

## COMPACT METAL INDUSTRIES LTD

(the "Company")

(Company Registration No. 197500009H)

(Incorporated in the Republic of Singapore)

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### PROPOSED ACQUISITION OF 65% EQUITY INTEREST IN A JOINT VENTURE COMPANY ESTABLISHED IN TAJIKISTAN OPERATING A CEMENT PLANT

#### AUDITORS' CONFIRMATION ON INTERNAL CONTROLS

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*Unless otherwise defined, all terms used herein shall bear the same meaning as in the Company's announcement dated 27 April 2017 and 18 September 2017.*

1. The Board of Directors (the "**Board**") of the Company (and together with its subsidiaries, the "**Group**") refer to the following announcements:
  - (a) its announcement on 27 April 2017 in relation to the Proposed Acquisition; and
  - (b) its announcement on 18 September 2017 in relation to the approvals-in-principle received from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to the Proposed Acquisition and the proposed issuance of Consideration Shares (the "**18 September Announcement**").
2. In the 18 September Announcement, the Company announced that the VSA-AIP is subject to, *inter alia*, the submission of the auditors' confirmation that they are satisfied that the Company has implemented recommendations by the auditors and the internal control rectifications have adequately addressed all the points raised in the management letter relating to the Sale Group and the JVCo (the "**Auditors' Confirmation**").
3. The Board is pleased to announce that the Company has submitted the Auditors' Confirmation to the SGX-ST on 28 September 2017.
4. The VSA-AIP granted by the SGX-ST is not to be taken as an indication of the merits of the Proposed Acquisition, the Consideration Shares to be issued to the Vendor for the Proposed Acquisition and the Company, its subsidiaries and associated companies following Completion.
5. The Circular, containing, among others, information on the Proposed Acquisition, the advice from the IFA, the recommendation by the Independent Directors and notice of EGM will be despatched to Shareholders in due course.
6. Shareholders and potential investors are advised to exercise caution in the dealing or trading of their Shares in the Company, as there is no assurance as at the date of this announcement that the Proposed Acquisition will be completed or that there will be no changes to the terms thereof.

On behalf of the Board

#### COMPACT METAL INDUSTRIES LTD

Zhang Zengtao

Executive Director and Managing Director

Dated: 28 September 2017