

CIRCULAR DATED 6 OCTOBER 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by **COSMOSTEEL HOLDINGS LIMITED** (the “**Company**”). If you are in any doubt in relation to this Circular or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at the Company’s website at www.cosmosteel.com. Printed copies of this Circular WILL NOT be despatched to Shareholders.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.



COSMOSTEEL

COSMOSTEEL HOLDINGS LIMITED

(Company Registration no. 200515540Z)
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO**

THE PROPOSED ACQUISITION OF A WAREHOUSE IN MALAYSIA

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	20 October 2023 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	23 October 2023 at 9.30 a.m.
Place of Extraordinary General Meeting	:	Raffles Marina, 10 Tuas West Drive, Singapore 638404

TABLE OF CONTENTS

DEFINITIONS	1
1. INTRODUCTION	4
2. INFORMATION ON THE PROPERTY	4
3. CONSIDERATION	5
4. BASIS OF CONSIDERATION & INDEPENDENT VALUATION OF THE PROPERTY	5
5. RATIONALE FOR THE PROPOSED ACQUISITION	5
6. SOURCE OF FUNDS	8
7. COMPANY ON WATCHLIST UNDER THE FINANCIAL ENTRY CRITERIA	8
8. CONDITIONS PRECEDENT AND COMPLETION OF THE SPA	8
9. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION	9
10. RELATIVE FIGURES	10
11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS	11
12. EXTRAORDINARY GENERAL MEETING	11
13. ACTION TO BE TAKEN BY SHAREHOLDERS	11
14. DIRECTORS' RECOMMENDATION	11
15. NO ABSTENTION FROM VOTING ON THE ORDINARY RESOLUTION	11
16. DIRECTORS' RESPONSIBILITY STATEMENT	12
17. INSPECTION OF DOCUMENTS	12
NOTICE OF EXTRAORDINARY GENERAL MEETING	13
PROXY FORM	
ANNEX A	

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:-

"Act" or "Companies Act"	:	The Companies Act 1967 of Singapore, as may be amended or modified from time to time
"associate"	:	(a) In relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual), means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he or his immediate family together (directly or indirectly) have an interest of 30% or more; (b) In relation to a Substantial or Controlling Shareholder (being a company), means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Board"	:	The Board of Directors of the Company for the time being
"Business"	:	The business of the Group as a solutions-provider in the sourcing and distribution of piping system components in the Energy, Marine and Other Industries in the Southeast Asia and other regions
"CDP"	:	The Central Depository Pte Limited
"Circular"	:	This circular dated 6 October 2023
"Constitution"	:	The constitution of the Company, as may be amended or modified from time to time
"CPF"	:	Central Provident Fund
"Conditions Precedent"	:	The conditions precedent which, under the terms of the SPA, are to be performed or fulfilled within six (6) months from the date of the SPA or such other extended period as may be mutually agreed upon by KSH Malaysia and the Vendor, which include but are not limited to the conditions precedent as set out in section 8.1 of this Circular.
"Consideration"	:	The purchase price of the Property of RM21,000,000
"Company"	:	CosmoSteel Holdings Limited
"Completion Date"	:	The date falling within four (4) months from the Unconditional Date
"Deposit"	:	The sum of RM2,100,000 representing 10% of the Consideration, being the deposit paid by KSH Malaysia upon the execution of the SPA
"Director(s)"	:	Director(s) of the Company for the time being
"EGM"	:	The extraordinary general meeting of the Company to be held on 23 October 2023, notice of which is set out in pages 13 to 15 of this Circular
"EPS"	:	Earnings Per Share

DEFINITIONS

“Exit Criteria”	:	The criteria for an issuer to exit the SGX-ST watch-list under Listing Rule 1314, as further elaborated in Section 7.2 of the Circular
“Extended Completion Date”	:	The date falling within two (2) months from the Completion Date
“FY2022”	:	The Group’s financial year ended 30 September 2022, as described in section 9.3
“FY2023”	:	The Group’s financial year to end on 30 September 2023
“FY2022 Audited FS”	:	The audited consolidated financial statements of the Group for the year ended 30 September 2022
“Group”	:	The Company and its subsidiaries, collectively
“Independent Valuers”	:	Appraisal (Malaysia) Sdn. Bhd., further information on which are set out in section 4.2 of this Circular
“JTC”	:	JTC Corporation, a statutory board under the Ministry of Trade and Industry of Singapore
“KSH Malaysia” or “the Buyer”	:	Kim Seng Huat (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of KSH Singapore
“KSH Singapore”	:	Kim Seng Huat Hardware Pte Ltd, a wholly-owned subsidiary of the Company
“Latest Practicable Date”	:	29 September 2023
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time, and a reference to a Listing Rule shall be a reference to that rule in the Listing Manual
“May 9 Announcement”	:	The announcement released by the Company on 9 May 2023 on the SGX-Net
“Notice of EGM”	:	The notice to the EGM (together with the Proxy Form), as set out in pages 13 to 15 of this Circular
“NTA”	:	Net Tangible Assets
“Proposed Acquisition”	:	The proposed acquisition of the Property, further details of which are set out in section 2.1 of this Circular
“Property”	:	The warehouse located in Mukim Senai, District of Kulai, State of Johor, Malaysia
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as may be amended or modified from time to time
“SGX-Net”	:	The web-based secure platform of the SGX-ST to enable issuers, among other things, to upload announcements on its developments, news and corporate actions
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shares”	:	Ordinary shares in the capital of the Company
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.

DEFINITIONS

"Shareholders"	:	Registered holder(s) of the Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose securities accounts are credited with those Shares
"SPA"	:	The Sale and Purchase Agreement entered into between KSH Malaysia and the Vendor on 9 May 2023 for the purchase of the Property
"Substantial Shareholder"	:	A person who has an interest (directly or indirectly) in 5% or more of the total issued share capital of the Company
"Unconditional Date"	:	The date on which the SPA becomes unconditional upon the Conditions Precedent being performed or fulfilled, as further elaborated in Section 8.1 of this Circular
"Valuation Certificate"	:	The valuation certificate setting out a summary of the Valuation Report dated 18 January 2023 issued by the Independent Valuers
"Valuation Report"	:	The valuation report in respect of the Property dated 18 January 2023 issued by the Independent Valuers, further details of which are set out in section 4.1 of this Circular
"Vendor"	:	Khng Huat Network Services Sdn. Bhd.

