



COSMOSTEEL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 200515540Z)

CAPITALISATION OF LOANS DUE FROM KIM SENG HUAT HARDWARE PTE LTD

The board of directors (the “**Board**”) of Cosmosteel Holdings Limited (the “**Company**”) wishes to announce that the issued and paid-up share capital of Kim Seng Huat Hardware Pte Ltd (“**KSH**”), the wholly-owned subsidiary of the Company, has on 5 July 2011 increased from S\$2,127,660 divided into 2,127,660 ordinary shares in the capital of the Company (“**Ordinary Shares**”) to S\$28,000,000 divided into 28,000,000 Ordinary Shares, by the creation of 25,872,340 Ordinary Shares (the “**Subscription Shares**”) of S\$1 each, pursuant to the subscription agreement entered into between the Company and KSH dated 5 July 2011.

The aggregate consideration to be paid by the Company to KSH for the issue and allotment of the Subscription Shares is by way of capitalisation of the outstanding advances previously extended by the Company to KSH and/or outstanding trade receivables due and owing by KSH to the Company.

The capitalisation is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the current financial year ending 30 September 2011.

Save as disclosed, none of the Directors or substantial shareholders of the Company has any direct or indirect interest in the above acquisition.

By Order of the Board

Ong Chin Sum

Chief Executive Officer and Executive Director

5 July 2011