

CIRCULAR DATED 19 JUNE 2025

THIS CIRCULAR IS ISSUED BY COSMOSTEEL HOLDINGS LIMITED (THE “COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF ASIAN CORPORATE ADVISORS PTE. LTD., THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares (as defined herein) held through CDP (as defined herein), you need not forward this Circular to the purchaser or the transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the SGX-ST (as defined herein), and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the statements made, reports contained, or opinions expressed in this Circular.



COSMOSTEEL

COSMOSTEEL HOLDINGS LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to the

VOLUNTARY CONDITIONAL CASH OFFER

by

EVOLVE CAPITAL ADVISORY PRIVATE LIMITED

(Company Registration No. 201718400R)
(Incorporated in the Republic of Singapore)

for and on behalf of

3HA CAPITAL PRIVATE LIMITED

(Company Registration No. 202516532R)
(Incorporated in the Republic of Singapore)

to acquire all the issued and paid-up ordinary shares in the capital of the Company

Independent Financial Adviser to the Independent Directors of the Company

ASIAN CORPORATE ADVISORS PTE. LTD.

(Company Registration No. 200310232R)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES MUST BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 3 JULY 2025 (“CLOSING DATE”) OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE OFFEROR (AS DEFINED HEREIN).

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DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:

“1HY2025”	:	Half year period ended 31 March 2025
“Acceptance Forms”	:	The acceptance forms for Offer Shares, being the FAA and the FAT collectively or any one of them (as the case may be)
“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Appraised Assets”	:	The Properties and Appraised Inventory collectively
“Appraised Inventory”	:	The inventory for which provision for impairment has previously been made in accordance with the Group’s inventory policy and which is the subject of an independent valuation by the Appraised Inventory Valuer
“Appraised Inventory Valuer”	:	Robert Khan and Co Pte Ltd, being the independent valuer appointed by the Company for the purposes of carrying out an independent valuation of the Appraised Inventory
“Auditor’s Letter on Statement of Prospects”	:	The letter from RSM SG Assurance LLP to the Company dated 17 June 2025 in relation to the Statement of Prospects, as set out in Appendix V to this Circular
“Board”	:	The board of Directors of the Company as at the Latest Practicable Date
“Business Day”	:	A day (other than Saturday, Sunday or a public holiday) on which commercial banks are open for business in Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 19 June 2025 issued by the Company containing, <i>inter alia</i> , the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in relation to the Offer
“Closing Date”	:	5.30 p.m. (Singapore time) on 3 July 2025, or such later date(s) as may be announced from time to time by or on behalf of the Offeror
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act 1967 of Singapore

DEFINITIONS

“Company”	:	CosmoSteel Holdings Limited
“Company Securities”	:	Shares, securities which carry voting rights in the Company, or convertible securities, warrants, options or derivatives in respect of such Shares or securities
“Constitution”	:	The constitution of the Company, as amended, modified and/or supplemented from time to time
“Controlling Shareholder”	:	<p>A person who:</p> <p>(a) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or</p> <p>(b) in fact exercises control over a company</p>
“CPF”	:	The Central Provident Fund
“CPF Agent Banks”	:	The agent banks included under the CPFIS
“CPFIS”	:	The Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“FAA”	:	Forms of Acceptance and Authorisation for Offer Shares in respect of the Offer, which form part of the Offer Document and which are issued to Shareholders whose Offer Shares are deposited with CDP
“FAT”	:	Forms of Acceptance and Transfer for Offer Shares in respect of the Offer, which form part of the Offer Document and which are issued to Shareholders whose Offer Shares are registered in their own name in the Registrar and are not deposited with CDP
“FY”	:	Financial year ended or ending on, as the case may be, 30 September
“FY2024 Results”	:	The audited consolidated financial statements of the Group for FY2024, as set out in the annual report of the Company published on SGXNet on 9 January 2025 and reproduced in Appendix III to this Circular

DEFINITIONS

“Group”	:	The Company and its subsidiaries
“IFA”	:	Asian Corporate Advisors Pte. Ltd., the independent financial adviser to the Independent Directors in connection with the Offer
“IFA Letter”	:	The letter dated 19 June 2025 from the IFA to the Independent Directors containing its advice in relation to the Offer, as set out in Appendix I to this Circular
“IFA’s Letter on Statement of Prospects”	:	The letter from the IFA to the Company dated 19 June 2025 in relation to the Statement of Prospects, as set out in Appendix IV to this Circular
“Independent Directors”	:	<p>The Directors who are considered to be independent for the purposes of the Offer in accordance with the Code, namely,</p> <ul style="list-style-type: none">(a) Ms Tan Siok Chin;(b) Mr Ong Tong Hai;(c) Mr Ong Tiew Siam;(d) Mr Hor Siew Fu;(e) Mr Steven Lim Jun Xiong; and(f) Mr Loo Cheng Guan
“Interested Persons”	:	<p>As defined in the Note on Rule 24.6 read with the Note on Rule 23.12 of the Code, an interested person is:</p> <ul style="list-style-type: none">(a) a director, chief executive officer, or substantial shareholder of the Company;(b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of the Company;(c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary;(d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;

