

COMPACT METAL INDUSTRIES LTD

(the "Company")
(Company Registration No. 197500009H)
(Incorporated in the Republic of Singapore)

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

CLARIFICATION IN RELATION TO THE SUPPLEMENTAL AGREEMENT

Unless otherwise defined, all terms used herein shall bear the same meaning as in the Company's announcement dated 25 September 2017.

1. The Board of Directors (the "**Board**") of the Company refers to its announcement on 25 September on the Supplemental Agreement dated 23 September 2017 entered into to amend, modify and supplement the SPA (the "**25 September Announcement**").
2. On paragraph 2.1(d) of the 25 September Announcement stating that the Final Adjustment Date shall be no later than 3 months from the date of the EGM, the Company wishes to clarify that in the event there are any delays (for example in the appointment of the Second Valuer and/or the issuance of the Final Valuation Report), the Final Adjustment Date may be later than 3 months from the date of the EGM.

Subject to the valuer that the Company has proposed for the appointment as Second Valuer being acceptable to the SGX-ST, the Company will proceed to appoint the Second Valuer as soon as possible.

3. On paragraph 2.1(f) of the 25 September Announcement, the Company wishes to clarify that in the event that the Final Valuation Report is issued later than 3 months from the date of the EGM, and the Final Purchase Consideration is less than the Completion Sum, the Company will still proceed to cancel the Excess Consideration Shares and to effect the corresponding reduction in the Company's share capital.
4. As highlighted in the 25 September Announcement, the Final Valuation Report is still required for the purpose of compliance with the VSA-AIP even if such report is issued after 3 months from the date of the EGM.
5. Each of the VSA-AIP and ALA-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.
6. 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.
7. 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: 29 September 2017