
Quarterly Update Pursuant to Rule 1313 (2) of the Listing Manual

With effect from 4 March 2015, Compact Metal Industries Ltd (the "Company") was included on the Watch-List pursuant to Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Exchange**").

Pursuant to Rule 1313(2) of the Listing Manual which requires the Company to provide a quarterly update on its financial situation, including its future direction, or other material development that may have significant impact on its financial position, The Board of Directors (the "Board") of the Company wishes to provide the following update on the Company and its subsidiaries (the "Group").

1. Financial Update

The Group's revenue increased by \$1.0 million from \$5.5 million for the first quarter ending 2016 compared to \$6.5 million for the first quarter ending 2017 mainly due to increase in ongoing projects.

Raw materials and consumables used in projects and sales increased due to higher sales and cost savings for projects which were mostly completed as there was lesser accrued costs for first quarter 2016. Staff and related costs increased mainly due to increase in direct labour and subcontractors' costs as there were more ongoing projects.

The Group reported a profit before tax of \$0.02 million in 1Q2017, compared to a profit before tax of \$0.07 million in 1Q2016.

As at 31 March 2017, the Group has cash and cash equivalents of \$32.3 million and NTA \$62.3 million.

2. Future Direction

In connection with its efforts to meet the requirements of Rule 1314(2) of the Listing Manual, the Group has had on 31 March 2015 obtained shareholders' approval to diversify its core business to include the Cement business.

The Group had since invested in Alacem LLP, a joint venture cement plant in Almaty, Kazakhstan.

As announced on 29 February 2016, the Company has commenced talks regarding the buy-out of the local party's 40% share in Alacem. Since then, the Company has also approached potential new investors that may secure certain amount of funding for the project, but there is no certainty that such talks will result in any final and binding decision between the parties.

On 27 April 2017, the Group has entered into a conditional sale and purchase agreement with Victory Gates Ventures Limited to acquire a 65% equity interest in International Manufacturing Company Chzhungtsai Mohir Cement, a cement plant established to carry on the business of production, sale and or distribution of cement in Tajikistan.

The Company has received and accepted an extension of the building and investment period from JTC Corporation until 30 September 2017 for the industrial land site as announced on 3 June 2013. The Company continues to seek potential investors to share its risks.

On 16 November 2015, the Company announced a proposed restructuring exercise to migrate the Company's shareholders interest in the capital of the Company to the capital of a newly incorporated investment holding company. The rationale for the proposed restructuring is to segregate the different businesses of the Group, and to achieve ease and flexibility to acquire or divest businesses.

The Company will endeavour to meet the requirements of Rule 1314 of the SGX-ST listing rules, and will update shareholders as and when appropriate.

By Order of the Board

Zhang Zengtao
Managing Director

12 May 2017