



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

**RESPONSE TO QUESTIONS FROM SHAREHOLDERS
FOR EXTRAORDINARY GENERAL MEETING ON 23 OCTOBER 2023**

The Board of Directors (the “**Board**”) of CosmoSteel Holdings Limited (the “**Company**”) refers to the announcement dated 6 October 2023 in relation to the Notice of Extraordinary General Meeting to be held on Monday, 23 October 2023, at 9.30 a.m. at Raffles Marina, 10 Tuas West Drive, Singapore 638404 (“**EGM**”).

The Company would like to express its appreciation to its shareholders for submitting their questions in advance of the EGM. The Company would also like to inform shareholders that the substantial and relevant questions received by the Company by the deadline, i.e., 9.30 a.m. on 13 October 2023, have been responded to and are published in this announcement. Please refer to **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
18 October 2023

Appendix A

RESPONSE TO QUESTIONS FROM SHAREHOLDERS

Question 1:

What is the gross floor area of the built-up warehouse and the office building for 14 Lok Yang Way and 90 Second Lok Yang Road?

Company's Response:

The gross floor area of 14 Lok Yang Way is approximately 99,388 sqf and the gross floor area of 90 Second Lok Yang Road is approximately 97,994 sqf.

Question 2:

What is the current book value and the most recent valuation of the property at 90 Second Lok Yang? Additionally, could you provide an estimate of the current market value for that property?

Company's Response:

Our properties are recorded at their revalued amounts based on their market value pursuant to property valuations carried out in connection with the preparation of the Group's financial statements. The most recent valuation of 90 Second Lok Yang Road carried out in connection with the preparation of the Group's financial statements for the financial year ended 30 September 2023 was S\$10.6 million.

Question 3:

In the provided circular, it's stated that the company anticipates lower operational costs and opportunities for market expansion and collaborations in Malaysia, all while maintaining the flexibility to scale up warehouse facilities for future growth. Can you provide detailed insights into the expected cost savings in quantitative terms, as part of your analysis for this proposal?

Company's Response:

As set out in paragraph 5.9 of the Circular, the Company expects to benefit from an overall lower operational cost in Malaysia (relative to Singapore) by taking advantage of the lower labour costs and more competitive real estate expenses for a business and operations which require substantial warehousing facilities. Due to the multitude of elements and variables influencing cost savings and the dynamic business environment, a detailed quantitative breakdown is currently not feasible.

Question 4:

What is the estimated cost, given the current circumstances, for constructing an additional 100,000 square feet of warehouse space at the Malaysian property?

Company's Response:

As set out in paragraph 5.11 of the Circular, the Company does not have firm plans for, or made any final decision with respect to the construction of additional warehouse space at the Property, hence it will not be meaningful to provide an estimated cost for construction at this point.

Question 5:

Could you please elaborate on how the Malaysian warehouse offers an opportunity for market expansion and revenue growth? Additionally, can you clarify why the company cannot achieve

the same results using the warehouse in Singapore, especially considering the successful business dealings with Bruneian and Japanese customers?

Company's Response:

As explained in paragraph 5.10 of the Circular, the relocation of part of the Group's warehouse operations equips the Group with the added advantage of being in closer proximity with its existing and potentially new customers in Malaysia, which the Group hopes will lead to increased sales and marketing opportunities as well as opportunities for partnerships and collaborations with local businesses in the Malaysian market.

The rationale for the Group to undertake the Proposed Acquisition and relocate part of its warehouse facilities from Singapore to Malaysia have been disclosed in the Circular and for the avoidance of doubt, notwithstanding such relocation, the Group will still continue to focus its sales and marketing efforts to reach out to customers from its Singapore headquarters, and fulfil or perform such orders or projects secured by leveraging off its warehouse facilities and operations in Singapore and Malaysia.