

Making PROGRESS



COSMOSTEEL
HOLDINGS
LIMITED

Annual
Report
2023



**In
Protecting
Our**

**PEOPLE
PERFORMANCE
& PLANET**

“

Balancing the 3 P's – PEOPLE, PERFORMANCE, & PLANET are keys to a better, brighter future.

”

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Corporate Objectives



To achieve an adequate level of profitability in line with market conditions and, in the process, enhance shareholder value.



To continually strive for improvements in the quality of our products and to consistently provide timely services to customers.



To focus on productivity improvements to achieve a leading position in price competitiveness.



To secure the health and safety of our employees and all concerning parties, and also protect the environment in the course of our operations.



To be a people developer by promoting performance excellence through a continuous process of learning and training.

Nurturing & Empowering Our PEOPLE

Our Mission

To be a world-class provider of piping systems components and related services that surpasses the expectations of our customers through consistent product quality, competitive pricing, reliable on-time delivery, and service excellence with a strong commitment to social and environmental responsibility.

Corporate Profile

SGX Mainboard-listed CosmoSteel Holdings Limited and its subsidiaries ("**CosmoSteel**" or the "**Group**") is backed by close to 40 years of established track record as a service-oriented and reliable solutions provider in the sourcing and distribution of piping system components in the Energy, Marine and Other industries in Southeast Asia and other regions.

Headquartered in Singapore, the Group has a total site area of approximately 181,000 sq feet across two warehouses in Singapore. In May 2023, we entered into a Sale and Purchase Agreement ("**SPA**") to acquire a warehouse facility with a total site area of approximately 285,000 sq feet in Johor, Malaysia (subject to completion of SPA). We carry a comprehensive range of

high-quality products from major international manufacturers, which we can deliver just-in-time to our customers. Over the years, CosmoSteel has forged close ties with supply chain partners, ensuring our supply chain quality and continuity. Proving our capacity and capabilities to be a leader in our field, we have a diverse base of over 400 customers.

CosmoSteel has regularly received recognition for our best practices in corporate transparency and business operations. In 2023, the Group was ranked 61st of 474 companies on the Singapore Governance and Transparency Index ("**SGTI**"), the leading index for assessing corporate governance practices of Singapore listed companies. In addition, we have also received numerous world-class certifications including ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 22301:2019 and bizSAFE STAR certification.

Corporate Structure



Our Milestones

1980's

1984

Started with a shophouse in Jalan Besar, Singapore

1990's

1993

Consolidated operations to new premises at 41 Tuas Avenue 13 (approximately 43,000 sqf: warehousing and office)

2000's

2000

Achieved ISO 9002:1994 certification

2003

Achieved ISO 9001:2000 certification

2005

Moved to new site at 14 Lok Yang Way (approximately 111,000 sqf: warehousing and office)

2010's

2010

Acquired new warehouse at 90 Second Lok Yang Road (approximately 70,000 sqf: warehousing)

2012

Achieved bizSAFE STAR certification

2014

Acquired warehousing facility at 36 Tuas Crescent (approximately 118,000 sqf: warehousing)

2015

- Achieved ISO 22301:2012 certification for Business Continuity Management ("BCM")
- Entered into a strategic alliance with Hanwa Co., Ltd

2020's

2019

- Won the Most Transparent Company Energy Category (Runner-up) at the SIAS 20th Investors' Choice Awards
- Ranked 79th with an overall score of 78 in the SGTI 2019
- Executive Director, Mr Jack Ong Tong Hai, became CEO with the retirement of Mr Ong Chin Sum as Executive Director and CEO
- Achieved ISO 45001:2018 certification

2020

- Ranked 70th with an overall score of 85 in the SGTI 2020
- Returned warehousing facility at 36 Tuas Crescent to JTC in July 2020

2021

- Ranked 58th with an overall score of 88 in the SGTI 2021
- Finalist in the category 'Asia's Best Sustainability Report – SME' at the 2020 Asia Sustainability Reporting Awards

2007

- Acquired warehouse at 21A Neythal Road (approximately 112,000 sqf: warehousing)
- Listed on the Mainboard of Singapore Exchange Ltd

2008

Achieved ISO 9001:2008 certification

2009

Achieved ISO 14001:2004 and OHSAS 18001:2007 certifications

2016

- Ranked 45th with an overall score of 77 in the SGTI 2016
- Became an Accredited Training Organisation authorised to train Chartered Accountants (Singapore) under the Singapore CA Qualification

2018

- Completed construction of warehouse facility and workers' dormitory at 90 Second Lok Yang Road

2022

- Ranked 92nd with an overall score of 82 in the SGTI 2022
- Completed the partial redevelopment of the warehouse storage facilities at 14 Lok Yang Way
- Returned warehouse at 21A Neythal Road to JTC in November 2022

2023

- Ranked 61st with an overall score of 89 in the SGTI 2023
- Entered into Sale and Purchase Agreement ("**SPA**") to acquire a warehouse facility in Johor, Malaysia (subject to completion of SPA) (approximately 285,000 sqf: warehousing)

Our Core Values



Build Trust

We endeavour to build open and honest relationships and operate with integrity to gain the trust of our stakeholders.



Effect Progress

We are passionate and driven to lead our business to the forefront of the industry by boosting our value proposition and expanding our peoples' capabilities while safeguarding the well-being of our people.



Surpass Expectations

We are determined to always be in pursuit of excellence and advancement in order to deliver value and achieve distinction among our peers.



Think Forward

We embrace innovation, champion continuous learning and prioritise the well-being of our people to achieve a more efficient, profitable and sustainable business that is both conscionable and practical in the long term.

Our Products & Services



Energy Industry

For fabricating offshore rigs, conversion and building of FPSO/FSO vessels, fabricating onshore energy facilities, and renewable energy facilities such as wind energy structures.



Marine Industry

For shipbuilding and repairs by major shipyards.



Our Customers



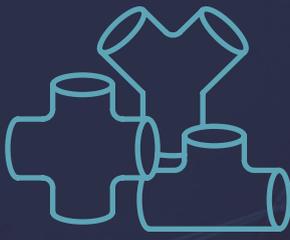
Traders / Stockists

For on-selling to end-user customers in industries that include Energy and Marine.



Other Industries

For the manufacturing sector and other industries.



Products

OVER

20,000

LINE ITEMS



Services

Offering customisation services for specific engineering and fabrication design requirements

With more than 20,000 line items across five main product categories, CosmoSteel has an extensive inventory of steel pipes, fittings, flanges, cables and cable management, as well as structural products that we can readily draw on to meet the requirements of our customers in a timely and efficient manner.

Our range of product customisation services allows us to modify to meet the specific engineering and fabrication designs of our customers. To ensure quality assurance, we provide validation and testing services. We also provide expediting and project management services.

Our customers, many of whom are established companies in the Energy, Marine, and Other industries, consider CosmoSteel as their key trusted partner and have longstanding relationships with us.

Products

Steel

- Pipes
- Fittings
- Flanges

Structural

- Structural beams
- Channels
- Sheets
- Plates
- Flats
- Hollow sections of different steel grades

Electrical/ Instrumentation Cable

- European offshore drilling and marine cables power, control cable
- European onshore power, control and instrumentation cable
- Fibre optic cable
- Power instrument cable
- Cable management

Material Range

- Carbon steel
- Low temp carbon steel
- Stainless steel
- Duplex steel
- Super duplex steel
- High yield steel
- Low alloy steel

International Standards

Steel and Structural Products

- API
- ANSI
- ASME
- ASTM
- EN

Cable Products

- IEEE
- IEC
- UL

Value-add Services

• Customisation

- Design
- Size
- Chemical compositions
- Mechanical strength
- Testing requirements

• Validation

• Testing

- Non-Destructive Testing
- Alloy verification
 - Dye penetrant testing
 - Magnetic particle testing
 - UT testing
 - Wall thickness check
 - Ferrite content check

Third-party Testing and Inspection

- Hydrogen induction cracking
- Sulfide stress cracking
- RT testing

• Expedited delivery

- For time-sensitive projects and material grades that are difficult to source

• Project management

- Procurement and expediting services
- Inventory management services for customers without warehouse or storage facilities
- Just-in-time delivery



Chairman's Message



Tan Siok Chin
Chairman

Looking ahead, our outlook remains cautiously optimistic, cognisant of the persisting uncertainties in the global economic milieu. Our focus remains steadfast on fortifying operational agility, optimising cost structures, and exploring innovative strategies to mitigate the impact of ongoing economic pressures.

CosmoSteel remained resolute in executing strategies focused on operational efficiencies while maintaining prudent financial management and an unwavering commitment to quality and service excellence.

Dear Shareholders,

As we reflect on the past year, I wish to express my sincere appreciation for your steadfast support amidst the challenges encountered during FY2023. The year presented significant headwinds, primarily driven by the escalating costs, soaring inflation rates, and increased labour expenses.

The economic landscape presented formidable obstacles, impacting our operations and exerting considerable pressure on our profit margins. Despite these challenges, CosmoSteel remained resolute in executing strategies focused on operational efficiencies while maintaining prudent financial management and an unwavering commitment to quality and service excellence. I take pride in acknowledging the dedication and adaptability demonstrated by our management team, led by CEO Jack Ong. Their astute leadership and commitment ensured sustained delivery of value to our customers while preserving our regional market presence.

Over the course of the year, strategic endeavours were undertaken to enhance the Group's overall cost structure and operational efficiency. As part of this initiative, we are set to relocate a segment of our inventories to a newly acquired warehouse in Johor, Malaysia in 3QFY2024. This move is anticipated to leverage the country's comparatively lower operating costs, thereby enhancing our overall cost efficiency, reducing operating expenses, and fortifying CosmoSteel's competitive advantage.

Looking ahead, our outlook remains cautiously optimistic, cognisant of the persisting uncertainties in the global economic milieu. Our focus remains steadfast on fortifying operational agility, optimising cost structures, and exploring innovative strategies to mitigate the impact of ongoing economic pressures.

As your Chairman, I assure you that the Board and management are vigilantly monitoring the situation and implementing prudent measures to navigate challenges. Our commitment to creating sustainable value for our shareholders remains resolute.

We appreciate your continued trust and confidence in our Company. Together, we shall strive to overcome these obstacles, evolve, and emerge stronger.

Sincerely,

Tan Siok Chin
Chairman

CEO's Message



Jack Ong Tong Hai

Chief Executive Officer

As an inventory stockist, we are constantly exploring ways to innovate and strengthen our core competencies to stay relevant and competitive. Our focus remains on enhancing our overall efficiency and productivity levels through digitalisation and sustainability initiatives.

Dear Shareholders,

The financial year ended 30 September 2023 (“**FY2023**”) was marked by challenging macroeconomic headwinds as economies grapple with inflationary pressures and tightening monetary policies that are exacerbated by escalating geopolitical tensions.

Amid such global uncertainties, CosmoSteel remained steadfast and profitable in FY2023, recording a 23.1% year-on-year (“**yoy**”) increase in net profit to \$2.8 million. This was

achieved on the back of a 81.1% yoy increase in revenue to \$83.4 million.

With the results, our Board has proposed a final dividend of 0.5 Singapore cents for FY2023, which amounts to a payout ratio of 46.7% of the Group’s net profit and a dividend yield of 4.0% as at 30 September 2023.

Making Progress in Optimising our Cost Structure

In May 2023, we announced our intention to acquire a warehouse in the industrial region of Johor, Malaysia for RM21 million (approximately S\$6.3 million), which was approved by shareholders at our Extraordinary General Meeting held on 23 October 2023. We will be commencing the relocation of part of our inventories to the warehouse in Malaysia in 3QFY2024.

Our strategic imperative is to reduce the Group’s operating cost structure so that it can be more sustainable in the long term. There is a cost advantage for us to relocate a part of our warehouse operations across the Causeway in Malaysia. Overall, we believe the move will enhance the Group’s cost efficiency and empower us to operate more competitively as an inventory specialist.

Making Progress in Enhancing our Future Scalability

Another reason for acquiring the warehouse in Malaysia stems from our desire to give CosmoSteel sufficient headroom and flexibility to scale up for future expansion. Accordingly, we intend to ramp up

our sales and marketing efforts to grow our business from existing as well as new customers. Following the relocation, a substantial part of our warehouse at 90 Second Lok Yang Road will be freed up, presenting an opportunity for divestment.

Making Progress in Business Sustainability

As an inventory stockist, we are constantly exploring ways to innovate and strengthen our core competencies to stay relevant and competitive. Our focus remains on enhancing our overall efficiency and productivity levels through digitalisation and sustainability initiatives.

The Group remains committed to effectively managing its material Environmental, Social, and Governance (“**ESG**”) factors over the short, medium, and long term. A significant achievement in FY2023 was the installation and commissioning of rooftop solar systems at our office and warehouse locations at 14 Lok Yang Way, completed in March 2023. These systems collectively have the capacity to generate around 735,000 kWh annually. This production not only fulfills 100% of our Group’s electricity requirements but also allows us to sell the surplus energy back to the grid and help others reduce their greenhouse gas emissions.

Meanwhile, with the shift towards electrification, we also replaced four of our diesel private buses with electric buses, while eco-friendly equipment such as a food waste digester and Singrass Indoor Smart Eco Systems were installed in our offices to facilitate a cohesive ecological indoor environment.

On the sustainability front, we made progress in reducing our GHG emissions. Our rooftop solar Photovoltaic (PV) systems were completed in March 2023, giving us the capacity to now harness around 735,000 kWh of solar energy annually to fulfill 100% of our Group’s energy needs.

From the FY2023 Sustainability Report, we have begun aligning our sustainability reporting with the guidance issued by the Taskforce on Climate-related Financial Disclosures (“**TCFD**”), underscoring our commitment to proactively manage climate-related risks and opportunities. Our sustainability report adheres to the Global Reporting Initiative (“**GRI**”) Standards and the Sustainability Reporting Guidelines issued by the Singapore Exchange (“**SGX-ST**”).

In FY2023, our standing in the Singapore Governance and Transparency Index 2023 improved significantly, rising to 61st from 92nd position in 2022.

Under the guidance of our Board, the Group remains steadfast in integrating sustainability principles throughout our business operations.

Looking Ahead and Appreciation

Going forward, we expect the operating environment to remain volatile and competitive in view of geopolitical conflicts. As always, we continue to uphold strict and prudent

cost management to protect our profitability and maintain our healthy financial position, particularly amid the current inflationary environment. At the same time, we will continue to build on our capabilities to strengthen revenue generation and single out new markets and customers for growth.

On this note, I would like to thank everyone who has made another profitable year a reality for CosmoSteel. To our Board of Directors, thank you for your strategic guidance and counsel throughout the years. To our management team and employees, for your tireless dedication and hard work. To our business partners, for your continued partnership and journey with us. And to our shareholders, for your unwavering support and confidence in the Group. We will continue to strive to ensure stable and continuous growth for the Group.

Jack Ong Tong Hai
Chief Executive Officer

Board Of Directors

Tan Siok Chin, 53

Chairman & Non-Executive
Non-Independent Director

First Appointed: 28 March 2007
Last Re-elected: 28 January 2022
Country of Principal Residence: Singapore
Member: Audit Committee



Ms Tan was appointed as the Chairman on 1 December 2022 and re-designated from an Independent Director to Non-Executive Non-Independent Director of the Company on 24 August 2020. She is an Advocate and Solicitor of the Supreme Court of Singapore and a Director of ACIES Law Corporation, a firm of advocates and solicitors, heading its corporate practice group. Ms Tan has close to 30 years of experience in legal practice. Her main areas of practice are corporate finance, mergers and acquisitions, capital markets and commercial matters. Ms Tan graduated from the National University of Singapore with a Bachelor of Law (Honours) degree.

Jack Ong Tong Hai, 46

Chief Executive Officer
& Executive Director

First Appointed: 9 November 2005
Last Re-elected: 31 January 2023
Country of Principal Residence: Singapore



As CEO, Jack Ong is responsible for steering its corporate and business strategies as well as leading sales and marketing to major end-users and oil majors. Mr Ong, who first joined the Group in 1998, has comprehensive, well-rounded experience and deep-seated knowledge of both the Group and the steel industry, in particular, the Group's logistics and operations functions. Since joining the Group, he has also acquired in-depth management experience in inventory and warehousing logistics and management, information systems and technology management and administration. He holds a Bachelor of Business (Accountancy) from the Royal Melbourne Institute of Technology, Australia.

Yasuhiko Watanabe, 54

Non-Executive Non-Independent Director

First Appointed: 1 November 2023
Country of Principal Residence: Japan
Member: Remuneration and Nominating Committees



Mr Watanabe joined as a Non-Executive Non-Independent Director on 1 November 2023 and is a member of the Remuneration and Nominating Committees. Mr Watanabe joined Hanwa Co., Ltd. in 1992 and has worked in various capacities across different departments including export, machinery, accounting and corporate planning. He moved to Hanwa American Corp. in Houston in 1998 and returned to the Osaka office in 2004, under the Amusement Rides and Water Equipment Section. Mr Watanabe rose through the ranks and is currently the Executive Officer in charge of Corporate Planning, Legal, Credit and Sustainability Promotion Division. He holds a Bachelor of Economics from Chuo University, Japan.

Ong Tiew Siam, 70

Lead Independent Director

First Appointed: 1 December 2022
Last Re-elected: 31 January 2023
Country of Principal Residence: Singapore
Chairman: Audit Committee
Member: Nominating Committee



Mr Ong has over 40 years of experience in finance, accounting and administration across diverse industries. Mr Ong is an Independent Director of CSC Holdings Limited, a SGX-Mainboard listed company. He holds a Bachelor of Commerce (Accountancy) (Honours) degree from the former Nanyang University, Singapore. He is also a Life Fellow Member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

Hor Siew Fu, 72

Independent Director

First Appointed: 26 October 2018
Last Re-elected: 31 January 2023
Country of Principal Residence: Singapore
Member: Audit Committee



Mr Hor brings with him over 40 years of experience in accounting, finance, human resources, administration, legal and commercial matters having worked for government-linked companies, multinational corporations, public-listed companies, small medium enterprises, and in the public sector. He is an Independent Director of Edition Ltd, Memiontec Holdings Ltd and Datapulse Technology Limited listed on the SGX-ST. Mr Hor is a Life Member and Fellow of the Institute of Singapore Chartered Accountants (FCA Singapore), Fellow of the Association of Chartered Certified Accountants, UK (FCCA) and a Professional-Life Member of the Singapore Human Resources Institute (MSHRI). He has served as a volunteer in various capacities with government agencies as well as professional and non-profit organisations. Mr Hor holds a Bachelor of Accountancy from the University of Singapore and a Masters in Business Administration from Macquarie University, Australia.

Lim Jun Xiong Steven, 68

Independent Director

First Appointed: 1 December 2022
Last Re-elected: 31 January 2023
Country of Principal Residence: Singapore
Chairman: Nominating Committee
Member: Remuneration Committee



Mr Lim brings with him close to 40 years of experience in the financial, trust and wealth management industry. He has held leading roles in financial organisations during his career including the CEO of SG Trust (Asia) Ltd, a subsidiary of Societe Generale Private Banking. Mr Lim currently provides consultancy advice in the field of global wealth solutions. He sits on the boards of SGX-listed Bund Center Investment Ltd, Sinarmas Land Limited, Livingstone Health Holdings Limited, Riverstone Holdings Limited and Baker Technology Limited as an Independent Director. Mr Lim holds a Bachelor of Commerce (Accounting and Finance) from the University of Newcastle, Australia. He is a fellow member of CPA Australia and the Institute of Singapore Chartered Accountants, as well as a member of the Society of Trust and Estate Practitioners.

Loo Cheng Guan, 60

Independent Director

First Appointed: 1 December 2022
Last Re-elected: 31 January 2023
Country of Principal Residence: Singapore
Chairman: Remuneration Committee



Mr Loo is the Managing Director of King Tower Asset Management (Singapore) Pte Ltd and Director of Vermillion Gate Pte Ltd. With 30 years of experience in fund management, private equity, and corporate finance, Mr Loo has spent a significant portion of his career advising on growth strategies, mergers and acquisitions, as well as private market investments. He currently sits on the boards of SGX-listed Valuetronics Holdings Limited as Independent Director, HKSE-listed China First Capital Group Limited as Independent Director and several other private companies in Singapore. He holds a Bachelor of Economics (Honours) degree and MBA from Monash University in Melbourne.

Updates on status of directors:

- Mr Shiro Kanaya, our Non-Executive Non-Independent Director, stepped down from his role with effect from 1 November 2023.

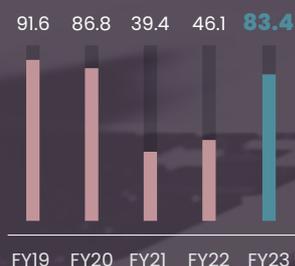
All information relating to the Directors in this section, unless otherwise mentioned, are accurate as at 11 December 2023, being the latest practicable date for the preparation of this section.

Financial Highlights

(For other key non-financial indicators, please refer to page 22 of this annual report)

Key Financial Indicators

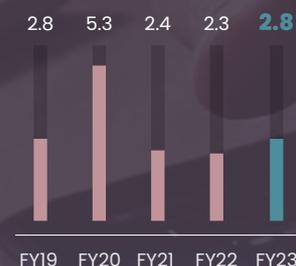
Revenue (\$m)



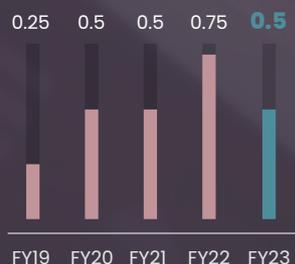
Gross Profit (\$m)



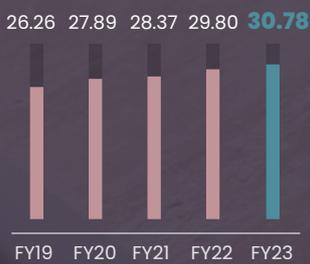
Net Profit After Tax (\$m)



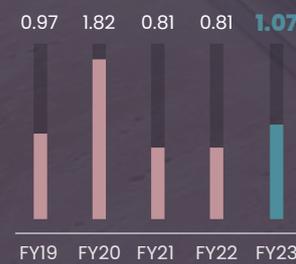
Dividend Per Share (cents)



Net Asset Value Per Share (cents)



Earnings Per Share (cents)



	FY2019	FY2020	FY2021	FY2022	FY2023
Current Ratio (times)	3.67	3.84	9.55	6.57	5.32
Gearing Ratio (times)	0.38	0.38	0.24	0.26	0.27

Steadying & Improving Our

PERFORMANCE

Operating & Financial Review

Income Statement Review

Income Statement	FY2023 \$'000	FY2022 \$'000	Change %
Revenue	83,448	46,083	81.1
Cost of sales	(70,260)	(35,035)	100.5
Gross Profit	13,188	11,048	19.4
Other Items of Income			
Interest income	246	4	NM
Operating Expenses			
Marketing and distribution costs	(3,277)	(3,750)	(12.6)
Administrative expenses	(4,603)	(4,080)	12.8
Depreciation of property, plant and equipment	(2,753)	(2,328)	18.3
Depreciation of right-of-use assets	(463)	(1,385)	(66.6)
Other Items of Expense			
Finance costs	(880)	(335)	162.7
Other gains (net)	1,611	3,196	(49.6)
Profit Before Tax	3,069	2,370	29.5
Income tax expense	(264)	(91)	190.1
Profit for the Year	2,805	2,279	23.1

NM – Denotes “not meaningful”

Revenue for the year ended 30 September 2023 (“FY2023”) registered an 81.1% year-on-year (“yoy”) increase to \$83.4 million from \$46.1 million for the year ended 30 September 2022 (“FY2022”). The revenue growth was largely attributed to higher revenue contributions from the Group’s Energy, Marine and Other segments, partly offset by a decrease in revenue from the Trading segment.

In tandem with the increase in revenue, the Group’s gross profit increased 19.4% yoy from \$11.0 million in FY2022 to \$13.2 million in FY2023. However, gross profit margin decreased by 8.2 percentage points from 24.0% in FY2022 to 15.8% in FY2023. Correspondingly, the Group’s net profit after tax improved by 23.1% yoy to \$2.8 million in FY2023, as compared to \$2.3 million in FY2022.

The Group recorded a decrease of 49.6% in other gains to \$1.6 million in FY2023 from \$3.2 million in FY2022. This was mainly due to foreign exchange losses in FY2023.

The Group’s overall operating expenses fell 3.9% yoy from \$11.5 million in FY2022 to \$11.1 million in FY2023. This was mainly due to lower marketing and distribution costs, as well as lower depreciation expenses incurred for right-of-use assets, partly offset by higher administrative expenses and higher depreciation expenses incurred for property, plant and equipment.

Marketing and distribution costs decreased by 12.6% from \$3.8 million in FY2022 to \$3.3 million in FY2023, mainly from lower employee benefits expense. Depreciation expense of right-of-use assets also decreased by 66.6% from \$1.4 million in FY2022

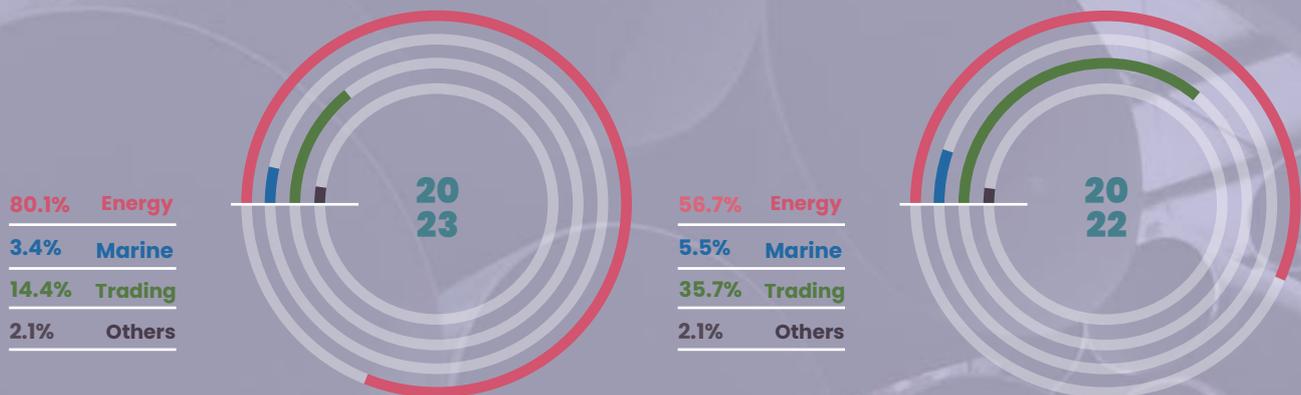
to \$0.5 million in FY2023 following the lease expiry of 21A Neythal Road on 30 November 2022.

Meanwhile, administrative expenses increased 12.8% from \$4.1 million in FY2022 to \$4.6 million in FY2023 as higher employee benefits expenses as well as legal and professional fees were incurred. Depreciation expense of property, plant and equipment also increased 18.3% from \$2.3 million in FY2022 to \$2.8 million in FY2023, mainly due to the increase in depreciation of leasehold properties.

As a result of higher interest rates and higher bank borrowings during the year, finance costs incurred by the Group increased 162.7% from \$0.3 million in FY2022 to \$0.9 million in FY2023. At the same time, interest income increased by \$0.2 million in FY2023 from \$4,000 in FY2022 from the interest earned on fixed deposit.

Operating And Financial Review

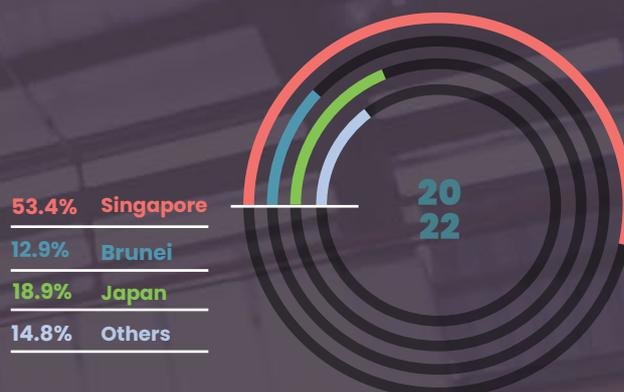
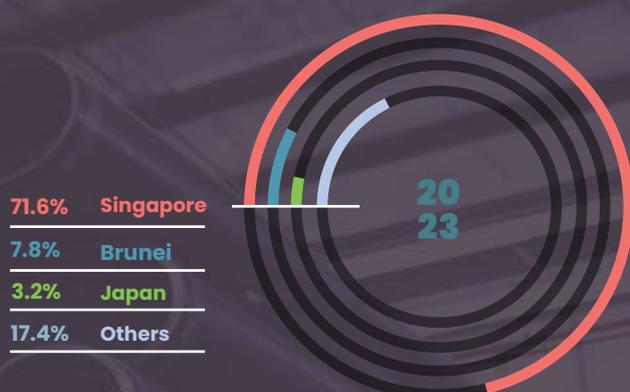
Revenue By Customer Type (%)



	FY2023	FY2022	Change	
	\$'000	\$'000	\$'000	%
Energy	66,839	26,136	40,703	155.7
Marine	2,877	2,526	351	13.9
Trading	11,978	16,458	(4,480)	(27.2)
Others	1,754	963	791	82.1
Total Revenue	83,448	46,083	37,365	81.1



Revenue By Geographical Market (%)



Revenue by Geographical Market

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.

Geographically, Singapore remains the main revenue contributor of the Group, accounting for 71.6% of total sales in FY2023. The revenue contribution from the country increased 143.0% to \$59.8 million.

Sales from Brunei and Others also rose by 9.3% and 112.2% to \$6.5 million and \$14.5 million respectively. Meanwhile, sales from Japan declined 68.9% to \$2.7 million. Other than Singapore, no single country accounted for more than 10% of the Group's revenue in FY2023.

	FY2023	FY2022	Change	
	\$'000	\$'000	\$'000	%
Singapore	59,759	24,597	35,162	143.0
Brunei	6,478	5,926	552	9.3
Japan	2,714	8,727	(6,013)	(68.9)
Others	14,497	6,833	7,664	112.2
Total Revenue	83,448	46,083	37,365	81.1



Operating And Financial Review

Financial Position Review

Statement of Financial Position	FY2023	FY2022	Change
	\$'000	\$'000	%
ASSETS			
Non-Current Assets			
Property, plant and equipment	22,697	22,463	1.0
Right-of-use assets	2,278	2,488	(8.4)
Trade and other receivables	951	-	100.0
Total Non-Current Assets	25,926	24,951	3.9
Current Assets			
Inventories	25,647	30,154	(14.9)
Trade and other receivables	30,290	17,170	76.4
Financial assets	154	142	8.5
Other non-financial assets	962	485	98.4
Cash and equivalents	18,948	24,895	(23.9)
Total Current Assets	76,001	72,846	4.3
Total Assets	101,927	97,797	4.2
EQUITY AND LIABILITIES			
Equity			
Share capital	56,325	56,325	-
Treasury shares	(4,238)	(4,238)	-
Retained earnings	21,595	19,167	12.7
Other reserves	6,759	6,630	1.9
Total Equity	80,441	77,884	3.3
Non-Current Liabilities			
Provisions	719	815	(11.8)
Deferred tax liabilities	195	-	100.0
Loans and borrowings	4,122	5,847	(29.5)
Lease liabilities	2,159	2,167	(0.4)
Total Non-Current Liabilities	7,195	8,829	(18.5)
Current Liabilities			
Income tax payable	159	-	100.0
Trade and other payables	5,314	5,601	(5.1)
Loans and borrowings	8,332	4,767	74.8
Lease liabilities	253	429	(41.0)
Other non-financial liabilities	233	287	(18.8)
Total Current Liabilities	14,291	11,084	28.9
Total Liabilities	21,486	19,913	7.9
Total Equity and Liabilities	101,927	97,797	4.2

Financial Position Analysis

As at FY2023, total assets of the Group increased by 4.2% to \$101.9 million from \$97.8 million as at FY2022. Current assets increased by 4.3% to \$76.0 million from \$72.8 million as at FY2022 mainly due to an increase in trade and other receivables by 76.4% from \$17.2 million as at FY2022 to \$30.3 million as at FY2023. This was partly offset by a decrease in inventories by 14.9% from \$30.2 million as at FY2022 to \$25.6 million as at FY2023 and a decrease in cash and cash equivalents by 23.9% from \$24.9 million as at FY2022 to \$18.9 million as at FY2023. Non-current assets of the Group also increased by 3.9% from \$25.0 million as at FY2022 to \$25.9 million as at FY2023. This was mainly from the revaluation of the properties, the purchase of plant and equipment and non-current portion trade of trade and other receivables, partly offset by the depreciation charged in the current financial year.