Currencies and units of measurements

"S\$"	:	Singapore dollar
"RM"	:	Malaysian ringgit
"%" or "per cent"	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term "subsidiary" shall have the meaning ascribed to it under Section 5 of the Companies Act.

Words importing the similar shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

A reference to a section, paragraph, heading, sub-heading, annexures, appendices of or any document attached to this Circular shall be a reference to that section, paragraph, heading, sub-heading, annexures, appendices or any document.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any term defined under the SFA, the Companies Act or the Listing Manual, or any modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the SFA, the Companies Act or the Listing Manual, or such modification thereof, as the case may be, unless otherwise provided.

Unless the context otherwise requires, the exchange rate used for currency translations from RM to S\$ in this Circular shall be at the rate of RM1: S\$0.2988, which is the prevailing exchange rate as of 8 May 2023 used in the May 9 Announcement.

Any discrepancy in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Altum Law Corporation has been appointed Singapore legal adviser to the Company on the Proposed Acquisition from a Singapore corporate law and regulatory compliance perspective. Tan & Lee Advocates & Solicitors has been retained by KSH Malaysia to advise it on the conveyance of the Property.

LETTER TO SHAREHOLDERS

COSMOSTEEL HOLDINGS LIMITED

(Company Registration No.: 200515540Z)
(Incorporated in the Republic of Singapore)

Directors

Ms Tan Siok Chin, *Chairman of the Board and Non-Executive and Non-Independent Director*

Mr Ong Tong Hai, *Chief Executive Officer and Executive Director*

Mr Shiro Kanaya, *Non-Executive and Non-Independent Director*

Mr Ong Tiew Siam, *Lead Independent Director*

Mr Hor Siew Fu, *Independent Director*

Mr Steven Lim Jun Xiong, *Independent Director*

Mr Loo Cheng Guan, *Independent Director*

Registered Office:

14 Lok Yang Way
Singapore 628633

6 October 2023

To: The Shareholders of CosmoSteel Holdings Limited

Dear Sir/Madam

THE PROPOSED ACQUISITION OF WAREHOUSE IN MALAYSIA

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**" or "**Directors**") of the Company refers to the May 9 Announcement wherein the Company announced that on 9 May 2023, its wholly-owned subsidiary, KSH Malaysia, had entered into a conditional Sale and Purchase Agreement ("**SPA**") with the Vendor for the Proposed Acquisition of the Property.
- 1.2 As tabulated under paragraph 8 of the May 9 Announcement, the Proposed Acquisition constitutes a "major transaction" under Listing Rule 1014(1), as the relative figures computed under Listing Rule 1006(c) is more than 20% but does not exceed 100%. Under Listing Rule 1014(2), a major transaction must be made conditional upon approval by the Shareholders in a general meeting. Accordingly, the Directors are convening an extraordinary general meeting on 23 October 2023 ("**EGM**") to seek Shareholders' approval for the Proposed Acquisition.
- 1.3 The purpose of this Circular is to provide Shareholders with relevant and material information relating to the Proposed Acquisition, and to seek their approval at the EGM. This Circular has been prepared solely for the purposes set out herein and may not be relied on by any persons (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.
- 1.4 Shareholders are advised that the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular. Shareholders who are in any doubt as to the course of action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

2. INFORMATION ON THE PROPERTY

- 2.1 The Property comprises industrial land measuring approximately 2.653 hectares or 285,000 sqf held under a freehold title, approved for use as a warehouse, with a single-storey detached warehouse and an annexed three-storey office building currently built thereon.
- 2.2 The total gross floor area of the built-up warehouse and the office building is approximately 48,561 sqf, of which approximately 35,774 sqf comprises warehousing space.
- 2.3 The Property is located in Mukim Senai, District of Kulai, State of Johor, Malaysia, the industrial region of Johor, Malaysia.

LETTER TO SHAREHOLDERS

3. CONSIDERATION

- 3.1 The Consideration for the purchase of the Property is RM21,000,000 (or approximately S\$6,300,000), payable in cash.
- 3.2 The payment terms for the purchase of the Property are as follows:
- (i) 10% of the Consideration, being the Deposit, shall be payable by KSH Malaysia upon the execution of the SPA, which Deposit has been paid by KSH Malaysia as at the Latest Practicable Date; and
 - (ii) the balance 90% of the Consideration shall be payable on or before the Completion Date, failing which interest at the rate of six (6) per cent per annum calculated on a daily basis on the balance of the Consideration then outstanding will be charged by the Vendor from the commencement of the Completion Date until full payment.

4. BASIS OF CONSIDERATION & INDEPENDENT VALUATION OF THE PROPERTY

- 4.1 The Consideration was arrived at on a willing-buyer willing-seller basis, taking into account, *inter alia*, an independent valuation of the Property conducted by the Independent Valuers, Appraisal (Malaysia) Sdn. Bhd. under the Valuation Report dated 18 January 2023 which appraised the Property as at 4 January 2023 to have an open market value of RM21,560,000 or approximately S\$6,400,000. A copy of the Valuation Report is available for inspection by Shareholders, as further elaborated in Section 17 of this Circular, and the Valuation Certificate setting out a summary of the Valuation Report is attached in **Annex A** of this Circular.
- 4.2 The Independent Valuers is a firm of chartered surveyors and registered valuers in Malaysia, and is helmed by three directors, including the Executive Director who issued the Valuation Report on behalf of the Independent Valuers, all of whom are members of the Institution of Surveyors, Malaysia, and are registered valuers and estate agents in Malaysia. The Independent Valuer has performed valuations for its clients for submissions to the stock exchanges of Malaysia, Hong Kong, and the SGX-ST. The Valuation Report has been performed in accordance with the property valuation standards of Malaysia as set forth by the Board of Valuers, Appraisers, Estate Agents and Property Managers.
- 4.3 The Executive Director responsible for the Valuation Report is not, and neither is any of his associates nor any other partner or director of the Independent Valuers nor the Independent Valuers:
- (i) a Substantial Shareholder of the Company;
 - (ii) a director or employee of the Company or its subsidiaries; and
 - (iii) a related corporation or substantial shareholder of the Company or any of its subsidiaries.

