COSMOSTEEL HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200515540Z)
(the "**Company**")

RESPONSE TO QUESTIONS FROM SHAREHOLDERS
FOR ANNUAL GENERAL MEETING ON 27 JANUARY 2021

The Board of Directors (the "**Board**") of CosmoSteel Holdings Limited (the "**Company**") refers to the announcement dated 5 January 2021 in relation to the Notice of Annual General Meeting to be held by electronic means on Wednesday, 27 January 2021, at 9.00 a.m. ("**AGM**").

The Company would like to express its appreciation to its shareholders for submitting their questions in advance of the AGM. The Company would also like to inform shareholders that the substantial and relevant questions received by the Company by the deadline, i.e. 9.00 a.m. on 24 January 2021, have been responded to and are published in this announcement. Please refer to the Appendix A of this announcement for details of the questions and responses of the Company.

BY ORDER OF THE BOARD

Ong Tong Hai
Chief Executive Officer and Executive Director
26 January 2021

APPENDIX A

RESPONSE TO QUESTIONS FROM SHAREHOLDERS

Question 1:

The oil majors are downsizing their facilities, including in Singapore. For example, in November 2020, Shell announced plans to halve its refining capacity in Singapore and shift its product slate away from oilbased fuels to lower carbon alternatives. How much would it impact CosmoSteel?

Company's Response:

The downsizing of facilities by oil majors may result in a decrease in maintenance works on such facilities, which may in turn result in a lower demand for the Group's products. However, the shift by the oil majors from oil-based fuel to renewable resources may provide an opportunity for additional revenue streams by the Company fulfilling the requirements of such new renewable resources projects. Due to the fluidity of the existing situation, the Group is currently unable to quantify the possible consequential impact of the above.

Question 2:

Why was there a sharp drop in revenue from Japan customers while there was a sharp increase in revenue from the Singapore / Marine segments in FY2020?

Company's Response:

The demand (and consequentially, the revenue recorded) from customers in different sectors/countries is dependent on a variety of factors, including *inter alia* the pipeline of new or existing projects on hand in such sectors/countries and the project requirements for each of these.

Question 3:

How much more time does the company have to satisfy the SGX watchlist exit criteria of having a 6-month average market capitalisation of S$40 million ("SGX Watchlist Exit Criteria")? How does the Board plan to meet the SGX Watchlist Exit Criteria?

Company's Response:

Pursuant to Rule 1315 of the SGX Listing Rules, the Company has till 4 June 2021 to satisfy the SGX Watchlist Exit Criteria.

The Board is reviewing the available options to increase its market capitalisation, including possible fund-raising efforts and/or other share issuance, whether in connection with acquisitions or other corporate actions, to meet the market capitalisation requirement under the SGX Watchlist Exit Criteria.

The Company is aware of the deadline given by SGX-ST to meet the SGX Watchlist Exit Criteria and would like to reassure shareholders of the Company ("**Shareholders**") that it will take the appropriate actions to meet the SGX Watchlist Exit Criteria before the relevant deadline and/or to seek an extension thereof if necessary.

Question 4:

Can you update on the progress and timeline of appointing new independent directors to the Board?

Company's Response:

The Board is working towards a progressive renewal of the Independent Directors on the Board. In connection therewith, Ms Tan Siok Chin stepped down as an Independent Director in August 2020 and relinquished the chair positions which she held in both the remuneration and nomination committees of the Company and was subsequently redesignated as a Non-Executive Non-Independent Director.

Of the two remaining Independent Directors, Mr Hor Siew Fu was appointed on 26 October 2018 while the continuation of Mr Low Beng Tin's designation as an Independent Director with effect from 2022 will come up for consideration in 2021.

The Company keeps a constant look out for suitable candidates for appointment to the Board as an Independent Director(s) and will update Shareholders as and when there may be developments in this respect.

Question 5:

What is the amount of the Group's revenue from the customer which the Chairman Mr Low Beng Tin has an equity interest in but which he does not have any management role or control over? What percentage of the equity of this customer does Mr Low's interest constitute?

Company's Response:

The aggregate revenue of the Group in FY2020 from the customer in question is approximately S$243,000. Mr Low Beng Tin has a 25% interest in the customer.

Question 6:

Why is the company seeking approval for the general mandate to issue shares in the capital of the Company ("Shares") ("Share Issue Mandate") when the stock is trading at such a steep discount to book value? What protects shareholders from being diluted if the Company were to issue shares under the Share Issue Mandate?

Company's Response:

The Company considers that obtaining Shareholders' approval for the Share Issue Mandate will give the Company the flexibility to undertake fund-raising exercises, other corporate actions or transactions that may require issuance of shares in a timely and efficient manner, should an appropriate opportunity arise.

The terms of the Share Issue Mandate for which approval is sought from Shareholders are in accordance with the SGX Listing Rules, including Rule 806(2) which imposes limits on the aggregate number of shares that may be issued under the Share Issue Mandate, both on a pro-rata and non pro-rata basis.

Question 7:

What is the target level of Net Debt/Equity for CosmoSteel?

Company's Response:

The target level for the Net Debt/Equity for the Company will depend on a variety of factors, including the cashflow requirements for operational and other corporate actions that may be undertaken by the Group. Based on the Group's historical financial figures, the Company's Net Debt/Equity level has typically been not greater than 50%.