The Group's total liabilities increased by 7.9% from \$19.9 million as at FY2022 to \$21.5 million as at FY2023. Current liabilities increased by 28.9% from \$11.1 million as at FY2022 to \$14.3 million as at FY2023. This increase was mainly due to 74.8% increase in loans and borrowings from \$4.8 million as at FY2022 to \$8.3 million as at

FY2023. Meanwhile, non-current liabilities of the Group decreased by 18.5% from \$8.8 million as at FY2022 to \$7.2 million as at FY2023, mainly from the repayment of loan and borrowings.

As at FY2023, the total equity of the Group increased by 3.3% to \$80.4 million from \$77.9 million as at FY2022. This was mainly from the profit generated in FY2023 and surplus on revaluation of the properties, which was partly offset by dividends paid.

Cashflow Analysis

In FY2023, cash from operating activities decreased by \$7.7 million from an inflow of \$4.1 million in FY2022 to an outflow of \$3.6 million in FY2023 mainly from the Group's working capital changes. Cash used in investing activities decreased by \$1.1 million from \$2.9 million in FY2022 to \$1.8 million mainly from less capital expenditure, proceeds from disposal of property, plant and equipment and interest income, partly offset by cash restricted in use in FY2023. Meanwhile, cash used in financing activities decreased by \$7.9 million from \$8.9 million in FY2022 to \$1.0 million. This was mainly from higher loans and borrowings, no purchase of treasury shares and lesser payment of dividend and lease liabilities.

	FY2023	FY2022
	\$'000	\$'000
Net cash flows (used in) / from operating activities	(3,598)	4,109
Net cash flows used in investing activities	(1,816)	(2,869)
Net cash flows used in financing activities	(972)	(8,894)
Net decrease in cash and cash equivalents	(6,386)	(7,654)
Cash at end of the year	18,509	24,895

Sustainability Highlights

Singapore Governance and Transparency Index 2023

Ranked **61st** with an overall score of 89

Renewable Energy

Solar Photovoltaic panels on our facility's rooftop to harness solar power

735,000 kWh
Annual Capacity

Health and Safety

ISO 45001:2018 Certified (Occupational Health and Safety Management System)

bizSAFE STAR

Quality Management

ISO 9001:2015 Certified Quality Management System

Environment

ISO 14001:2015 Certified Environment Management System

Business Continuity

ISO 22301:2019 Certified Business Continuity Management System

Conserving & Caring For Our
PLANET

Sustainability Report 2023



We have applied GRI's principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability to ensure report quality.



About this Report

This is CosmoSteel's sixth annual Sustainability Report ("**Report**"), which covers the environmental, social, and governance ("**ESG**") performance of CosmoSteel Holdings Limited ("**CosmoSteel**" or the "**Group**") for the period from 1 October 2022 to 30 September 2023 ("**FY2023**"), aligning with our financial reporting year. Our ESG performance is reported for our business operations in Singapore. Since our overseas operations are not significant, they are excluded from this report unless stated otherwise.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards, which we employ due to their international recognition and acceptance by stakeholders. From this report, we have initiated the inclusion of disclosures recommended by the Taskforce on Climate-related Financial Disclosures ("**TCFD**"). We have integrated the United Nations Sustainable Development Goals ("**SDGs**") into our materiality process, illustrating CosmoSteel's contribution toward achieving these goals. The report includes information about our material ESG factors, policies, practices, performance, and targets for each identified ESG factor in accordance with the SGX-ST Listing Rules (711A and 711B). As required by the SGX-ST sustainability reporting rules, the report comprises

the five primary components: Material ESG factors, Climate-related disclosures, Policies, practices and performance, Targets, Sustainability reporting framework and Board statement.

Reporting Process

We adhere to GRI's reporting principles for the identification, assessment, prioritisation, and validation of material topics. The content within this report takes into account stakeholder expectations, an understanding of the sustainability context in which CosmoSteel operates, an analysis of ESG risks and opportunities, and broader sustainability trends within our industry. Additionally, we have included our progress towards meeting TCFD disclosures.

We have applied GRI's principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability to ensure report quality. Data presented in the report has been extracted from primary official records to ensure accuracy and consistency. To facilitate year-over-year comparisons, we have included ESG performance data from previous years. All financial figures are denominated in Singapore dollars unless otherwise specified.

Restatements

There are no restatements of previously reported data in this report.

Assurance

Our financial statements have been audited by our independent auditor. We have an internal mechanism for verifying our ESG data for accuracy and reliability. The ESG data in the report has undergone an internal review process, overseen by the Internal Audit function to ensure reliability and integrity of information.

Availability

This report is included as part of our Annual Report and is available in PDF format for download on our website at www.cosmosteel.com and the SGX website at www.sgx.com.

Feedback

Feedback, questions, comments or suggestions about our sustainability report can be submitted to sustainability@cosmosteel.com.sg.

Sustainability Report 2023

ESG PERFORMANCE			
ESG Factors	FY2021	FY2022	FY2023
Corporate Governance			
Overall SGTI score (Points)	88	82	89
Overall SGTI ranking	58	92	61
Customers			
Quality: Inaccuracy in sales order processing (Number) ⁽¹⁾	3	2	2
Efficiency: On-time deliveries (%)	97.4	93.7	95.2
Average customer satisfaction rate (Points) ⁽²⁾	4.3	4.4	4.4
People			
Permanent employees (As at the end of FY) (Number)	63	61	61
Female employees as % of total employees (%)	41.3	39.3	39.3
Proportion of local employees (%) ⁽³⁾	61.9	60.7	60.7
New hires (Number)	2	5	9
Employee attrition rate (%)	31.1	11.3	9.8
Health			
Medical leave per employee (Days)	0.3	0.7	0.7
Number of reportable accidents	5	2	2
Environmental			
Purchased electricity (kWh)	276,321	275,074	175,743
Solar power (kWh)	NA	NA	70,595
Electricity consumption per employee (Renewable + Non-renewable) (kWh)	3,772	4,591	4,187
Solar power produced (kWh)	NA	NA	408,514
Energy consumption (GJ)	3,541	3,127	2,861
Energy intensity per \$1 million of revenue (GJ)	90.0	67.9	34.3
Carbon emission: Scope-1 (tCO ₂)	172	144	133
Carbon emission: Scope-2 (tCO ₂)	112	112	100
Carbon emission intensity per \$1 million of revenue (tCO ₂)	7.2	5.6	2.8
Water consumption (m ³)	2,805	3,184	1,934
Water consumption per employee (m ³)	38.3	53.1	32.9
Paper consumption per \$1,000 of sales (Number of copies)	13	8	5
Hazardous waste (kg)	104	-	-
Non-hazardous waste (kg)	14,840	68,221	98,454
Economic			
Revenue (\$'000)	39,361	46,083	83,448
Net profit after tax (\$'000)	2,359	2,279	2,805
Employee wages and benefits (\$'000)	4,990	5,218	5,132
Dividends on equity shares (\$'000)	1,452	2,009	1,307
Revenue per employee (\$'000)	537	769	1,418

⁽¹⁾ Calculated based on the number of customer non-conformance reports (non-product related); lower score indicates lower rates of non-conformance

⁽²⁾ Based on annual surveys of our clients on 22 key areas including quality and efficiency; Rating system: 5 = excellent, 4 = good, 3 = average, 2 = fair and 1 = poor

⁽³⁾ Local employees include Singapore citizens and Permanent Residents (PRs)

Board Statement

The Board of Directors of CosmoSteel (the “**Board**”) is committed to establishing a sustainable business that generates long-term value for our stakeholders.

The Board, supported by the Sustainability Committee, determines the material ESG factors of CosmoSteel and oversees the management of these factors through periodic performance reviews. The Board considers material ESG factors, risks and opportunities, including climate-related issues while setting strategic business objectives to achieve sustainable business growth.

Guided by the Board, the Management of CosmoSteel (the “**Management**”) is responsible for the implementation and monitoring of ESG factors, targets, implementation and performance and sustainability reporting. The Board reviews and approves the annual sustainability report.

This sustainability report provides information about CosmoSteel’s performance against targets to help our stakeholders understand our approach in managing our material ESG factors.

Sustainability Governance

The Sustainability Committee, composed of key managers representing various functions within the organisation, holds the responsibility for managing and monitoring our ESG factors, including climate-related issues. The committee monitors the integration of ESG factors into our daily operations and ensures alignment with our company’s objectives and targets. It provides regular reports to the Board, which conducts periodic evaluations of our material ESG factors, ESG impact, performance, and engagement with stakeholders to gain a deeper understanding of their expectations and concerns. The Board is responsible for determining the material ESG factors and approving the content of the sustainability report.

Assisted by external sustainability experts, the Sustainability Committee conducts an annual review of our material ESG factors, taking into consideration local, regional, national, and international legislation, standards, as well as stakeholder and global concerns related to our sector. The committee oversees preparation of our sustainability report by establishing reporting priorities and defining the scope and topic boundaries for inclusion in this report.

Sustainability Strategy

CosmoSteel aspires to become a world-class provider of piping system components and associated services. Our business strategy, firmly rooted in sustainability

and governance, aims to generate lasting value for all stakeholders. With a principled approach to business, we are committed to maintaining high standards of environmental, social and governance responsibility while also ensuring consistent product quality, competitive pricing, timely delivery, service excellence, and customer satisfaction.

Our sustainability strategy emphasises the effective management of the material environmental, social and governance impacts, as well as the associated risks and opportunities stemming from our business operations. We use the GRI Standards to identify and assess our significant economic, environmental, and social impacts, as well as to spotlight emerging risks and opportunities arising from our business operations. We have also embarked on understanding the potential financial impact of climate change over time, using the TCFD framework.

To underscore our commitment to sustainability, we employ internationally recognised certifications as benchmarks. For instance, we utilise the integrated management system ISO 14001:2015 to mitigate our environmental footprint, employ ISO 45001:2018 and bizSAFE STAR certifications to ensure the safety and wellbeing of our workforce, rely on ISO 9001:2015 to assure the quality of our products and services, and leverage ISO 22301:2019 to secure our business continuity.

These comprehensive management systems help us to proactively identify the key risks, opportunities, and impacts associated with our business activities and pursue continuous improvement across our operations.

ESG Targets

We have established targets for our material ESG factors spanning short, medium and long-term time horizons. We closely monitor our ESG performance against established targets. The Senior Management reviews our ESG performance periodically and provides updates to the Board. Any shortfalls are investigated, and efforts are made to achieve the targets. An overview of our performance is provided throughout this report in relevant chapters.

Management Certifications

We have attained the following internationally recognised management system certifications which enable us to manage our business more efficiently and sustainably and to ensure continual improvement in our processes and performance:

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- ISO 22301:2019
- bizSAFE STAR

Sustainability Report 2023

Materiality Assessment

This sustainability report focuses on the material topics that relate to the most significant economic, environmental and social impacts of our business activities and the issues that are of importance to our stakeholders. We take guidance from the SGX Sustainability Guide and the GRI Standards to inform our materiality process. In determining our material impacts, we also consider ESG risks and opportunities associated with our industry, especially relating to the energy, marine, and trading sectors where our business interests reside. CosmoSteel's Sustainability Committee has oversight over the materiality process while the Board provides the final approval.

We use GRI's materiality principle to identify, rank, prioritise, and validate our material ESG impacts. Building on our

first comprehensive materiality assessment in March 2017, we review our material topics annually with help from external sustainability experts to ensure we remain focused on the most important and most material topics. Subsequently, the materiality assessment has been reviewed annually by the Sustainability Committee and approved by the Board.

In FY2023, we reviewed our material topics to ensure relevance, compliance with reporting standards, and alignment with stakeholder expectations. We engaged with stakeholders to incorporate their views and feedback. The review followed the GRI guidance and took into account the SGX Sustainability Reporting Guide, TCFD Recommendations, UN SDGs, and pertinent sustainability megatrends for our business.



1.

Analyse

Analyse our business activities and supply chain to understand our organisational context.



2.

Identify

Identify potential and actual ESG impacts, risks and opportunities.

Consider sustainability trends.

Engage stakeholders for their views.

OUR 4-STEP MATERIALITY REVIEW PROCESS



3.

Assess

Assess the significance of ESG impacts.

Perform risk ranking.

Engage stakeholders for their views.



4.

Prioritise

Consider stakeholder concerns and expert views.

Review by Sustainability Committee and approval by the Board.

Updated Material ESG Topics

Based on the current materiality review, we have reclassified 'Energy Consumption' and 'Greenhouse Gas ("GHG") Emissions' as material topics. These topics were previously considered important but not material in our prior sustainability reports. Our energy consumption, although relatively small, now holds greater significance due to growing public concern over climate change and the global push for decarbonisation in line with the Paris Agreement. We have also taken note of the Singapore Government's commitment to a net-zero transition and its Climate Action Plan and the Singapore Green Plan. At CosmoSteel, we are committed to reducing our energy consumption from fossil fuels and minimising our operational carbon footprint to support the national and global emission-reduction goals.

As a result of our latest review, we have removed 'Regulatory Compliance,' which was previously considered a material topic in reference to GRI's 'Environmental Compliance' and 'Socio-economic Compliance' standards. GRI has removed these topic standards in its latest revision, prompting us to adjust our material topics list accordingly. We have also removed 'Economic Performance' from our material ESG topics list and the GRI Content Index as our relevant economic performance is already covered in our standard financial statements as required by applicable financial reporting standards.

Based on the materiality review, we have also identified a few topics which we consider as important though not material. As a good practice, we have decided to report on these important topics voluntarily.

MATERIAL ESG TOPICS				
Material Topics	Materiality Description	CosmoSteel's Involvement	Material for CosmoSteel Subsidiaries	Our Management Approach
ENVIRONMENTAL TOPICS				
Indirect Energy Consumption	Electricity used in our office, warehouse	Caused by purchased electricity	Kim Seng Huat Hardware Pte Ltd	Transition to renewable energy
Greenhouse Gas (" GHG ") Emissions	Warehousing and transport and delivery activities	Caused by energy consumption in our operations	Kim Seng Huat Hardware Pte Ltd	To minimise GHG emissions and emissions intensity
SOCIAL TOPICS				
Attracting and Retaining Talent	Newly hired as well as existing employees	Through our HR policies and practices	All entities	To hire, develop and retain the most suitable talent to drive customer satisfaction
Occupational Health and Safety (" OHS ")	Warehousing and workshop operations	Through our OHS policies and practices	Kim Seng Huat Hardware Pte Ltd	To strive for a zero-accident workplace
Product Quality and Labelling	Our product quality and specifications impact our customers and their projects which make use of our products	Through our stringent quality control measures	Kim Seng Huat Hardware Pte Ltd	To provide high-quality products and services with accurate specifications and product information that exceed customer expectations
Customer Satisfaction	Customer satisfaction is the result of our ability to deliver the required quality and product specifications in a timely manner	Through our focus on providing high-quality products and excellent customer service	All entities	To provide high-quality products and services that exceed customer expectations

Sustainability Report 2023

Other ESG Topics

As a responsible business, we pay attention to a wider range of ESG topics that we consider important but not material. We report on these topics voluntarily. A brief description of these topics is provided below.

We are committed to promoting sustainable development by contributing to the relevant UN Sustainable Development Goals.

ESG TOPICS	DESCRIPTION	OUR MANAGEMENT APPROACH
Material Topics	Materiality Description	CosmoSteel's Involvement
ENVIRONMENTAL TOPICS		
Waste	Generated in our workshop and warehouse operations	To minimise the waste intensity
Water	Water use in our offices and workshop for drinking, cleaning and washing	To save and conserve water
SOCIAL TOPICS		
Diversity and Equal Opportunity	Diversity and inclusion at our workplace	To promote a culture of inclusivity and mutual respect at the workplace
Employee Training	Continuous learning and development of our employees	To provide learning opportunities to our employees
Human Rights (Non-discrimination, Forced Labour, Child Labour, and Freedom of Association and Collective Bargaining)	Upholding human rights through our HR policies and procurement practices	To protect and uphold human rights across our operations
GOVERNANCE TOPICS		
Anti-corruption	In our dealings with various stakeholders	Through our anti-corruption policy and governance

Contributing to Sustainable Development

We are committed to promoting sustainable development by contributing to the relevant UN SDGs. We incorporate the SDGs into our materiality assessment to guide our efforts towards sustainable development. The SDGs

comprise 17 interconnected global goals aimed at serving as a universal roadmap for peace and prosperity for both people and the planet, both now and in the future. In the table below, we offer an overview of how our material ESG topics align with the relevant SDGs, and the specific SDG targets to highlight the areas where we can make a meaningful impact.

SDGS	SDG TARGETS SUPPORTED	ESG TOPICS
Environment		
SDG 7: Affordable and Clean Energy	 7.3 By 2030, double the global rate of improvement in energy efficiency.	Energy Consumption
SDG 13: Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	GHG Emissions
SDG 12: Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	Waste
SDG 6: Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	Water
Social		
SDG 8: Decent Work and Economic Growth	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	Occupational Health and Safety
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	Attracting and Retaining Talent
SDG 5: Gender Equality	Target 5.1. End all forms of discrimination against all women and girls everywhere. Target 5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	Diversity and Inclusion
SDG 4: Quality Education	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	Employee Training
SDG 12: Responsible Consumption and Production	12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	Product Quality and Labelling Customer Satisfaction

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SDGS	SDG TARGETS SUPPORTED	ESG TOPICS
Governance		
SDG 16: Peace, Justice and Strong Institutions	16.5 Substantially reduce corruption and bribery in all their forms.	Anti-Corruption
SDG 8: Decent Work and Economic Growth	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.	Human Rights

STAKEHOLDERS

CosmoSteel is committed to building trusted relationships with stakeholders.

We engage with a variety of stakeholders in our business operations, aiming to understand their expectations and concerns to achieve our goals. We prioritise engagement with stakeholders whose interests may be impacted by our activities. We identify stakeholder groups based on

our operational impact on them or their potential impact on our business strategy. Our key stakeholders include customers, employees, suppliers, communities we work in, the public, shareholders, and investors.

Our approach focuses on maintaining open, trusted, and constructive communication for meaningful engagement with stakeholders. Ongoing dialogue provides critical insights into their concerns and expectations, informing our material ESG topics and business decisions.

An overview of our stakeholder engagement methods is outlined in the following table:

KEY STAKEHOLDERS	HOW WE ENGAGE WITH THEM	STAKEHOLDERS' EXPECTATIONS AND CONCERNS	HOW WE RESPOND TO THEIR EXPECTATIONS	FREQUENCY OF ENGAGEMENT
Customers	<ul style="list-style-type: none"> – Customer surveys; – Face-to-face meetings and video conference; – Sales services team; – Annual reports; – Company website; and – Product certifications (mill certifications) of compliance with orders delivered. 	<ul style="list-style-type: none"> – Provide high-quality products and services; – Meet the product specification standards required by customers; – Complete timely delivery of goods and services; and – Provide good value for money to customers. 	<p>We adhere to the ISO 9001 quality management system for our products and services. We monitor and review any non-conformances to ensure they do not recur, and we provide clear and transparent product information.</p> <p>To provide value for money, we actively seek ways to reduce our operational costs and pass on these savings to customers.</p> <p>We also engage with our suppliers to negotiate economies of scale and competitive pricing options.</p>	<p>Our customer survey is completed annually with all customers whose sales value is more than \$5,000 and/or who have more than 5 non-conformances raised.</p> <p>We meet regularly with customers to discuss their needs.</p> <p>Our sales service team is available to customers daily and product certifications are included with all orders that specify this requirement.</p>

KEY STAKEHOLDERS	HOW WE ENGAGE WITH THEM	STAKEHOLDERS' EXPECTATIONS AND CONCERNS	HOW WE RESPOND TO THEIR EXPECTATIONS	FREQUENCY OF ENGAGEMENT
Employees	<ul style="list-style-type: none"> – Orientation training for new hires; – Annual appraisal reviews; – Development training; – Emails; – Health day; – Posters; and – Annual reports. 	<ul style="list-style-type: none"> – Provide employees with the ability to grow and develop within the Group; – Provide a safe, healthy and decent working environment; – Provide staff benefits that help their welfare over their working career at the Group; and – Prepare them for retirement at the end of their career. 	<p>We adopt a fair employment policy and provide a Code of Conduct for our employees to adopt.</p> <p>We provide a safe working environment in line with our ISO 45001 management system.</p> <p>We value our employees and provide them with regular training programmes, and development opportunities, rest and welfare facilities, and regular medical and dental care options.</p>	<p>Employees are provided orientation training at the start of their employment and receive ongoing training as required.</p> <p>Appraisals of all staff are completed annually.</p> <p>Health, welfare and benefits are available as per company policy. Posters are updated as required to address sustainability issues and further details are made available via our annual report.</p>
Suppliers and Sub-contractors	<ul style="list-style-type: none"> – Performance evaluations; – Face-to-face meetings and video conferences; – Site-visits; – Requests for proposals; – Tenders; and – Tele-communication. 	<ul style="list-style-type: none"> – Provide clear specifications for products and services; – Have fair terms and conditions and robust internal systems to allow timely payments; – Ethical business practices; and – Honour our contractual obligations. 	<p>We have implemented a fair supplier evaluation process based on pre-set evaluation criteria.</p> <p>We involve suppliers in customer engagement meetings to assist in understanding product specifications.</p> <p>We have robust financial processes to ensure timely payments and provide clear contracts outlining supplier obligations and the Code of Conduct we expect from them, including ethical business practices.</p>	<p>Our supplier evaluations are completed annually and include the top 10% of our suppliers in terms of the purchase value and/or with more than 5 non-conformances raised and all subcontractors.</p> <p>All suppliers are involved in customer orders as and when required.</p> <p>Our Purchasing and Finance teams are engaged throughout the procurement and payment process, including contract negotiations.</p>
Public and Community	<ul style="list-style-type: none"> – Donations; – Website; and – Sustainability report. 	<ul style="list-style-type: none"> – To be a good corporate citizen; – Provide local employment; and – Support the local community. 	<p>Our Code of Conduct outlines the standards we expect of our employees when engaging with the public.</p> <p>We manage our operations and vehicles fleet to ensure there is a limited impact on the surrounding communities.</p>	<p>We engage with charity and voluntary organisations when approached for donations.</p>
Shareholders and Investors	<ul style="list-style-type: none"> – Annual General Meetings; – Annual reports; – Announcements; – Briefings; and – Emails to our investors. 	<ul style="list-style-type: none"> – Present transparent and timely information on Company performance, profitability and status; and – Deliver good economic performance for our investors. 	<p>We have an experienced and competent Board and management team.</p> <p>We ensure good governance of risks and opportunities, transparency and honest disclosures, and strive to deliver sustainable growth.</p>	<p>We provide financial and sustainability reports annually, periodic briefings and announcements as significant changes arise, half-yearly financial results, and respond to any shareholder queries as they arise during general meetings.</p>

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Membership of Associations

We actively engage with industry associations to stay abreast of the latest trends, to address common challenges and contribute industry-based insights to help drive progress. Our key memberships include the following:

- Singapore Chinese Chamber of Commerce and Industry
- Singapore Business Federation
- Singapore Manufacturing Federation
- Singapore Metal and Machinery Association
- Singapore International Chamber of Commerce

MARKETPLACE

We conduct our business with integrity and are guided by our corporate core values, which include building trust, surpassing expectations, having a passion for progress, and forward-thinking.



Over the years, we have built trusted relationships with our customers, business partners and stakeholders by operating with integrity, honesty and professionalism. Maintaining our stakeholders' trust remains a top priority. We adhere to all relevant laws in our business operations and aim to surpass stakeholder expectations by utilising our integrated management systems and maintaining continuous feedback and review processes.

Delighting Customers

As a world-class provider of piping systems components and related services, we place our customers at the core of our business decisions. Our objective is to exceed our customers' expectations through consistent, high product quality, exceptional value, unmatched service, and on-time delivery, all while maintaining our unwavering commitment to sustainability.

To assess our performance in these areas, we conduct an annual survey targeting customers with sales values exceeding \$5,000 and/or those who have encountered more than five non-conformance incidents. This survey also aids us in identifying potential areas for improvement. In FY2023, the survey was distributed to 75 customers, yielding a response rate of 36.5%. Our average customer satisfaction score stood at 4.4 out of 5 points. Any survey results with lower scores will prompt the respective departments to investigate and determine future improvement opportunities.

TARGET AND PERFORMANCE

ESG Factor	FY2023 Target	FY2023 Performance	FY2024 Target
Customer Satisfaction	• ≥3 score by 100% customers in satisfaction survey	4.4	• ≥3 score by 100% customers in satisfaction survey
	• Less than 5 non-conformances* (non-product related)	2	• Less than 5 non-conformances* (non-product related)

*Includes Mill Test Certificate ("MTC") labelling

CUSTOMER PERFORMANCE INDICATORS

Indicator	FY2021	FY2022	FY2023
Quality: Inaccuracy in sales order processing (Number)	3	2	2
Efficiency: On-time deliveries (%)	97.4	93.7	95.2
Average customer satisfaction rate (Points)	4.3	4.4	4.4

Certification for Safety-Critical Products

Our commitment is to deliver top-quality products and services that not only meet but surpass customer expectations. To ensure the consistent fulfilment of our clients' specified requirements, we maintain an ISO 9001 quality management system. Our management systems are subject to both internal audits and external verification, along with regular reviews to support ongoing enhancements.

While there are no legal mandates obliging us to furnish safety information about our products to our customers, all our products are furnished with the Mill Test Certificate ("MTC"). MTC is a document that verifies a material's chemical and physical properties. All incoming products are tested by suppliers and documented HEAT numbers from MTC. This process is to ensure the MTCs are controlled for traceability to the products.

There were no incidents of non-compliance concerning product and service information and labelling in the reported period.



Suppliers

Building a trusted and reliable supply chain is vital for our business.

Our suppliers provide a diverse range of products, encompassing pipes, butt weld fittings, forged fittings, and flanges. Over the years, we have cultivated strategic partnerships with global suppliers to ensure punctual deliveries and access to material grades that may be challenging to procure locally. We maintain ongoing communication with our suppliers and business partners, fostering a consistent and dependable supply of top-quality products, enabling us to consistently meet our customers' expectations.

To ensure that our suppliers meet our rigorous standards, we have implemented a supplier and contractor performance evaluation system, through which we assess our suppliers and contractors based on various criteria.

In FY2023, we maintained relationships with 113 active suppliers, with 12.0% of them being Singapore-based. Our total purchases from suppliers in FY2023 amounted to \$61.9 million.

Anti-Corruption

We firmly uphold a zero-tolerance stance against fraud, corruption, and bribery. Any breach of ethical standards could pose a significant risk to our reputation. Combating corruption is critical to preserving our integrity, promoting governance, and ensuring responsible business practices. This risk management approach has been developed in alignment with the Singapore Prevention of Corruption Act and is clearly outlined in our **Employee Code of Conduct**, which is mandatory for all employees to adhere to. Our approach explicitly prohibits the following activities:

- The misuse of company funds or assets for unlawful purposes or for influencing others through bribes.
- The provision of facilitation or 'grease payments' intended to expedite routine legal government actions, such as the issuance of permits or the release of goods held in customs.
- Offering rewards, gifts, or favours with the intent to corrupt the judgment or compromise the conduct of a person in a position of trust.

In FY2023, there were no reported incidents of corruption or bribery.

TARGET AND PERFORMANCE

ESG Factor	Ongoing Target	FY2023 Performance
Product Quality and Labelling	Report on the number of incidents of non-compliance concerning product and service information and labelling	There were no incidents of non-compliance in FY2023

Sustainability Report 2023

Employee Code of Conduct

All employees at CosmoSteel are required to read, sign, and adhere to our Employee Code of Conduct upon commencing employment. This comprehensive Code encompasses internal corporate governance practices, policy statements, and standards. It serves as a guide for all employees and officers, ensuring both legal compliance and appropriate ethical conduct.

The Code establishes fundamental principles to direct employees in carrying out their duties and responsibilities with the utmost personal and corporate integrity. This includes interactions with fellow employees, customers, competitors, suppliers, government agencies, officials, and the community. Key areas covered in the Code comprise workplace health and safety, workplace and business conduct, protection of the Group's and other parties' assets, handling of confidential information, trading policy, conflict of interest, personal data obligations, and compliance with laws. Additionally, the Code features a whistleblowing policy.

Access to the Code is provided to employees through the Company's HR portal, and it undergoes periodic reviews by Management. Updates are made as necessary to align with changes in legislation or corporate strategy. The Code is also available to Board members and extends to the Group's agents, representatives, and consultants.

Whistleblowing Policy

Our whistleblowing policy serves as a mechanism for addressing complaints, concerns, or issues related to various aspects of the business, including operations, customers, suppliers, partners, associates, the Group's activities, and the conduct of any employee, officer, or Management within the Group. This policy has been approved by the Audit Committee and adopted by the Board.



Legal compliance serves as the bedrock of our ethical standards and corporate values. CosmoSteel is committed to conducting its business in compliance with all applicable laws and regulations.



Employees have the option to raise concerns anonymously regarding potential improprieties in any of these corporate matters. They can do so by sending an email or a letter to the Company Secretary, who will then forward the information to the appropriate entity, depending on the nature of the concern. In cases involving Directors or the Chief Financial Officer/Financial Controller of the Company, the information is directed to the Audit Committee, while all other concerns are routed to the whistleblowing committee.

In FY2023, no complaints, concerns, or issues related to corruption, bribery, fraud, or ethical breaches were reported through our whistleblowing mechanism or other channels.

Regulatory Compliance

Legal compliance serves as the bedrock of our ethical standards and corporate values. CosmoSteel is committed to conducting its business in compliance with all applicable laws and regulations. The Group's Code of Conduct incorporates comprehensive principles and measures to ensure legal compliance. Our approach is to promptly address any instances of non-conformance within the stipulated time frame. Our target is to achieve zero incidents of significant non-compliance with laws and regulations.

Our management systems undergo annual reviews by the Management, and they are also reviewed when substantial changes in our business operations, relevant regulations or stakeholder expectations transpire.

In FY2023, there were no instances of non-compliance with laws or regulations resulting in a monetary fine or non-monetary sanction.