5. RATIONALE FOR THE PROPOSED ACQUISITION

- 5.1 The Proposed Acquisition is being undertaken to take advantage of the relatively lower operating cost structure in Malaysia. By relocating part of the Group's warehouse facilities in Singapore to Malaysia following the completion of the Proposed Acquisition, the Group expects to capitalise on the potential cost advantage of such relocation to enhance its overall cost efficiency and reduce operating expenses. In addition to aligning with the Group's broader costs control strategy, relocating to Malaysia presents an opportunity for market expansion and revenue growth.
- 5.2 The nature of the Group's business is rooted in carrying a wide and extensive inventory of products, such as steel pipes, fittings, flanges, cables, cable management as well as structural products of various sizes and specifications (collectively, the "**Group's inventory**"), for which it needs continued access to warehouse facilities for storage and management of such inventory, pending sales or fulfilment of orders from its customers.
- 5.3 The efficient and cost-effective storage and management of the Group's inventory, including the ability to receive supplies, readily draw on supplies or stock to fulfil orders, and to maintain product quality in respect of the Group's inventory, is hence instrumental to the Group for purposes of meeting the requirements of the Group's customers in a timely and efficient manner, and to support business growth.

LETTER TO SHAREHOLDERS

- 5.4 The Group currently has two properties in Singapore, both leased from JTC Corporation (“JTC”), which are principally used as warehouse facilities, further details of which are as follows:

Location	Site Area (Sqm)	Function	Lease Expiry Date
14 Lok Yang Way, Singapore 628633 (“14 Lok Yang Way”)	111,361	Office and warehousing use	15 June 2032
90 Second Lok Yang Road, Singapore 628166 (“90 Second Lok Yang Road”)	69,999	Warehousing use	15 June 2032

- 5.5 The Group intends to acquire the Property to use principally as warehouse facilities.
- 5.6 Following completion of the Proposed Acquisition, the Company intends to relocate mainly the larger and/or bulkier items of the Group’s inventory, such as pipes, fittings and flanges, for storage and management at the existing warehouse situated at the Property. As these items physically take up more space, storing such items at the existing warehouse situated at the Property will free up a substantial part of the Group’s existing warehouse facilities in Singapore, and the Group plans to give up the excess or surplus warehouse facilities by selling or disposing of 90 Second Lok Yang Road, as further described in Section 5.12 below.
- 5.7 The Group currently operates mainly out of Singapore, from where it will perform or fulfil orders secured from its customers using the Group’s inventory being stored at the Group’s existing warehouse facilities at 14 Lok Yang Way and 90 Second Lok Yang Road, where applicable, although there may be orders that will be shipped directly from its suppliers to the customers. The table below shows the breakdown of the Group’s customers by geographical market for FY2022:

Customers by Geographical Market ⁽¹⁾	Revenue S\$’000
Singapore	24,597
Brunei	5,926
Japan	8,727
Others	6,833
Total	46,083

Notes:

⁽¹⁾ The Group’s geographical revenue contribution is recorded based on the domicile of the customers and not where the products are ultimately put into use.

- 5.8 After the relocation of part of the Group’s inventory to the Property in Malaysia, there may be instances where the Group may need to perform or fulfil orders secured from its customers partly out of Malaysia and partly out of Singapore depending, *inter alia*, on the warehouse location of the products required, and transportation and/or shipping of the products may have to be carried out from Malaysia and Singapore respectively, and as a result, there may be additional transportation or shipping costs incurred, for instance, if inventory has to be transported from the Property to perform or fulfil orders in Singapore.
- 5.9 Notwithstanding this, and the costs or expenses which the Group will have to incur or bear arising from or in connection with the Proposed Acquisition, including but not limited to depreciation expense and interest expense to be incurred for financing part of the cost of the Proposed Acquisition, the Company expects to benefit from an overall lower cost of operations for the Group as a whole through the Proposed Acquisition and relocation of part of the Group’s inventory to the Property in Malaysia due, *inter alia*, to the latter’s lower labour costs and more competitive real estate expenses such as land and construction costs, particularly in view of the warehouse space requirements of the Group’s business. This is in turn expected to lead to an enhancement of the Group’s competitiveness, financial performance and long-term sustainability.
- 5.10 By establishing a presence in Malaysia through the relocation of part of its warehouse operations, the Group also intends to position itself strategically to tap into the Malaysian market. With an easier access to a broader customer base and increased distribution networks, the Group hopes that it will lead to a corresponding increase in sales and marketing opportunities. In addition, its presence in Malaysia opens up opportunities for partnerships and collaborations with local businesses in the Malaysian market which is in line with the Group’s broader strategy of growing its business.

