

**COSMOSTEEL HOLDINGS LIMITED**  
(Incorporated in the Republic of Singapore on 9 November 2005)  
(Company Registration No.: 200515540Z)

**RESPONSE TO SGX QUERY REGARDING FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014**

The Board of Directors of CosmoSteel Holdings Limited (the “**Company**”) would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX**”) on 9 May 2014 as follows:-

**SGX Question:**

The revenue for the half year ended 31 March 2014 decreased by about 12.8% compared to the half year ended 31 March 2013. However, we note that trade and other receivables have increased by about 21.3% from S\$39,318,000 to S\$47,705,000 for the above period.

Please explain the reason(s) for the increase in trade and other receivables and whether the Company foresees any issue on the collection of these receivables.

**Company’s response:**

Trade and other receivables have increased by 21.3% or S\$8,386,000 from S\$39,318,000 as at 31 March 2013 (“1HY2013”) to S\$47,705,000 as at 31 March 2014 (“1HY2014”) mainly due to higher amount of overdue payments that are less than 30 days overdue as well as delays in payments from, *inter alia*, some major customers, which resulted from administrative issues.

Based on the current information provided by our customers in response to our requests for overdue payments, the Company does not foresee issues on the collection of these receivables.

By Order of the Board

ONG CHIN SUM  
CHIEF EXECUTIVE OFFICER

9 May 2014