PEOPLE

CosmoSteel is dedicated to fostering an inclusive workplace where employees are valued, motivated, engaged, and empowered to unlock their full potential.



The cornerstone of our people-centric approach lies in promoting excellence, innovation, productivity and safety within our operations. Our commitment to provide a secure, fair and inclusive, empowering, and rewarding work environment enables our employees to deliver their utmost performance. A happy, healthy, and engaged workforce also aids in attracting and retaining the talent essential for achieving our business objectives. Our Human Resources (“HR”) policies foster teamwork,

collaboration, inclusiveness, mutual trust, wellbeing, and continuous learning and development.

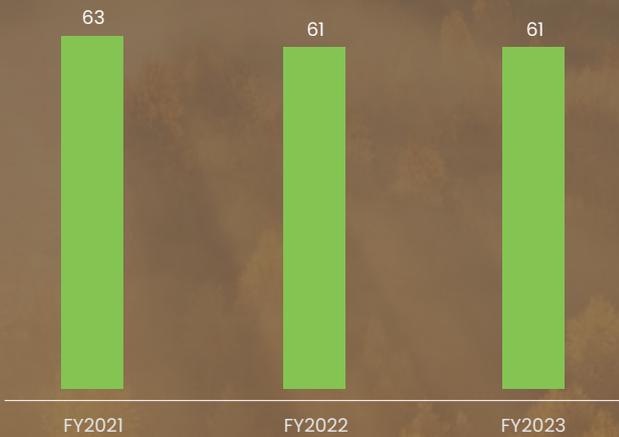
We assess the effectiveness of these policies by conducting regular reviews of our performance against various indicators and targets. Our senior management regularly evaluates our HR policies to ensure their ongoing relevance and effectiveness.

Employment

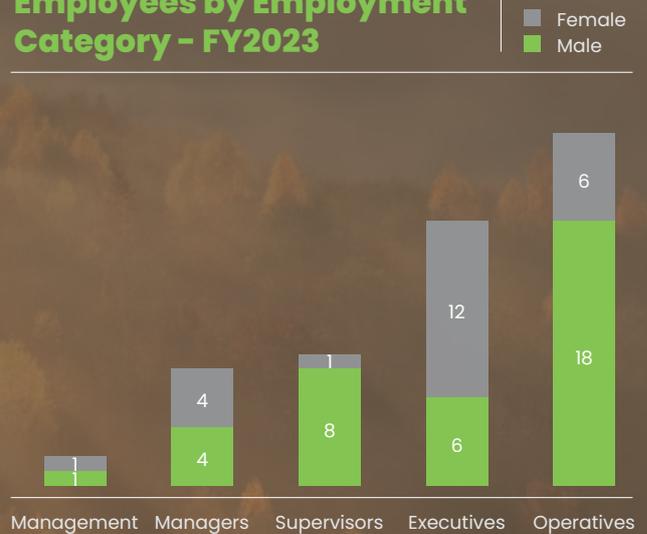
We employed 61 people across our Singapore operations as at the end of FY2023. All our employees work full-time with 85% being permanent employees and 15% on fixed-term contracts.

There were no workers in our operations who were not our employees but whose work was controlled by us except for one cleaning staff provided by a contractor.

Number of Full-time Employees



Employees by Employment Category - FY2023



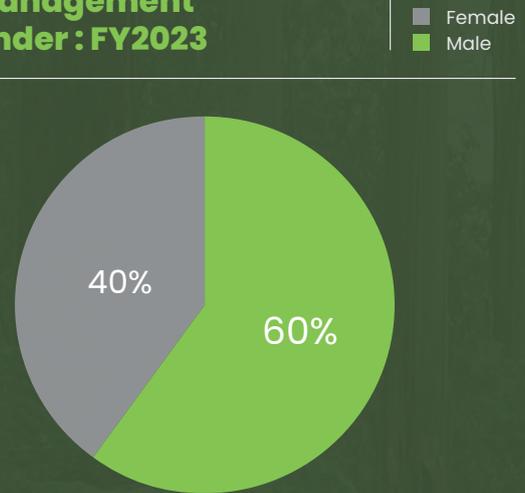
Sustainability Report 2023

Promoting Workplace Diversity

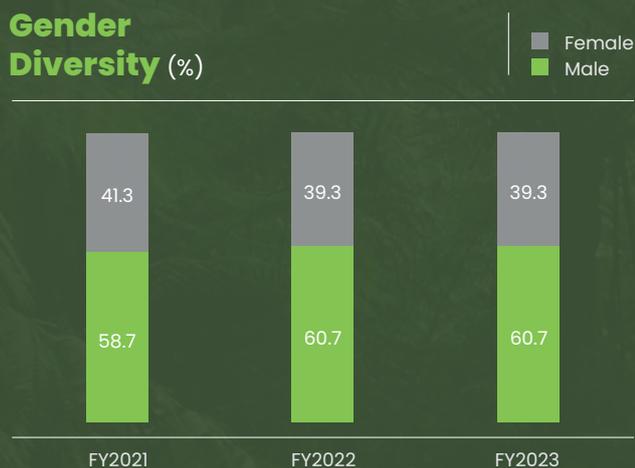
We view the diversity of our workforce as a significant organisational asset. By nurturing and embracing diversity within our workplace, we can leverage a wide range of perspectives, skills, and unique problem-solving approaches. Our HR policy champions inclusivity, and our workforce demonstrates a balance in terms of gender, age, and racial diversity.

Although our operational roles, primarily centred around warehousing, machining, and logistics, traditionally attract male employees, women accounted for 39.3% of our workforce in FY2023. Women held 40.0% of key management positions. Additionally, out of the nine new hires in FY2023, five were female employees.

Key Management by Gender : FY2023



Gender Diversity (%)



Employees by Age and Gender : FY2023



Caring for Employees

Our employees are eligible for several benefits, in addition to providing annual leave and sick leave. These include insurance cover, medical and dental care, maternity leave, paternity leave, and childcare leave for our full-time employees. By offering competitive remuneration, perks and benefits, we demonstrate the value we place on our employees, and this also helps us attract and retain top talent at CosmoSteel.

Promoting Workplace Health and Safety

Our employees' safety at work is of paramount importance to us, particularly in our machining and warehouse operations where more stringent safety measures are required due to heavy machinery operation.

We follow internationally recognised occupational health and safety standards and the national initiatives

for employee safety. We maintain ISO 45001 certified Occupational Health & Safety ("OHS") Management System and Singapore's bizSAFE STAR compliant systems for all our Singapore operations. Our OHS system employs an assessment process to identify workplace hazards and risks followed by implementing appropriate measures to eliminate or control all identified health and safety risks in accordance with ISO 45001 standards.

Our Work, Safety, and Health ("WSH") and Emergency Response Committee, led by the CEO, oversees OHS issues and our efforts for continuous improvement. The committee includes representatives from key sites and functions, comprising a designated WSH Manager, WSH Officer, WSH Coordinator, WSH Executives, Emergency Wardens, First Aiders, and Emergency Response Teams. Each member holds defined roles and responsibilities in addressing safety and health risks and incidents.

To uphold international best practices in health and safety, our Management conducts regular reviews of our health and safety policies, practices, and performance.

Workplace Health and Safety Policy

We are committed to ensuring the health and safety of our employees and all those affected by our operations. We strive to maintain a secure workplace by identifying and mitigating risks, complying with relevant regulations, and fostering a culture of continuous improvement in occupational health and safety. Based on hazard assessment, we implement appropriate safety measures tailored to our specific processes which includes providing necessary Personal Protective Equipment (“PPE”) and training.

Aligned with our ISO 45001 OHS policy, the safety and wellbeing of our employees are our priority in our operations. We require all operators to wear appropriate PPE such as safety boots, hard hats, gloves, goggles, and face masks relevant to their tasks. In machining operations, hearing protection devices are provided to mitigate excessive noise exposure. Employees are responsible for ensuring the good condition of their assigned PPE before commencing work daily. We observe a quarterly

PPE Cleaning Day, ensuring thorough cleaning and safety verification.

For heavy lifting operations, we employ mechanical or powered systems, and our forklifts feature seat belts, warning lights, and load indicators. Regular maintenance and daily pre-use checks are conducted on all machinery, equipment, and vehicles.

We promote workplace health and safety through daily briefings, periodic toolbox talks, and training sessions for our employees. We actively encourage employees to promptly report health and safety concerns to prevent potential incidents. Additionally, all external parties are required to obtain a permit to work before commencing on-site activities.

As part of our commitment to safety, we monitor our health and safety incident rates on a monthly basis and assess our safety performance against set targets. Our ultimate aim is to achieve zero reportable accidents.

In FY2023, there were two reportable incidents of injuries.

TARGET AND PERFORMANCE

ESG Factor	Ongoing Target	FY2023 Performance
Occupational Health and Safety	Zero reportable accidents	2

HEALTH AND SAFETY PERFORMANCE SUMMARY			
Indicator	FY2021	FY2022	FY2023
Medical leave per employee (Days)	0.3	0.7	0.7
Number of reportable accidents	5	2	2

WORKPLACE SAFETY PERFORMANCE				
Performance Indicators	Unit	FY2021	FY2022	FY2023
Number of fatalities by work-related injuries	Number	-	-	-
Rate of fatalities by work-related injuries	Rate	-	-	-
Number of high-consequence (non-fatal) work-related injuries ⁽⁴⁾	Number	-	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	Rate	-	-	-
Number of recordable work-related injuries	Number	5	2	2
Rate of recordable work-related injuries ⁽⁵⁾	Rate	6.84	3.26	3.37
Number of hours worked	Number	146,266	122,839	118,577

⁽⁴⁾ Work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

⁽⁵⁾ Rate has been calculated based on 200,000 hours worked.

Sustainability Report 2023

Managing Employee Performance

We are committed to recognising our employees' achievements and promoting ongoing learning and development, which will in turn enhance our organisational performance. All employees with more than three months of tenure undergo an annual performance evaluation. We assess performance impartially and identify areas for additional development.

Retaining Talent

Ensuring employee loyalty and retaining valuable talent is a core element of our HR strategy. Keeping our employees engaged and motivated is essential for maintaining consistent organisational performance and productivity.

Our employee retention efforts include promoting teamwork, nurturing mutual trust, and encouraging open communication among our staff and between the management and employees. We also offer competitive salaries and a range of benefits as outlined earlier in the Report.

We keep a close eye on our employee turnover rates to better understand trends and compare our performance to industry standards. In FY2023, CosmoSteel had an annual turnover rate of 9.8%, showing an improvement over the past two years, and lower than our target of maintaining it equal to or less than the national industry average which was calculated to be 14.7% based on the data available at the time of preparing this report.

In FY2023, we hired nine new employees and the total hiring rate for the same period was 15.0%. The hiring rate by gender was 11.0% for female and 21.0% for male employees.

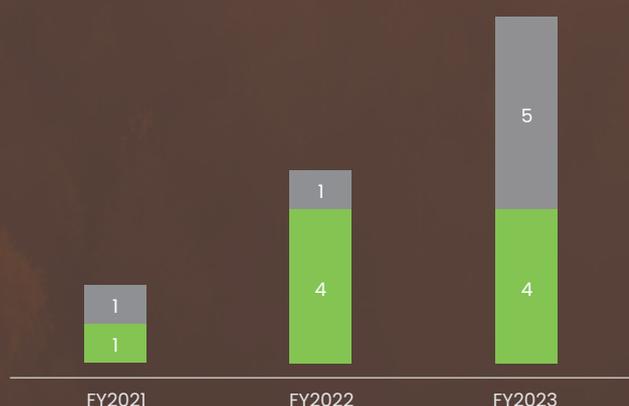
TARGET AND PERFORMANCE

ESG Factor	Ongoing Target	FY2023 Performance
Attracting and Retaining Talent	Annual turnover rate equal to or less than the national industry rate	9.8% (Corresponding national average rate: 14.7%)*
* We arrived at the national (Wholesale Trade) average by calculating the resignation rate figures for 3 rd and 4 th quarters of 2022 and the first two quarters of 2023 published by Manpower Research & Statistics Department, Ministry of Manpower ("MOM").		

New Hiring by Gender

Number of Employees

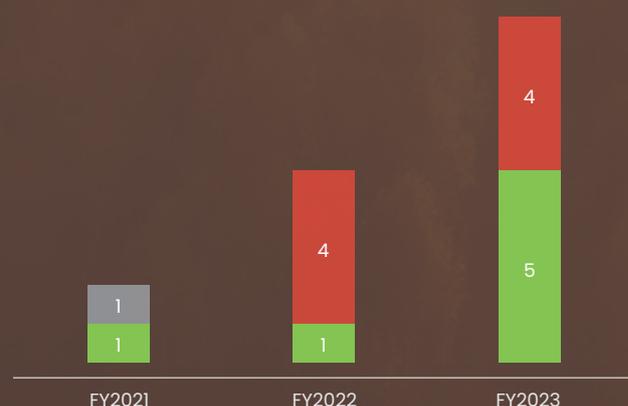
■ Female
■ Male



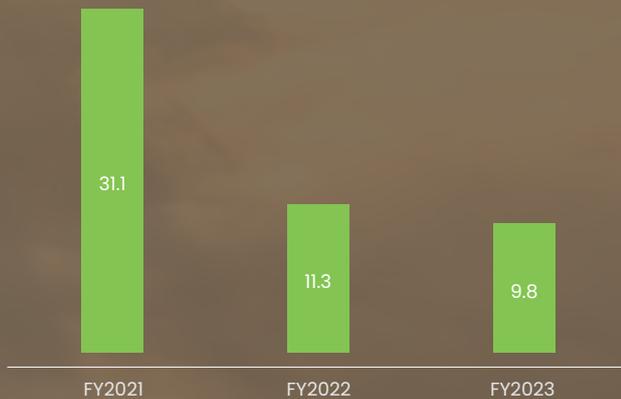
New Hiring by Age Group

Number of Employees

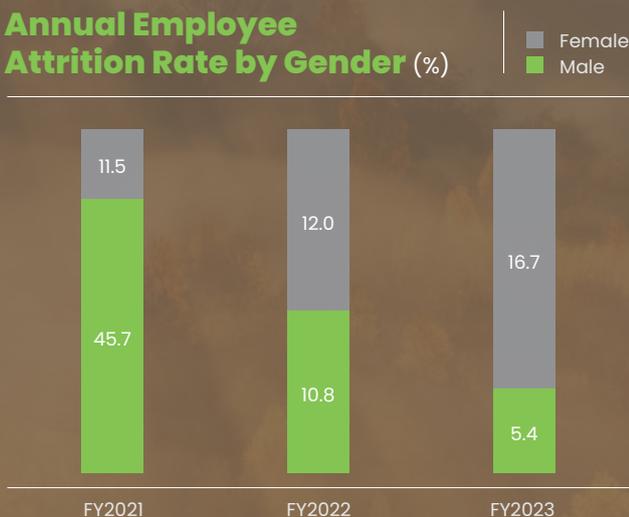
■ > 50 Years
■ 30-50 Years
■ < 30 Years



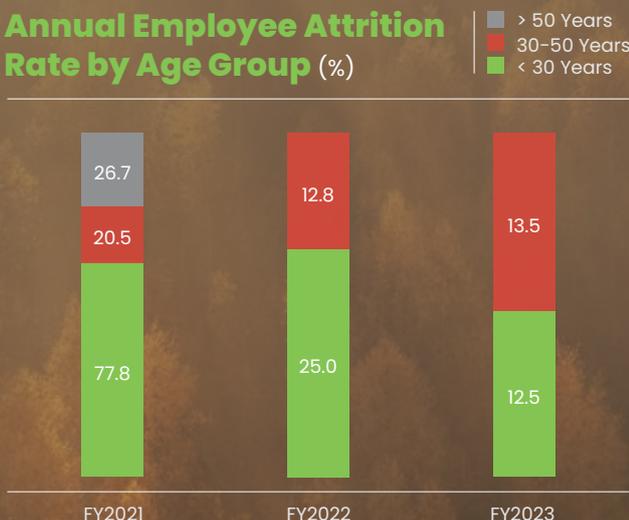
Annual Employee Attrition Rate (%)



Annual Employee Attrition Rate by Gender (%)



Annual Employee Attrition Rate by Age Group (%)



Our annual training calendar serves as a guide for employee development. We offer continuous learning opportunities through on-site training, mentoring, and briefings that help employees acquire job-related competencies and align with their individual career development goals



Developing Employees

We recognise the importance of enhancing our employees' skills and competencies to ensure they have the most updated knowledge for their roles and to support their career progression. Our annual training calendar serves as a guide for employee development. We offer continuous learning opportunities through on-site training, mentoring, and briefings that help employees acquire job-related competencies and align with their individual career development goals. Our training initiatives and priorities encompass:

- An orientation programme to integrate new employees into our organisation and help them start their roles effectively.
- Mandatory safety training to ensure that employees in roles requiring specific courses and certifications meet compliance requirements.
- Developing organisational skills and expertise to align with our business objectives.

In FY2023, our employees received an average of 7.1 hours of training, compared to 4.2 hours in the previous year. The average training duration was 7.8 hours for male employees and 6.1 hours for female employees.

Sustainability Report 2023

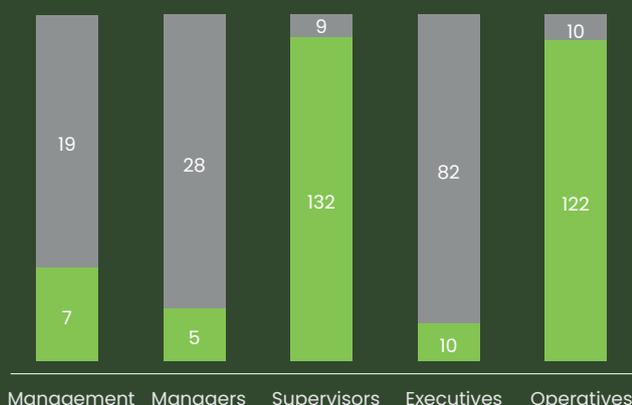
Average Training Hours per Employee



Average Training Hours by Gender



Average Training Hours by Employment Category



The training programmes attended by our employees during the year included:

- Accounting/Bookkeeping - Basic, Intermediate & Advanced
- Apply Workplace Safety and Health in Metal Work (Chinese) (MSOC)
- ASEAN Capital Markets Forum and International Sustainability Standards Board Joint Conference and Technical Training on the IFRS Sustainability Disclosure Standards
- Company Accredited Standards Refresher Training 2022 and 2023 (BCMS)
- Company Accredited Standards Refresher Training 2023 (QEHS)
- Company Accredited Standards Training 2023
- CTP 8 - Challenges faced by SMEs in ESG Integration
- Free Trade Agreement Webinar Series: Using the Tariff Finder
- GRI Sustainability Reporting Learning Series
- Magnetic Particle Testing (Re-certification)
- Metalworking Safety Orientation Course (MSOC) (Chinese) (Re-certification)
- Occupational First Aid Course (OFAC) - Chinese
- Occupational First Aid with CPR + AED Course
- Overhead Crane (LM) Safety & Operation Training
- Penetrant Resting Training (Re-certification)
- Financial Reporting Update
- RCEP Webinar Series - Utilising the RCEP Agreement for your Export Overseas
- Recent Tax Developments and Important Considerations for Tax Compliance
- Risk Assessment Team Refresher Training
- Seminar on Budget 2023
- SGX's Sustainability Reporting Requirements for Listed Companies
- Singapore Budget 2023 Webinar



“ We recognise the importance of enhancing our employees' skills and competencies to ensure they have the most updated knowledge for their roles and to support their career progression. ”

Protecting Human Rights

We adhere to human rights principles and values recognised nationally and internationally. Our Code of Conduct explicitly prohibits discrimination, child labour, and forced labour, and all employees must follow this mandate. Our HR policy strictly forbids discrimination based on factors such as nationality, age, race, religion, language, gender, or marital status.

In our assessment, the risk of child labour and forced labour is extremely low in our own operations. We do not assess these risks in our supply chain as we do not have much control or influence in those areas. Nevertheless,

we remain committed to vigilance when dealing with suppliers, and maintain a performance rating system to periodically assess them.

There were no instances of discrimination, child labour or forced labour in FY2023.

Upholding Freedom of Association

We respect our employees' rights to freedom of association and collective bargaining in accordance with local laws. Currently, our employees are not part of any labour union or a collective bargaining agreement.

ENVIRONMENT

We are committed to managing our business in a manner that minimises the environmental impact of our operations.



As a trading company, our direct impact on the environment is not considered significant. Nevertheless, we actively take measures to reduce our environmental footprint whenever possible. We adopt a proactive approach based on the precautionary principle to manage our environmental impact. As part of this approach, we have maintained an ISO 14001-certified Environmental Management System (“EMS”) since 2009. This EMS framework is designed to promote environmental conservation, protection and pollution prevention by effectively managing risks and opportunities arising from our operations.

Our primary environmental objectives revolve around reducing carbon emissions, primarily through energy reduction, renewable energy consumption and enhanced resource efficiency, and minimising waste generation. We have set specific targets in these areas and closely monitor our performance. Our management team reviews monthly performance reports and implements corrective actions when necessary.

Achieving these goals, particularly in terms of reducing energy, water and paper usage, requires the active participation of all employees. To ensure everyone is on board, we conduct annual refresher training sessions.

These sessions help our employees understand our environmental commitment and their role in helping us meet our targets.

We have implemented ISO 14001 Environment Management System to enable us to make continuous improvement to our environmental performance.

Environmental Policy

Our Environmental Policy, which is part of an integrated policy covering Quality, Environmental, and Occupational Health and Safety (“QEHS”), guides our conduct in managing our environmental impacts, risks, and opportunities. It encompasses the following commitments:

- Comply with all applicable laws, regulations, and other requirements to which the organisation subscribes that relate to our environmental aspects and impact.
- Communicate our policy and practices to all our employees and other concerned parties to raise awareness of the impact of our business operations on the environment.
- Conserve resources by reducing, reusing, and recycling materials.
- Conduct training to instil a sense of duty in every employee towards environmental preservation.
- Consult and involve our employees in environmental matters.
- Continually review and improve our integrated management system to ensure it is relevant and appropriate for our business activities.

Sustainability Report 2023

Minimising Energy Consumption

In our efforts to reduce energy consumption, we have been replacing traditional lighting with energy-efficient LED lights in our buildings. LED lighting is known to reduce energy use by 50% to 70% compared to older technologies. We encourage employees to conserve energy by turning off lights and machinery when not in use. We also place "Switch off" posters around the facility to remind everyone to save energy. Additionally, we share monthly energy performance data to raise awareness.

Our air conditioning is set at a fixed temperature and undergoes regular maintenance for optimal performance while our pantry is equipped with energy-saving

appliances. A dedicated team of energy champions checks to ensure machines and office printers are switched off to minimise energy wastage.

In FY2023, our monthly electricity use per employee was 349 kWh, compared to 383 kWh in the previous year, which was slightly above our target of 300 kWh. We are actively reviewing our consumption patterns to find new ways to reach our target. For instance, the solar photovoltaic ("PV") systems on the roofs of our office and warehouse buildings at 14 Lok Yang Way were completed and commissioned in March 2023. These systems will have a combined installed capacity to produce an estimated 735,000 kWh annually, covering 100% of our Group's electricity needs.

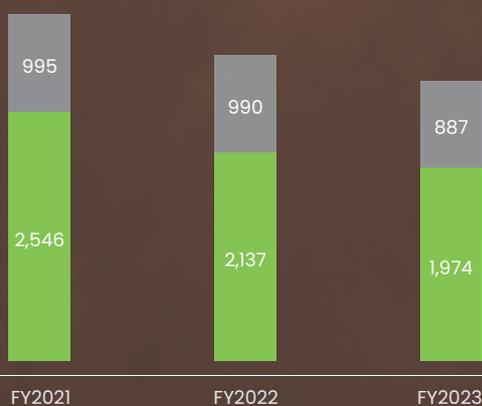
Our energy intensity in FY2023 was 34.3 GJ per million dollars in revenue, 54% lower than the base year of FY2016.

TARGET AND PERFORMANCE

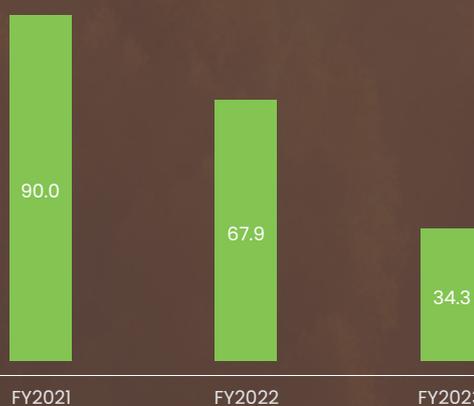
ESG Factor	Ongoing Target	FY2023 Performance
Indirect Energy Consumption	100% electricity from renewable sources	We produced 408,514 kWh of solar power against 175,743 kWh of purchased electricity. At the time of reporting, registration of Renewable Energy Certificates (REC) was underway.

Energy Consumption (GJ)

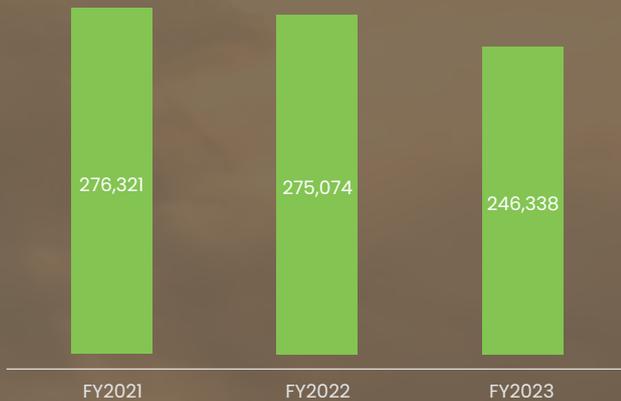
■ Indirect (Electricity)
■ Direct (Diesel and Petrol)



Energy Intensity (GJ/\$ 1 Million Revenue)



Electricity Consumption (kWh)



Fuel Consumption (litres)



ENVIRONMENTAL INITIATIVES

In FY2023, we implemented a number of initiatives that will reduce our environmental footprint. These initiatives are described below.

Rooftop Solar

We have installed Solar PV systems on the roofs of our main office building and the warehouse. The system on the main office building has the capacity of 194,940 Wp and the system on the warehouse has the capacity of 398,650 Wp. The combined capacity of two installations is 593,590 Wp generating approximately 735,000 kWh of electricity per year.

Electric Buses

In FY2023, we replaced four diesel buses with electric models. This initiative will reduce fossil fuel consumption and lower carbon emissions.

Food Waste

We have deployed three units of Smartx-2 Food Waste Digester in our office that turns leftover food into organic, nutrient-rich fertiliser.

Growing Food

We have purchased four units of the SINGRASS Indoor Smart Eco Systems (“**ISES**”) which can grow several

types of leafy vegetables/spices in an indoor environment while also reducing the level of carbon dioxide in the atmosphere.

Reducing Waste

We follow the ‘Three R’s Approach’ (Reduce, Reuse and Recycle) to shape our waste management policies. By enhancing our resource efficiency, we consistently minimise waste generation. We closely monitor both hazardous and non-hazardous waste as part of our Environmental Management System. Our system is designed to collect, segregate, recycle, and safely dispose of waste from our operations.

Our waste primarily consists of metal scrap, paper, plastic, electronics, and chemicals. Metal scrap, resulting from our metal works, constitutes the majority of our waste. Since metal scrap is recyclable, we sell it to licensed scrap metal dealers. For other types of waste, we engage licensed waste management contractors and send our plastic and paper waste for recycling.

In FY2023, our non-hazardous waste amounted to 98.5 tonnes, which was an increase from 68.2 tonnes in FY2022. This increase was primarily due to the decommissioning and disposal of an overhead crane runway beam during the redevelopment of our warehouse. This beam dismantling resulted in an additional one-off 65.6 tonnes of metal waste. Excluding the beam scrap, our non-hazardous waste was 32.9 tonnes in FY2023, representing a 139.3% increase compared to FY2022. In FY2023, metal waste was high due to one-time disposal of non-use items when we moved out of the 21A Neythal Road premises.

Sustainability Report 2023

Paper Use and Recycling

In our offices, we are committed to reducing our environmental impact by using certified, sustainably produced paper. To further minimise paper usage, we employ double-sided printing and locked printer settings to ensure we only print when necessary. As stated in the FY2022 Report, our adoption of a new Enterprise Resource Planning (“ERP”) system and the e-invoicing initiative contributed to a significant reduction in paper consumption.

In FY2023, we averaged five sheets per \$1,000 in revenue for paper usage, a significant decrease from eight sheets in FY2022 and 13 sheets in FY2021.

Office Paper Use

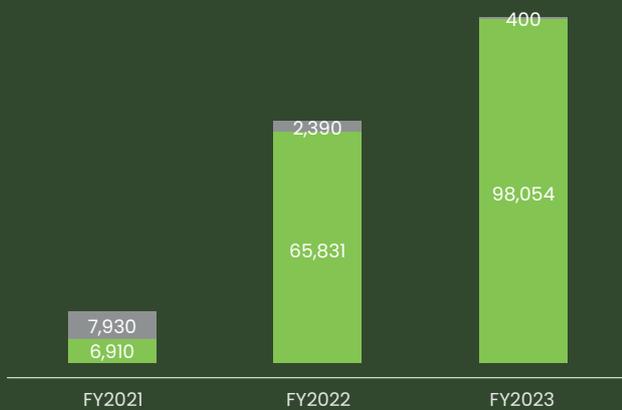
(Number of Sheets and Intensity)

Sheets/\$1000 of Sales
No. of sheets



Non-hazardous Waste (kg)

Paper & Plastics Waste
Metal Scraps



Non-hazardous Waste (Kg/\$ 1 Million of Revenue)



Our adoption of a new Enterprise Resource Planning (“ERP”) system and the e-invoicing initiative contributed to a significant reduction in paper consumption.



Conserving Water

Water is not a significant concern for our business as we primarily use it for domestic purposes such as washing and cleaning. However, we recognise the importance of water as a precious global resource and actively work to conserve it. Our conservation efforts include awareness campaigns to reduce unnecessary shower time, regular checks for leaks in washrooms, and the use of water-efficient equipment like spray hoses and taps to minimise consumption. We monitor our water usage on a monthly basis, and our management reviews our water conservation initiatives annually.

We source all our water needs from the Public Utilities Board (“PUB”), Singapore’s national water agency. Our sewage water is discharged into the city sewage system, which is also managed by PUB. PUB has implemented an advanced sewage treatment system to treat and reuse sewage water.

In FY2023, our monthly water consumption averaged 2.7 m³ per employee, below our target of 3.0 m³. The decrease was primarily due to the completion of the construction of a warehouse in August 2022.

Water Withdrawal and Intensity



TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) REPORT

We acknowledge the necessity for immediate global action to address the rising temperatures and reduce the threats posed by climate change. We endorse the primary aim of the Paris Climate Agreement, which is to constrain the global temperature increase to well below 2°C in comparison to pre-industrial levels, with the aspiration of limiting it to a maximum increase of 1.5°C.

We are working on strategies to enhance climate resilience across our business. Our initial focus involves gaining a comprehensive understanding of the potential risks and opportunities associated with climate change and how they might affect our financial performance. We have adopted the TCFD framework to enhance our governance, strategy, risk management and metrics and targets related to climate issues. We have conducted a qualitative analysis in FY2023 to assess the potential financial implications of climate change on our core business activities. Our next step involves conducting a more in-depth climate-scenario analysis to further enhance our understanding of how climate change could impact our financial outlook. This will enable us to expand and refine our TCFD reporting in the coming years.