LETTER TO SHAREHOLDERS

- 5.11 Given the Property's ample land size, the Group will also have the flexibility to scale up its warehouse facilities to meet future business growth and expansion in its operations by constructing an additional warehouse on the unutilised land of the Property. The Company's current intention is to build additional warehouse space of approximately 100,000 sqf on the unutilised land of the Property. For the avoidance of doubt, the construction of the additional warehouse space on the unutilised land of the Property is not part of the Proposed Acquisition or transactions in connection with the Proposed Acquisition, as the Company does not have firm plans for, or made any final decision with respect to the construction of such additional warehouse space, and the decision to proceed with the Proposed Acquisition is not based on, or dependent upon the Group's ability to build such additional warehouse space at the Property. In particular, the Company expects that the Group would still be able to carry out its plans for relocation of part of the Group's inventory to Malaysia even without the construction of the additional warehouse space, and the capacity of the existing warehouse situated at the Property and the Group's existing warehouse facilities in Singapore (even assuming the Group were to carry out its plan to sell or dispose of 90 Second Lok Yang) is expected to be sufficient to accommodate the storage of the Group's inventory for the time being.
- 5.12 Following the relocation of part of the Group's inventory to the existing warehouse situated at the Property, part of the Group's existing warehouse facilities in Singapore will be freed up, and no longer required to be maintained by the Group. In view of the foregoing, the Group intends to look for a suitable opportunity to sell the property at 90 Second Lok Yang Road once it is no longer bound by restrictions against the sale of the property under the terms of its lease, as from 31 January 2024, and proceeds raised from the sale or disposal of such property can be redeployed for working capital or other uses of the Group. The Company intends to continue to retain 14 Lok Yang Way as its headquarters, sales office and distribution centre in Singapore.
- 5.13 Any sale or disposal of 90 Second Lok Yang Road, should it materialise, will be subject to the relevant requirements of, and will constitute either a "disclosable transaction" or a "major transaction" under Chapter 10 of the Listing Rules (as applicable), and Shareholders' approval for such sale or disposal will be sought should it constitute a "major transaction" under Listing Rule 1014.
- 5.14 For the avoidance of doubt, the Company's intention to sell or dispose of 90 Second Lok Yang Road is subject to and contingent upon completion of the Proposed Acquisition following Shareholders' approval of the same, and in the event the Proposed Acquisition is approved by Shareholders, there is no certainty or assurance as to the timing for the completion of the sale or disposal of 90 Second Lok Yang Road, or that the Company will be able to find a buyer for 90 Second Lok Yang Road on terms acceptable to the Company.
- 5.15 The Board has taken into consideration, *inter alia*, the following factors, in assessing that there should be no material change to the risk profile of the Company or the Group arising from the Proposed Acquisition and the relocation of part of the Group's inventory to the Property in Malaysia:
- (i) The purpose of the Proposed Acquisition is primarily to acquire warehouse facilities which the Group would, in the ordinary course of business, need to acquire or maintain in order to support its core business of stocking and supplying the Group's inventory for sale to its customers.
 - (ii) While the Group will incur or bear certain costs or expenses arising from or in connection with the Proposed Acquisition, including but not limited to depreciation expense and interest expense to be incurred for financing part of the cost of the Proposed Acquisition, as further elaborated in Section 10 below, such costs or expenses would similarly have to be incurred or borne by the Group should it continue to maintain existing warehouse facilities and/or acquire additional warehouse facilities in Singapore for such purpose.
 - (iii) Although the Group's acquisition and/or holding of a Malaysian property as compared to a Singapore property for use as its warehouse facilities may give rise to other possible or potential impact or effect on the financial performance and/or financial condition of the Group, *inter alia*, by reason of possible fluctuations in the fair value of the Property due to then prevailing real estate market conditions in Malaysia and/or foreign exchange movements or fluctuations, the extent of such possible or potential impact or effect is not certain.
- 5.16 The Company is of the view that while there will be financial and operational impact or effects that will arise by reason of the Group's acquisition and holding of a foreign property as compared to a Singapore property for its warehouse facilities, these should not materially change the risk profile of the Group, *inter alia*, as the Group continues to operate its core business of stocking and supplying the Group's inventory for sale to its customers, and is not diversifying or expanding into a new core business, and the Proposed Acquisition merely serves or enables the Group to acquire the necessary warehouse facilities or space to support such core business.
- 5.17 In view of the above, the Board is of the view that the interests of the Company and Shareholders as a whole are best served by the Group undertaking the Proposed Acquisition.

LETTER TO SHAREHOLDERS

6. SOURCE OF FUNDS

- 6.1 The Consideration will be wholly satisfied in cash and will be funded by a combination of internal resources and bank financing, of which it is envisaged that RM5,800,000 will be from internal resources and RM15,200,000 will be from bank financing.
- 6.2 The Buyer or KSH Malaysia in Malaysia was incorporated by KSH Singapore on 17 January 2023 in Malaysia for the purpose of the Proposed Acquisition. As at the date of this announcement, KSH Malaysia has an issued and paid-up share capital of RM15,000,000 representing 15,000,000 ordinary shares.
- 6.3 Save as aforesaid, the Proposed Acquisition is not expected to have any material impact on the earnings per share and net tangible assets per share of the Group for the current financial year ending 30 September 2023.

7. COMPANY ON WATCHLIST UNDER THE FINANCIAL ENTRY CRITERIA

- 7.1 Shareholders are reminded that the Company was placed on the watch-list under the financial entry criteria pursuant to Listing Rule 1311 on 5 June 2018, subsequent to which it has obtained three extensions of time to meet the Exit Criteria pursuant to Rule 1314 of the Listing Manual read with Practice Note 13.2, and the current deadline for the Company to satisfy the Exit Criteria is 4 June 2024.
- 7.2 Pursuant to Listing Rule 1314, an issuer may apply to the SGX-ST to remove itself from the watch-list if it meets the Exit Criteria of recording a consolidated pre-tax profit for the most recently completed financial year (based on audited full year consolidated accounts) and has an average daily market capitalisation of S\$40 million or more over the last 6 months. As at the Latest Practicable Date, the Company remains on the watch-list as the Company has not been able to meet the Exit Criteria.
- 7.3 In accordance with Listing Rule 1315, if an issuer fails to comply with Listing Rule 1314 within 36 months of the date on which it was placed on the watch-list (or such other extended timeline), the SGX-ST may either remove the issuer from the official list or suspend trading of the listed securities of the issuer (without the agreement of the issuer) with a view to removing the issuer from the official list. In the event where the SGX-ST removes the issuer from the official list, under Listing Rule 1306, the issuer will need to comply with Listing Rule 1309, where, *inter alia*, the issuer will be required to make a fair and reasonable exit offer to shareholders and must appoint an independent financial adviser to advise on the exit offer and to opine that the exit offer is fair and reasonable.
- 7.4 Shareholders should note that there is no certainty or assurance that the Company will be able to meet the Exit Criteria by the deadline of 4 June 2024, and in such an event, the steps stipulated under Listing Rule 1315 and Listing Rule 1309 (as described above) would be applied to the Company.
- 7.5 As further elaborated in Section 5 above, the Company is proposing to undertake the Proposed Acquisition mainly for business and operational reasons, in particular to align with the Group's broader costs control strategy and strategy of growing its business in new markets, and this may also serve to bring the Company closer to its objective of meeting the relevant Exit Criteria, *inter alia*, by maintaining or increasing the Group's profitability and/or should Shareholders and/or investors choose to review or reconsider the valuation metrics to be applied to the Company's business, outlook or prospects based, *inter alia*, on such strategy or financial performance.

8. CONDITIONS PRECEDENT AND COMPLETION OF THE SPA

- 8.1 Completion of the Proposed Acquisition of the Property is subject to the Conditions Precedent being performed or fulfilled within six (6) months from the date of the SPA or such other extended period as may be mutually agreed upon by KSH Malaysia and the Vendor, whereupon the SPA shall become unconditional, and include but are not limited to the following:
 - (i) the obtaining of Shareholders' approval for the Proposed Acquisition at the EGM; and
 - (ii) the approval of the Johor State Authority for the sale and transfer of the Property (by reason of KSH Malaysia being a foreign company as defined by the National Land Code of Malaysia).

KSH Malaysia is considered a "foreign company" as defined by the National Land Code of Malaysia as 100% of its shares are held by non-Malaysian citizen(s) or foreign company(ies). KSH Malaysia has on 24 May 2023 submitted an application for the approval of the sale and transfer of the Property, and as the Consideration is more than RM10,000,000, such application is to be reviewed and approved by the Chief Minister of the State of Johor.
- 8.2 As at the Latest Practicable Date, save for the obtaining of Shareholders' approval for the Proposed Acquisition at the EGM, the other Conditions Precedent have been fulfilled.

