

COMPACT METAL INDUSTRIES LIMITED

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

LAPSING OF TERM SHEET ENTERED INTO IN RELATION TO PROPOSED ACQUISITION OF A 51% EQUITY INTEREST IN A CEMENT PLANT AT SALAMANGA, BELA VISTA, MAPUTO PROVINCE, REPUBLIC OF MOZAMBIQUE

The board of directors of the Company (the **Board**) refers to its announcement dated 20 June 2018 (**First Announcement**) in relation to CMI's entry into a conditional binding term sheet dated 20 June 2018 (**Term Sheet**) in connection with CMI's acquisition of a 51% equity interest (**Proposed Acquisition**) in a partially completed cement plant in Salamanga, Bela Vista, Maputo Province, Republic of Mozambique. Capitalised terms used herein shall have the meanings as defined in the First Announcement.

As announced in the First Announcement, the Term Sheet contemplated CMI's entry into the following definitive sale and purchase agreements:

- (a) a conditional sale and purchase agreement between CMI and SPI pursuant to which SPI shall sell and CMI shall purchase such number of shares in the Target which shall correspond to 34% of the total share capital of the Target (**SPI SPA**); and
- (b) a conditional sale and purchase agreement with CMI pursuant to which Guhava Services (Mauritius) shall sell and CMI shall purchase the entire issued and paid-up capital of Guhava Ventures (Mauritius), in order for CMI to hold a 17% indirect interest in the total issued and paid-up share capital of the Target (**Guhava SPA**).

The Board would like to update that CMI did not enter into the Guhava SPA and SPI SPA and the Term Sheet has lapsed. Accordingly, the Parties have no further obligations under the Term Sheet in connection with the Proposed Acquisition.

The Group will continue to explore potential and suitable acquisitions, joint ventures and strategic alliances.

BY ORDER OF THE BOARD

Zhang Zengtao
Executive Director and Managing Director

8 October 2018