from 21 October 2015. The declaration is subject to the conditions that:
- (a) the shareholders of and the composition of their shareholdings in NewCo immediately after the completion of the Proposed Restructuring must be the same as that of the Company immediately prior to the completion of the Proposed Restructuring;
 - (b) the Company shall issue a shareholders' circular (**Circular**) (together with a notice summoning a meeting under Section 210 of the Companies Act (Cap. 50)) to all of its Shareholders containing all relevant information relating to NewCo, NewCo 2, and the Proposed Restructuring (including the terms of the Scheme) for Shareholders' decisions in relation to the Scheme; and
 - (c) the Company shall provide to the Warrant Holders, on or before the date on which the Circular is provided to the Shareholders, all relevant information relating to NewCo, NewCo 2 and the Proposed Restructuring (including the terms of the NewCo Warrants Proposal) for Warrant Holders' decisions in relation to the Proposed Warrants Exchange.

10. TERMINATION

- 10.1 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 (as defined in the Implementation Agreement) 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.

10.2 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 July 2016 or such other date as the Company and NewCo may agree.

11. FINANCIAL EFFECTS OF THE PROPOSED RESTRUCTURING

11.1 For illustrative purposes only, the financial effects of the Proposed Restructuring set out below have been prepared based on the audited financial statements of the Compact Group for the financial year ended 31 December 2014. 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 the NewCo is assumed to be based on the existing paid-up share capital of the Company as at 31 December 2014;
- (c) the Scheme has been completed on 31 December 2014 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 audited consolidated financial statements of the Compact Group for the financial year ended 31 December 2014;
- (d) the Scheme has been completed on 1 January 2014 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 audited consolidated financial statements of the Compact Group for the financial year ended 31 December 2014; and
- (e) the exchange ratio of one (1) new NewCo Share for one (1) Share, having regard to the Subscriber Shareholders Undertakings.

11.2 Share capital

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

Based on the audited consolidated financial statements of the Company for FY2014		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)

800,348	131,094	800,348	131,094	800,348	131,094
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11.3 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
Loss attributable to shareholders for FY2014 (S\$'000)	6,692	6,942	6,942
Weighted average number of shares	778,984	778,984	778,984
Basic EPS (Singapore cents)	(0.86)	(0.89)(*)	(0.89)(*)

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.

11.4 NAV

The effect of the Scheme on the NAV 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
Net assets as at 31 December 2014 (S\$'000)	59,318	59,068	59,068
NAV per share (Singapore cents)	7.41	7.38(*)	7.38(*)

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.

12. SCHEME DOCUMENT

- 12.1 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.
- 12.2 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.

13. DISCLOSURE OF INTERESTS

13.1 Interests of the Directors in Shares

As at the Announcement Date, the issued and paid-up share capital of NewCo is S\$1.00, comprising two (2) ordinary shares held by Mr Ma Zhaoyang and Mr Zhang Zengtao as the Subscriber Shareholders, holding one (1) NewCo Share each. As at the Announcement Date, the Subscriber Shareholders are executive directors and substantial shareholders of the Company. Mr Ma Zhaoyang holds 117,500,000 Shares and Mr Zhang Zengtao holds 117,500,000 Shares, representing approximately 12% and 12% of the issued and paid-up share capital of the Company respectively.

As stated above, the Subscriber Shareholders have, pursuant to the Subscriber Shareholders Undertakings, undertaken to the Company and NewCo to waive each of their rights to receive one (1) new NewCo Share out of the total number of new NewCo Shares to be issued to the Subscriber Shareholders pursuant to the Scheme so that the Subscriber Shareholders will hold exactly the same number of NewCo Shares upon completion of the Scheme as the number of Shares the Subscriber Shareholders each holds in the Company immediately prior to the completion of the Scheme.

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 and in the Warrants are as follows:

Interests of the Directors in Shares

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Ma Zhaoyang	117,500,000	12.0	-	-
Zhang Zengtao	117,500,000	12.0	-	-
Chng Beng Hua	9,500,000	1.0	5,000,000	0.5
Sin Ee Wuen	-	-	197,000,000	20.1

Interests of the Directors in Warrants to subscribe for Shares

	Direct Interest		Deemed Interest	
	Number of Warrants	%	Number of Warrants	%
Directors				
Ma Zhaoyang	120,500,000	34.7	-	-

Zhang Zengtao	120,500,000	34.7	-	-
Chng Beng Hua	2,500,000	0.7	-	-
Sin Ee Wuen	-	-	-	-

13.2 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:

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Chng Gim Huat	128,000,000	13.1	-	-
Ma Zhaoyang	117,500,000	12.0	-	-
Zhang Zengtao	117,500,000	12.0	-	-
Douglas Ong	197,000,000	20.1	-	-

13.3 **Interests of Directors in Warrants.** As at the Announcement Date, save as disclosed in paragraph 13.1 above, none of the Directors has any direct or indirect interests in any Warrants to acquire Shares.

13.4 **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.

13.5 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.

14. OVERSEAS SHAREHOLDERS OR WARRANT HOLDERS

14.1 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.

14.2 The applicability of the Scheme and or the New Warrants Proposal 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 or Warrant Holders will be contained in the Scheme Document.

15. SUBSCRIBER SHAREHOLDERS UNDERTAKINGS

Under the Subscriber Shareholders Undertakings, the Subscribers have each undertaken to exercise or procure the exercise of all the voting rights attributable to the Shares held by them to approve the Scheme and any other matters necessary or ancillary to the implementation of the Scheme.

16. DOCUMENTS FOR INSPECTION

Copies of the Implementation Agreement and the Subscriber Shareholder Undertakings 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

Chng Beng Hua

Executive Director and Chief Executive Officer
16 November 2015

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:** Compact converting all or any of its shares into a larger or smaller number of shares;
- (2) **Share Buy-back:** Compact 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:** Compact resolving to alter its share capital in any way;
- (4) **Dividends and other Distributions:** Compact 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 Compact;
- (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.”