LETTER TO SHAREHOLDERS

- 8.3 In the event any of the Conditions Precedent are not performed or fulfilled by the Unconditional Date, the Deposit shall be refunded or paid to the Company as the SPA shall become null and void.
- 8.4 Completion of the SPA shall take place on the Completion Date upon KSH Malaysia's payment of the balance 90% of the Consideration to the Vendor, unless KSH Malaysia exercises its option to extend payment of the balance 90% of the Consideration to the Extended Completion Date.

9. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

- 9.1 The pro forma financial effects of the Proposed Acquisition presented below are strictly for illustrative purposes only, and do not reflect the actual financial position and/or results of the Group's operations following the completion of the Proposed Acquisition and are not indicative of the future financial position and performance of the Group.
- 9.2 The pro forma financial effects have been prepared based on the FY2022 Audited FS, subject to the following bases and assumptions:
- (i) the financial effect on the consolidated NTA (as defined below) per share of the Company is computed based on the assumption that the Proposed Acquisition was completed on 30 September 2022;
 - (ii) the financial effect on the EPS (as defined below) of the Company is computed based on the assumption that the Proposed Acquisition was completed on 1 October 2021;
 - (iii) the Consideration will be funded through obtaining of a loan for RM 15,200,000, with the balance RM 5,800,000 of the Consideration to be funded from internal resources;
 - (iv) the value of the Property will be recorded in the balance sheet of KSH Malaysia at its cost of acquisition; and
 - (v) the potential sale or disposal of 90 Second Lok Yang Road has not been taken into consideration in the illustration of the pro forma financial effects.
- 9.3 The illustrative pro forma financial effects of the Proposed Acquisition are as follows:

(i) Net Tangible Assets ("NTA")

Assuming the Proposed Acquisition has been completed on 30 September 2022 and based on the audit financial statements of the Group for the financial year ended 30 September 2022 ("FY2022"), the financial effects on the consolidated NTA of the Group for FY2022 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$'000)	77,884	77,884
Number of Shares ⁽¹⁾	261,360,097	261,360,097
NTA per Share (in cents)	29.80	29.80

Notes:

⁽¹⁾ Total number of issued shares (excluding treasury shares) as at 30 September 2022.

(ii) Earnings per Share ("EPS")

Assuming the Proposed Acquisition had been completed on 1 October 2021 and based on the financial statements of the Group for FY2022, the financial effects on the EPS of the Group for FY2022 are as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to owners of the Company (S\$'000)	2,279	2,039
Weighted average numbers of shares	280,653,987	280,653,987
Earnings per share (in cents)	0.81	0.73 ⁽¹⁾

Notes:

⁽¹⁾ The decrease in EPS is due to the additional expenses arising from the Proposed Acquisition, such as depreciation expense and interest expense arising from the loans or facilities to be obtained for financing of the Proposed Acquisition.

LETTER TO SHAREHOLDERS

(iii) Gearing

Assuming the Proposed Acquisition had been completed on 30 September 2022, the Proposed Acquisition would have the following impact on the gearing of the Group:

	Before the Proposed Acquisition	After the Proposed Acquisition
Total borrowings (S\$'000)	10,614	15,156
Total equity (S\$'000)	77,884	77,884
Gearing ratio (times)	0.14	0.19 ⁽¹⁾

"Gearing" refers to the ratio of total borrowings to total equity. "Total borrowings" refers to the aggregate amount of credit facilities secured from banks and financial institution, including hire purchase and finance leases, and "Total equity" refers to the aggregate amount of issued and paid-up share capital, assets revaluation and reserve and retained earnings of the Group.

Notes:

⁽¹⁾ The increase in Gearing is due to the additional loans or facilities to be obtained for the financing of the Proposed Acquisition.

Shareholders should note that the financial effects set out above are purely for illustrative purposes only and based on the abovementioned assumptions. In particular, it is important to note that the above pro-forma financial analysis is based on the audited historical numbers for FY2022 and is not necessarily representative of future financial performance.

10. RELATIVE FIGURES

10.1 As at 8 May 2023, being the last trading day immediately prior to the entry into the SPA, the relative figures in accordance with the applicable bases set out in Listing Rule 1006 in relation to the Proposed Acquisition have been computed, based on the FY2022 Audited FS, being the latest announced audited consolidated financial statements of the Group, as follows:-

Bases	Relative Figures
Rule 1006(a) – Net asset value of the assets to be disposed of, compared with the Group's net asset value as at 30 September 2022 (being the date of the latest announced consolidated accounts of the Group)	Not Applicable ⁽¹⁾
Rule 1006(b) – Net profits attributable to the Property (the asset to be acquired or disposed of, as at 30 September 2022 (being the date of the latest announced consolidated accounts of the Group), compared with the Group's net profits	Not Applicable ⁽²⁾
Rule 1006(c) – Aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	21.06% ⁽³⁾
Rule 1006(d) – Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable ⁽⁴⁾
Rule 1006(e) – Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not Applicable ⁽⁵⁾

Notes:

⁽¹⁾ Not applicable as this transaction relates to an acquisition.

⁽²⁾ Not applicable as there is no net profit attributable to the Property.

⁽³⁾ Computed based on the Consideration (and not including the stamp duty, professional fees and other incidental costs related to the Proposed Acquisition) divided by the Company's market capitalisation of approximately S\$29,795,000, which is determined by multiplying the total number of issued shares of 261,360,097 (excluding treasury shares as at the date of the announcement, being, 29,039,900 Shares) by the weighted average price of such shares transacted on 8 May 2023, the market day preceding the date of entry into the SPA.

⁽⁴⁾ Not applicable as no equity securities are proposed to be issued by the Company as consideration for the Proposed Acquisition.

⁽⁵⁾ Not applicable as this transaction does not relate to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

LETTER TO SHAREHOLDERS

- 10.2 Based on the foregoing table, as the relative figures under Rule 1006(c) exceed 20% but does not exceed 100% as at the last trading day immediately prior to the date of entry into the SPA, the Proposed Acquisition constitutes a “major transaction” under Listing Rule 1014(1) and under Listing Rule 1014(2), a major transaction must be made conditional upon approval by the Shareholders in a general meeting. The Company is, therefore, calling for an EGM to seek Shareholders’ approval for the Proposed Acquisition pursuant to Listing Rule 1014(2).

