



**COSMOSTEEL HOLDINGS LIMITED**  
Co. Reg. No. 200515540Z

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## **REVIEW OF THE GROUP'S SYSTEM OF INTERNAL CONTROLS**

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Further to its earlier announcement of 16 May 2008 on the first review of the Group's system of internal controls, the Board of Directors of Cosmosteel Holdings Limited (the "**Company**") wishes to announce that the Company's internal auditors, Nexia TS Public Accounting Corporation, (the "**Internal Auditors**") have conducted a further review of the adequacy and effectiveness of the Group's systems of internal controls, including the procedures and systems for the selection and evaluation of suppliers and sub-contractors (the "**Review**").

Under the Review, the Internal Auditors performed and carried out certain agreed-upon internal audit and system review procedures in respect of, *inter alia*, the following areas:-

- (a) selection and evaluation of suppliers and sub-contractors;
- (b) inventory management cycle;
- (c) a follow up review on the previous internal audit reports in June 2008; and
- (d) controls to ensure no potential infringement of intellectual property rights of third parties.

Following the Review, the Internal Auditors have reported to the Audit Committee, *inter alia*, that:-

- (i) having performed the system review procedures of the Company's internal controls, they did not identify any deficiencies or non-compliance of controls or measures implemented by Management under such procedures and systems save for certain matters highlighted to the Company which have been duly noted by Management; and
- (iii) all issues highlighted in the previous internal audit reports had been addressed by Management.

**By Order of the Board**

ONG CHIN SUM  
Chief Executive Officer and Executive Director  
Date: 8 May 2009