DEFINITIONS

	(e)	any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or
	(f)	any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
“JLLAP”	:	JLL Appraisal & Property Services Sdn. Bhd., being the independent valuer appointed by the Company for the purposes of carrying out an independent valuation of the Senai Property
“JLLPC”	:	Jones Lang LaSalle Property Consultants Pte Ltd, being the independent valuer appointed by the Company for the purposes of carrying out an independent valuation of the Lok Yang Property
“Latest Practicable Date”	:	5 June 2025, being the latest practicable date prior to the dissemination of this Circular
“Listing Rules”	:	The listing manual of the SGX-ST
“Lok Yang Property”	:	The property located at 14 Lok Yang Way, Singapore 628633 comprising a single-storey factory and a part 1/part 3-storey factory building
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Minimum Acceptance Condition”	:	Shall have the meaning ascribed to it in Section 2.5 of the Offer Document and as reproduced in Section 2.1 of this Circular
“NAV”	:	Net asset value
“Nine Yards Letter”	:	The Letter from Nine Yards Chambers LLC to the Offeror dated 18 May 2025, further details of which are set out in Section 12.2 of this Circular
“Notification”	:	The notification sent by post to Shareholders containing addresses and instructions on how to retrieve the electronic copy of the Offer Document from the websites of the SGX-ST and the Company
“NTA”	:	Net tangible asset

DEFINITIONS

“Offer”	:	The voluntary conditional cash offer by Evolve Capital Advisory Private Limited, for and on behalf of the Offeror, on the Offer Announcement Date, to acquire the Offer Shares, on the terms and subject the conditions set out in the Offer Document, the FAA and the FAT, as such Offer as may be amended, extended or revised from time to time by or on behalf of the Offeror
“Offer Announcement”	:	The announcement relating to the Offer issued by the Offeror on the Offer Announcement Date
“Offer Announcement Date”	:	15 May 2025, the date of the Offer Announcement
“Offer Document”	:	The offer document dated 5 June 2025, and any other document(s) which may be issued by the Offeror, to amend, revise, supplement or update the document(s) from time to time
“Offer Price”	:	S\$0.20 in cash for each Offer Share
“Offer Shares”	:	All the issued Shares to which the Offer relates, as described in Sections 2.2 of the Offer Document and as reproduced in Section 2.1 of this Circular
“Offeror”	:	3HA Capital Private Limited
“Offeror Securities”	:	Ordinary shares in the capital of the Offeror, equity share capital of the Offeror and other securities which carry substantially the same rights in the Offeror, and convertible securities, warrants, options and derivatives in respect of such shares or securities
“Ong Family”	:	Mr Ong Tong Hai and his family members comprising his brother, Mr Ong Tong Yang and his father, Mr Ong Chin Sum
“Overseas Shareholders”	:	Shareholders whose addresses are outside Singapore, as shown in the Register or the Depository Register, as the case may be
“Properties”	:	The Senai Property and Lok Yang Property collectively
“Property Valuers”	:	JLLAP and JLLPC collectively
“Proposed Building Expansion”	:	The possible building expansion for the Senai Property which was previously considered by the Board, further details of which are set out in Section 11 of this Circular

DEFINITIONS

“Register”	:	The register of holders of the Shares, as maintained by the Share Registrar
“RM” and “ringgit”	:	Malaysian ringgit, respectively, being the lawful currency of Malaysia
“Rule 22.6 Period”	:	Shall have the meaning ascribed to it in Paragraph 1.4 of Appendix 2 of the Offer Document and as reproduced in Section 2.4 of this Circular
“Senai Property”	:	The property located at PTD 108306, Jalan Industri Saleng 3, Saleng, 81400 Senai, Johor Darul Takzim, Malaysia, comprising a single-storey detached warehouse with an annexed three-storey office building and other ancillary buildings
“SFA”	:	The Securities and Futures Act 2001 of Singapore
“SGXNet”	:	The Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
“SGX-ST”	:	The Singapore Exchange Securities Trading Limited
“Share Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd.
“Shareholders”	:	Persons who are registered as holders of Shares in the Register and Depositors who have Shares entered against their names in the Depository Register
“Shares”	:	Issued and paid-up ordinary shares in the capital of the Company
“Shut-Off Notice”	:	Shall have the meaning ascribed to it in Paragraph 1.4 of Appendix 2 of the Offer Document and as reproduced in Section 2.4 of this Circular
“SIC”	:	Securities Industry Council of Singapore
“SRS”	:	Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under SRS
“SRS Investors”	:	Investors who have purchased Shares pursuant to the SRS