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 11.1 None of the Directors and the Controlling Shareholders of the Company has any interest or is deemed to be interested in the Proposed Acquisition.

12. EXTRAORDINARY GENERAL MEETING

- 12.1 The EGM, notice of which is set out on pages 13 to 15 of this Circular, will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 23 October 2023 at 9.30 a.m. for the purpose of considering and if thought fit, passing, with or without modification the Ordinary Resolution 1 set out in the Notice of EGM.

13. ACTION TO BE TAKEN BY SHAREHOLDERS

- 13.1 Shareholders should note that the EGM will be convened in a physical format only. Shareholders will not be able to participate electronically in any manner whatsoever. Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote on their behalf should complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed therein as soon as possible and, in any event, so as to arrive at the registered office of the Company at 14 Lok Yang Way, Singapore 628633, not later than 72 hours before the time fixed for the EGM. The appointment of a proxy by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes in place of the proxy.
- 13.2 A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register maintained by CDP not less than 72 hours before the time fixed for the EGM or any adjournment thereof.
- 13.3 Notwithstanding Articles 153(2) and 153(3) of the Constitution which provide for the use of electronic communication, specify the manner in which electronic communication is to be used, and deem Shareholders to have agreed to receive documents (including this Circular) by way of electronic communication, Listing Rule 1211 requires the Company to inform Shareholders of how to request a physical copy of the document (including this Circular) from the Company.
- 13.4 In connection with paragraph 13.3, Shareholders may request a copy of this Circular by completing the request form sent out together with the Notice of EGM and sending the completed request form back to the Company in accordance with the instructions and by the time and date set out therein.

14. DIRECTORS’ RECOMMENDATION

The Directors, having taken into consideration, the information set out in this Circular, including the rationale for the Proposed Acquisition, recommend that Shareholders vote in favour of the Ordinary Resolution as set forth in the Notice of EGM.

15. NO ABSTENTION FROM VOTING ON THE ORDINARY RESOLUTION

No Director or any Controlling Shareholder of the Company is or deemed to be interested in the Proposed Acquisition save for the shares that they hold in the Company. Therefore, no person will be excluded from voting on the Ordinary Resolution set forth in the Notice of EGM.

LETTER TO SHAREHOLDERS

16. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, and the Company and its subsidiaries which are relevant to the Proposed Acquisition, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

17. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Company during normal business hours for a period of three (3) months from the date of the Notice of EGM:

- (a) the SPA; and
- (b) the Valuation Report.

Yours faithfully
For and on behalf of the Board

Ong Tong Hai
Chief Executive Officer and Executive Director
COSMOSTEEL HOLDINGS LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

COSMOSTEEL HOLDINGS LIMITED

(Company Registration No. 200515540Z)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of CosmoSteel Holdings Limited (the "**Company**") will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 23 October 2023 at 9.30 a.m. for the purpose of considering and, if thought fit, passing (with or without any modifications) the following resolutions set out below.

All capitalised terms in this Notice which are not defined herein shall have the same meanings ascribed to them in the circular to Shareholders of the Company dated 6 October 2023 (the "**Circular**").

ORDINARY RESOLUTION 1: THE PROPOSED ACQUISITION OF THE PROPERTY IN MALAYSIA

That:

- (a) the Proposed Acquisition be and is hereby approved; and
- (b) the Directors of the Company and each of them be and is hereby authorised to do such acts and things (including without limitation, to execute all such documents as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient to give effect to the transactions contemplated and/or authorised by this Resolution.

By Order of the Board

Ong Tong Hai
Chief Executive Officer and Executive Director
CosmoSteel Holdings Limited
6 October 2023

Notes:-

1. The Extraordinary General Meeting ("**EGM**") will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 23 October 2023 at 9.30 a.m. **There will be no option for Shareholders to participate virtually or by electronic means.**
2. Printed copies of the Circular will not be sent to Shareholders in line with the Company's sustainability efforts and use of electronic communications in accordance with the Constitution of the Company. Shareholders who may wish to receive a printed copy of the Circular may complete a request form ("**Request Form**") which will be physically despatched to Shareholders together with this Notice and the Proxy Form.
3. The Circular and this Notice, the Proxy Form and the Request Form are made available to Shareholders on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> and may also be accessed at the Company's website at www.cosmosteel.com.
4. Shareholders who wish to receive a physical copy of the Circular should email the completed Request Form to ir@cosmosteel.com.sg, or mail a physical copy to the Company at 14 Lok Yang Way Singapore 628633 by 11 October 2023. The Company will endeavour to despatch a printed copy of the Circular within 5 working days upon receipt of such request, provided that the Company will not be responsible or liable for any delay or omission in the delivery of the Circular for any reason whatsoever.
5. Shareholders who visit the SGX-ST URL at <https://www.sgx.com/securities/company-announcements> should click on the announcement released by the Company on 6 October 2023 relating to the EGM to be held in respect of the Proposed Acquisition entitled "Extraordinary/Special General Meeting: Voluntary" and within the announcement, click on the attachments to download and/or print out a copy of the Circular, this Notice, the Proxy Form and the Request Form. Shareholders who visit the Company's website at www.cosmosteel.com should click on the subject "Investor Relations" located at the navigation bar of the website, which is at the top part of the website. Click on the topic dated 6 October 2023 under the heading "Latest News" relating to the Proposed Acquisition and click on the attachment within the topic to download and/or print out a copy of the Circular, this Notice, the Proxy Form and the Request Form.
6. A Shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such Shareholder's Proxy Form appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.
7. A Shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where a relevant intermediary appoints more than two (2) proxies, separate Proxy Forms should be used.
8. "**Relevant intermediary**" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.

