



COSMOSTEEL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number 200515540Z)

CAPITALISATION OF LOANS DUE FROM COSMOSTEEL (AUSTRALIA) PTY 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 Cosmosteel (Australia) Pty Ltd (“**Cosmosteel Australia**”), the wholly-owned subsidiary of the Company, has on 5 July 2011 increased from AUD\$500,000 divided into 500,000 ordinary shares in the capital of the Company (“**Ordinary Shares**”) to AUD\$1,100,000 divided into 1,100,000 Ordinary Shares, by the creation of 600,000 Ordinary Shares (the “**Subscription Shares**”) of AUD\$1 each, pursuant to the subscription agreement entered into between the Company and and Cosmosteel Australia dated 5 July 2011.

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