DEFINITIONS

“Statement of Prospects”	:	The statement made by Directors in paragraph 11 of the announcement dated 15 May 2025 by the Company in relation to the unaudited condensed interim financial statements for 1HY2025 of the Group, further details of which are set out in Appendix VI of this Circular
“Substantial Shareholders”	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“Valuers”	:	The Property Valuers and the Appraised Inventory Valuer collectively, each a “Valuer”
“Valuation Summary Letters”	:	The valuation summary letters issued by the Valuers in respect of the Appraised Assets as set out in Appendix VIII to this Circular, and each a “Valuation Summary Letter”
“Valuation Reports”	:	The valuation reports issued by the Valuers in respect of the Appraised Assets, and each a “Valuation Report”
“%” or “per cent”	:	Per centum or percentage

In this Circular:

- (a) Unless otherwise defined, the terms **“acting in concert”**, **“associates”** and **“associated company”** shall have the meanings ascribed to them in the Code.
- (b) **Announcements and notices.** References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, SGXNet or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.
- (c) **Appendices.** Reference to any Appendix shall refer to the Appendices of this Circular, unless otherwise specified.
- (d) **Capitalised terms in the extracts.** Capitalised terms used in the extracts of the Offer Document, the IFA Letter, the FY2024 Results and the Constitution shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter, the FY2024 Results and the Constitution respectively, unless otherwise specified.
- (e) **Depositors.** The expressions **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings as ascribed to them respectively in section 81SF of the SFA.
- (f) **Expressions.** Words importing the singular shall, where applicable, include the plural and vice versa and words importing one gender shall include the other and neuter genders. References to persons shall, where applicable, include corporations.

DEFINITIONS

- (g) **Headings.** The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.
- (h) **Rounding.** Any discrepancies in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures shown in totals in this Circular may not be an arithmetic aggregation of the figures that precede them.
- (i) **Shareholders.** References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to the Shareholders.
- (j) **Statutes.** Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Listing Rules or the Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Rules or the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.
- (k) **Subsidiary and Related Corporation.** The terms “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them in section 5 and section 6 of the Companies Act respectively.
- (l) **Time and date.** Any reference to a time of day and date in this Circular is made by reference to Singapore time and date respectively, unless otherwise stated.
- (m) **Total number of Shares and Percentage as at the Latest Practicable Date.** In this Circular, unless the context otherwise requires, (a) any reference to the total number of Shares is a reference to a total number of 261,360,097 Shares (excluding 29,039,900 treasury Shares) in issue as at the Latest Practicable Date, and (b) any reference to a percentage shareholding in the capital of the Company is calculated based 261,360,097 Shares (excluding 29,039,900 treasury Shares) in issue as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “potential”, “strategy”, “forecast”, “possible”, “probable” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” or “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements and information. Neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or publicly announce any revisions to those forward-looking statements, subject to compliance with any applicable laws and regulations, the Code, the Listing Rules and/or any other regulatory or supervisory body or agency.

SUMMARY TIMETABLE

Date of dissemination of the Offer Document : 5 June 2025

Date of dissemination of this Circular : 19 June 2025

Closing Date : 5.30 p.m. (Singapore time) on 3 July 2025, or such later date(s) as may be announced from time to time by or behalf of the Offeror, such date being the last day for the lodgement of acceptances of the Offer.¹

Please refer to Paragraph 1 of Appendix 2 to the Offer Document for further information.

Settlement of consideration for valid acceptance of the Offer : (a) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer becomes or is declared to be unconditional in all respects, within seven (7) Business Days of that date; or

(b) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer becomes or is declared to be unconditional in all respects, but before the Closing Date, within seven (7) Business Days of such receipt.

Please refer to Paragraph 2 of Appendix 2 of the Offer Document for further information.

¹ Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for the Rule 22.6 Period in order to give Shareholders who have not accepted the Offer the opportunity to do so.

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders the Shut-Off Notice that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- (a) the Offeror may not give a Shut-Off Notice in a competitive situation; and
- (b) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.