NOTICE OF EXTRAORDINARY GENERAL MEETING

COSMOSTEEL HOLDINGS LIMITED

(Company Registration No. 200515540Z)

9. Shareholders (whether individuals or corporates) exercising their voting rights at the EGM may do so by attending and voting at the EGM themselves personally or through their duly appointed proxy(ies) or may appoint the Chairman of the EGM as their proxy to vote on their behalf at the EGM. In appointing the Chairman of the EGM as proxy, Shareholders (whether individuals or corporates) must give specific instructions as to whether the Chairman should vote for, vote against or abstain from voting, in the form of proxy, failing which the appointment will be treated as invalid.
10. A proxy, including the Chairman of the EGM, need not be a Shareholder of the Company.
11. The duly executed Proxy Form appointing a proxy (including a Proxy Form appointing the Chairman of the EGM as proxy) must:
 - (a) if sent personally or by post, be received at the Company's registered office at 14 Lok Yang Way, Singapore 628633; or
 - (b) if submitted by email, be sent as a clearly readable image via email to the Company at ir@cosmosteel.com.sg,
in either case no later than 9.30 a.m. (Singapore Time) on 20 October 2023.
12. CPF / SRS investors who wish to exercise their votes should approach the CPF Agent Bank or SRS Agent Bank (as the case may be) to instruct their relevant CPF Agent Bank or SRS Agent Bank on how they should vote at least seven (7) working days before the EGM (i.e. by 9.30 a.m. on 12 October 2023) in order to allow sufficient time for their respective relevant intermediaries to submit a Proxy Form to vote on their behalf by the cut-off date.
13. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or signed on its behalf by a duly authorised officer or attorney. A copy of the power of attorney or such other authority must be submitted together with the Proxy Form, failing which the Proxy Form may be treated as invalid.
14. In the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
15. Shareholders may submit questions which are substantial and relevant to the proposed resolutions tabled for approval at the EGM as set out in this Notice, by writing to the Company in advance of the EGM. Alternatively, Shareholders may also pose such questions during the EGM. Substantial and relevant questions related to the agenda of the EGM if submitted in advance of the EGM must be submitted in the following manner:
 - (a) if sent personally or by post, be received at the Company's registered address at 14 Lok Yang Way, Singapore 628633;
 - (b) if submitted by email, be sent as a clearly readable image via email to the Company at ir@cosmosteel.com.sg,
in either case, by 9.30 a.m. (Singapore Time) on 13 October 2023 ("**Questions Cut-Off Time**"). The Company will endeavour to address all substantial and relevant questions (determined by the Company in its sole discretion) received by 9.30 a.m. (Singapore Time), on 18 October 2023 (that is, at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms) and will publish on SGX-Net its response to all relevant and substantial questions received before the Questions Cut-Off Time. Substantial and relevant questions (determined by the Company in its sole discretion) received after the Questions Cut-Off Time, as well as questions posed by Shareholders during the EGM, will be addressed by the Company during the EGM.
16. For verification purposes, when submitting any questions via email, Shareholders MUST provide the Company with their particulars (comprising full name (for individuals)/company name (for corporates), email address, contact number, NRIC/passport number/company registration number, shareholding type and number of shares held), failing which the submission will be treated as invalid.
17. The Company will, within one month after the date of the EGM, publish the minutes of the EGM on SGX-Net and the Company's website. The minutes will include the responses to the substantial and relevant questions raised during the EGM.
18. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (such as in the case where the appointor submits more than one Proxy Form).

NOTICE OF EXTRAORDINARY GENERAL MEETING

COSMOSTEEL HOLDINGS LIMITED

(Company Registration No. 200515540Z)

Personal Data Privacy

By attending the EGM (including any adjournment thereof) and/or submitting any question prior to the EGM in accordance with this Notice and/or submitting the Proxy Form appointing proxy/proxies and/or representative(s) to attend, speak and vote at the EGM (including any adjournment thereof), a Shareholder of the Company consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy/proxies for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof);
- (ii) addressing substantial and relevant questions from Shareholders received before the EGM and if necessary, following up with the relevant Shareholders in relation to such questions;
- (iii) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof); and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

In addition, the personal data of a Shareholder (such as name, presence at the EGM and any questions raised or motions proposed/seconded) may be recorded by the Company during sounds and/or video recordings of the EGM which may be made by the Company for record keeping and to ensure the accuracy of the minutes of the EGM and a Shareholder of the Company consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for such purpose.

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COSMOSTEEL HOLDINGS LIMITED
(Company Registration No. 200515540Z)

IMPORTANT:

This Proxy Form is not valid for use by investors who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act) including CPF/SRS Investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS Investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS Investors should approach their respective CPF Agent Bank or SRS Agent Bank (as the case may be) at least 7 working days before the Meeting (i.e by 9.30 a.m. on 12 October 2023) to specify voting instructions.

**EXTRAORDINARY GENERAL MEETING
PROXY FORM**

(Please see notes overleaf before completing this Form)

I / We _____ (Name), NRIC/Passport No. _____

of _____ (Address)

being a member/members of COSMOSTEEL HOLDINGS LIMITED (the "Company") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)	
			No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)	
			No. of Shares	(%)

or failing whom the Chairman of the Extraordinary General Meeting (the "Meeting") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting to be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 23 October 2023 at 9.30 a.m. and at any adjournment thereof.

Please note that where the Chairman of the Meeting is appointed as proxy, the proxy form appointing the Chairman of the Meeting must be directed, i.e., the member must indicate for each resolution whether the Chairman of the Meeting is directed to vote "for" or "against" or "abstain" from voting. If no specific direction as to voting is given, the appointment of the Chairman of the Meeting as proxy for the resolution will be treated as invalid at the Meeting and at any adjournment thereof. In addition, if no specific direction as to voting is given for the individual(s) named above, the proxy/proxies will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the Meeting and at any adjournment thereof.

The Ordinary Resolutions put to the vote at the Meeting shall be decided by way of poll.

No.	Ordinary Resolution	For	Against	Abstain
1	To approve the Proposed Acquisition			

If you wish to exercise all your votes "For", "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

* Delete where inapplicable

Dated this _____ day of _____ 2023

Total number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) /
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:-

1. If the Shareholder has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the Shareholder has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Shareholder.
2. A Shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such Shareholder's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
3. A Shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Shareholder. Where a relevant intermediary appoints more than two (2) proxies, separate Proxy Forms should be used.
4. **"Relevant intermediary"** has the meaning ascribed to it in Section 181(6) of the Companies Act 1967.
5. A proxy, including the Chairman of the EGM, need not be a Shareholder of the Company.
6. CPF / SRS investors who wish to exercise their votes should approach the CPF Agent Bank or SRS Agent Bank (as the case may be) to submit their votes at least seven (7) working days before the EGM (i.e. by 9.30 a.m. on 12 October 2023) in order to allow sufficient time for their respective relevant intermediaries to submit a Proxy Form to vote on their behalf by the cut-off date.
7. The duly executed Proxy Form appointing a proxy (including a Proxy Form appointing the Chairman of the EGM as proxy) must:
 - (c) if sent personally or by post, be received at the Company's registered office at 14 Lok Yang Way, Singapore 628633; or
 - (d) if submitted by email, be sent as a clearly readable image via email to the Company at ir@cosmosteel.com.sg, in either case no later than 9.30 a.m. (Singapore Time) on 20 October 2023.
8. Completion and return of this Proxy Form shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the meeting.
9. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its Common Seal or signed on its behalf by a duly authorised officer or attorney. A copy of the power of attorney or such other authority must be submitted together with the Proxy Form, failing which the Proxy Form may be treated as invalid.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
11. In the case of shares entered in the Depository Register, the Company may reject any Proxy Form lodged if such Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting this Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, the Shareholder (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **"Purposes"**), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