Our climate-related disclosures aligned with the TCFD recommendations are as follow:



Governance

How CosmoSteel’s leadership is overseeing climate-related issues, including the roles and responsibilities of key committees.



Strategy

Our approach to managing climate-related risks and seizing opportunities, including the integration of climate considerations into our business strategy.



Risk Management

The specific risks we face due to climate change and detail the measures we have put in place to mitigate these risks effectively.



Metrics and Targets

A snapshot of our climate performance, including key metrics and any targets we have set to reduce our environmental impact.

Sustainability Report 2023

GOVERNANCE

Board Responsibility

At CosmoSteel, the Board oversees the Group's sustainability strategy, including climate-related material issues. The Board's oversight includes the identification, evaluation, and handling of climate-related risks and opportunities, encompassing both physical and transitional risks. The Board's responsibilities include examining climate-related risks and opportunities, authorising climate-related risk management approaches, strategies, and performance metrics and objectives. The Board's oversight of climate-related matters is an integral part of its broader governance of substantial sustainability concerns, their effects, risks, and prospects. Additionally, the Board carries out evaluations and grants approvals for sustainability reporting and TCFD disclosures. The Board also determines material ESG factors, including climate-related metrics and targets. The Board monitors and oversees progress against material ESG factors, including climate goals and targets through regular updates by the management.

Management Responsibility

Management's responsibilities include identifying, assessing, and addressing climate-related risks and opportunities and integrating climate considerations into our risk management framework and implementing appropriate mitigation strategies. Management responsibilities include scenario analysis to evaluate climate-related impacts on our operations, financial performance, and resilience. The management team is responsible for establishing and monitoring climate-related KPIs and metrics, and TCFD reporting. Management supports training initiatives to enhance employees' understanding of climate-related issues, ensuring that key executives have the required expertise and resources to effectively handle climate-related risks and opportunities.

CosmoSteel's Sustainability Committee is responsible for the assessment and management of climate-related risks and opportunities. The Sustainability Committee supervises the adoption and implementation of climate strategies and policies and provides regular updates to the Board. The Sustainability Committee comprises senior executives from various functions and is chaired by the CEO.

For additional information, please refer to the sustainability governance section of the Report.



At CosmoSteel, the Board oversees the Group's sustainability strategy, including climate-related material issues



STRATEGY

Our strategy is to ensure CosmoSteel can withstand climate challenges and sustain its growth in a low-carbon future. Our climate strategy focuses on identifying, evaluating, and mitigating risks related to both the physical impacts of climate change and the transition to a lower-carbon economy. Simultaneously, we acknowledge the opportunities that arise from the global shift towards a lower-carbon economy by 2030 and a net-zero status by 2050.

As part of our short-term strategy, we are working on reducing GHG emissions across our operations and embracing solar energy to decrease our environmental impact. Our climate strategy for the medium and long term will develop further as we gain deeper insights into risks and opportunities in the coming two years.

RISK MANAGEMENT

Based on TCFD risk types and classification, we have conducted a qualitative analysis covering the following two risk categories:

Physical risks: Physical risks encompass both event-driven acute risks, such as heightened severity of extreme weather events like cyclones, hurricanes, or floods, and chronic risks stemming from long-term shifts in climate patterns, such as rising temperatures that can lead to sea level rise and persistent heat waves. These physical risks can potentially have a financial impact on businesses, including direct damage to assets and indirect disruptions to business operations.

Transition risks: Transition risks refer to the risks linked with the significant policy, legal, technological and market changes needed to shift towards a low-carbon economy. These transition risks can potentially have financial and reputational consequences for businesses.

We have adopted a business continuity management system according to ISO 22301 standards to mitigate the effects of potential risks to our business, which include climate-related risks.

CLIMATE-RELATED RISKS

Risk Type	Description
Physical Risk	
<p>Acute</p> <p><i>Increased severity of extreme weather events such as typhoons and floods</i></p>	<p>Higher flood risk can potentially damage our facilities, disrupt our supply chain and affect operations resulting in loss of revenue. A higher risk of floods can also increase our insurance costs.</p> <p>Our main operations is situated in Singapore, a small island state which is particularly vulnerable to the potential effects of climate change, which could include:</p> <ul style="list-style-type: none"> • Rising sea level and the resulting flooding in low-level areas • Rising temperatures and increased frequency and duration of severe weather events leading to: <ul style="list-style-type: none"> - Droughts and flooding - Adverse effects on biodiversity and ecosystems - Increased risk of vector-borne disease transmission - Heat stress (especially for vulnerable groups) - Urban heat island effects which further increase energy demands for cooling, resulting in more GHG emissions. - Risk of food security arising from droughts and floods disrupting or destroying crop harvests in supplier countries.
<p>Chronic</p> <p><i>Changes in precipitation patterns and extreme variability in weather patterns</i></p> <p><i>Rising mean temperatures</i></p>	<p>A warming climate can increase thermal stress and health risks for our employees in our facilities.</p>
Transition Risk	
Policy and Legal	<p>More regulatory reporting such as climate reporting, heightened energy efficiency standards and the implementation of carbon taxes may lead to increased compliance expenses.</p> <p>In our supply chain, carbon pricing mechanisms like taxes or cap-and-trade systems could raise energy and raw material costs for steel pipe manufacturers, potentially affecting profitability.</p>
Technology	A failure to transition to cleaner and more energy-efficient steel manufacturing processes may reduce competitiveness of our suppliers.
Supply Chain	In our supply chain, suppliers of key inputs, such as raw materials and energy, may themselves face climate-related challenges such as physical risks, leading to supply chain disruptions and cost fluctuations.
Market	Rising energy prices could increase the overall cost of operations. Changes in market demand for steel products with lower carbon footprints, such as those made from recycled steel or alternative materials, may affect the demand for traditional steel pipes.
Reputation	High GHG emissions, poor climate risk management and lower ESG ratings can affect the corporate reputation.

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CLIMATE-RELATED OPPORTUNITIES

Risk Type	Description
Physical Risk	
Resource Efficiency	Improving energy efficiency and minimising waste can result in reduced operational expenses. These savings can be particularly significant in an environment with high energy prices.
Energy Sources	Adopting renewable energy, such as on-site solar power at our buildings, could enhance our energy resilience and reduce our carbon footprint.
Products and Services	Our customers may develop a preference for buying pipes made from low-carbon steel which opens up a potential opportunity to source low-carbon steel pipes from our suppliers.



METRICS AND TARGETS

We monitor and report our Scope-1 and Scope-2 GHG emissions. In accordance with our climate strategy, we aim to reduce emissions.

The primary sources of our GHG emissions arise from our energy use. Direct emissions (Scope-1) are produced from fuel consumption by our business fleet and indirect emissions (Scope-2) arise through the use of electricity in our offices and warehouses.

As a result of our increased focus on energy-saving measures and using solar energy, our absolute carbon emissions have decreased by 43% in FY2023 compared to the base year of FY2016. Our carbon emission intensity, measured as tCO₂ per million dollars in revenue, decreased by 53% in the same period. In FY2023, our carbon emission intensity was 2.8 tCO₂ per million dollars in revenue, lower than the 5.6 tCO₂ per million dollars in revenue for FY2022 due to increased revenue and reduced diesel consumption.

Greenhouse Gas Emissions (tCO₂)

■ Indirect (Scope-2)
■ Direct (Scope-1)



Greenhouse Gas Intensity (tCO₂/\$ 1 Million Revenue)



ECONOMIC PERFORMANCE

CosmoSteel is committed to creating long-term sustainable value for our shareholders and stakeholders.

Economic Value Created

A summary of CosmoSteel's economic performance is presented below. As a SGX Mainboard-listed company, the information is extracted from our Board-approved

annual reports and is reported according to the GRI disclosure requirements. For detailed financial performance information, please see the Financial Review and Financial Report sections of this report.

Supporting Communities

As a responsible corporate citizen, we find it important to support local community causes. We have contributed approximately \$32,000 to various beneficiaries and charity drives in the last three financial years

SUMMARY OF ECONOMIC PERFORMANCE (\$'000)			
Economic Performance Indicators	FY2021	FY2022	FY2023
Revenue	39,361	46,083	83,448
Net profit after tax	2,359	2,279	2,805
Operating expenses	10,932	11,543	11,096
Employee wages and benefits	4,990	5,218	5,132
Income tax benefit / (expense)	97	(91)	(264)
Dividends on equity shares	1,452	2,009	1,307

GOVERNANCE



Corporate Governance and Transparency

Our Board and Management are committed to nurturing a strong corporate governance culture and best practices in corporate transparency.

We attained "premium" status for the Inland Revenue Authority of Singapore's ("IRAS") GST Assisted Compliance Assurance Programme ("ACAP") since March 2017. ACAP offers a holistic solution for companies to review the effectiveness of their GST control and establishes effective tax risk management policies and internal control measures for better GST compliance.

A further measure of our commitment to strong corporate governance can be seen through the Singapore Governance and Transparency Index ("SGTI"), which assesses the corporate governance practices of Singapore-listed companies. CosmoSteel ranked 61st out of 474 listed companies in the 2023 Index.

Risk Management Strategy

We have an Enterprise Risk Management ("ERM") Framework in place for managing risks faced by the Group and its business divisions during the course of daily operations and in long-term business planning. Through this rigorous procedure, we assess existing key systems, policies and processes to identify potential risk areas and then establish mitigating best practices.

Key Elements of ERM

1. Identification of key business and operations risk factors
2. Categorisation of risks factors within broad compliance, financial and operational risks
3. Secondary categorisation of risk factors within 23 defined categories of key areas
4. Ranking of risk factors in terms of their relative importance of implications for the Group should such risks materialise
5. Risk mitigating practices, where applicable, that are in place to address such risks

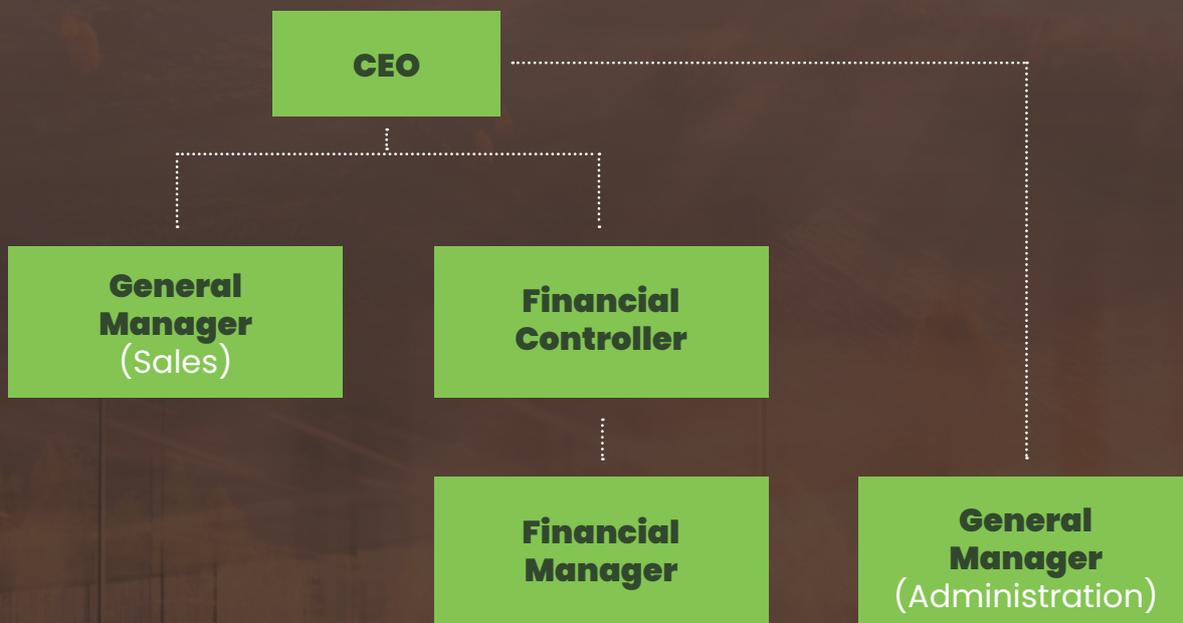
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Risk Management Team

The ERM is administered by a Risk Management Team comprising members from the Management. This Team is responsible for the effective implementation of the Group's risk management strategy, policies and processes. The team sets the direction of corporate risk management and monitors the implementation of risk management policies and procedures. The Risk Management Team provides quarterly update to the Audit Committee and

to the Board on any areas of concern that may have arisen during that period in relation to the Group's key risk factors.

In the event that we intend to enter into any new markets, business ventures or business sectors, the Group may also appoint external professional parties to review or advise on additional areas of risk factors to consider in connection with such forays. In view of the Company's expansion plan in Malaysia, we engaged CLA Global TS Risk Advisory Pte. Ltd. to review and propose revisions/updates to the existing Group-level risk registers in May 2023.



Compliance Risks

Corporate Governance

It is critical to have an established and consistent risk assessment framework to better manage risk oversight in addition to providing guidance on the decision-making process across the organisation, including matters that require the Board's approval. Furthermore, our internal auditors assist the Management in evaluating and assessing the effectiveness of internal controls implemented by the Group to identify risks of non-compliance in various areas.

To mitigate transparency and financial integrity risks, which include non-compliance with SGX listing disclosure requirements and accounting standards, the Company Secretary of the Group advises the Board on changes in legal and regulatory issues, while our external auditors advise Management on changes in accounting standards.

Geopolitical

This risk pertains primarily to the suspension of country concessions. To mitigate geopolitical risks, we track regulatory developments on a regular basis to ensure that our policies stay current and in compliance with the law and standards and/or requirements issued by regulators that are applicable to our business.

Health & Welfare Benefits

The Group's policies are aligned with regulations and industry standards. As part of our human resource practices, we ensure employee benefits are in place, and healthcare insurance is arranged for eligible employees. Our overall compensation and benefits structure aligns closely with the basic requirements at the Ministry of Manpower ("**MOM**"), and the Group keeps itself up to date through regular updates from MOM.

Laws & Regulation

The Group is ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified. To ensure compliance with Environmental, Health and Safety laws and regulations, we subscribe to quarterly updates with BSI Group Singapore Pte Ltd and undergo surveillance audits by Bureau Veritas Singapore Pte Ltd annually, with recertification audits taking place every three years. The last audit of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 was in August 2023.

Terms and conditions of the Group's contractual agreements are reviewed by its Finance Department and/or external lawyers, where applicable, before acceptance to ensure adherence with internal policies, applicable laws and regulations.

Operational Risks

To safeguard our legal interests, CosmoSteel hires professionals such as lawyers and accountants to advise us on our operational risks.

Supply Chain Management

This relates to two aspects: planning and sourcing. The planning risk covers our ability to determine and maintain optimum safety stock, our ability to accurately forecast capacity, demand and supply. Our sourcing risk pertains to our ability to procure goods or raw materials cost effectively and constrain volatile material costs. To mitigate these risks, our supply chain management is handled by the adequate sourcing of accredited suppliers in line with our ISO 9001 policy as well as regular and effective management planning of our inventory stock and costs. These steps include monitoring of inventory balance, correspondences with suppliers and tapping into available market information.

The Group further mitigates its supply chain risks by being ISO 22301:2019-certified for Business Continuity Management ("**BCM**"). As part of this certification, the Group commits to identifying potential operational risks which threaten business processes and to building integrated mitigating procedures that will increase our resilience and ensure rapid recovery of critical business functions. This helps prepare us for handling adverse scenarios and enables us to safeguard the interests of our key stakeholders, reputation and brand. In meeting this commitment, the Group complies with all applicable legal and regulatory requirements and seeks continual improvements to its BCM system.

Key Elements of the BCM

1. An established and appropriate internal and external communications protocol
2. Specific immediate steps that are to be taken during a disruption
3. Flexibility to respond to any unanticipated threats and to changing internal and external conditions
4. Being focused on the impact of events that could potentially disrupt operations

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Sales, Marketing and Communications

These risks pertain to the ability of the Group to implement an appropriate sales strategy to meet its sales target. To mitigate this risk, we have a robust sales, marketing and communication strategy in place which ensures our messaging to stakeholders is aligned and that we deliver on our sales targets. Our sales strategy is focused on regular management reviews and close communication with customers.

We conduct regular customer satisfaction surveys to monitor the overall quality of work and the services we provide. For details on our customer satisfaction surveys, please refer to the sub-section on Customers on page 30 of this annual report.

Corporate Social Responsibility & Sustainability

CosmoSteel actively seeks to reduce our operational impact on the environment and has stringent corporate responsibility and sustainability practices to manage industrial waste by recycling and reusing where possible and engaging licensed waste collectors. For details on our environmental programmes, please refer to the section on Environment on pages 39 to 46 of this annual report.

Human Resources

As part of our human resource efforts to attract top talent to our workforce and retain valued employees, the Group has formulated training and development programmes that reach beyond the scope required by authorities. We have also implemented rigorous health and safety management programmes. For details on our training and education programmes, please refer to the section on People on pages 37 to 38 of this annual report.

Information Technology (IT)

For continuous operationality, it is imperative that our IT systems are reliable and optimised. We partially outsource our IT infrastructure to professional vendors and install stringent security measures to prevent information leaks or data losses. In addition, our inventories are protected by adequate insurance covering all industrial risks as well as our utilisation of on-site security devices.

Financial Risks

The Group's two key financial risks have been identified as cash flow management or liquidity risk, and the ability to obtain adequate funding for operations and investments.

To mitigate liquidity risk, we employ a tight capital management system to ensure that we have sufficient working capital to meet debt obligations and we closely monitor critical financial ratios such as inventory turnover, accounts receivable/payable, gearing and current ratio for the early detection of red flags. Information on the Group's key performance indicators and ratios are also reported regularly to the Board.

To manage our funding risk, we maintain a wide portfolio of bankers instead of relying on one main banker. To remain resilient amidst changing and increasingly diverse customer demands and an uncertain global economy, we constantly keep abreast of market conditions and build strong relationships with our customers through regular visits and tracking of their purchasing patterns. This helps us ensure that our stock inventory is relevant to our existing and potential customers.

The Group also has a stringent credit policy that covers credit evaluation, approval and monitoring, as a safeguard to minimise all credit risks.

In anticipation of unforeseen financial losses, the Group adopts hedging policies and is insured in relation to the following: workmen compensation, product liability, directors and executive officers' liability, loss of keyman insurance, industrial risks, marine insurance, vehicles insurance, as well as travel, health and personal accidents insurance.

GRI Content Index

Statement of Use	CosmoSteel Holdings Limited has reported in accordance with the GRI Standards for the period 1 October 2022 to 30 September 2023.
GRI 1 Used	GRI 1: Foundation 2021 used.
Applicable GRI Sector Standard(s)	Not applicable as a GRI sector standard is not available for our industry.

GRI Standard	Disclosures	Page Number(s)/Location
GRI 2: General Disclosures 2021		
ORGANISATIONAL DETAILS AND REPORTING PRACTICES		
GRI 2-1	Organisational details	3
GRI 2-2	Entities included in the organisation's sustainability reporting	21
GRI 2-3	Reporting period, frequency and contact point	21
GRI 2-4	Restatements of information	21
GRI 2-5	External assurance	21
ACTIVITIES AND WORKERS		
GRI 2-6	Activities, value chain and other business relationships	7
GRI 2-7	Employees	33-34
GRI 2-8	Workers who are not employees	33
GOVERNANCE		
GRI 2-9	Governance structure and composition	12-13, 56-61
GRI 2-10	Nomination and selection of the highest governance body	62-65
GRI 2-11	Chair of the highest governance body	9, 62
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	23, 56
GRI 2-13	Delegation of responsibility for managing impacts	23, 44
GRI 2-14	Role of the highest governance body in sustainability reporting	23, 44
GRI 2-15	Conflicts of interest	58
GRI 2-16	Communication of critical concerns	32, 57-58, 75
GRI 2-17	Collective knowledge of the highest governance body	57
GRI 2-18	Evaluation of the performance of the highest governance body	65
GRI 2-19	Remuneration policies	65-70
GRI 2-20	Process to determine remuneration	65-70
GRI 2-21	Annual total compensation ratio	Information is not disclosed due to commercial sensitivity

GRI Content Index

GRI Standard	Disclosures	Page Number(s)/Location
GRI 2: General Disclosures 2021		
STRATEGIES, POLICIES AND PRACTICES		
GRI 2-22	Statement on sustainable development strategy	11
GRI 2-23	Policy commitments	23, 31-32, 39
GRI 2-24	Embedding policy commitments	23, 31-32, 57
GRI 2-25	Processes to remediate negative impacts	32, 75
GRI 2-26	Mechanisms for seeking advice and raising concerns	32, 75
GRI 2-27	Compliance with laws and regulations	32
GRI 2-28	Membership associations	30
STAKEHOLDER ENGAGEMENT		
GRI 2-29	Approach to stakeholder engagement	28-29
GRI 2-30	Collective bargaining agreements	39
MATERIAL TOPICS		
GRI 3-1	Process to determine material topics	24
GRI 3-2	List of material topics	25
ENVIRONMENTAL TOPICS		
ENERGY		
GRI 3: Material Topics 2021	3-3 Management of material topics	25, 27, 40-41
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	40-41
	302-3 Energy intensity	40
EMISSIONS		
GRI 3: Material Topics 2021	3-3 Management of material topics	25, 27, 46
GRI 305: Emissions 2016	305-1 Direct (Scope-1) GHG emissions	46
	305-2 Energy indirect (Scope-2) GHG emissions	46
	305-4 GHG emission intensity	46

GRI Standard	Disclosures	Page Number(s)/Location
GRI 2: General Disclosures 2021		
SOCIAL TOPICS		
EMPLOYMENT		
GRI 3: Material Topics 2021	3-3 Management of material topics	25, 27-28, 33, 36-37
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	36
OCCUPATIONAL HEALTH AND SAFETY		
GRI 3: Material Topics 2021	3-3 Management of material topics	25, 27, 35, 39
Management Approach Disclosures 2018	403-1 Occupational health and safety management system	34-35, 49
	403-2 Hazard identification, risk assessment, and incident investigation	34-35
	403-3 Occupational health services	34-35
	403-4 Worker participation, consultation, and communication on occupational health and safety	34-35
	403-5 Worker training on occupational health and safety	35, 38
	403-6 Promotion of worker health	34-35
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	35
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	34-35
	403-9 Work-related injuries	35
PRODUCT QUALITY AND LABELLING		
GRI 3: Material Topics 2021	3-3 Management of material topics	25, 27, 30-31
GRI 417: Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	31
NON-GRI MATERIAL TOPICS		
CUSTOMER SATISFACTION		
GRI 3: Material Topics 2021	3-3 Management of material topics	25, 27, 30, 50
Customer Satisfaction	Percentage of on-time deliveries	30
	Average customer satisfaction rate	30

TCFD Disclosures

The following table indicates our progress toward TCFD-recommended reporting.

Disclosure Number	TCFD Disclosures	Page Number(s)
GOVERNANCE		
TCFD 1(a)	Describe the board's oversight of climate-related risks and opportunities.	44
TCFD 1(b)	Describe management's role in assessing and managing climate-related risks and opportunities.	44
STRATEGY		
TCFD 2(a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	44-46
TCFD 2(b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	44-46
TCFD 2(c)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	44
RISK MANAGEMENT		
TCFD 3(a)	Describe the organisation's processes for identifying and assessing climate-related risks.	23, 44
TCFD 3(b)	Describe the organisation's processes for managing climate-related risks.	43-44
TCFD 3(c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	44
METRICS AND TARGETS		
TCFD 4(a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	46
TCFD 4(b)	Disclose Scope-1, Scope-2, and, if appropriate, Scope-3 GHG emissions and the related risks.	46
TCFD 4(c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	46

Corporate Information

Board of Directors

Tan Siok Chin

(Chairman and Non-Executive Non-Independent Director)

Jack Ong Tong Hai

(Chief Executive Officer and Executive Director)

Yasuhiko Watanabe*

(Non-Executive Non-Independent Director)

Ong Tiew Siam

(Lead Independent Director)

Hor Siew Fu

(Independent Director)

Lim Jun Xiong Steven

(Independent Director)

Loo Cheng Guan

(Independent Director)

Audit Committee

Ong Tiew Siam

(Chairman)

Hor Siew Fu

(Member)

Tan Siok Chin

(Member)

Nominating Committee

Lim Jun Xiong Steven

(Chairman)

Ong Tiew Siam

(Member)

Yasuhiko Watanabe

(Member)

Remuneration Committee

Loo Cheng Guan

(Chairman)

Lim Jun Xiong Steven

(Member)

Yasuhiko Watanabe

(Member)

Company Secretary

Lee Pih Peng MBA, LLB

Tan Bee Kheng, CA (Singapore)

Registered Office & Principal Place of Business

14 Lok Yang Way
Singapore 628633

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd

1 Harbourfront Avenue
Keppel Bay Tower #14-07
Singapore 098632

Auditors

RSM Chio Lim LLP

8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095
Partner in-Charge: Poh Chin Beng (a member of the
Institute of Singapore Chartered Accountants)

Investor Relations

CosmoSteel Holdings Limited

ir@cosmosteel.com.sg

August Consulting

Silvia Heng
silviaheng@august.com.sg

Website

www.cosmosteel.com

* Updates on status of directors:

Mr Shiro Kanaya, our Non-Executive Non-Independent Director, stepped down from his role with effect from 1 November 2023. Mr Yasuhiko Watanabe was appointed as Non-Executive Non-Independent Director on the same date.

Corporate Governance Statement

The Company recognises the importance of upholding a high standard of corporate governance to ensure the long-term sustainability of the Group's business and performance and accountability to protect shareholders' interests.

The SGX-ST Listing Manual requires an issuer to describe its corporate governance practices with specific reference to the principles and the provisions of the Code of Corporate Governance 2018 ("**the Code**") in its annual report, as well as disclose any deviation from any provision of the Code and explain how the practices it had adopted are consistent with the intent of the relevant principle.

This statement outlines the policies adopted and practised by the Group during FY2023 with specific reference to the relevant principles and provisions of the Code. The Company has generally adopted principles and practices of corporate governance in line with the recommendations of the Code, save as highlighted and explained in this report.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The board of Directors of the Company (the "**Board**") works with the senior management of the Group (the "**Management**") for the long-term success of the Company.

All Directors recognise that they have to discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company and hold Management accountable for performance, and the Board is accountable to shareholders through effective governance of the business.

Provision 1.1

The Board has put in place a Code of Conduct to guide employee's compliance with internal controls, policies and procedures of the Group, and to guide their observance of ethics and integrity in the day-to-day conduct of the Group's business.

The Board's principal functions include:-

- (a) to provide leadership and set strategic objectives, and to ensure that the necessary financial and human resources are in place for the Group to meet its objectives. The Board will also, where appropriate, consider sustainability issues in respect of the Group's business and operations as part of its strategic formulation;
- (b) to establish a framework of internal controls for risk management;
- (c) to review Management's performance; and
- (d) to set the Group's values and standards (including ethical standards).

The Board has adopted a policy where Directors who are interested in any matter being considered, recuse themselves from deliberations and abstain from voting in relation to any such resolution(s) relating to such matter.

Corporate Governance Statement (cont'd)

Continuous Training for Directors and Orientation for Incoming Directors

Incoming Directors will receive a tailored induction on joining the Board, which would include his duties and obligations as a director, and an orientation program to provide information on the Company's business and governance practice. If the newly-appointed Director has no prior experience as a director of a SGX-ST listed company, they are also required to attend courses and training organised by institutions such as the Singapore Institute of Directors, the Accounting and Corporate Regulatory Authority ("**ACRA**") and the SGX-ST.

**Provision 1.2
and
Provision 4.5**

Mr Yasuhiko Watanabe was appointed to the Board on 1 November 2023. As Mr Yasuhiko Watanabe did not have prior experience as a director of a company listed on the SGX-ST at the time of his appointment to the Board, Mr Yasuhiko Watanabe will be attending the relevant training as prescribed by Practice Note 2.3 of the SGX-ST Listing Manual, within one year from the date of his appointment to the Board. Although Mr Ong Tiew Siam, Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan were appointed to the Board on 1 December 2022, they were not required to attend similar training as they are already independent directors of other companies listed on the SGX-ST.

Directors are briefed by Management or, if necessary, by the appropriate professional advisers on salient industry trends or updates and changes or updates to relevant legal or regulatory or accounting requirements, where applicable. Directors are also encouraged to attend relevant training programmes, seminars and workshops organised by various professional bodies and organisations to equip themselves to effectively discharge their duties and to enhance their skills and knowledge, either as part of their own professional practice or skills upgrading, or through the Company. The Company will be responsible for arranging and funding the training of the Directors.

Except for Mr Yasuhiko Watanabe who was appointed to the Board on 1 November 2023, the Directors had attended various briefings, updates and training as part of their continuing professional development, including, *inter alia*, the "SID Environmental, Social and Governance Essentials" as required by the Singapore Exchange Regulation.

Matters Requiring Board Approval

The Board has adopted a set of internal guidelines setting forth matters that require its approval. Matters which are specifically reserved to the Board for approval include but are not limited to the following:

Provision 1.3

- (a) any proposed acquisitions and disposal of any company or other entity, business, undertaking and/or assets of the Group which is not in the ordinary course of business of the Group;
- (b) any proposed changes in the capital of the Company;
- (c) any interested person transaction (as defined under Chapter 9 of the SGX-ST Listing Manual);
- (d) any recommendation or declaration or approval of an interim or final dividend (including a bonus or special dividend, if any), including the rate and amount of dividend per share and date of payment and other returns to shareholders; and
- (e) capital expenditure or commitment exceeding S\$1 million per transaction which is not considered to be in the ordinary course of business.

Corporate Governance Statement (cont'd)

Delegation of Authority to Board Committees

The Board is supported by three sub-committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee (collectively, the “**Board Committees**”), each with specific terms of reference where their powers, functions and duties as well as procedures governing their operation and decision-making are described.

Provision 1.4

Meetings of Board and Board Committees

The Board and Board Committees meet regularly throughout the year. Ad hoc meetings and/or discussions (including via email correspondences) are convened when circumstances require. Details relating to the number of Board and Board Committees meetings held in respect of FY2023 and the attendance of the Directors are set out below:

Provision 1.5

Name	Number of Meetings ²									
	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		General Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Siok Chin	6	6	4	4	1	1 ¹	2	2 ¹	2	2
Jack Ong Tong Hai	6	6	4	4 ¹	1	1 ¹	2	2 ¹	2	2
Shiro Kanaya ³	6	5	4	3 ¹	1	0	2	0	2	1
Yasuhiko Watanabe ⁴	6	1	4	1 ¹	1	1	2	1	2	0
Ong Tiew Siam ⁵	6	6	4	4	1	1	2	2 ¹	2	2
Hor Siew Fu	6	6	4	4	1	1 ¹	2	2 ¹	2	2
Lim Jun Xiong Steven ⁵	6	6	4	4 ¹	1	1	2	2	2	2
Loo Cheng Guan ⁵	6	6	4	4 ¹	1	1 ¹	2	2	2	2
Low Beng Tin ⁶	6	0	4	0	1	0	2	0	2	0

Notes:

- ¹ The Directors are not members of the respective Board Committees but have attended the meetings by invitation.
- ² Regular Board and Board Committee meetings comprise four Board meetings, four Audit Committee meetings, two Nominating Committee meeting and two Remuneration Committee meeting. Notwithstanding that the Company is not required to release its financial statements on a half yearly basis with effect from 7 February 2020, the Board and the Audit Committee continue to meet at least four times a year.
- ³ Mr Shiro Kanaya has resigned from the Board and ceased to be a Director on 1 November 2023.
- ⁴ Mr Yasuhiko Watanabe was appointed to the Board on 1 November 2023 following the resignation of Mr Shiro Kanaya on the same date.
- ⁵ Mr Ong Tiew Siam, Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan were appointed to the Board on 1 December 2022.
- ⁶ Mr Low Beng Tin has resigned from the Board and ceased to be a Director on 1 December 2022.

