
RESPONSE TO SGX-ST QUERY ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors of Compact Metal Industries Limited (“the Company”) refers to the query raised by the Singapore Exchange Securities Trading Limited (“SGX-ST”) on the Company’s Annual Report for the financial year ended 31 December 2015 and would like to provide further information as follows:

SGX’s query

We refer to Compact Metal Industries Ltd’s (the “Company”) Annual Report for Financial Year ended 31 December 2015.

Please provide further information on the following in an announcement to be released via SGXNET by 4 May 2016. In your announcement, please disclose our questions and your corresponding answers to enable investors to understand the matters raised by the Exchange.

1. On page 23 of the Company’s FY2015 Annual Report, the Company disclosed that there were nil interested person transactions excluding transactions less than \$100,000. On page 82 of the Annual Report, the Company reported that there were consultancy services fees of S\$353,000 to Asian-African Business Management (Xi’An) Co., Ltd., a company which is controlled by Zhang Zengtao, which exceeds \$100,000.

Please reconcile the figures disclosed on page 23 and 82. If any of the figures are interested person transactions, please make the appropriate disclosures as required under Rule 907 of the Listing Manual.

Company’s reply

The Company has an internal policy governing procedures for the identification, approval and monitoring of transactions with interested persons. All interested person transactions (“IPTs”) are subject to review by the AC every quarter to ensure that the relevant rules in Chapter 9 of the SGX-ST Listing Manual are complied with.

The Company has not obtained a general mandate from shareholders IPTs. There were no IPTs (each with a value of S\$100,000 or more) during the financial year ended 31 December 2015 except as follows:-

Name of interested person	Aggregate value of all interested person transaction during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 (excluding transaction less than \$100,000)
<p>Asian-African Business Management (Xi'an) Co., Ltd</p> <p>(a company controlled by Mr Zhang Zengtao, a Director of the Company – for consultancy services in relation to the preparation of a cement plant construction plan)</p>	USD250,000	Not applicable

On behalf of the Board
COMPACT METAL INDUSTRIES LTD

Chng Beng Hua
Executive Director and Chief Executive Officer

Dated: 04 May 2016