ANNEX A
VALUATION CERTIFICATE

appraisal
since 1972



APPRAISAL (MALAYSIA) SDN BHD
197201000331 (11943-W), VE (1) 0061
No. 160-4-8 & 9, Kompleks Maluri
Business Centre, Jalan Jejaka, 55100
Kuala Lumpur
T 03 9285 3988
F 03 9281 6731
E admin@appraisal.com.my

Our Ref : C/P 22-571/ZAM

18 January 2023

KIM SENG HUAT HARDWARE PTE LTD

(Subsidiary of CosmoSteel Holdings Ltd)

14, Lok Yang Way

Singapore 628633

Dear Sirs,

VALUATION CERTIFICATE

Lot 91239 (formerly known as PTD 108306), Mukim Senai, District of Kulai, State of Johor held under title, GRN 568137 (formerly known as HSD 64689)

We were appointed by the client, Kim Seng Huat Hardware Pte Ltd ("Client") to prepare a valuation in respect of the freehold interest in the abovementioned property ("Subject Property") for the purpose of circular to shareholders in relation to a purchase consideration.

A physical inspection of the Subject Property was conducted on 4 January 2023. The material date of the valuation is **4 January 2023**.

This valuation certificate is prepared in compliance with the *Malaysian Valuation Standards 6th Edition 2019* ("MVS") published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia and the *SISV Practice Guide (1/2018)* ("SISV").

Our valuation of the Subject Property is based on the **ASSUMPTION THAT THE SUBJECT PROPERTY HAS BEEN ISSUED WITH A CERTIFICATE OF COMPLETION AND COMPLIANCE.**

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTION(S) STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT YET OR FULLY REALISED.

The general description of the Subject Property, method of valuation and our opinion of the market value are as follows.



THE SUBJECT PROPERTY

The Subject Property comprises the freehold interest in an industrial land erected upon with a single-storey detached warehouse with an annexed three-storey office building and other ancillary buildings identified in the title document as **Lot 91239** (formerly known as PTD 108306), **Mukim Senai, District of Kulai, State of Johor** held under title, **GRN 568137** (formerly known as HSD 64689) and bearing the postal address of **PTD 108306, Jalan Tee Teck San, Saleng, 81400 Senai, Johor Darul Takzim**.

LOCATION OF THE SUBJECT PROPERTY

The Subject Property is located along Jalan Tee Teck San, Saleng, Senai, Johor Darul Takzim. It is surrounded by residential, commercial and industrial properties. It is located approximately 3 kilometres from the Senai International Airport.

DESCRIPTION OF THE SUBJECT PROPERTY

A brief description of the Subject Property is as follows:-

Type	: A single-storey detached warehouse with an annexed three-storey office building and other ancillary buildings
Land Area	: About 26,530 sq. m. (285,566 sq. ft.)
Shape/Terrain of Land	: Regular in shape, flat terrain and lies at the same level with the frontage metalled road
Construction	: Steel portal frame erected upon reinforced concrete foundations with brickwalls and metal deck roofing
Gross Floor Area ("GFA")	: 4,511.5 sq. m. / 48,561 sq. ft.
State of Repair	: Good

CATEGORY OF LAND USE

The title document specifies the category of land use for the Subject Property as industrial use.

PARTICULARS OF TITLE

Brief particulars of the title for the Subject Property are as follows:-

Lot No.	: Lot 91239 (formerly known as PTD 108306)
Mukim/District/State	: Senai/Kulai/Johor
Title No.	: GRN 568137 (formerly known as HSD 64689)
Land Area	: 2.653 hectare
Tenure	: Freehold
Quit Rent	: RM9,842.00
Registered Proprietor	: Khng Huat Network Services Sdn Bhd – 1/1 share

- Category of Land Use** : Industry
- Express Conditions** :
- (i) Tanah ini hendaklah digunakan untuk kilang bagi tujuan Perusahaan Sederhana dan kegunaan lain yang berkaitan dengannya, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan,
 - (ii) Segala kekotoran dan pencemaran akibat daripada aktiviti ini hendaklah disalurkan/dibuang ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan.
 - (iii) Segala dasar dan syarat yang telah ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.
- Charge** : Charge to United Overseas Bank (Malaysia) Bhd vide Presn. No. 116/2017 dated 2 January 2017

OCCUPANCY & EXISTING USE

At the date of our inspection, the Subject Property is vacant.

BASIS OF VALUATION

Our basis of valuation is the **Market Value**, which is described in the MVS and SISV as, *“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”*.

METHOD OF VALUATION

In arriving at our opinion of value, we have adopted the Comparison Method.

CONCLUSION

Taking into consideration all relevant factors, we are of the opinion that the market value of the Subject Property comprising the freehold interest in an industrial land erected upon with a single-storey detached warehouse with an annexed three-storey office building and other ancillary buildings identified in the title document as **Lot 91239** (formerly known as PTD 108306), **Mukim Senai, District of Kulai, State of Johor** held under title, **GRN 568137** (formerly known as HSD 64689) and bearing the postal address of **PTD 108306, Jalan Tee Teck San, Saleng, 81400 Senai, Johor Darul Takzim**, free from all encumbrances, with the title being good and transferrable and on the **ASSUMPTION THAT THE SUBJECT PROPERTY HAS BEEN ISSUED WITH A CERTIFICATE OF COMPLETION AND COMPLIANCE**, as at **4 January 2023**, is

appraisal

since 1972

RM21,560,000.00 (MALAYSIAN RINGGIT TWENTY ONE MILLION FIVE HUNDRED AND SIXTY THOUSAND ONLY).

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ADDITIONAL ASSUMPTION(S) STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT YET OR FULLY REALISED.

For and on behalf of,
APPRAISAL (MALAYSIA) SDN. BHD.



ST. JAMIE TAN, MRICS, MISM

Chartered Surveyor

Bsc (Hons) Estate Management

Registered Valuer V0612

Executive Director