Multiple Board Representations

Directors with multiple board representations are to disclose such board representations and ensure that sufficient time and attention are given to the affairs of the Group. The Nominating Committee will review the multiple board representations held by the Directors on an annual basis to ensure that sufficient time and attention is given to the affairs of the Group.

Corporate Governance Statement (cont'd)

Provision of Information to the Board and Board Committees

Board papers for Board and Board Committees meetings are sent to Directors in advance in order for Directors to be adequately prepared for meetings including all relevant documents, materials, background or explanatory information relating to matters to be brought before the Board and Board Committees.

Provision 1.6

Management regularly puts up proposals or reports for the Board's consideration and approval (where appropriate), for instance, proposals on the annual budget of the Group, updates on any material variance between the budgeted and actual results, proposals relating to specific proposed transactions or general business direction or strategy of the Group, as well as regular reports or updates on the Group's inventory management and risk management. Directors, when presented with these proposals or reports for their consideration, evaluate the proposals or reports made by Management and Directors also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance and, where appropriate, provide guidance to Management on relevant aspects of the Group's business and assist in the development of proposals on the Group's business strategy.

The Board was informed and its approval sought on the matters which require its approval under the internal guidelines set by the Board, including material events and transactions. Requests for other information by the Board were also dealt with promptly.

Access to Management, Company Secretary and Independent Professional Advice

The Board, the Board Committees and the Directors have separate and independent access to Management and are entitled to request from Management such additional information or clarification as required.

Provision 1.7

The Company Secretary attends all Board and Board Committees meetings and is responsible for ensuring that Board procedures are followed and recording and the minutes of all Board and Board Committees meetings are recorded and circulated to the Board and the Board Committees and also advises the Board on all governance matters.

Under the direction of the Chairman, the Company Secretary facilitates the information flow within the Board and Board Committees and between Management and Non-Executive Directors. The Board has independent access to the Company Secretary. The appointment and the removal of the Company Secretary are decisions taken by the Board as a whole.

Professional advisors may be invited to advise the Board, or any of its members, if the Board or any individual member thereof needs independent professional advice.

Principle 2: Board Composition and Guidance

The Board exercises objective judgment independently from Management on corporate affairs of the Group and no individual or small group of individuals dominate the decisions of the Board.

Board Composition and Degree of Independence of the Board

As at the date of this Report, the Board comprises seven (7) Directors, four (4) of whom are independent directors ("**Independent Director**"), two (2) of whom (including the Chairman) are non-executive, non-independent directors ("**Non-Executive Non-Independent Director**") and one (1) is an executive director ("**Executive Director**"). The majority of the Board comprises Non-Executive Independent Directors.

**Provision 2.1,
Provision 2.2,
Provision 2.3
and
Provision 4.5**

Corporate Governance Statement (cont'd)

The Directors in office at the date of this Report are:

Name of Director	Role undertaken	Board Committee Membership	Date of First Appointment	Date of last Re-appointment	Present directorships and chairmanships in other listed companies and other principal commitments	Directorships and chairmanships in other listed companies and other principal commitments over the preceding 3 years
Tan Siok Chin	Chairman & Non-Executive Non-Independent Director	Audit Committee	28 March 2007	28 January 2022	ACIES Law Corporation	Design Studio Group Ltd Valuetronics Holding Limited
Jack Ong Tong Hai	Chief Executive Officer & Executive Director	-	9 November 2005	31 January 2023	Kim Seng Huat Hardware Pte Ltd CosmoSteel (Australia) Pty Ltd	Nil
Yasuhiko Watanabe	Non- Executive Non-Independent Director	Nominating Committee Remuneration Committee	1 November 2023	-	Hanwa Co., Ltd ¹	Nil
Ong Tiew Siam	Lead Independent Director	Audit Committee (Chairman) Nominating Committee	1 December 2022	31 January 2023	CSC Holdings Limited	Design Studio Group Ltd Valuetronics Holdings Limited
Hor Siew Fu	Independent Director	Audit Committee	26 October 2018	31 January 2023	Edition Ltd Memiontec Holdings Limited Datapulse Technology Limited	Plastoform Holdings Limited
Lim Jun Xiong Steven	Independent Director	Nominating Committee (Chairman) Remuneration Committee	1 December 2022	31 January 2023	Bund Center Investment Ltd Sinarmas Land Limited Livingstone Health Holdings Limited Riverstone Holdings Limited Baker Technology Limited	Mirach Energy Limited Keong Hong Holdings Limited Emerging Towns & Cities Ltd Hong Fok Corporation Limited
Loo Cheng Guan	Independent Director	Remuneration Committee (Chairman)	1 December 2022	31 January 2023	Valuetronics Holdings Limited China First Capital Group Limited Vermilion Gate Pte Ltd King Tower Asset Management (S) Pte Ltd	Mirach Energy Limited Datapulse Technology Limited

Note:

¹ Mr Yasuhiko Watanabe is an Executive Officer in charge of Corporate Planning Division, Legal Division, Credit Division and Sustainability Promotion Office in the Tokyo office.

Alternate Directors

As of the date of this Report, the Company has not appointed any Alternate Directors.

Corporate Governance Statement (cont'd)

Composition and Size of the Board

The Board has adopted a policy and framework for promoting diversity on the Board and the Nominating Committee is responsible for ensuring that this policy is implemented in an effective and practical manner. The Nominating Committee will report to the Board periodically on the progress made in achieving the objectives set for promoting diversity.

Provision 2.4

In designing, determining or assessing (as the case may be) the Board's composition, Board diversity has been considered from a wide range of aspects, including but not limited to skills, experience, educational background, length of service, gender, age and any other factors that the Board may consider relevant and applicable from time to time. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of core competences, knowledge, perspectives and insights that will enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Company and the Group, and support succession planning and development of the Board.

The Nominating Committee conducts an annual review on the composition of the Board, including the diversity and balance of skills, gender, age, knowledge and experience on the Board (in particular, whether Directors may possess core competencies in areas such as accounting or finance, legal and regulatory matters, risk management, business or management experience and industry knowledge) and the size of the Board which would facilitate decision-making.

The Nominating Committee is of the view that given the nature and scope of the Group's operations, the present Board size of seven (7) members is appropriate to facilitate effective decision-making to meet the needs and demands of the Group's business.

The Nominating Committee also reviews the independence of the Independent Directors appointed to the Board annually in accordance with the guidelines on independence set out in the Code and the SGX-ST Listing Manual.

In addition, given the diverse qualifications, experience, background, gender and profile of the Directors, including the Independent Directors, a further breakdown of which is set out in the table below, the Nominating Committee is of the view that the current Board members as a group provides an appropriate balance and diversity of the relevant skills, experience and expertise required for effective management of the Group.

Balance and Diversity of the Board

	Number of Directors	Proportion of Board (%)
Core Competencies		
Accounting or finance	4	57
Legal or corporate governance	5	71
Relevant industry knowledge or experience	2	29
Business Management/Strategic planning experience	7	100
Information Technology	-	-
Human Resource Management	1	14
Gender		
Male	6	86
Female	1	14

The Directors' profiles are set out in pages 12 to 13 of this Report.

Corporate Governance Statement (cont'd)

Meetings without the presence of Management

Non-Executive Non-Independent Directors and Independent Directors meet regularly without the presence of Management, in the meetings with the external auditors and internal auditors at least annually and on such other occasions as may be required and the chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

Provision 2.5

Principle 3: Chairman and Chief Executive Officer

Roles and Responsibilities of Chairman and CEO

The Company adopts a dual-leadership structure. Following the resignation of Mr Low Beng Tin on 1 December 2022, Ms Tan Siok Chin was redesignated as the Chairman, and Mr Jack Ong Tong Hai is the Chief Executive Officer and Executive Director.

Provision 3.1

The Chief Executive Officer, Mr Jack Ong Tong Hai, assumes executive responsibilities for the Group's performance and the Group's business.

Provision 3.2

As the Chairman, Ms Tan Siok Chin leads the Board, ensures that the Directors receive accurate, timely and clear information, encourages constructive relations between the Board and Management, as well as between Board members, facilitates contributions from Board members, including Non-Executive Non-Independent Directors, ensures effective communication with shareholders and endeavours to promote a high standard of corporate governance. The Chairman also ensures that Board meetings are held regularly and on an ad hoc basis where required and, when necessary, sets the Board meeting agendas in consultation with the Management and the Company Secretary. The Chairman presides over each Board meeting and ensures full discussion of agenda items. Management staff, as well as external experts who can provide additional insights into the matters to be discussed, are invited when necessary, to attend at the relevant time during the Board meetings.

Lead Independent Director

Following the appointment of Ms Tan Siok Chin as Chairman, the Company has appointed Mr Ong Tiew Siam as Lead Independent Director on 1 December 2022.

**Provision 3.3
and Rule
1207(10A)
of the SGX-ST
Listing Manual**

Mr Ong Tiew Siam responds to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management may be inappropriate or inadequate.

Principle 4: Board Membership

Composition and Terms of Reference of Nominating Committee

The Nominating Committee is governed by written terms of reference under which it is responsible for:

Provision 4.1

- (a) determining annually, and as and when circumstances require, whether a Director is independent, and providing its views to the Board in relation thereto for the Board's consideration;
- (b) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments;
- (c) where the appointment of an alternate Director to a Director is proposed, determining whether the alternate Director is familiar with the Company's affairs, appropriately qualified and (in the case of an alternate Director to an independent) whether the alternate Director would similarly qualify as an independent Director, and providing its views to the Board in relation thereto for the Board's consideration;

Corporate Governance Statement (cont'd)

- (d) making recommendations to the Board on relevant matters relating to:
- (i) the review of board succession plans for Directors, in particular, the Chairman and for the CEO;
 - (ii) the development of a process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
 - (iii) the review of training and professional development programs for the Board; and
 - (iv) the appointment and re-appointment of Directors (including alternate Directors, if applicable).

The Nominating Committee comprises three (3) Directors, two (2) of whom are Independent Directors. As at the date of this Report, the members of the Nominating Committee are:

Provision 4.2

Mr Lim Jun Xiong Steven Chairman
Mr Ong Tiew Siam
Mr Yasuhiko Watanabe

Mr Hor Siew Fu had stepped down from the Nominating Committee on 1 December 2022 following the appointment of Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan to the Nominating Committee.

Mr Loo Cheng Guan had stepped down from the Nominating Committee on 22 December 2022 following the appointment of Mr Ong Tiew Siam to the Nominating Committee.

Mr Low Beng Tin had resigned from the Board and ceased to be a Director on 1 December 2022.

Mr Shiro Kanaya had resigned from the Board and ceased to be a Director on 1 November 2023.

Mr Yasuhiko Watanabe was appointed to the Nominating Committee on 1 November 2023 following the resignation of Mr Shiro Kanaya on the same date.

Evaluation of the Board

The Company has in place a process for selecting and appointing new Directors, and nominating existing Directors for re-appointment. Such process includes, in the case of a new Director to be appointed, *inter alia*, an evaluation of a candidate's qualifications and experience with due consideration being given to ensure that the Board consists of members who as a whole will collectively possess the relevant core competencies in areas such as accounting or finance, legal and regulatory matters, risk management, business or management experience and industry knowledge. The search for new Directors, if any, will, if considered necessary, be made through executive search companies, contacts and recommendations and shortlisted persons will be evaluated by the Nominating Committee before being recommended to the Board for consideration.

Provision 4.3

The Nominating Committee, working in conjunction with the Management, keeps a constant lookout for appropriate training and professional development programmes from time to time offered by professional bodies such as the Singapore Institute of Directors and external training institutes and service providers, and recommends them to Board members for attendance or participation. Individual Directors may from time to time attend separate training and professional development programmes, in connection with their own profession or work or other directorships which they may hold.

Corporate Governance Statement (cont'd)

The Company's Constitution ("**Constitution**") require at least one-third of the Directors, or if their number is not a multiple of three, the number nearest to but not less than one-third of the Directors, to retire from office by rotation once every three years and shall then be eligible for re-election at the meeting at which he retires.

Existing Directors are put up for retirement and re-election in accordance with the foregoing requirement, and the Nominating Committee will recommend the nomination of a Director for re-election after considering, *inter alia*, the Director's competencies, commitment, contribution and performance, as well as the need for progressive renewal of the Board.

The Nominating Committee considers the need for Board renewal as and when necessary or appropriate, as part of succession planning. At Management's level, action plans and training programmes are in place to build-up the next level of management team to support senior management.

Each member of the Nominating Committee will abstain from voting on any resolution of the Nominating Committee or the Board (if applicable) in respect of the assessment of his/her performance or re-nomination as Director.

Determining Directors' Independence

The Nominating Committee determines on an annual basis whether or not a Director is independent. As and when circumstances require, the Nominating Committee will also assess and determine a Director's independence.

Provision 4.4

Each Independent Director completes a declaration to confirm his independence on an annual basis. The declaration is drawn up based on the guidelines provided in the SGX-ST Listing Manual and the Code.

The Nominating Committee carried out the review on the independence of each Independent Director in November 2023 taking into account the respective Directors' self-declarations and their actual performance on the Board and Board Committees, and is satisfied that the Independent Directors are able to act with independent judgment.

Commitments of Directors Sitting on Multiple Boards

Pursuant to the Board's policy on the maximum number of listed company board representations which any Director may hold, Directors should not have more than six (6) listed company board representations. The listed company directorships and principal commitments of each Director is set out above in page 60 of this Report. The Nominating Committee has reviewed each Director's other directorships and their principal commitments. Despite the multiple directorships of some Directors, the Nominating Committee was satisfied that such Directors spent adequate time on the Company's affairs and have carried out their responsibilities and duties as a Director of the Company.

Provision 4.5

The Nominating Committee took into account the results of the assessment of the effectiveness of the individual Director, the level of commitment required of the Director's other principal commitments, and the respective Directors' actual conduct and participation on the Board and Board Committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings, in making the determination, and is satisfied that all the directors have been able to and have adequately carried out their duties as director notwithstanding their multiple listed board representations and other principal commitments.

Corporate Governance Statement (cont'd)

Principle 5: Board Performance

The Nominating Committee has, with the approval of the Board, established performance criteria and evaluation procedures for evaluation and assessment of the effectiveness and performance of the Board, the Board Committees and the Directors.

Provision 5.1

The performance criteria which has been adopted include the adequacy and timeliness of information provided to the Board and the Board Committees, adequacy of process for monitoring and reviewing Management's performance, timeliness and adequacy of disclosures and communications with shareholders and other stakeholders. In addition, the Nominating Committee will have regard to whether a Director has adequate time and attention to devote to the Company, in the case of Directors with multiple board representations and other principal commitments.

In addition to evaluating the performance of the Board and the Board Committees as a whole, the performance of all Directors, including the Chairman, were individually reviewed by their fellow Directors, taking into consideration *inter alia*, the Director's competencies, commitment, contributions and performance at Board and Board Committees meetings and discussions, including attendance, preparedness, participation and candour.

Provision 5.2

Each of the Directors has completed a Board Performance Evaluation Checklist, giving their individual assessment and evaluation of the Board's ability and Board Committees' ability to meet the relevant criteria stated in the Board Performance Evaluation Checklist. In addition, each of the Directors has completed an Individual Directors' Evaluation Checklist, giving their assessment and review of other Directors' performance.

The results of such assessment and evaluation were collated by the Company Secretary and reviewed and considered by the Nominating Committee, with the appropriate reports or recommendations (including on follow-up actions, if any) provided to the Board.

The Company does not engage an external facilitator in respect of the Board Performance Evaluation.

Principle 6: Procedures for Developing Remuneration Policies

Composition and Terms of Reference of Remuneration Committee

The Remuneration Committee is governed by written terms of reference under which it is responsible for:

**Provision 6.1
and
Provision 6.3**

- (a) reviewing and recommending to the Board, a general framework of remuneration for the Directors and key management personnel;
- (b) reviewing and recommending annually to the Board, the specific remuneration packages for each Director as well as for the key management personnel;
- (c) reviewing all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;
- (d) reviewing annually the remuneration of employees who are substantial shareholders, immediate family members of a Director or the CEO or a substantial shareholder whose remuneration exceeds S\$100,000 during the year;
- (e) reviewing the Company's obligations arising in the event of termination of the Executive Director and key management personnel's contracts of service, to ensure that such arrangements are fair and reasonable and not overly generous;

Corporate Governance Statement (cont'd)

- (f) ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- (g) administering the employee share option scheme, share-incentive or award scheme from time to time established or implemented by the Company (collectively the “Schemes”) with powers to determine, *inter alia*, the following:-
 - (i) persons to be granted options, share incentives, awards and other benefits under the Schemes;
 - (ii) number of options, share incentives, awards and other benefits under the Schemes to be offered;
 - (iii) terms of such options, share incentives, awards and other benefits under the Schemes to be offered, including exercise price and vesting periods;
 - (iv) recommendations for modifications to the Schemes;
 - (v) generally, perform such other functions and duties as may be required by the relevant laws or provisions of the SGX-ST Listing Manual and the Code (as may be amended from time to time); and
- (h) reviewing whether the Executive Director, Non-Executive Non-Independent Director and Independent Directors and key management personnel should be eligible for options, share incentives, awards and other benefits under the Schemes.

There are currently no Schemes applicable to the Company.

The Company has established a Remuneration Committee which comprises three (3) Directors, all of whom are non-executive and two (2) of whom are Independent Directors.

Provision 6.2

As at the date of this Report, the Remuneration Committee members are:

Mr Loo Cheng Guan Chairman
Mr Lim Jun Xiong Steven
Mr Yasuhiko Watanabe

Mr Hor Siew Fu had stepped down from the Remuneration Committee on 1 December 2022 following the appointment of Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan to the Remuneration Committee.

Mr Low Beng Tin has resigned from the Board and ceased to be a Director on 1 December 2022.

Mr Shiro Kanaya has resigned from the Board and ceased to be a Director on 1 November 2023.

Mr Yasuhiko Watanabe was appointed to the Remuneration Committee on 1 November 2023 following the resignation of Mr Shiro Kanaya on the same date.

Access to Remuneration Consultants

The Remuneration Committee has access to the professional advice of external experts in the area of remuneration, where required.

Provision 6.4

No remuneration consultants were engaged by the Company in FY2023.

Corporate Governance Statement (cont'd)

Principle 7: Level and Mix of Remuneration

The Remuneration Committee sets the level and structure of remuneration for the Directors and key management personnel. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind (including any changes thereto) are subject to the review and approval of the Remuneration Committee for recommendation to the Board. If required, the Remuneration Committee will seek expert professional advice.

The Remuneration Committee's recommendations are submitted for approval by the Board. Each member of the Remuneration Committee will abstain from reviewing and voting on any Remuneration Committee resolution approving his own remuneration and the remuneration packages of persons related to him.

Remuneration Structure of Executive Director

Provision 7.1

The remuneration for the Executive Director is based on the terms of his service contract entered into with the Company. Part of the remuneration for the Executive Director under the terms of his service contract applicable for FY2023 included a discretionary annual bonus payable as determined and granted by the Remuneration Committee and the Board.

In addition, the remuneration for the CEO of the Company included an incentive bonus made available under a profit-sharing scheme ("**Profit Sharing Scheme**"), such incentive bonus to be calculated in the manner as further elaborated below.

For the Profit Sharing Scheme to be applicable, the Group must achieve an audited net profit before tax on a consolidated basis attributable directly to the Group's operations ("**NPBT**") of not less than S\$5 million ("**NPBT Threshold**") and in the event that the incentive bonus has been paid under the Profit Sharing Scheme, no discretionary annual bonus will be payable to the CEO of the Company.

	NPBT Attained	Incentive Bonus (on a cumulative basis, subject to the NPBT Threshold being met)
(i)	For the first S\$5 million	2.0% of the NPBT
(ii)	Greater than S\$5 million but up to and including S\$7 million	2.5% for the additional NPBT above S\$5 million
(iii)	Greater than S\$7 million but up to and including S\$10 million	3.0% for the additional NPBT above S\$7 million
(iv)	Greater than S\$10 million but up to and including S\$15 million	4.0% for the additional NPBT above S\$10 million
(v)	Greater than S\$15 million	5.0% for the additional NPBT above S\$15 million

The discretionary bonus payable to the eligible Executive Director is generally awarded based on a certain number of months of his basic monthly salary. It is intended as an additional remuneration tool, to recognise the efforts and contributions and performance of the Executive Director, in particular where such efforts and contributions and/or performance may not be directly or immediately reflected in or attributable to the financial performance of the Company and the Group.

Further details on the remuneration of the Executive Director are further disclosed below in page 69 of this Report.

Corporate Governance Statement (cont'd)

Remuneration Structure of Key Management Personnel

The remuneration of the key management personnel generally comprises primarily of a basic salary component and a variable component which is the bonuses, based on the performance of the Company and the Group as a whole and individual performance.

Contractual Provisions Protecting the Company's Interests

The Company does not have any contractual provisions in the employment contracts with the Executive Director and key management personnel pursuant to which the Company may reclaim the variable components of remuneration from the Executive Director and key management personnel in exceptional circumstances, such as any misstatement of financial results, or misconduct resulting in financial loss to the Company and the Group. Notwithstanding the foregoing, the Executive Director owes a fiduciary duty to the Company and the Company should be able to avail itself of the relevant remedies at law against the Executive Director in the event of such breach of fiduciary duties.

Remuneration Structure of Independent Directors and Non-Executive Non-Independent Directors **Provision 7.2**

The Independent Directors and Non-Executive Non-Independent Directors receive Directors' fees of varying amounts taking into account factors such as their respective roles and responsibilities, effort and time spent for serving on the Board and Board Committees.

The Company believes that the current remuneration of the Independent Directors and Non-Executive Non-Independent Directors are at a level that will not compromise the independence of the Directors.

The Board may, if it considers it necessary, consult experts on the remuneration of Independent Directors and Non-Executive Non-Independent Directors. Currently, the Independent Directors' fees and Non-Executive Non-Independent Directors' fees are determined based on the following fee structure:

Fee Structure for Independent Directors and Non-Executive Non-Independent Directors for FY2023:

	\$
Basic board fee	45,000
Board chair	20,000
Lead Independent Director and AC chair	10,000
RC and NC chair	5,000
AC member	5,000
RC and NC member	2,500
Attendance fee ¹	1,500

¹ The attendance fee is applicable for attendance at Board and Board Committees meetings other than the regular Board and Board Committees meetings comprising four (4) Board meetings, four (4) Audit Committee meetings, two (2) Nominating Committee meetings and two (2) Remuneration Committee meetings annually.

The payment of Directors' fees is subject to the approval of shareholders, and the Board will recommend the remuneration of the Independent Directors and the Non-Executive Non-Independent Directors for approval by shareholders at the AGM. The Executive Director does not receive Directors' fees.

Corporate Governance Statement (cont'd)

Remuneration Framework

The Board is of the view that the current remuneration structure for the Executive Director, Independent Directors, Non-Executive Non-Independent Directors and key management personnel are appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

Provision 7.3

Principle 8: Disclosure of Remuneration

Remuneration of Directors and Key Management Personnel

Details of the remuneration paid to the Directors for FY2023 are as follows:

**Provision 8.1
and
Provision 8.3**

Remuneration of Directors	Directors' Fees (%)	Salary ² (%)	Bonus ^{1,2} (%)	Allowances and Others ⁷ (%)	Total Compensation (S\$)
Executive Director					
Mr Jack Ong Tong Hai	-	69.1	17.5	13.4	564,711
Non-Executive Non-Independent Directors					
Ms Tan Siok Chin	96.2	-	-	3.8	78,666
Mr Shiro Kanaya ³	94.3	-	-	5.7	53,000
Mr Yasuhiko Watanabe ⁴	-	-	-	-	-
Independent Directors					
Mr Hor Siew Fu	94.9	-	-	5.1	59,000
Mr Ong Tiew Siam ⁵	94.7	-	-	5.3	56,917
Mr Lim Jun Xiong Steven ⁵	94.0	-	-	6.0	49,750
Mr Loo Cheng Guan ⁵	94.1	-	-	5.9	50,667
Mr Low Beng Tin ⁶	-	-	-	-	-

Notes:

- There was no Incentive Bonus payable to Mr Jack Ong Tong Hai for FY2023.
- Salary and bonus excludes Central Provident Fund Contributions which is included under Allowances and Others.
- Mr Shiro Kanaya has resigned from the Board and ceased to be a Director on 1 November 2023.
- Mr Yasuhiko Watanabe was appointed to the Board on 1 November 2023 following the resignation of Mr Shiro Kanaya on the same date.
- Mr Ong Tiew Siam, Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan were appointed to the Board on 1 December 2022.
- Mr Low Beng Tin has resigned from the Board and ceased to be a Director on 1 December 2022.
- There was an additional fee of S\$3,000 paid to each Director other than the CEO and Executive Director in connection with their additional services rendered in relation to the Group's acquisition of the warehouse in Malaysia which was approved by Shareholders at an extraordinary general meeting held on 23 October 2023, which were in addition to and outside of the usual scope of duties of such Directors.

For the financial year ended 30 September 2023, the top four key management personnel (who are not also Directors) of the Group are Mr Andy Ong Tong Yang, Ms Chong Siew Kuen, Mr Lim Kim Seng, and Ms Tan Bee Kheng.

**Provision 8.1
and
Provision 8.3**

Corporate Governance Statement (cont'd)

A breakdown of the remuneration of the top four key management personnel of the Group for the financial year ended 30 September 2023 is set out below:

Remuneration of Top Four Key Management Personnel ²	Salary ¹ (%)	Bonus ¹ (%)	Allowances and Others (%)	Total Compensation (%)
Below S\$750,000				
Mr Andy Ong Tong Yang	70.4	17.1	12.5	100.0
Below S\$500,000				
-				
Below S\$250,000				
Ms Chong Siew Kuen	68.5	8.6	22.9	100.0
Mr Lim Kim Seng	67.1	11.3	21.6	100.0
Ms Tan Bee Kheng	69.9	23.7	6.4	100.0

Notes:

¹ Salary and bonus excludes Central Provident Fund Contributions which is included under Allowances and Others.

² The Group only has four (4) key management personnel (who are not directors nor the CEO).

The annual aggregate remuneration paid to the top four key management personnel of the Group (who are not directors or the CEO) for FY2023 is S\$1,095,512.

The Company has not disclosed the specific remuneration of each of the top four (4) key management personnel for confidentiality reasons, and given the disclosure of the annual aggregate remuneration paid to the top four key management personnel of the Group (who are not directors or the CEO) as aforesaid.

Remuneration of Employees who are Immediate Family Members of Directors, the CEO and/or Substantial Shareholders of the Company

Mr Andy Ong Tong Yang, a substantial shareholder of the Company and the brother of Mr Jack Ong Tong Hai, the CEO of the Company, is an employee of the Group whose remuneration was more than S\$500,000 but less than S\$600,000 for FY2023. Further details of Mr Andy Ong Tong Yang's remuneration is further disclosed above.

Provision 8.2

Employee Share Schemes

The Company does not have any employee share schemes or any other short-term or long-term incentive schemes and will review the feasibility of having such schemes when appropriate.

Provision 8.3

Principle 9: Risk Management and Internal Controls

Risk Management System

The Board determines the nature and extent of significant risks which the Company is willing to take in achieving its strategic objectives and value creation by way of a framework of a series of identified risks or risk factors, as set out in a risk register ("**Risk Register**"). The Risk Register of the Group reviews the adequacy and effectiveness of the Company's risk management by setting out (i) the key risk factors that are faced by the Company and the Group in its business and operations and categorised according to compliance, financial, operational risks, and information technology including sanction-related risks; (ii) ranking of the risk factors in terms of their relative importance or implications for the Company and the Group should such risks materialise; and (iii) the risk mitigating practices (where applicable) which may be in place to address such risks.

Provision 9.1

Corporate Governance Statement (cont'd)

A risk management team comprising members from Management (the "**Risk Management Team**") is responsible for the effective implementation of risk management strategy, policies and processes to facilitate the achievement of business plans and goals within the risk tolerance set by the Board. The Risk Management Team provides quarterly updates to the Audit Committee and the Board where there may be areas of concern arising in relation to any of the identified key risks factors, if any, which the Audit Committee and the Board should take note of. All members of the Risk Management Team are required to submit an Annual Statement of Compliance, confirming the Group's compliance with the policies and procedures in place.

Assistance from Internal Auditors

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the Audit Committee with the assistance of the internal auditors.

The Company has requested its internal auditors to take such risk factors into consideration in drawing up the annual internal audit plan, so that there is a system and process review on the identified key risk areas. In the event that the Company intends to enter into any new markets, business venture or business sector, the Company may, where necessary or appropriate, appoint and commission the appropriate professional parties to review or advise on, *inter alia*, any additional areas of risk factors to consider in connection with such forays.

Assurance from CEO and Chief Financial Officer/Financial Controller

The Chief Executive Officer and Chief Financial Officer/Financial Controller have at the financial year-end provided a letter of assurance to the Audit Committee confirming, *inter alia*, that:-

Provision 9.2

- (i) the financial statements of the Company for FY2023 give a true, accurate and complete view of the Group and the Company's operations and finances as at 30 September 2023;
- (ii) the accounting and other records required by the Act to be kept by the Company have been maintained in accordance with the provisions of the Act; and
- (iii) the Company and the Group have put in place and will continue to maintain an effective, and adequate system of risk management and internal controls (addressing financial, operational, compliance and information technology risks).

Board's Opinion on Internal Controls

Based on the internal controls established and maintained by the Group, work performed by external auditors and internal auditors and reviews performed by Management, the various Board Committees and the Board, the Audit Committee and the Board are of the opinion, pursuant to Rule 1207(10) of the SGX-ST Listing Manual, that the Group's internal controls, (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 30 September 2023.

Rule 1207(10) of the SGX-ST Listing Manual

In addition, based, *inter alia*, on the current nature and scope of business and operations of the Group, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems to address and mitigate any sanctions-related risks, were adequate and effective as at 30 September 2023 and there has been no material change in the Company's risk of being subject to any sanctions-related laws or regulations since 30 September 2023.

The Board and the AC will be responsible for (a) monitoring the Company's risk of becoming subject to, or violating, any sanctions-related laws or regulations; and (b) ensuring timely and accurate disclosures to SGX and other relevant authorities.