For these purposes, the SIC would normally regard a “competitive situation” to have arisen if a competing offer for the Company has been announced.

If a declaration that the Offer is unconditional is confirmed in accordance with Paragraph 4.2(a) of Appendix 2 of the Offer Document, the Rule 22.6 Period will run from the date of such confirmation or the date on which the Offer would otherwise have closed, whichever is later.

LETTER TO SHAREHOLDERS

COSMOSTEEL HOLDINGS LIMITED

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

Board of Directors:

Ms Tan Siok Chin (*Chairman of the board and Non-Executive and Non-Independent Director*)
Mr Ong Tong Hai (*Chief Executive Officer and Executive Director*)
Mr Yasuhiko Watanabe (*Non-Executive and Non-Independent Director*)
Mr Ong Tiew Siam (*Lead Independent Director*)
Mr Hor Siew Fu (*Independent Director*)
Mr Steven Lim Jun Xiong (*Independent Director*)
Mr Loo Cheng Guan (*Independent Director*)

Registered Office:

14 Lok Yang Way
Singapore 628633

19 June 2025

To: The Shareholders of the Company

Dear Sir/Madam

VOLUNTARY CONDITIONAL CASH OFFER BY THE OFFEROR FOR THE OFFER SHARES

1. INTRODUCTION

1.1. Offer Announcement

On 15 May 2025, Evolve Capital Advisory Private Limited announced, for and on behalf of the Offeror, *inter alia*, that the Offeror intends to make the offer to acquire all the Offer Shares at the Offer Price of S\$0.20 in cash for each Offer Share, in accordance with Section 139 of the Securities and Futures Act 2001 of Singapore and Rule 15 of the Code.

An electronic copy of the Offer Announcement is available on SGXNet at www.sgx.com.

1.2. Offer Document

An electronic copy of the Offer Document, setting out, *inter alia*, the terms and conditions of the Offer was disseminated on the websites of the SGX-ST and Company at <https://sgx.com> and <https://www.cosmosteel.com>, respectively. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document. Shareholders should have also been sent by post a hardcopy of the Notification and Acceptance Forms for Offer Shares which were despatched on 5 June 2025. **Shareholders are advised to read the terms and conditions of the Offer as set out in the Offer Document carefully.**

1.3. Independent Financial Adviser

The Company has appointed Asian Corporate Advisors Pte. Ltd. as its independent financial adviser to advise the Independent Directors in respect of the Offer. The advice of the IFA is set out in the IFA Letter in Appendix I to this Circular.

LETTER TO SHAREHOLDERS

1.4. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and the Offer, and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors regarding the Offer.

Shareholders should read the Offer Document, this Circular, and the IFA Letter carefully, and to give due consideration to the recommendation of the Independent Directors and the advice of the IFA before deciding on whether to accept or reject the Offer.

If you are in any doubt as to any matter set out in this Circular or as to the action you should take, you are strongly advised to consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE OFFER

2.1. Terms of the Offer

The Offer is made by the Offeror, on the principal terms set out in Section 2 of the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

“2. THE OFFER

2.1 Offer. *Evolve Capital Advisory Private Limited, for and on behalf of the Offeror, hereby makes the Offer to acquire all the Offer Shares in accordance with Section 139 of SFA and Rule 15 of the Code and on the terms and subject to the conditions set out in this Offer Document, the FAA and the FAT.*

2.2 Offer Shares. *For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all the Shares, including any Shares owned, controlled or agreed to be acquired by the Concert Parties (all such Shares, the “Offer Shares”).*

2.3 Offer Price. *The consideration for each Offer Share is as follows:*

<i>For each Offer Share: S\$0.20 in cash (the “Offer Price”)</i>

2.4 No Encumbrances. *The Offer Shares are to be acquired (a) fully paid, (b) free from Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and hereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.*

In the event of any such Distributions on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer by the amount of such Distribution.

LETTER TO SHAREHOLDERS

2.5 **Minimum Acceptance Condition.** *The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with any Offer Shares owned, controlled, acquired or agreed to be acquired by the Offeror and its Concert Parties before or during the Offer but otherwise than through acceptances of the Offer, will result in the Offeror and its Concert Parties holding more than 50% of the total number of issued Shares (excluding any Shares held in treasury) as at the close of the Offer (the “Minimum Acceptance Condition”).*

Save for the Minimum Acceptance Condition, the Offer will be unconditional in all other respects.

2.6 **Warranty.** *A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.”*

2.2. Rights and Encumbrances

Section 2.4 of the Offer Document as extracted in Section 2.1 of this Circular sets out information on the Offer Shares.

