

ENTRY INTO A JOINT VENTURE AGREEMENT

INTRODUCTION

- 1 The board of directors of CosmoSteel Holdings Limited (the "**Company**") wishes to announce that the wholly-owned subsidiary of the Company, Kim Seng Huat Hardware Pte Ltd ("**KSH**"), has on 23 November 2007 entered into a joint venture agreement (the "**Agreement**") with Alton International (S) Pte Ltd, a limited liability company incorporated in Singapore, ("**Alton**") to incorporate a jointly owned investment company known as KVA Energy Pte Ltd (the "**JV Company**"), for the purpose of combining the strengths of both parties in exploring new business opportunities in the energy and energy-related industries.

SHARE CAPITAL OF THE JV COMPANY

- 2 Pursuant to the Agreement, the JV Company will be incorporated in Singapore with a share capital of 2 ordinary shares of S\$1.00 each to be contributed by the parties in the following proportions:-

Alton: 50% (S\$1.00)
KSH: 50% (S\$1.00)

- 3 The JV Company will subsequently increase its share capital by 999,998 ordinary shares of S\$1.00 each to be contributed by the parties in the following proportions:-

Alton: 50% (S\$499,999.00)
KSH: 50% (S\$499,999.00)

It is a condition for the parties to the Agreement to subscribe for any additional shares to be issued by the JV Company in proportion to their respective shareholdings.

- 4 KSH's investment into the JV Company will be financed from internal funds.

BOARD OF DIRECTORS OF THE JV COMPANY

- 5 Each of KSH and Alton will be entitled to appoint up to two directors to the board of directors of the JV Company (the "**JV Board**"). Pursuant to the Agreement, there will be a managing director in the JV Board who shall be one of the directors to be appointed by KSH to the JV Board.

INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

- 6 None of the directors of the Company has any direct or indirect interest in the aforesaid joint venture. The directors of the Company are not aware of any substantial shareholder having any interest, direct or indirect, in the aforesaid joint venture.

By Order of the Board

Ong Chin Sum
Chief Executive Officer and Executive Director
Date: 23 November 2007