Corporate Governance Statement (cont'd)

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Principle 10: Audit Committee

Composition and Terms of Reference of Audit Committee

The Audit Committee is governed by written terms of reference under which is responsible for: **Provision 10.1**

- (a) reviewing the audit plan of the external auditors, including the nature and scope of the audit, before the audit commences;
- (b) reviewing the results of external audit, in particular:
 - (i) their audit report; and
 - (ii) their management letter and Management's response thereto;
- (c) reviewing the co-operation given by the Company's officers to the external auditors;
- (d) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and the Group and any announcements relating to the Company's financial performance. The Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts. In this regard, the Audit Committee should focus particularly in: -
 - (i) major judgmental areas; and
 - (ii) significant adjustments resulting from audit,

and give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

- (e) reviewing the independence of the external auditors annually and where the external auditors also provide a substantial volume of non-audit services to the Company, keep the nature and extent of such service under review, seeking to maintain objectivity;
- (f) making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of the engagement of the external auditors;
- (g) reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters (whistle-blowing policy);
- (h) reviewing and reporting to the Board at least annually, the adequacy and effectiveness of the Company's internal controls and risk management systems. Review of the Company's internal controls and risk management systems can be carried out with the assistance of externally appointed professionals;

Corporate Governance Statement (cont'd)

- (i) reviewing and monitoring the Group's possible exposure or nexus (if applicable) to sanctions-related risks (including being subject to sanctions-related laws or regulations and/or financing or engaging in any sanctioned activity and/or having dealings with sanctioned subjects) and, where necessary, to consider obtaining independent legal advice or appointing a compliance adviser in relation to the sanctions-related risks applicable to the Company and continuous monitoring of the validity of the information provided to shareholders and SGX;
- (j) monitoring the establishment, appointments, staffing, qualifications and experience of the Company's internal audit function, including approval of the appointment and compensation terms of the head of the internal audit function, review of whether the internal audit function is adequately resourced, is independent of the activities it audits, and has appropriate standing within the Company. The internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;
- (k) reviewing, at least annually, the adequacy and effectiveness of the Company's internal audit function;
- (l) meeting with (a) the external auditors, and (b) the internal auditors, if deemed necessary, without the presence of Management, at least annually;
- (m) to discuss problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);
- (n) reviewing the assurance from the CEO and Chief Financial Officer/Financial Controller on the financial records and financial statements of the Company;
- (o) commissioning and reviewing the findings of internal investigations into matters where there is suspicion of fraud or irregularity or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the Company and the Group's operating results and/or financial position;
- (p) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; and
- (q) generally, performing such other functions and duties as may be required by the relevant laws or provisions of the SGX-ST Listing Manual and the Code (as may be amended from time to time).

The duties and responsibilities of the Audit Committee in relation to interested person transactions shall be as follows:-

- (a) review, at least annually, any interested person transactions;
- (b) monitor that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the SGX-ST Listing Manual and accounting and financial reporting standards, are complied with;
- (c) monitor that the guidelines and procedures established to monitor interested person transactions have been complied with; and

Corporate Governance Statement (cont'd)

- (d) review, from time to time, such guidelines and procedures established to monitor interested person transactions to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Company and interested persons are conducted at arm's length and on normal commercial terms.

The Audit Committee has explicit authority to investigate any matter within its terms of reference and has full access to and co-operation from Management and has full discretion to invite any Director or executive officer to attend its meetings to enable it to discharge its functions properly.

In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee, he will abstain from reviewing or voting on that particular resolution.

Continuing Development of the Audit Committee

The Audit Committee is kept abreast by Management, the external and internal auditors on changes and updates to accounting standards, and other issues which could have a direct impact on the financial statements of the Group, if any. During the financial year in question, the Audit Committee has, *inter alia*, undertaken reviews of the financial statements, the results of the internal and external audit of the Company, and the Group, with particular focus on significant areas such as inventory policy and inventory management controls.

External Audit Function

The Group's existing external auditors, Messrs RSM Chio Lim LLP, an audit firm registered with the ACRA, have been the auditors of the Group since 30 September 2006 and Mr Poh Chin Beng is the current audit partner in charge for the financial year ended 30 September 2023.

The Audit Committee has been briefed on the key audit matters of the Company for FY2023 and has reviewed, and is satisfied with, the measures taken by the Company to address such key audit matters.

The aggregate amount of fees paid to the external auditors of the Company for FY2023 is S\$209,800, of which S\$141,000 is paid for audit services and S\$68,800 is paid for non-audit services. The fees paid for non-audit services include non-recurring one-off fees paid for engaging the external auditors for tax-related services. The Audit Committee, having reviewed the nature, range and value of non-audit services performed by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The Audit Committee has also reviewed and confirmed that Messrs RSM Chio Lim LLP is a suitable audit firm to meet the Company's audit obligations, having regards to the adequacy of resources and experience of the firm and the assigned audit engagement partner, other audit engagements, size and nature of the Group, number and experience of supervisory and professional staff assigned to the audit. Notwithstanding the aforesaid, as the external auditors are currently providing a range of non-audit services to the Group, the Audit Committee is keeping the nature and extent of such non-audit services under review, seeking to maintain objectivity.

The Audit Committee is satisfied that Rules 712 and 715 of the SGX-ST Listing Manual are complied with and has recommended to the Board that, Messrs RSM Chio Lim LLP be nominated for re-appointment as external auditors at the forthcoming AGM.

Corporate Governance Statement (cont'd)

Whistle Blowing Policy

The Company has put in place a whistle blowing policy and has implemented relevant procedures, as approved by the Audit Committee and adopted by the Board, for the purposes of handling complaints, concerns or issues relating to activities or affairs relating to the business, customers, suppliers, partners or associates, activities or affairs of the Group or conduct of any officer, Management or employee of the Group. Staff of the Group have access to the Company Secretary and may, in confidence, raise concerns about possible improprieties in any such corporate matters by sending an email or a letter in writing to the Company Secretary, who would re-direct and/or send such email or letter in writing to the Audit Committee (in the event such concerns relates to any of the Directors or the Chief Financial Officer/Financial Controller of the Company) or the whistle blowing committee (for all other concerns), as the case may be. During FY2023, there were no complaints, concerns or issues received.

The Audit Committee comprises three (3) Directors, all of whom are Non-Executive Directors. As at the date of this Report, the Audit Committee members are: **Provision 10.2**

Mr Ong Tiew Siam Chairman
Ms Tan Siok Chin
Mr Hor Siew Fu

The Audit Committee members bring with them professional expertise and experience in the accounting, business and legal domains and the Board is satisfied that the Audit Committee members are appropriately qualified to discharge their responsibilities.

The Audit Committee does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. **Provision 10.3**

Internal Audit Function

The Company has outsourced its internal audit function to CLA Global TS Risk Advisory Pte. Ltd. ("IA"). The IA is a corporate member of the Institute of Internal Auditors Singapore, and is staffed with professionals with relevant qualifications and experience. The IA's primary line of reporting would be to the Chairman of the Audit Committee, although the IA would also report administratively to the CEO. **Provision 10.4**

The IA performs the internal audit functions which are guided by the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The IA carries out its internal audit functions based on a work plan agreed with the Audit Committee, where different aspects of internal controls are reviewed for each year, and also take into consideration key risk factors identified under the Risk Register. The IA have submitted a report dated 11 May 2023 to the Audit Committee, reporting, *inter alia*, that (i) having performed the system review procedures of the Company's internal controls and (ii) save for certain matters highlighted to the Company which have been duly noted by Management, based on their review of the adequacy and effectiveness of the Company's system of internal controls and measures, according to the approved work plan, there were no significant deficiencies nor non-compliance to established controls and measures implemented by Management.

The Company cooperates fully with the IA in terms of allowing unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit Committee.

Corporate Governance Statement (cont'd)

Meeting with External and Internal Auditors

The Audit Committee meets with the external auditors of the Company without the presence of Management, at least once a year. The Audit Committee also meets with the internal auditors of the Company and, if deemed necessary, without the presence of Management at least once a year. **Provision 10.5**

The Audit Committee reviews the adequacy and effectiveness of the internal audit function (including whether it is adequately resourced and independent) on an annual basis and is satisfied with its independence, adequacy and effectiveness. The Audit Committee also reviews the internal audit reports as well as the remedial measures recommended by the Internal Auditor and adopted by Management to address any issue or inadequacy identified. **Rule 1207(10C) of the SGX-ST Listing Manual**

Principle 11: Shareholder Rights and Conduct of General Meetings

Provision of Information to Shareholders

Shareholders are informed of general meetings through annual reports and circulars sent to all shareholders in addition to notices published in the newspapers, the Company's announcements via SGXNET and the Company's website. The Company ensures that timely and adequate disclosure of information on matters of material impact on the Company are made to shareholders of the Company, in compliance with the requirements set out in the SGX-ST Listing Manual. In this respect, the Company announces its financial results to shareholders on a half-yearly basis. **Provision 11.1**

Proxies

The Constitution allows all shareholders (who are not relevant intermediaries as set out in the Companies Act) to appoint up to two proxies to attend general meetings and vote on their behalf and the Companies Act allows relevant intermediaries such as the Central Provident Fund (CPF) agent bank nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF agent banks' proxies.

In conjunction with the notices of general meetings, shareholders are provided with the proxy forms which include the instructions on voting.

Procedure of General Meetings

The Company will also appoint a polling agent and an independent external party as scrutineer who will attend the AGM to ensure that the polling process is properly carried out. **Provision 11.2**

Prior to the AGM, the scrutineer will review the proxies and the poll voting system and attends to the proxy verification process to ensure that the proxy and poll voting information is compiled correctly.

Attendees at General Meetings

The Board and Management are present at these meetings to address any questions that shareholders may have. The entire Board, including Mr Shiro Kanaya who had resigned on 1 November 2023 but excluding Mr Yasuhiko Watanabe who was appointed on 1 November 2023, was present at the AGM of the Company on 31 January 2023. The entire Board, except for Mr Shiro Kanaya who had resigned on 1 November 2023 and Mr Yasuhiko Watanabe who was appointed on 1 November 2023, was present at the date of the extraordinary general meeting of the Company held on 23 October 2023. **Provision 11.3**

Corporate Governance Statement (cont'd)

Voting in Absentia

The Constitution allows Directors, at their sole discretion, to approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow members who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile. **Provision 11.4**

Minutes of General Meetings

Minutes of general meetings (including minutes of AGM), which include substantial comments or queries from shareholders and responses from the Board and Management will be published on the Company's website at www.cosmosteel.com and via SGXNET within one (1) month from the date of the AGM. **Provision 11.5**

Dividend Policy

The Company has formalised its dividend policy which aims to provide its shareholders with a target annual dividend payout of at least 10% of the net profit attributable to shareholders of the Company in any financial year, whether as interim and/or final dividends, provided always that such dividend payout for any financial year is subject to and conditional upon (a) the net profit attributable to shareholders of the Company for such financial year being equal to at least S\$3 million, and (b) if the net profit referred to in (a) is less than S\$3 million, the declaration and payment of dividends being determined at the sole discretion of the Board. **Provision 11.6**

The total dividend recommended, declared or paid in any financial year shall not exceed 50% of the total net profit attributable to shareholders, unless otherwise approved by the Board.

In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will also take into account, *inter alia*, the Group's financial position, retained earnings, results of operation and cash flow, the ability of the Company's subsidiaries to make dividend payments to the Company, the Group's expected working capital requirements, the Group's expected capital expenditure and future expansion and investment plans and other funding requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time.

To show the Company's appreciation for its shareholders' long term support, the Board is recommending a final dividend payout of S\$0.005 per share for FY2023, to be approved by shareholders in the forthcoming AGM.

Corporate Governance Statement (cont'd)

Principle 12: Engagement with Shareholders

Communication with Shareholders

The Company communicates with shareholders and the investment community through timely release of announcements to the SGX-ST via SGXNET, including the Company's financial results announcements which are published through the SGXNET on a half-yearly basis. Financial results announcements and annual reports are announced or issued within the mandatory period prescribed. Notices of general meetings and all documents relating to the business of such general meetings (including the Annual Report) are published on SGXNET and the Company's website. **Provision 12.1**

General meetings have been and are still the principal forum for dialogue with shareholders. Shareholders' views are sought at general meetings, and shareholders are given the opportunity to air their views and ask Directors and Management questions regarding the Company and the Group. Management makes the relevant presentation slides available on SGXNET in conjunction with the release of the Group's half-year and full year financial results announcements.

Shareholders may also provide any feedback they may have about the Company to the Company's email at ir@cosmosteel.com.sg.

Investor Relations Policy

The Company has adopted an investor relations policy to formalize the principles and practices that the Company applies to provide current and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. **Provision 12.2 and Provision 12.3**

The Company is committed to treating all shareholders fairly and equitably, and keep all shareholders and other stakeholders informed of its corporate activities, including changes in the Company or its business which would be likely to materially affect the price or value of its shares, on a timely basis.

The Company's Investor Relations Policy is published on the Company's corporate website and sets out the mechanism through which shareholders may contact the Company with questions and through which the Company may respond to such questions.

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to secure the long-term future of the Company. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include communities, customers, staff, regulators, shareholders and vendors. **Provision 13.1 and Provision 13.2**

The Company maintains a corporate website at www.cosmosteel.com to communicate and engage stakeholders. **Provision 13.3**

Corporate Governance Statement (cont'd)

DEALINGS IN SECURITIES

In line with the rules of the SGX-ST Listing Manual, the Company has adopted a policy prohibiting its Directors and officers from dealing in the Company's shares whilst they are in possession of unpublished material price sensitive information and during the period commencing one month before the announcement for each of its full year and half year financial statements.

**Rule 1207(19)
(A) of the
SGX-ST Listing
Manual and
Rule 1207(19)
(C) of the
SGX-ST Listing
Manual**

Directors and employees are also discouraged from dealing in the Company's securities on short-term considerations.

**Rule 1207(19)
(B) of the
SGX-ST Listing
Manual**

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts of the Company or any of its subsidiaries involving the interests of the Chief Executive Officer or any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

**Rule 1207(8)
of the SGX-ST
Listing Manual**

INTERESTED PERSON TRANSACTIONS

The Audit Committee reviews, on a quarterly basis, all interested person transactions, including transactions falling under the terms of the Company's general mandate (the "IPT Mandate") authorizing the Group to enter into certain interested person transactions with Hanwa Co., Ltd and its associates (the "Hanwa Group"), to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the SGX-ST Listing Manual) are complied with. Interested person transactions which are not within the ambit of the IPT Mandate will be subject to Rules 905 and 906 of the SGX-ST Listing Manual.

**Rule 1207(17)
of the SGX-ST
Listing Manual**

The IPT Mandate covers the following categories of interested person transactions:

- (a) the purchase of materials and products by the Group from Hanwa Group;
- (b) the obtaining or engagement of Hanwa Group's services as a procurement agent or as a procurement source to procure materials, products and services on behalf of the Group; and
- (c) the sale of materials and products by the Group to Hanwa Group.

(collectively, the "Mandated Interested Person Transactions")

An interested person being a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder ("Interested Person").

Corporate Governance Statement (cont'd)

Guidelines and Review Procedures for the Mandated Interested Person Transactions

(a) Review Procedures

To ensure that the Mandated Interested Person Transactions are carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Group has put in place the following procedures for the review and approval of interested person transactions under the IPT Mandate:-

- (i) The guiding principle is that all Mandated Interested Person Transactions shall be conducted in accordance with the Group's usual business practices and pricing policies, consistent with the usual profit margins or prices extended to or received by the Group for the same or substantially similar type of transactions between the Group and unrelated third parties, and the terms are not more favourable to the Interested Person compared to those extended to or received from unrelated third parties and/or are in accordance with published or prevailing rates/prices or applicable industry norms. The Company will use its reasonable endeavours to make comparisons with at least two other quotes from unrelated third parties, wherever possible for the same or substantially similar type of transactions;
- (ii) in relation to the purchase of materials and products by the Group from an Interested Person:-
 - (aa) subject to and in accordance with Paragraph (a)(i) above, the Company will make comparisons against the quotations obtained from at least two other comparative offers from unrelated third parties that are reasonably contemporaneous in time, to ensure that such purchase price is no less favourable to the Group. Comparisons will be made taking into consideration, *inter alia*, the purchase price, order quantity, product quality, standard of services, experience and expertise, customer requirements, product specifications, delivery schedule, track record, potential for future repeat business, contract duration, credit term and fluctuations in foreign exchange rates; and
 - (bb) in the event where it is impractical or impossible to obtain comparable prices of similar transactions reasonably contemporaneous in time due to the nature of the materials or products to be purchased, such transaction may only be entered into with approval from the Executive Director of the Company with no interest, direct or indirect, in the proposed Mandated Interested Person Transaction. Such Executive Director will, subject to the approval thresholds as set out in Paragraph (b) below, evaluate and weigh the benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transaction are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account factors such as, but not limited to, the nature of the materials or products, order quantity, product quality, standard of services, experience and expertise, customer requirements, product specifications, delivery schedule, track record, contract duration, credit terms and fluctuations in foreign exchange rates.

Corporate Governance Statement (cont'd)

- (iii) In relation to the engagement or utilisation of an Interested Person as a procurement source to procure materials, products and services on behalf of the Group:-
 - (aa) subject to and in accordance with Paragraph (a)(i) above, the mark-up or fee (where applicable) payable by the Group to the Interested Person shall be determined by the Executive Director of the Company with no interest, direct or indirect, in the proposed Mandated Interested Person Transaction; and
 - (bb) such Executive Director will, subject to the approval thresholds as set out in Paragraph (b) below, evaluate and weigh the benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transaction are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account factors such as, but not limited to, the nature of the materials, products or services procured, standard of services, experience and expertise, the price competitiveness of the Group's products and/or services (after incorporating such mark-up or fee), and the Group's profit margin from the transaction;
- (iv) In relation to the sale of materials and products by the Group to the Hanwa Group:-
 - (aa) subject to and in accordance with Paragraph (a)(i) above, in the case of the sale of materials and products in the ordinary course of business of the Group, the sale price and/or rates shall be no more favourable to the Interested Person than the usual commercial terms extended by the Group to unrelated third parties and/or in accordance with applicable industry norms, taking into account factors such as, but not limited to, the nature of the materials or products, order quantity, product quality, standard of services, experience and expertise, customer requirements, product specifications, delivery schedule, track record, credit standing, credit terms, potential for future repeat business, contract duration and fluctuations in foreign exchange rates, subject to the Group being able to obtain a positive gross profit margin from the transaction; and
 - (bb) in cases of adverse market conditions when the Group considers it necessary to enter into a transaction which will result in no or a negative gross profit margin, such transaction shall be subject to and in accordance with Paragraph (a)(i) above and may only be entered into with the approval from the Executive Director of the Company with no interest, direct or indirect, in the proposed Mandated Interested Person Transaction. Such Executive Director will, subject to the approval thresholds as set out in Paragraph (b) below, evaluate and weigh the benefits of and rationale for transacting with the Interested Person to ensure that the terms of the transaction are in accordance with applicable industry norms and/or are not prejudicial to the Company, taking into account factors such as, but not limited to, the nature of the materials or products, order quantity, product quality, standard of services, experience and expertise, customer requirements, product specifications, delivery schedule, track record, credit standing, credit terms, potential for future repeat business, contract duration and fluctuations in foreign exchange rates.

The considerations in Paragraphs (a)(i) to (a)(iv) above will allow for variations in prices and terms of the comparative offers or sales so long as the volume of trade, credit-worthiness of the buyer, differences in service, reliability or such other relevant factors justify such variations and so long as such comparative offer or sale incorporates modifications that account for volatility of the market for the goods and services in question.

Corporate Governance Statement (cont'd)

(b) Approval Threshold

In addition to the review procedures, the Group will review and approve the Mandated Interested Person Transactions as follows:-

- (i) any transactions amounting from S\$100,000 to 3% of the latest audited consolidated net tangible assets of the Company will be reviewed and approved by a Director or the Chief Financial Officer;
- (ii) any transactions amounting from above 3% to 10% of the latest audited consolidated net tangible assets of the Company will be reviewed and approved by the Audit Committee; and
- (iii) any transactions exceeding 10% of the latest audited consolidated net tangible assets of the Company will be reviewed and approved by the Board.

The above approval thresholds are adopted after taking into account, *inter alia*, the nature, volume, recurrent frequency and transaction size as well as the Group's day-to-day operations, administration and businesses. The approval thresholds act as an additional safeguard to supplement the review procedures to be implemented for the Mandated Interested Person Transactions.

Disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for FY2023 are stated in the following table:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920 of the SGX-ST Listing Manual) S\$'000	Aggregate value of all interested person transactions during the financial year conducted under shareholder's mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000) S\$'000
Hanwa Co., Ltd ¹	Controlling Shareholder	-	4,713

Note:

1. Hanwa Co., Ltd and its subsidiaries, and (where applicable) its associated companies.



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Statement by Directors

The directors are pleased to present the consolidated financial statements of CosmoSteel Holdings Limited (the "company") and its subsidiaries (collectively, the "group") and the statement of financial position and statement of changes in equity of the company for the reporting year ended 30 September 2023.

1. OPINIONS OF THE DIRECTORS

In the opinion of the directors:

- (a) The consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are drawn up so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 30 September 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the year ended on that date; and
- (b) At the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS

The directors of the company in office at the date of this statement are:

Tan Siok Chin	
Ong Tong Hai	
Yasuhiko Watanabe	(Appointed on 1 November 2023)
Ong Tiew Siam	(Appointed on 1 December 2022)
Hor Siew Fu	
Lim Jun Xiong Steven	(Appointed on 1 December 2022)
Loo Cheng Guan	(Appointed on 1 December 2022)

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the reporting year had no interests in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act 1967 (the "Act") except as follows:

Name of directors and companies in which interests are held	At beginning of the reporting year or date of appointment if later	At end of the reporting year
Number of shares of no par value		
CosmoSteel Holdings Limited		
Ong Tong Hai	35,142,096	35,142,096
Tan Siok Chin	125,000	125,000

The directors' interests as at 21 October 2023 were the same as those at the end of the reporting year.

Statement by Directors (cont'd)

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. OPTIONS

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. INDEPENDENT AUDITOR

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. REPORT OF AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Ong Tiew Siam (Chairman of audit committee)
Tan Siok Chin
Hor Siew Fu

The audit committee performs the functions specified by section 201B (5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditors their audit plan.
- Reviewed with the independent external auditors their evaluation of the company's internal accounting control relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Statement by Directors (cont'd)

7. REPORT OF AUDIT COMMITTEE (CONTINUED)

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the company.

8. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

The directors' opinion on the adequacy of internal controls is detailed in the report on corporate governance.

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 20 November 2023 which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

Tan Siok Chin

Director

Ong Tong Hai

Director

21 December 2023

Independent Auditor's Report

to the Members of CosmoSteel Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of CosmoSteel Holdings Limited (the "**company**") and its subsidiaries (the "**group**"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 30 September 2023, the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies, as set out on pages 91 to 131.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 30 September 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of net realisable value of inventories

Please refer to Note 2A on the relevant accounting policy, Note 2C on critical judgements, assumptions and estimation uncertainties, Note 6 on other gains and (other losses) and Note 15 on inventories.

The group has inventories measured at the lower of cost (weighted average method) and estimated net realisable value. The carrying amount was \$25,647,000, representing 25% of the group's total assets. During the reporting year ended 30 September 2023, the group made a reversal of write-down of inventories amounting to \$2,697,000.

The assessment of net realisable value of inventories involves a significant degree of management's judgement. Management took into consideration a number of factors, including physical deterioration, functional and economic obsolescence, business environment and market demand. Inventory may be held for long periods of time before utilisation.

Independent Auditor's Report (cont'd)

to the Members of CosmoSteel Holdings Limited

Key audit matters (continued)

To obtain assurance over the appropriateness of management's assumptions applied in calculating the value of inventory allowances our audit procedures included, amongst others, the following:

- We evaluated the group's policy for inventories write-downs and write backs and performed procedures to understand management's methodology and processes of assessing write-downs and write backs of inventories;
- We performed procedures, including the use of automated tools and techniques (e.g. audit data analytics), to assess management's rationale and to validate the integrity of the allowance model and inputs and ensured that it was using the underlying data correctly and calculating allowance amounts accurately;
- We tested the reliability of the inventories ageing report which management had used as a basis to identify slow-moving and obsolete items;
- We tested management's computation of the amount of inventories written-down and written-back;
- We compared the carrying value of inventories to recent sales invoices; and
- We assessed the adequacy of disclosures made in the financial statements.

Assessment of impairment of trade receivables

Please refer to Note 2A on the relevant accounting policy, Note 2C on critical judgements, assumptions and estimation uncertainties, and Note 16 on trade and other receivables.

As set out in Note 16 to the financial statements, trade receivables amounted to \$28,611,000 as at 30 September 2023, representing 28% of the group's total assets. The allowance for impairment of trade receivables is estimated by management through the application of judgement and use of subjective assumptions.

The expected credit losses ("**ECLs**") are recognised from initial recognition of the trade receivables. It is based on the lifetime ECL for trade receivables. The assessment require management to develop methodologies involving the use of significant judgements. In estimating ECLs, the group developed a matrix that takes into account historical credit loss experience for the trade receivables and, where relevant, incorporated forward-looking information that reflect management's view of potential future economic conditions. In addition, lifetime ECL might be estimated individually or collectively. For certain material receivables, the ECL allowance is determined by making debtor-specific assessments of ECL allowance which requires significant judgements.

In response to this risk, our audit approach included, amongst others, the following:

- We evaluated the allowance methodologies developed by the group and assessed management's assumptions and estimates, in particular, the historical default rates of trade receivables group based on the shared credit risk characteristics and those relating to forward-looking information (if any);
- We assessed the facts and circumstances surrounding the outstanding material receivables including obtaining advice from the company's external legal advisers if there is any dispute with the debtors. We also reviewed evidence of collection by way of receipts from debtors after year end;
- We evaluated the reasonableness of management's estimate of the future payments by the debtors, by taking into consideration the debtors' past payment history and taking into consideration the latest available financial position and results of the debtors (from available published information); and
- We assessed the adequacy of the ECL allowance recorded as at end of the reporting year and the disclosures made in the financial statements.

Independent Auditor's Report (cont'd)

to the Members of CosmoSteel Holdings Limited

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (cont'd)

to the Members of CosmoSteel Holdings Limited

Auditor's responsibilities for the audit of the financial statements (continued)

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Poh Chin Beng.

RSM Chio Lim LLP

Public Accountants and
Chartered Accountants
Singapore

21 December 2023

Engagement partner – effective from year ended 30 September 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 September 2023

	Note	Group 2023 \$'000	Group 2022 \$'000
Revenue	5	83,448	46,083
Cost of sales		(70,260)	(35,035)
Gross profit		13,188	11,048
Interest income		246	4
Other gains	6	2,744	3,600
Depreciation of property, plant and equipment	13	(2,753)	(2,328)
Depreciation of right-of-use assets	25	(463)	(1,385)
Marketing and distribution costs	7	(3,277)	(3,750)
Administrative expenses	7	(4,603)	(4,080)
Finance costs	8	(880)	(335)
Other losses	6	(1,133)	(404)
Profit before tax		3,069	2,370
Income tax expense	10	(264)	(91)
Profit for the year		2,805	2,279
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Gains/(Losses) on property revaluation, net of tax	21	1,110	(444)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax	21	(51)	67
Other comprehensive income/(loss) for the year		1,059	(377)
Total comprehensive income for the year		3,864	1,902
Earnings per share			
		Cents	Cents
Basic and diluted	11	1.07	0.81

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position

As at 30 September 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	22,697	22,463	-	-
Right-of-use assets	25	2,278	2,488	-	-
Investments in subsidiaries	14	-	-	60,107	60,107
Trade and other receivables	16	951	-	-	-
Total non-current assets		25,926	24,951	60,107	60,107
Current assets					
Inventories	15	25,647	30,154	-	-
Trade and other receivables	16	30,290	17,170	826	345
Financial assets	17	154	142	-	-
Other non-financial assets	18	962	485	30	28
Cash and cash equivalents	19	18,948	24,895	1,173	1,979
Total current assets		76,001	72,846	2,029	2,352
Total assets		101,927	97,797	62,136	62,459
EQUITY AND LIABILITIES					
Equity					
Share capital	20	56,325	56,325	56,325	56,325
Treasury shares	20	(4,238)	(4,238)	(4,238)	(4,238)
Retained earnings		21,595	19,167	9,511	10,084
Other reserves	21	6,759	6,630	-	-
Total equity		80,441	77,884	61,598	62,171
Non-current liabilities					
Provisions	22	719	815	-	-
Deferred tax liabilities	10	195	-	-	-
Loans and borrowings	24	4,122	5,847	-	-
Lease liabilities	25	2,159	2,167	-	-
Total non-current liabilities		7,195	8,829	-	-
Current liabilities					
Income tax payable		159	-	155	-
Trade and other payables	23	5,314	5,601	383	288
Loans and borrowings	24	8,332	4,767	-	-
Lease liabilities	25	253	429	-	-
Other non-financial liabilities	26	233	287	-	-
Total current liabilities		14,291	11,084	538	288
Total liabilities		21,486	19,913	538	288
Total equity and liabilities		101,927	97,797	62,136	62,459

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

Year Ended 30 September 2023

Group	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Revaluation reserve \$'000	Translation reserve \$'000
Current year						
Opening balance at 1 October 2022	77,884	56,325	(4,238)	19,167	6,288	342
Changes in equity						
Total comprehensive income for the year	3,864	-	-	2,805	1,110	(51)
Dividends paid (Note 12)	(1,307)	-	-	(1,307)	-	-
Transfers to retained earnings of difference between depreciation on revalued carrying amount and depreciation based on original cost	-	-	-	930	(930)	-
Closing balance at 30 September 2023	80,441	56,325	(4,238)	21,595	6,468	291
Previous year						
Opening balance at 1 October 2021	82,374	56,325	-	18,170	7,604	275
Changes in equity						
Total comprehensive income for the year	1,902	-	-	2,279	(444)	67
Dividends paid (Note 12)	(2,154)	-	-	(2,154)	-	-
Purchase of treasury shares (Note 20)	(4,238)	-	(4,238)	-	-	-
Transfers to retained earnings of difference between depreciation on revalued carrying amount and depreciation based on original cost	-	-	-	872	(872)	-
Closing balance at 30 September 2022	77,884	56,325	(4,238)	19,167	6,288	342
Company						
			Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000
Current year						
Opening balance at 1 October 2022			62,171	56,325	(4,238)	10,084
Changes in equity						
Total comprehensive income for the year			734	-	-	734
Dividends paid (Note 12)			(1,307)	-	-	(1,307)
Closing balance at 30 September 2023			61,598	56,325	(4,238)	9,511
Previous year						
Opening balance at 1 October 2021			63,582	56,325	-	7,257
Changes in equity						
Total comprehensive income for the year			4,981	-	-	4,981
Dividends paid (Note 12)			(2,154)	-	-	(2,154)
Purchase of treasury shares (Note 20)			(4,238)	-	(4,238)	-
Closing balance at 30 September 2022			62,171	56,325	(4,238)	10,084

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year Ended 30 September 2023

	Group	
	2023	2022
	\$'000	\$'000
Cash flows (used in)/from operating activities		
Profit before tax	3,069	2,370
Adjustments for:		
Interest income	(246)	(4)
Interest expense	880	335
Depreciation of property, plant and equipment	2,753	2,328
Depreciation of right-of-use assets	463	1,385
Losses on disposal of property, plant and equipment	33	-
Operating cash flows before changes in working capital	6,952	6,414
Inventories	4,507	4,132
Trade and other receivables	(14,089)	(8,097)
Financial assets	(12)	(12)
Other non-financial assets	(477)	104
Trade and other payables	(287)	1,701
Other non-financial liabilities	(54)	(133)
Net cash flows (used in)/from operations	(3,460)	4,109
Income taxes paid	(138)	-
Net cash flows (used in)/from operating activities	(3,598)	4,109
Cash flows used in investing activities		
Purchase of property, plant and equipment	(1,723)	(2,873)
Proceeds from disposal of property, plant and equipment	127	-
Cash restricted in use	(439)	-
Interest received	219	4
Net cash flows used in investing activities	(1,816)	(2,869)
Cash flows used in financing activities		
Increase/(decrease) in loans and borrowings	1,515	(2,780)
New borrowings	325	2,049
Payment of lease liabilities (principal portion)	(443)	(1,358)
Payment of lease liabilities (interest portion)	(79)	(88)
Provisions, non-current	(182)	(78)
Purchase of treasury shares	-	(4,238)
Dividends paid	(1,307)	(2,154)
Interest paid	(801)	(247)
Net cash flows used in financing activities	(972)	(8,894)
Net decrease in cash and cash equivalents	(6,386)	(7,654)
Cash and cash equivalents at beginning of the year	24,895	32,549
Cash and cash equivalents at end of the year (Note 19A)	18,509	24,895

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year Ended 30 September 2023

1. GENERAL

CosmoSteel Holdings Limited (the “**company**”) is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company and its subsidiaries (the “**group**”). All financial information presented in Singapore Dollars has been rounded to the nearest thousand (\$’000), unless otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

The company is an investment holding company. It is listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

The principal activities of the subsidiaries are described in notes to the financial statements below.

The registered office is at 14 Lok Yang Way, Singapore 628633. The company is situated in Singapore.

Uncertainties relating to current economic conditions

The effects of current economic conditions due to rising interest rate and inflation in commodities prices has had, or may have, an impact on the reporting entity based on known information that extends to the nature of the products and services offered, customers, supply chains, staffing and geographic regions in which the reporting entity operates. Other than as addressed in specific notes, there does not currently appear to be either any material impact upon the financial statements or any material uncertainties with respect to events or conditions which may impact the reporting entity unfavourably as at the reporting date or subsequently as a result of the current economic conditions.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and the related interpretations to SFRS(I) (“**SFRS(I) INT**”) as issued by the Accounting Standards Committee under ACRA. They are in compliance with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board (“**IASB**”).

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

1. GENERAL (CONTINUED)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee. They are deconsolidated from the date that control ceases.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as a financial asset in accordance with the financial reporting standard on financial instruments.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue and income recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods

Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Other income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Singapore Dollars as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax benefit) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses except for the revalued items as described below. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold properties	-	Over the terms of lease ranging from 3 years to 13 years
Leasehold improvements	-	7.7% to 66.7%
Plant and equipment	-	10% to 33.3%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from de-recognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Property, plant and equipment (continued)

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 22 on non-current provisions.

After recognition as an asset, an item of property, plant and equipment (such as land, property, buildings, etc.) whose fair value can be measured reliably is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be measured using fair value at the end of the reporting year and the entire class of property, plant and equipment to which that asset belongs is revalued.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in equity under the heading of asset revaluation reserve except that the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. When an asset's carrying amount is decreased, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the asset revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of asset revaluation reserve. The revaluation surplus included in equity is transferred directly to retained earnings when the asset is derecognised.

However, some of the surplus is realised as the asset is used as the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and these transfers from asset revaluation reserve to retained earnings are not made through the other comprehensive income.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount of the asset. At the date of the revaluation, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property plant and equipment. The annual rates of depreciation are as follows:

Leasehold land and buildings	-	Over the terms of lease ranging from 3 years to 13 years
Plant and equipment	-	32.4%

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded (or included in property, plant and equipment). Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

There were no business combinations during the reporting year.

Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the weighted average method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every reporting year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

However, an impairment loss on a revalued asset is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Financial instruments

Recognition and de-recognition of financial instruments

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets

Financial assets are classified into: (1) Financial asset classified as measured at amortised cost; (2) Financial asset that is an equity investment measured at fair value through other comprehensive income ("FVTOCI"); (3) Financial asset that is a debt asset instrument classified as measured at FVTOCI; and (4) Financial asset classified as measured at FVTPL. At the end of the reporting year, the group had the following financial assets:

- A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically, trade and other receivables, bank and cash balances are classified in this category.
- All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (continued)

Cash and cash equivalents

For the consolidated statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Other financial assets and financial liabilities at FVTPL are presented within the section on operating activities as part of changes in working capital in the statement of cash flows.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting year during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements. The recurring measurements are made at each reporting year end date.

In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Treasury shares

Where the entity reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the entity's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the entity's owners and no gain or loss is recognised in profit or loss.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of net realisable value of inventories

A review is made for excess inventories and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2C. Critical judgements, assumptions and estimation uncertainties (continued)

Assessment of impairment of trade receivables

The assessment of expected credit loss ("ECL") requires a degree of estimation and judgement. In measuring the expected credit losses, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

Fair value of leasehold properties

The entity carries its leasehold properties at fair value, with changes in fair value being recognised in other comprehensive income and accumulated in equity under the heading of asset revaluation reserve. The entity engaged independent valuation experts to assess fair value as at 30 September 2023. The fair value of leasehold properties are determined by independent valuation experts using the market comparable. The carrying amount is disclosed in the Note 13 on property, plant and equipment.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

Significant related party transactions

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group	
	2023	2022
	\$'000	\$'000
<u>Other related parties</u>		
Revenue from sales of goods to controlling shareholder and its subsidiaries ^(a)	(2,629)	(8,604)
Purchases of goods and services from controlling shareholder and its subsidiaries ^(a)	2,715	973
Revenue from sale of goods	(73)	(585)
Purchases of goods and services	96	462
Legal expenses	179	229

^(a) Hanwa Co., Ltd is a controlling shareholder of the company and has significant influence over the company.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3B. Key management compensation

	Group	
	2023	2022
	\$'000	\$'000
Salaries and other short-term employee benefits	2,013	1,524

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2023	2022
	\$'000	\$'000
Remuneration of directors of the company	583	505
Fees to directors of the company	330	285
Fees to director of the company from a subsidiary	5	5

Key management personnel include directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

Further information about the remuneration of individual directors is provided in the report on corporate governance.

3C. Other receivables from and other payables to related parties

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

Revenue generated is derived from the sale, supply and machining of flanges, steel fittings, tubing and pipes for the following main industries which form the basis on which the group reports its primary segment information.

The main industries of the customers are as follows:

Energy	-	Oil and gas, engineering and construction, petrochemical and power
Marine	-	Shipbuilding and repair
Trading	-	Traders that purchase goods and on-sell to end-user customers
Others	-	Other industries such as the manufacturing and pharmaceutical sectors

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

4A. Information about reportable segment profit or loss, assets and liabilities (continued)

Unallocated items comprise cash and cash equivalents, trade and other receivables, financial assets, other non-financial assets, property, plant and equipment, right-of-use assets, other financial liabilities, trade and other payables, other non-financial liabilities, current tax payable, deferred tax liabilities, interest income, depreciation expenses, marketing and distribution costs, administrative expenses, finance costs, other gains (losses) and income tax expense. It is not meaningful to allocate these amounts by business segments.

4B. Profit or loss and reconciliation

	Energy \$'000	Marine \$'000	Trading \$'000	Others \$'000	Group \$'000
2023					
Revenue by segment					
Total revenue	66,839	2,877	11,978	1,754	83,448
Segment results	10,180	865	1,772	371	13,188
Unallocated expenses					(11,096)
Profit from operations					2,092
Interest income					246
Finance costs					(880)
Other gains (net)					1,611
Profit before tax					3,069
Income tax expense					(264)
Profit from the year					2,805
2022					
Revenue by segment					
Total revenue	26,136	2,526	16,458	963	46,083
Segment results	6,555	694	3,957	(158)	11,048
Unallocated expenses					(11,543)
Loss from operations					(495)
Interest income					4
Finance costs					(335)
Other gains (net)					3,196
Profit before tax					2,370
Income tax expense					(91)
Profit for the year					2,279

4C. Assets, liabilities and reconciliations

It is considered to be impracticable to allocate assets and liabilities of the group to the respective segments.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

4D. Other material items and reconciliation

	Group	
	2023	2022
	\$'000	\$'000
Expenditures for non-current assets	(1,723)	(2,873)
Allowance for impairment of trade receivables – loss	(279)	(404)
Bad debts recovered on trade receivables (net)	35	113
Losses on disposal of plant and equipment	(33)	–
Reversal of write-down of inventories	2,697	2,788

4E. Geographical information

The following table provides an analysis of revenue and non-current assets by geographical market, irrespective of origin of the goods/services:

	Revenue		Non-current assets	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Singapore	59,759	24,597	25,750	24,919
Brunei	6,478	5,926	–	–
Japan	2,714	8,727	–	–
Other countries	14,497	6,833	176	32
	83,448	46,083	25,926	24,951

Other than Singapore (FY2022: Singapore, Brunei and Japan), no single country accounted for 10% or more of the group's revenue.

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located.

The group has not identified profit before tax by industries or by geographical markets as the allocation of costs cannot be allocated in a similar manner with reasonable accuracy. This is because the operating expenses and administrative expenses incurred for industries or geographical markets such as marketing expenses, remuneration and facilities-related costs are general costs which are accounted for on a group-wide basis. It is not meaningful to track operating costs and administrative expenses by industries or geographical markets.

4F. Information about major customers

	Group	
	2023	2022
	\$'000	\$'000
Top 1 customer in Energy segment (2022: Trading)	33,756	8,604
Top 2 customers in Energy segment (2022: Energy)	41,495	13,597
Top 3 customers in Energy segment (2022: Energy)	47,610	18,079

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

5. REVENUE

	Group	
	2023	2022
	\$'000	\$'000
Sale of goods	83,330	46,037
Other	118	46
	83,448	46,083

The revenue is primarily from sale of goods, which is recognised based on point in time. The customers are mainly from the energy sector with a large portion from Singapore. See Note 4.

6. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2023	2022
	\$'000	\$'000
Allowance for impairment of trade receivables – loss (Note 16)	(279)	(404)
Bad debts recovered on trade receivables (net)	35	113
Fair value gain on financial assets at FVTPL (Note 28C)	12	12
Foreign exchange transaction and translation (losses)/gains	(821)	687
Losses on disposal of plant and equipment	(33)	–
Reversal of write-down of inventories (Note 15)	2,697	2,788
	1,611	3,196
Presented in profit or loss as:		
Other gains	2,744	3,600
Other losses	(1,133)	(404)
	1,611	3,196

7. MARKETING AND DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

Major components and other selected components include the following:

	Group	
	2023	2022
	\$'000	\$'000
Marketing and distribution costs		
Employee benefits expense (Note 9)	2,890	3,330
Administrative expenses		
Employee benefits expense (Note 9)	2,242	1,888

8. FINANCE COSTS

	Group	
	2023	2022
	\$'000	\$'000
Interest expense	801	247
Interest on lease liabilities	79	88
Total finance costs	880	335

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2023	2022
	\$'000	\$'000
Short term employee benefits expense	4,712	4,766
Contributions to defined contribution plan	353	382
Other benefits	67	70
	5,132	5,218
Employee benefits expense is charged as follows:		
Marketing and distribution costs (Note 7)	2,890	3,330
Administrative expenses (Note 7)	2,242	1,888
	5,132	5,218

10. INCOME TAX

10A. Components of tax expense recognised in profit or loss

	Group	
	2023	2022
	\$'000	\$'000
<u>Current tax</u>		
Current tax expense	171	-
Adjustments in respect of prior years	125	-
	296	-
<u>Deferred tax</u>		
Deferred tax (benefit)/expense	(127)	150
Adjustments in respect of prior years	95	(59)
	(32)	91
	264	91

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2022: 17%) to profit or loss before tax as a result of the following differences:

	Group	
	2023	2022
	\$'000	\$'000
Profit before tax	3,069	2,370
Income tax at the above rate	522	403
Expenses not deductible for tax purposes	313	124
Tax exemptions	(17)	-
Previously unrecognised deferred tax assets recognised this year	(813)	(392)
Adjustments in respect of prior years	220	(59)
Effect of different tax rates in different countries	(1)	(25)
Translation differences	40	40
	264	91

There are no income tax consequences of dividends to owners of the company.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

10. INCOME TAX (CONTINUED)

10B. Deferred tax recognised in profit or loss

	Group	
	2023	2022
	\$'000	\$'000
Excess of tax value over net book value of plant and equipment	(11)	(68)
Depreciation on revalued properties	(190)	(179)
Donations carried forward	10	7
Tax losses carried forward	1,068	1,051
Other temporary differences	(96)	(328)
Previously unrecognised deferred tax assets recognised this year	(813)	(392)
	(32)	91

10C. Tax expense in other comprehensive income

	Group	
	2023	2022
	\$'000	\$'000
Gains/(Losses) on properties revaluation	227	(91)

10D. Deferred tax in statements of financial position

	Group	
	2023	2022
	\$'000	\$'000
<u>Deferred tax liabilities</u>		
Amount on revalued depreciable assets	(4,806)	(4,579)
Depreciation on revalued properties	2,970	2,780
	(1,836)	(1,799)
<u>Deferred tax assets</u>		
Excess of tax value over net book value of plant and equipment	324	313
Productivity and innovation credit carried forward	166	166
Donations carried forward	9	19
Tax losses carried forward	1,089	2,157
Other temporary differences	620	524
Deferred tax assets not recognised	(567)	(1,380)
	1,641	1,799
	(195)	-

The realisation of the future income tax benefits from tax loss carried forward and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

It is impracticable to estimate the amount expected to be settled or used within one reporting year.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

11. EARNINGS PER SHARE

Earnings per share is calculated by dividing the group's profit attributable to shareholders by the weighted number of shares of no par value in issue during the reporting year.

	2023	Group	2022
	\$'000		\$'000
Profit for the year attributable to equity holders of the company	2,805		2,279
Weighted average number of ordinary shares	261,360,097	280,653,987	
Earnings per share (cents)	1.07		0.81

The weighted average number of ordinary shares refers to shares in issue outstanding during the reporting year.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. It is after the neutralisation by the treasury shares.

The fully diluted earnings per ordinary share is the same as basic earnings per ordinary share as there were no options granted or outstanding during the reporting year.

12. DIVIDENDS

	Group and Company	2023
	Rate per	\$'000
	share - cents	
	2023	
FY2022 Final tax exempt (1-1.tier) dividend paid	0.50	1,307
	0.50	1,307

	Group and Company	2022
	Rate per	\$'000
	share - cents	
	2022	
FY2021 Final tax exempt (1-1.tier) dividend paid	0.50	1,452
FY2022 Interim tax exempt (1-1.tier) dividend paid	0.25	702
	0.75	2,154

In respect of current reporting year, the directors propose that a final dividend of 0.5 cents per share with a total of \$1,307,000 be paid. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed final dividend for the reporting year ended 30 September 2023 is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties and improvements \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
<u>Cost or valuation</u>				
At 1 October 2021				
Cost	1,749	7,298	391	9,438
Valuation	20,100	-	-	20,100
	21,849	7,298	391	29,538
Foreign exchange adjustments	-	(5)	-	(5)
Additions	-	343	2,530	2,873
Transfer in/(out)	2,746	175	(2,921)	-
Adjustment to provision (Note 22)	110	-	-	110
Revaluation	(2,346)	-	-	(2,346)
At 30 September 2022				
Cost	1,859	7,811	-	9,670
Valuation	20,500	-	-	20,500
	22,359	7,811	-	30,170
Foreign exchange adjustments	-	(6)	-	(6)
Additions	720	1,003	-	1,723
Disposals	(306)	(1,403)	-	(1,709)
Adjustment to provision (Note 22)	86	-	-	86
Revaluation	(800)	-	-	(800)
At 30 September 2023	22,059	7,405	-	29,464
<u>Represented by</u>				
Cost	2,359	7,405	-	9,764
Valuation	19,700	-	-	19,700
	22,059	7,405	-	29,464
<u>Accumulated depreciation and impairment losses</u>				
At 1 October 2021				
	996	6,199	-	7,195
Foreign exchange adjustments	-	(4)	-	(4)
Depreciation for the year	1,950	378	-	2,328
Elimination of depreciation on revaluation	(1,812)	-	-	(1,812)
At 30 September 2022	1,134	6,573	-	7,707
Foreign exchange adjustments	-	(6)	-	(6)
Depreciation for the year	2,305	448	-	2,753
Disposals	(306)	(1,243)	-	(1,549)
Elimination of depreciation on revaluation	(2,138)	-	-	(2,138)
At 30 September 2023	995	5,772	-	6,767
<u>Carrying value</u>				
At 1 October 2021				
	20,853	1,099	391	22,343
At 30 September 2022	21,225	1,238	-	22,463
At 30 September 2023	21,064	1,633	-	22,697

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For each revalued class of property, plant and equipment, the carrying amounts that would have been recognised had the assets been carried under the cost model are as follows:

	Group	
	2023	2022
	\$'000	\$'000
Leasehold properties and improvements		
Cost	18,146	17,646
Net book value	10,400	10,793

One of the leasehold properties is mortgaged as security for the bank facilities. See Note 24.

There are provisions for dismantling as disclosed in Note 22 for the leasehold properties and improvements at 14 Lok Yang Way and 90 Second Lok Yang Road.

The fair value of leasehold properties and improvements located at 14 Lok Yang Way and 90 Second Lok Yang Road were measured in September 2023 and 2022 based on the highest and best use method to reflect the actual market state and circumstances as of end of reporting year. The fair value was based on full valuations made by Jones Lang LaSalle Property Consultants Pte Ltd, a firm of independent valuers, on a systematic basis. The desktop valuations and full valuations will be done half yearly on an alternate basis respectively. If there are material changes to the property or market conditions, a full valuation will be performed.

The independent valuers hold recognised and relevant professional qualifications with sufficient recent experience in the location and category of the investment properties being valued. There has been no change to the valuation techniques during the reporting year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The fair value measurements for the properties are categorised within Level 2 of the fair value hierarchy. The valuation was based on the comparison method that considers the sales or rental income of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value.

The surplus net of applicable deferred income tax on revaluation of \$1,110,000 (2022: deficit of \$444,000) has been credited to asset revaluation reserve in other comprehensive income.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Valuation policies and procedures

It is the group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and SFRS (I) 13: Fair Value Measurement.

For fair value measurements categorised within Level 2 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Asset	Leasehold property at 14 Lok Yang Way
Fair value and fair value hierarchy – Level	\$9,100,000 (2022: \$9,500,000). Level 2 (2022: Level 2).
Valuation technique for recurring fair value measurements	Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs and range	Price per square metre. \$1,071 - \$2,400 (2022: \$939 - \$2,004).
Relationship of unobservable inputs to fair value	NA
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$910,000; higher by \$910,000.
Asset	Leasehold property at 90 Second Lok Yang Road
Fair value and fair value hierarchy – Level	\$10,600,000 (2022: \$11,000,000). Level 2 (2022: Level 2).
Valuation technique for recurring fair value measurements	Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs and range	Price per square metre. \$1,071 - \$2,400 (2022: \$939 - \$2,004).
Relationship of unobservable inputs to fair value	NA
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$1,060,000; higher by \$1,060,000.

There were no transfers between Levels 1 and 2 during the year.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 \$'000	2022 \$'000
Unquoted equity shares at cost	58,789	58,789
Less allowance for impairment	(1,422)	(1,422)
Capitalised income from fair value of corporate guarantee	2,740	2,740
	60,107	60,107
Net book value of subsidiaries	77,543	74,175

The listing of and information on the subsidiaries are given below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost		Effective percentage of equity held by group	
	2023 \$'000	2022 \$'000	2023 %	2022 %

Held by the company:

Kim Seng Huat Hardware Pte Ltd ^(a) Singapore Sales, supply and machining of flanges, steel fittings, tubing and pipes for the shipbuilding and repairing industry, manufacturing, petrochemical industry and power plants	60,107	60,107	100	100
CosmoSteel (Australia) Pty Ltd ^(b) Australia Sales, supply and machining of flanges, steel fittings, tubing and pipes for the shipbuilding and repairing industry, manufacturing, petrochemical industry and power plants (PKF Perth)	1,422	1,422	100	100

Held by Kim Seng Huat Hardware Pte Ltd:

Kim Seng Huat (Malaysia) Sdn. Bhd. ^(b) Malaysia Sales, supply and machining of flanges, steel fittings, tubing and pipes for the shipbuilding and repairing industry, manufacturing, petrochemical industry and power plants (YYC & CO PLT) (Incorporation on 17 January 2023)	4,532	-	100	-
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^(a) Audited by RSM Chio Lim LLP in Singapore.

^(b) Other independent auditor. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

15. INVENTORIES

	Group	
	2023	2022
	\$'000	\$'000
Goods for resale	25,647	30,154

Inventories are stated after allowance. Movements in allowance are as follows:

Balance at beginning of the year	31,808	34,607
Reversed to profit or loss included in other gains (Note 6)	(2,697)	(2,788)
Foreign exchange adjustments	(16)	(11)
Balance at end of the year	29,095	31,808

Amount of inventories included in cost of sales	69,108	33,472
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The inventories write-down represent write-down (impairment allowance) in the book value of inventories only and they are not meant to indicate that the inventories have been scrapped or written-off.

The reversal of the allowance for goods is mainly due to inventories sold and an estimated increase in net realisable value as a result of the current market conditions.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<u>Non-current</u>				
<u>Trade receivables</u>				
Outside parties (Note 16A)	951	-	-	-
	951	-	-	-
<u>Current</u>				
<u>Trade receivables</u>				
Outside parties	28,319	13,590	-	-
Less allowance for impairment	(683)	(404)	-	-
Contract assets #	5	-	-	-
Other related parties (Note 3)	19	2,746	-	-
Subsidiaries (Note 3)	-	-	826	345
	27,660	15,932	826	345
<u>Other receivables</u>				
Advances to suppliers	2,530	1,234	-	-
Other receivables	100	4	-	-
	2,630	1,238	826	345
Subtotal trade and other receivables - current	30,290	17,170	826	345
Total trade and other receivables	31,241	17,170	826	345

The non-current portion is receivable as follows:

Due within 2 to 5 years	951	-	-	-
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Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Movements in above allowance</u>				
Balance at beginning of the year	404	-	-	-
Charge to profit or loss included in other losses (Note 6)	279	404	-	-
Balance at end of the year	683	404	-	-

* The contract assets are for the group's rights to consideration for goods delivered but not billed at end of reporting year.

The ECL on the above trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. The reporting entity also has a few customers with material balances and which can be credit risk graded individually and these are recorded at inception net of any expected lifetime ECL. For these material balances judgement is required for the assessment of the credit risk graded individually. For any material increase or decrease in credit risk an adjustment is made to the loss allowance for the material balances. The credit risk grade assessed is based on predictive nature of the risk of loss (such as the use of internal and external ratings, financial statements, management accounts and available published information about debtors that is available without undue cost or effort) and applying experienced credit judgement.

The exposure to credit risk for trade receivables and contract assets is as follows:

Group	2023		2022	
	Gross amount \$'000	Loss allowance \$'000	Gross amount \$'000	Loss allowance \$'000
Current	10,838	-	10,176	-
1 to 30 days past due	3,241	-	2,768	-
31 to 60 days past due	2,613	-	1,074	-
61 to 90 days past due	3,065	-	740	-
Over 90 days past due	9,537	(683)	1,578	(404)
	29,294	(683)	16,336	(404)

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There are no collateral held as security and other credit enhancements for the trade receivables.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is between 30 to 120 days (2022: 30 to 120 days). However, certain customers may take a longer period to settle the amounts.

Concentration of trade receivable customers at end of reporting year:

	Group	
	2023 \$'000	2022 \$'000
Top 1 customer	13,594	2,640
Top 2 customers	17,414	5,142
Top 3 customers	20,047	7,308

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

16. TRADE AND OTHER RECEIVABLES (CONTINUED)

The other receivables shown above are also subject to the ECL model under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of expected 12-month credit losses. At each reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition. Adjustment to the loss allowance is made for any increase or decrease in credit risk. No loss allowance was necessary.

16A. Non-current portion of trade receivables

	Group	
	2023	2022
	\$'000	\$'000
At beginning of the year	-	-
Additions at cost	1,548	-
Initial recognition of notional interest income	(233)	-
Settled	(70)	-
Reclassified as current	(294)	-
At end of the year	951	-

The trade receivables is interest free and repayable by equal monthly instalments over 4 years from July 2023. The fair value is measured using the cash flows method at an estimated current lending rate of 8.6% for 4 years. The fair value is \$1,245,000 (Level 3). The amount was not past due.

17. FINANCIAL ASSETS

	Group	
	2023	2022
	\$'000	\$'000
Key men insurance	154	142

The fair value of the financial assets is not based on observable market data (Level 3). Also see Note 28C.

18. OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Deposits to secure services	764	300	-	-
Prepayments	198	185	30	28
	962	485	30	28

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash restricted for use over 3 months	439	-	-	-
Not restricted in use	18,509	24,895	1,173	1,979
	18,948	24,895	1,173	1,979

The rates of interest for the cash on interest earning balances are not significant.

19A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2023 \$'000	2022 \$'000
Amount as shown above	18,948	24,895
Cash restricted for use over 3 months	(439)	-
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	18,509	24,895

19B. Reconciliation of liabilities arising from financing activities

Group	2022 \$'000	Cash flows \$'000	Non-cash changes \$'000	2023 \$'000
Loans and borrowings, current	4,767	1,840	1,725 ^(b)	8,332
Loans and borrowings, non-current	5,847	-	(1,725) ^(b)	4,122
Lease liabilities, current	429	(443)	267 ^(a)	253
Lease liabilities, non-current	2,167	-	(8) ^(b)	2,159
	13,210	1,397	259	14,866

Group	2021 \$'000	Cash flows \$'000	Non-cash changes \$'000	2022 \$'000
Loans and borrowings, current	3,008	(731)	2,490 ^(b)	4,767
Loans and borrowings, non-current	8,337	-	(2,490) ^(b)	5,847
Lease liabilities, current	687	(1,358)	1,100 ^(a)	429
Lease liabilities, non-current	2,415	-	(248) ^(b)	2,167
	14,447	(2,089)	852	13,210

^(a) Acquisition and reclassification from non-current to current.

^(b) Reclassification from non-current to current.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

20. SHARE CAPITAL

	Number of shares issued	Group and Company		
		Share capital \$'000	Treasury shares \$'000	Total \$'000
Balance at 1 October 2021	290,399,997	56,325	-	56,325
Treasury shares purchased ^(a)	(29,039,900)	-	(4,238)	(4,238)
Balance at 30 September 2022 and 30 September 2023	261,360,097	56,325	(4,238)	52,087

^(a) Under the mandate approved at the annual general meeting on 28 January 2022, 29,039,900 ordinary shares were acquired during the reporting year ended 30 September 2022 on the Singapore Stock Exchange for a consideration of \$4,238,000 and held as treasury shares.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

In order to maintain its listing on the Singapore Stock Exchange, the company has to have at least a free float of 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the year. Management receives a monthly report from the registrars on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the reporting year.

Capital management

The objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2023 \$'000	2022 \$'000
<u>Net debt</u>		
All current and non-current borrowings including finance leases	14,866	13,210
Less cash and cash equivalents	(18,948)	(24,895)
	(4,082)	(11,685)
<u>Adjusted capital</u>		
Equity	80,441	77,884
	80,441	77,884
<u>Debt-to-adjusted capital ratio</u>	*	*

* There are more cash than borrowings. The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

21. OTHER RESERVES

The revaluation reserve arises from the annual revaluation of properties held under property, plant and equipment net of deferred tax (Note 13).

The translation reserve accumulates all foreign exchange differences.

All the reserves classified on the face of the statements of financial position as retained earnings represent past accumulated earnings and are distributable as cash dividends. The other reserves, including revaluation reserve and translation reserves are not available for cash dividends unless realised.

22. PROVISIONS

	Group	
	2023 \$'000	2022 \$'000
Provision for dismantling, removing items and restoring sites relating to leased properties	719	815
<u>Movements in above provision</u>		
Balance at beginning of the year	815	783
Additions (Note 13)	86	110
Utilised	(182)	(78)
Balance at end of the year	719	815

The provision is based on the present value of costs to be incurred to remove the leasehold improvements from the leased properties. The estimate is based on quotations from external contractors. The unexpired term is 9 years.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	3,903	4,953	383	288
Other related parties (Note 3)	1,059	485	-	-
	4,962	5,438	383	288
<u>Other payables</u>				
Outside parties	352	163	-	-
	352	163	-	-
	5,314	5,601	383	288

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

24. LOANS AND BORROWINGS

	Group	
Non-current	2023	2022
	\$'000	\$'000
<u>Financial instruments with floating interest rates</u>		
Bank loans (secured)	4,122	5,263
<u>Financial instruments with fixed interest rates</u>		
Bank loans (secured)	-	584
	4,122	5,847
<u>Current</u>		
<u>Financial instruments with floating interest rates</u>		
Bank loans (secured)	1,164	1,247
<u>Financial instruments with fixed interest rates</u>		
Bank loans (secured)	584	1,280
Trust receipts and bills payable to banks (secured)	6,584	2,240
	8,332	4,767
	12,454	10,614
The non-current portion is payable as follows:		
Due within 2 to 5 years	4,122	5,277
After 5 years	-	570
	4,122	5,847
	2023	2022
	% p.a.	% p.a.
The range of floating interest rates paid were as follows:		
Bank loans (secured)	5.16 - 5.28	3.43 - 4.32
The range of fixed interest rates paid were as follows:		
Bank loans (secured)	2.25	2.25
Trust receipts and bills payable to banks (secured)	5.14 - 5.43	3.61 - 4.41

All borrowings are interest bearing.

The trust receipts and bills payable to banks are for purchases of inventories.

The bank agreements for certain of the bank loans and other credit facilities provide among other matters for the following:

1. Legal mortgage on one of the leasehold properties (Note 13).
2. Corporate guarantee from the company.
3. Negative pledge over the assets of the company.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

25. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

Group	2023 \$'000	2022 \$'000
Lease liabilities, current	253	429
Lease liabilities, non-current	2,159	2,167
	2,412	2,596

The leases are for land of leasehold properties, warehouse and some equipment. The lease contracts are usually for fixed periods of 3 years to 13 years (2022: 6 months to 13 years). Lease terms contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Other information about the leasing activities are summarised as follows: remaining term is ranged from 2.8 to 8.8 years (2022: 9.8 years); there are no variable payments linked to an index.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The cash outflow for the leases for the year ended 30 September 2023 are shown in the consolidated statement of cash flows.

The right-of-use assets in the statements of financial position are as follows:

Group	Leasehold land and building \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost</u>			
At 1 October 2021	3,602	97	3,699
Foreign exchange adjustments	(3)	-	(3)
Additions	852	-	852
Disposals	(1,076)	-	(1,076)
At 30 September 2022	3,375	97	3,472
Foreign exchange adjustments	(9)	-	(9)
Additions	190	-	190
Remeasurements	69	-	69
Disposals	(397)	(97)	(494)
At 30 September 2023	3,228	-	3,228
<u>Accumulated depreciation</u>			
At 1 October 2021	614	63	677
Foreign currency adjustments	(2)	-	(2)
Depreciation for the year	1,353	32	1,385
Disposals	(1,076)	-	(1,076)
At 30 September 2022	889	95	984
Foreign exchange adjustments	(3)	-	(3)
Depreciation for the year	461	2	463
Disposals	(397)	(97)	(494)
At 30 September 2023	950	-	950
<u>Carrying value</u>			
At 1 October 2021	2,988	34	3,022
At 30 September 2022	2,486	2	2,488
At 30 September 2023	2,278	-	2,278

At reporting year date there were no commitments on leases which had not commenced.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

26. OTHER NON-FINANCIAL LIABILITIES

	Group	
	2023	2022
	\$'000	\$'000
Advance billings	233	287

27. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2023	2022
	\$'000	\$'000
Commitments to purchase property, plant and equipment	5,504	424

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK

28A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at end of reporting year:

	Group	
	2023	2022
	\$'000	\$'000
<u>Financial assets</u>		
Financial assets at amortised cost	47,659	40,831
Financial assets at fair value through profit or loss	154	142
	47,813	40,973
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	20,180	18,811
	20,180	18,811
	Company	
	2023	2022
	\$'000	\$'000
<u>Financial assets</u>		
Financial assets at amortised cost	1,999	2,324
	1,999	2,324
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	383	288
	383	288

Further quantitative disclosures are included throughout these financial statements.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONTINUED)

28B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate and foreign currency risk exposures. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed:

- All financial risk management activities are carried out and monitored by senior management staff.
- All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposure to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

28C. Fair value of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

	Group Level 3	
	2023	2022
	\$'000	\$'000
Financial assets at fair value through profit or loss	154	142
Reconciliation for fair value measurements in Level 3 of the fair value hierarchy		
	Group	
	2023	2022
	\$'000	\$'000
Balance at beginning of the year	142	130
Gains recognised in profit or loss under other gains (Note 6)	12	12
Balance at end of the year	154	142

The fair value of the financial assets is not based on observable market data (Level 3) (Note 17).

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONTINUED)

28C. Fair value of financial instruments (continued)

Analysis of effect of changing inputs on fair value measurements in Level 3 of fair value hierarchy

The following table shows the effect of the changes of the inputs to reasonably possible alternative assumptions:

Group	Carrying amount \$'000	Favourable change \$'000	Unfavourable change \$'000
2023			
Unquoted other investment reflected in profit or loss. 10% change	154	15	(15)
2022			
Unquoted other investment reflected in profit or loss. 10% change	142	14	(14)

28D. Credit risk on financial assets

Financial assets are principally from cash balances with banks, cash equivalents, receivables and other financial assets at amortised cost. They are potentially subject to credit risk due to failures by counterparties to discharge their obligations in full or in a timely manner. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances and any other financial instruments with banks and other financial institutions is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses ("ECL") on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the ECL allowance. Under this general approach the financial assets move through the three stages as their credit quality change.

On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, for trade receivables that do not contain a significant financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a significant financing component, the reporting entity applies the simplified approach in calculating ECL as is permitted by the financial reporting standard on financial instruments. Under the simplified approach, the reporting entity does not track changes in credit risk, but instead recognises the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life at each reporting date. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

28E. Liquidity risk - financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The average credit period taken to settle trade payables is approximately 30 to 120 days (2022: 30 to 120 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is seemed necessary.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONTINUED)

28E. Liquidity risk - financial liabilities maturity analysis (continued)

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than 1 year \$'000	1 - 5 years \$'000	Over 5 years \$'000	Total \$'000
2023				
Trade and other payables	5,314	-	-	5,314
Gross loans and borrowings	8,643	4,496	-	13,139
Gross lease liabilities	337	1,352	1,094	2,783
	14,294	5,848	1,094	21,236

2022				
Trade and other payables	5,601	-	-	5,601
Gross loans and borrowings	5,032	5,735	578	11,345
Gross lease liabilities	501	1,133	1,345	2,979
	11,134	6,868	1,923	19,925

Company	Less than 1 year \$'000	Total \$'000
2023		
Trade and other payables	383	383
	383	383
2022		
Trade and other payables	288	288
	288	288

Financial guarantee contracts - For issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called, i.e. majority within one year. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

The following table shows the analysis of the contingent liabilities from financial guarantees:

	Company	
	2023 \$'000	2022 \$'000
Corporate guarantee in favour of subsidiary	11,695	4,800
<u>Bank facilities</u>		
	Group	
	2023 \$'000	2022 \$'000
Used performance guarantees	314	-
Undrawn borrowing facilities	27,389	35,983

The above facilities are covered by a corporate guarantee of the company.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONTINUED)

28E. Liquidity risk - financial liabilities maturity analysis (continued)

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided to management regularly to assist them in monitoring the liquidity risk.

28F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2023	2022
	\$'000	\$'000
Financial liabilities with interest:		
Fixed rates	9,580	6,700
Floating rates	5,286	6,510
	14,866	13,210

The interest rates are disclosed in the respective notes.

Sensitivity analysis

	Group	
	2023	2022
	\$'000	\$'000
<u>Financial liabilities</u>		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have a decrease in pre-tax profit for the year by:	53	65

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs). The impact of a change in interest rates on fixed interest rate financial instruments has not been assessed in terms of changing of their fair value.

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONTINUED)

28G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency that is a currency other than the functional currency in which they are measured. Currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency as defined in the financial reporting standard on financial instruments: disclosures.

Analysis of amounts denominated in non-functional currencies:

Group	USD \$'000	Others * \$'000	Total \$'000
2023			
<u>Financial assets</u>			
Cash	7,263	666	7,929
Trade and other receivables	24,675	-	24,675
Total financial assets	31,938	666	32,604
<u>Financial liabilities</u>			
Trade and other payables	2,569	183	2,752
Total financial liabilities	2,569	183	2,752
	29,369	483	29,852
2022			
<u>Financial assets</u>			
Cash	12,240	783	13,023
Trade and other receivables	9,649	-	9,649
Total financial assets	21,889	783	22,672
<u>Financial liabilities</u>			
Trade and other payables	2,931	50	2,981
Total financial liabilities	2,931	50	2,981
	18,958	733	19,691

* Others - These are immaterial non-functional currency individually.

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis

	Group	
	2023 \$'000	2022 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the USD with all other variables held constant would have an adverse effect on pre-tax profit of:	(2,670)	(1,723)
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against other currencies with all other variables held constant would have an adverse effect on pre-tax profit of:	(44)	(67)

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONTINUED)

28G. Foreign currency risks (continued)

The above table shows sensitivity to a hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out without taking into consideration hedged transactions.

29. ITEMS IN PROFIT OR LOSS

In addition to the profit and loss line items disclosed elsewhere in the Notes to the financial statements, this item includes the following expenses (credits):

	Group	
	2023	2022
	\$'000	\$'000
Audit fees to independent auditor of the company	141	141
Audit fees to other independent auditors	10	8
Other fees to independent auditor of the company	69	12
Other fees to other independent auditors	8	12

30. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised financial reporting standards were issued by the Accounting Standards Committee under ACRA. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS(I) No.	Title
SFRS (I) 1-16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to
Various	Annual Improvements to SFRS (I)s 2018-2020 - Amendments to SFRS(I) 1 First-time Adoption of SFRS(I); SFRS(I) 9 Financial Instruments and SFRS(I) 16 Leases

Notes to the Financial Statements (cont'd)

Year Ended 30 September 2023

31. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years the Accounting Standards Committee under ACRA issued certain new or revised financial reporting standards and these will only be effective for future reporting years. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application. Those applicable to the reporting entity for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 January 2024
SFRS(I) 1-1	Presentation of Financial Statements- amendment relating to Non-current Liabilities with Covenants	1 January 2024

Shareholders' Information

As at 11 December 2023

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Number of issued shares	:	290,399,997
Number of issued shares (excluding treasury shares)	:	261,360,097
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number and percentage of subsidiary holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	30	2.50	1,327	0.00
100 - 1,000	117	9.74	56,597	0.02
1,001 - 10,000	371	30.89	1,765,048	0.68
10,001 - 1,000,000	661	55.04	53,607,491	20.51
1,000,001 and above	22	1.83	205,929,634	78.79
TOTAL	1,201	100.00	261,360,097	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	% ¹
1	Hanwa Co., Ltd ²	82,617,982	31.61
2	Ong Tong Hai (Weng Donghai)	35,142,096	13.45
3	Ong Tong Yang (Weng Dongyang)	19,954,396	7.63
4	Goh Guan Siong (Wu Yuanxiang)	8,678,300	3.32
5	Phillip Securities Pte Ltd	7,634,348	2.92
6	Ho Su Chin	6,502,041	2.49
7	DBS Nominees (Private) Limited	6,302,100	2.41
8	ABN AMRO Clearing Bank N.V.	6,138,462	2.35
9	Chow Kok Kee	6,124,991	2.34
10	Ong Chin Sum	5,438,000	2.08
11	Teo Ching Ching (Zhao Qianqian)	4,080,698	1.56
12	Chan Hock Lye	2,529,700	0.97
13	Seah Chye Ann (Xie Cai'an)	2,060,000	0.79
14	Raffles Nominees (Pte.) Limited	1,896,468	0.73
15	Lau Kin Hong	1,682,000	0.64
16	Maybank Securities Pte. Ltd.	1,546,300	0.59
17	iFAST Financial Pte. Ltd.	1,455,150	0.56
18	Est of Teo Chin Whatt, Dec'd	1,411,502	0.54
19	Ng Beng Thong	1,315,400	0.50
20	See Beng Lian Janice	1,223,100	0.47
	TOTAL	203,733,034	77.95

Notes:

¹ The shareholding percentage is calculated based on the number of issued ordinary shares of the Company excluding treasury shares.

² Held through Daiwa Capital Markets Singapore Limited.

Shareholders' Information (cont'd)

As at 11 December 2023

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Shareholders	Number of Shares	Direct Interest %	Deemed Interest %
Hanwa Co., Ltd ¹	82,617,982	31.61	-
Ong Tong Hai (Weng Donghai) ²	35,142,096	13.45	-
Ong Tong Yang (Weng Dongyang) ³	19,954,396	7.63	-

Notes:

¹ Held through Daiwa Capital Markets Singapore Limited.

² Mr Ong Tong Hai is the brother of Mr Ong Tong Yang, a substantial shareholder of the Company.

³ Mr Ong Tong Yang is the brother of Mr Ong Tong Hai, the CEO and Executive Director of the Company and the Director of Kim Seng Huat Hardware Pte Ltd, the Company's principal subsidiary.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 11 December 2023, approximately 47% of the Company's shares were held by the public. Accordingly, the Company is in compliance with Rule 723 of the SGX-ST Listing Manual.

TREASURY SHARES

As at 11 December 2023, the total number of ordinary shares held in treasury is 29,039,900. The percentage of such holding against the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) is 11.11%.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of CosmoSteel Holdings Limited (the "Company") will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404, on Monday, 29 January 2024 at 9.30 a.m. to transact the following business: -

ORDINARY BUSINESS

AS ORDINARY RESOLUTIONS

1. To receive and adopt the Statement By Directors, the Independent Auditors' Report and the Audited Financial Statements of the Company for the financial year ended 30 September 2023. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of S\$0.005 per share for the financial year ended 30 September 2023. **(Resolution 2)**
3. To approve the payment of S\$339,000 as Directors' Fees for the financial year ending 30 September 2024. **(Resolution 3)**
4. To re-elect Mr Jack Ong Tong Hai, the Director retiring by rotation pursuant to Article 117 of the Constitution of the Company. **(Resolution 4)**
5. To re-elect Ms Tan Siok Chin, the Director retiring by rotation pursuant to Article 117 of the Constitution of the Company. **(Resolution 5)**
6. To re-elect Mr Yasuhiko Watanabe, the Director retiring pursuant to Article 122 of the Constitution of the Company. **(Resolution 6)**
7. To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

SPECIAL BUSINESS

AS ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications: -

8. Authority to issue and allot shares pursuant to Share Issue Mandate

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the SGX-ST, authority be and is hereby given to the directors of the Company ("**Directors**") (the "**Share Issue Mandate**") to:

- (A) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or

Notice of Annual General Meeting (cont'd)

- (iii) notwithstanding that such authority conferred by this Resolution may have ceased to be in force at the time the Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (B) issue Shares in pursuance of any Instrument made or granted by the Directors pursuant to (A)(ii) and/or (A)(iii) above, notwithstanding that such authority may have ceased to be in force at the time the Shares are to be issued,

provided that:

- (I) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty percent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (II) below);
- (II) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (I) above, the percentage of issued Shares shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities;
 - (b) new Shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (III) in exercising such authority, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (IV) unless revoked or varied by the Company in general meeting by ordinary resolution, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Companies Act 1967 and every other legislation for the time being in force concerning companies and affecting the Company, whichever is the earliest.

(Resolution 8)

Notice of Annual General Meeting (cont'd)

9. Renewal of IPT Mandate

That:

- (a) authority be and is hereby given for the Company, its subsidiaries and associated companies (if any) which fall within the definition of "entities at risk" under Chapter 9 of the Listing Manual of the SGX-ST or any of them to enter into any transaction falling within the categories of interested person transactions set out in the addendum to this notice of annual general meeting ("**Addendum**"), with any party who is of the class or classes of interested persons described in the Addendum, provided that such transaction is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Addendum (such shareholders' general mandate hereinafter called the "**IPT Mandate**");
- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST, which may be prescribed by the SGX-ST from time to time; and
- (d) the directors of the Company and each of them be and are hereby authorised, empowered to complete and do and execute all such things and acts as they or he may consider necessary or appropriate to give effect to these resolutions and the IPT Mandate, with such modifications thereto (if any) as they or he may think fit in the interests of the Company.

(Resolution 9)

10. Renewal of Share Buyback Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act 1967, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) market purchases (each a "**Market Purchase**") on the SGX-ST transacted through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases (each an "**Off-Market Purchase**") otherwise than on a securities exchange, in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act 1967 and the Listing Manual of the SGX-ST,

on the terms set out in the Addendum, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

Notice of Annual General Meeting (cont'd)

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earlier of:
- (i) the conclusion of the next annual general meeting of the Company or the date on which such annual general meeting of the Company is required by law to be held; or
 - (ii) the date on which the share buy-backs have been carried out to the full extent of the Share Buyback Mandate;
- (c) in this resolution:

"Average Closing Price" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, before the day on which Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five day period; and

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

"Maximum Percentage" means that number of issued Shares representing ten percent (10%) of the total number of issued Shares as at the date of the passing of this resolution (excluding any treasury shares and subsidiary holdings as at that date); and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price of the Shares; and
 - (ii) in the case of an Off-Market Purchase: 105% of the Average Closing Price of the Shares; and
- (d) the Directors and each of them be and is hereby authorised to do such acts and things (including without limitation, executing such documents as may be required, approving 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.

(Resolution 10)

11. To transact any other ordinary business of an Annual General Meeting.

BY ORDER OF THE BOARD

Lee Pih Peng
Joint Company Secretary
8 January 2024
Singapore

Notice of Annual General Meeting (cont'd)

Explanatory Notes on Ordinary and Special Businesses to be transacted:-

Ordinary Business

- (i) Ordinary Resolution 3, if passed, will allow the Company to pay Directors' Fees to Directors (on a quarterly basis in arrears) as services are rendered by Directors for the financial year ending 30 September 2024. This will facilitate Directors' compensation for services rendered in a timely manner. In the event of unforeseen circumstances, such as the appointment of an additional Director, additional unscheduled Board and Board Committee meetings and the formation of additional Board Committees, resulting in the amount proposed being insufficient, approval will be sought at the next Annual General Meeting for payments to meet the shortfall. The payment of Directors' fees of an aggregate amount of S\$339,000 to Directors in respect of FY2024 which the Company is seeking Shareholders' approval for at the forthcoming AGM includes an amount of S\$9,000 in Directors' fees for an ad hoc Board meeting held on 3 October 2023 which is in addition to the usual Board and Board Committees meetings held by the Board on an annual basis.
- (ii) Ordinary Resolution 4, if passed, will re-appoint Mr Jack Ong Tong Hai as Director of the Company. Mr Jack Ong Tong Hai is an Executive Director and Chief Executive Officer of the Company. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Mr Jack Ong Tong Hai is set out in pages 142 to 149 of the Company's annual report.
- (iii) Ordinary Resolution 5, if passed, will re-appoint Ms Tan Siok Chin as Director of the Company. Ms Tan Siok Chin is the Chairman and a Non-Executive Non-Independent Director of the Company, and member of the Audit Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Ms Tan Siok Chin is set out in pages 142 to 149 of the Company's annual report.
- (iv) Ordinary Resolution 6, if passed, will re-appoint Mr Yasuhiko Watanabe as Director of the Company, following his appointment as Director on 1 November 2023. Mr Yasuhiko Watanabe is a Non-Executive Non-Independent Director of the Company and member of the Nominating Committee and Remuneration Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Mr Yasuhiko Watanabe is set out in pages 142 to 149 of the Company's annual report.

Special Business

- (v) Ordinary Resolution 8, if passed, will empower the Directors of the Company to, from the date of the above Annual General Meeting of the Company until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Companies Act 1967, and every other legislation for the time being in force concerning companies and affecting the Company, whichever is the earliest, allot and issue Shares, to make or grant Instruments, and to issue Shares in pursuance of such Instruments for such purposes as they consider in the interests of the Company.

The aggregate number of Shares that the Directors may allot and issue under this Resolution (including Shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of Shares to be issued other than on a pro rata basis shall not exceed twenty percent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution), to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

Notice of Annual General Meeting (cont'd)

- (1) new Shares arising from the conversion or exercise of any convertible securities;
 - (2) new Shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
 - (3) any subsequent bonus issue, consolidation or sub-division of Shares.
- (vi) Ordinary Resolution 9, if passed, will renew the IPT Mandate first given by the Shareholders at the Company's extraordinary general meeting held on 3 March 2015 ("**EGM**") to allow the Company, and its subsidiaries and associated companies or any of them to enter into interested person transactions (details of which are set out in the Addendum).

The Company's Audit Committee has confirmed (pursuant to Rule 920(1) of the Listing Manual of the SGX-ST) that the methods or review procedures set out in the Addendum for determining the transaction prices in respect of the interested person transactions have not changed since the Shareholders' approval at the EGM.

- (vii) Ordinary Resolution 10, if passed, will empower the Company to purchase or otherwise acquire issued Shares by way of Market Purchases or Off-Market Purchases, in accordance with the terms and conditions set out in the Addendum.

Please refer to the Addendum for additional information in relation to the proposed renewal of the Share Buyback Mandate.

Note:-

1. The Annual General Meeting ("**AGM**") will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404 on Monday, 29 January 2024 at 9.30 a.m.. **There will be no option for Shareholders to participate virtually.**
2. The Annual Report for the financial year ended 30 September 2023 (the "**Annual Report 2023**"), Addendum, Notice of AGM, the accompanying proxy form ("**Proxy Form**") and a request form (to request for a printed copy of the Annual Report 2023 and Addendum) ("**Request Form**") will be made available on the Company's website at www.cosmosteel.com and on the SGXNet at <https://www.sgx.com/securities/company-announcements>. A member will need an internet browser and PDF reader to view these documents. Printed copies of this Notice of AGM, the Proxy Form and the Request Form will be sent to members via post. Printed copies of the Annual Report 2023 and Addendum will NOT be sent to members. Members who wish to obtain a printed copy of the Annual Report 2023 and Addendum should complete the Request Form and return it to the Company's registered address at 14 Lok Yang Way, Singapore 628633 or via email to ir@cosmosteel.com.sg no later than 9:30 a.m. on 15 January 2024.
3. **A Shareholder (whether individual or corporate) may vote live at the AGM or may appoint a proxy, including the Chairman of the AGM, to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM.** Where a Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of proxy for that resolution will be treated as invalid. 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 AGM or at any adjournment thereof.

Only Shareholders of the Company or their appointed proxy(ies) who have been successfully verified will be entitled to attend the AGM.

Notice of Annual General Meeting (cont'd)

4. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such member'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.
5. A member 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 member. Where such member's instrument appointing proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. Where a relevant intermediary appoints more than 2 proxies, separate Proxy Forms should be used.
6. **"Relevant intermediary"** has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.
7. 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 AGM (i.e. by 5.00 p.m. on 18 January 2024) 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.
8. Shareholders or their appointed proxy (other than the Chairman of the AGM) of the Company may speak and raise questions at the AGM. Shareholders of the Company may also submit questions relating to the resolutions tabled for approval at the AGM, together with their full name (as per CDP/CPF/SRS/Scrip-based records), identification number (e.g. NRIC/Passport/Company Registration Number), shareholding type (e.g. CDP/CPF/SRS/Scrip-based), email address and contact number to enable the Company (or its agents or service providers) to authenticate their status as Shareholders of the Company, 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; 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, by 9.30 a.m. (Singapore Time), on 15 January 2024.
9. The Company will endeavour to address all substantial and relevant questions received from shareholders and will upload the responses on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at www.cosmosteel.com by 9.30 a.m. (Singapore Time), on 24 January 2024 (that is, at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms). Where substantial and relevant questions are unable to be answered prior to the AGM, the Company will address them at the AGM.
10. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at www.cosmosteel.com and the minutes will include the responses to the substantial and relevant questions raised during the AGM.
11. A proxy, including the Chairman of the AGM, need not be a Shareholder of the Company.
12. The Proxy Form must be submitted to the Company 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; or
 - (b) if submitted by email, be sent as a clearly readable image via email to the Company at ir@cosmosteel.com.sg,

Notice of Annual General Meeting (cont'd)

in any case, by 9.30 a.m. on 26 January 2024 (that is, not less than 72 hours before the time fixed for holding the AGM). A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means.** The submission of the Proxy Form by such Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes.

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 under the hand of any officer or attorney duly authorised or in such manner as appropriate under the applicable laws. 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. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time fixed for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend, speak and vote at the AGM unless his name appears on the Depository Register seventy-two (72) hours before the time fixed for holding the AGM.

Personal Data Privacy:

By attending the AGM (including any adjournment thereof) and/or submitting any question prior to the AGM 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 AGM (including any adjournment thereof), a Member of the Company consents to the collection, use and disclosure of the Member'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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- (iii) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (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 Member (such as name, presence at the AGM and any questions raised or motions proposed/seconded) may be recorded by the Company during sounds and/or video recordings of the AGM which may be made by the Company for record keeping and to ensure the accuracy of the minutes of the AGM and a Member of the Company consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for such purpose.

Additional Information

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Mr Jack Ong Tong Hai, Ms Tan Siok Chin and Mr Yasuhiko Watanabe are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 29 January 2024 (“AGM”) under Ordinary Resolutions 4, 5 and 6 as set out in the Notice of AGM dated 8 January 2024 (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(6) of the SGX Listing Rules, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the SGX Listing Rules is set out below:

Name of Director	Jack Ong Tong Hai
Date of Appointment	9 November 2005
Date of Last Re-Appointment	31 January 2023
Age	46
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	N.A.
Whether appointment is executive, and if so, the area of responsibility	Yes Mr Jack Ong Tong Hai is the Chief Executive Officer and Executive Director of the Group and is responsible for steering the Group’s corporate and business strategies.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer / Executive Director
Working experience and occupation(s) during the past 10 years	2005 – Current Executive Director CosmoSteel Holdings Limited 2000 – Current Director Kim Seng Huat Hardware Pte Ltd 2009 - Current Director CosmoSteel (Australia) Pty Ltd

Additional Information (cont'd)

Ms Tan Siok Chin	Mr Yasuhiko Watanabe
28 March 2007	1 November 2023
28 January 2022	N.A.
53	54
Singapore	Japan
N.A.	N.A.
No	No
Chairman, Non-Executive Non-Independent Director Audit Committee Member	Non-Executive Non-Independent Director Nominating Committee Member Remuneration Committee Member
June 2004 – Current Director ACIES Law Corporation	April 2013 - March 2014 Deputy General Manager of Machinery Dept. and Manager of Amusement Rides and Waterpark Equipment Sect. at Hanwa Co., Ltd. in the Osaka Office April 2014 - March 2018 General Manager of Machinery Dept. at Hanwa Co., Ltd. in the Osaka office April 2018 - March 2020 General Manager of Accounting Dept. at Hanwa Co., Ltd. in the Tokyo office April 2020 - March 2021 General Manager of Corporate Planning Dept. at Hanwa Co., Ltd. in the Tokyo office April 2021 - March 2023 Corporate officer in charge of Corporate Planning Division and General Manager of Corporate Planning Dept. at Hanwa Co., Ltd. in the Tokyo office April 2023 - Current Executive Officer in charge of Corporate Planning Division, Legal Division, Credit Division and Sustainability Promotion Office at Hanwa Co., Ltd. in the Tokyo office

Additional Information (cont'd)

Name of Director	Jack Ong Tong Hai
Shareholding interest in the listed issuer and its subsidiaries	35,142,096
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Jack Ong Tong Hai is the brother of Mr Andy Ong Tong Yang, a substantial shareholder of the Company
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in <u>Appendix 7.7</u>) under <u>Rule 720(1)</u> has been submitted to the listed issuer	Yes
Past Directorships or Principal Commitments (for the last 5 years)	Nil
Present Directorships or Principal Commitments	Chief Executive Officer and Executive Director of CosmoSteel Holdings Limited Director of Kim Seng Huat Hardware Pte Ltd Director of CosmoSteel (Australia) Pty Ltd
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No

Additional Information (cont'd)

Ms Tan Siok Chin	Mr Yasuhiko Watanabe
125,000	Nil
Nil	Mr Yasuhiko Watanabe was nominated for appointment as a Non-Executive Non-Independent Director by Hanwa Co., Ltd., a controlling shareholder of the Company, pursuant to Clause 3 of the Strategic Alliance Agreement dated 1 December 2014 entered into between Hanwa Co., Ltd. and the Company
Nil	Nil
Yes	Yes
Independent Non-Executive Chairman of Design Studio Group Limited from January 2006 to January 2020 Lead Independent Director of Valuetronics Holdings Limited from July 2017 to July 2023	General Manager of Accounting Dept. at Hanwa Co., Ltd. in the Tokyo office from April 2018 to March 2020 General Manager of Corporate Planning Dept. at Hanwa Co., Ltd. in the Tokyo office from April 2020 to March 2021 Corporate officer in charge of Corporate Planning Division and General Manager of Corporate Planning Dept. at Hanwa Co., Ltd. in the Tokyo office from April 2021 to March 2023
Director of ACIES Law Corporation Non-Executive Non-Independent Director of CosmoSteel Holdings Limited	Non-Executive Non-Independent Director of CosmoSteel Holdings Limited Executive Officer in charge of Corporate Planning Division, Legal Division, Credit Division and Sustainability Promotion Office at Hanwa Co., Ltd. in the Tokyo office
No	No
No	No

Additional Information (cont'd)

Name of Director	Jack Ong Tong Hai
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No

Additional Information (cont'd)

Ms Tan Siok Chin	Mr Yasuhiko Watanabe
No	No

Additional Information (cont'd)

Name of Director	Jack Ong Tong Hai
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere	No
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes Chief Executive Officer and Executive Director of CosmoSteel Holdings Limited

Additional Information (cont'd)

Ms Tan Siok Chin	Mr Yasuhiko Watanabe
No	No
Yes	No
<p>Ms Tan Siok Chin had previously served as an Independent Director of several companies listed on the Singapore Stock Exchange, including having served as the Independent Non-Executive Chairman of Design Studio Group Ltd. and the Lead Independent Director of Valuetronics Holdings Limited, within the past 5 years</p>	<p>Mr Yasuhiko Watanabe will be attending the relevant training with the Singapore Institute of Directors to familiarise himself with the roles and responsibilities of a director of a listed company</p>

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COSMOSTEEL HOLDINGS LIMITED

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

Annual General Meeting Proxy Form

(Please see notes overleaf before completing this Form)

This proxy form has been made available on SGXNET and the Company's website at www.cosmosteel.com. A printed copy of this proxy form will be despatched to members.

I/We, _____ NRIC/Passport/Company Registration No. _____
of _____ (Address)

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

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 29 January 2024 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 receive and adopt the Statement By Directors, the Independent Auditors' Report and the Audited Financial Statements of the Company for the financial year ended 30 September 2023			
2	To declare a final one-tier tax exempt dividend of S\$0.005 per share for the financial year ended 30 September 2023			
3	To approve the payment of S\$339,000 as Directors' Fees for the financial year ending 30 September 2024			
4	To re-elect Mr Jack Ong Tong Hai, the Director retiring by rotation pursuant to Article 117 of the Constitution of the Company			
5	To re-elect Ms Tan Siok Chin, the Director retiring by rotation pursuant to Article 117 of the Constitution of the Company			
6	To re-elect Mr Yasuhiko Watanabe, the Director retiring pursuant to Article 122 of the Constitution of the Company			
7	To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration			
8	To authorise the Directors to allot and issue shares pursuant to Share Issue Mandate			
9	To authorise the Directors to enter into interested person transactions pursuant to the Interested Person Transactions Mandate			
10	To authorise the Directors to buy back ordinary shares in the capital of the Company pursuant to the Share Buyback Mandate			

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 _____ 2024

Total number of Shares in	Number of Shares
CDP Register	

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
2. A Shareholder (whether individual or corporate) may vote live at the AGM or may appoint a proxy, including the Chairman of the AGM, to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM. The Proxy Form for the AGM may be accessed at the Company's website at www.cosmosteel.com and is also available on SGXNET at <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of proxy for that resolution will be treated as invalid. 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 AGM or at any adjournment thereof.
Only Shareholders of the Company or their appointed proxy(ies) who have been successfully verified will be entitled to attend the AGM.
3. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such member'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.
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5. **"Relevant intermediary"** has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.
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 AGM (i.e. by 5.00 p.m. on 18 January 2024) 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. Shareholders or their appointed proxy (other than the Chairman of the AGM) of the Company may speak and raise questions at the AGM. Shareholders of the Company may also submit questions relating to the resolutions tabled for approval at the AGM, together with their full name (as per CDP/CPF/SRS/Scrip-based records), identification number (e.g. NRIC/Passport/Company Registration Number), shareholding type (e.g. CDP/CPF/SRS/Scrip-based), email address and contact number to enable the Company (or its agents or service providers) to authenticate their status as Shareholders of the Company, 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; 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, by 9.30 a.m. (Singapore Time), on 15 January 2024.
8. The Company will endeavour to address all substantial and relevant questions received from shareholders and will upload the responses on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at www.cosmosteel.com by 9.30 a.m. (Singapore Time), on 24 January 2024 (that is, at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms). Where substantial and relevant questions are unable to be answered prior to the AGM, the Company will address them at the AGM.
9. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNET at <https://www.sgx.com/securities/company-announcements> and the Company's website at www.cosmosteel.com and the minutes will include the responses to the substantial and relevant questions raised during the AGM.
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 - (a) if sent personally or by post, be received at the Company's registered address 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 any case, by 9.30 a.m. on 26 January 2024 at (that is, not less than 72 hours before the time fixed for holding the AGM). A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means.** The submission of the Proxy Form by such Shareholder will not prevent him from attending and voting at the AGM in person if he so wishes.
12. 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 under the hand of any officer or attorney duly authorised or in such manner as appropriate under the applicable laws. 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.
13. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time fixed for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend, speak and vote at the AGM unless his name appears on the Depository Register seventy-two (72) hours before the time fixed for holding the AGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member'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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual 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 member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member 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 member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



COSMOSTEEL

COSMOSTEEL HOLDINGS LIMITED

14 Lok Yang Way Singapore 628633
Tel: (65) 6863 1828
Fax: (65) 6861 2191
email: general@cosmosteel.com.sg
www.cosmosteel.com