2.3. Minimum Acceptance Condition

Section 2.5 of the Offer Document as extracted in Section 2.1 of this Circular sets out the Minimum Acceptance Condition of the Offer. Save for the Minimum Acceptance Condition, the Offer is unconditional in all other respects.

2.4. Further Details of the Offer

The details of the Offer relating to: (a) the duration of the Offer; (b) the settlement of the consideration of the Offer; (c) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and (d) the right of withdrawal of acceptances of the Offer are set out in Section 3 and Appendix 2 of the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

“3. FURTHER DETAILS OF THE OFFER

Appendix 2 to this Offer Document sets out further details on:

- (a) the duration of the Offer;*
- (b) the settlement of the consideration for the Offer;*
- (c) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and*
- (d) the right of withdrawal of acceptances of the Offer.”*

LETTER TO SHAREHOLDERS

“APPENDIX 2

DETAILS OF THE OFFER

1. DURATION OF THE OFFER

1.1 First Closing Date. *The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Offer will close at 5.30 p.m. (Singapore time) on 3 July 2025, or such later date(s) as may be announced from time to time by or on behalf of the Offeror.*

1.2 Subsequent Closing Date(s). *If the Offer is extended and:*

- (a) the Offer is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date; or*
- (b) the Offer is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders at least 14 days’ prior notice in writing before it may close the Offer.*

1.3 No Obligation to Extend the Offer. *The Offeror is not obliged to extend the Offer if the Minimum Acceptance Condition as set out in Section 2.5 (Minimum Acceptance Condition) of the Letter to Shareholders in this Offer Document is not fulfilled by the Closing Date.*

1.4 Offer to Remain Open for 14 Days After Being Declared Unconditional as to Acceptances. *Pursuant to Rule 22.6 of the Code, if the Offer becomes or is declared unconditional as to acceptances, the Offer will remain open for a period (the “Rule 22.6 Period”) of not less than 14 days after the date on which the Offer would otherwise have closed, in order to give Shareholders who have not accepted the Offer the opportunity to do so.*

This requirement does not apply if, before the Offer has become or is declared unconditional as to acceptances, the Offeror has given Shareholders at least 14 days’ notice in writing (the “Shut-Off Notice”) that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:

- (a) the Offeror may not give a Shut-Off Notice in a competitive situation; and*
- (b) the Offeror may not enforce a Shut-Off Notice, if already given, in a competitive situation.*

For these purposes, the SIC would normally regard a “competitive situation” to have arisen if a competing offer for the Company has been announced.

If a declaration that the Offer is unconditional is confirmed in accordance with Paragraph 4.2(a) of this Appendix 2, the Rule 22.6 Period will run from the date of such confirmation (if given) or the date on which the Offer would otherwise have closed, whichever is later.

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1.5 **Final Day Rule.** *The Offer (whether revised or not) will not be capable:*

- (a) *of becoming or being declared unconditional as to acceptances after 5.30 p.m. (Singapore time) on the 60th day after the Despatch Date; or*
- (b) *of being kept open after the expiry of such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances,*

provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent (the "Final Day Rule"). The SIC will normally grant such permission if a competing offer has been announced.

Except with the SIC's consent, all conditions must be fulfilled or the Offer must lapse within 21 days of the first Closing Date or of the date the Offer becomes or is declared to be unconditional as to acceptances, whichever is later.

1.6 **Revision.** *The Offeror reserves the right to revise the terms of the Offer at such time and in such manner as it may consider appropriate. If the Offer is revised, the Offer will remain open for acceptance for at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders who had previously accepted the Offer.*

2. SETTLEMENT FOR THE OFFER

Subject to the Offer becoming or being declared unconditional in all respects and the receipt by the Offeror from accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete and valid in all respects and in accordance with the requirements set out in this Offer Document and the FAA and/or FAT (as the case may be), and in the case of Depositors, the receipt by the Offeror of confirmations satisfactory to it that the number of Offer Shares tendered by the accepting Shareholders in acceptance of the Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to accepting Shareholders by means of:

- (a) *(in the case of Depositors) credit directly into the Depositor's designated bank account for Singapore Dollars via CDP's DCS, or in such other manner as the accepting Shareholders may have agreed with CDP for the payment of any cash distributions; or*
- (b) *(in the case of Shareholders holding Shares which are not deposited with CDP) in the form of a Singapore Dollar crossed cheque drawn on a bank in Singapore to the address stated in the respective FATs or, if none is set out, to the respective addresses maintain in the Register (as the case may be), at the risk of the accepting Shareholders,*

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as soon as practicable and in any case:

- (i) in respect of acceptances of the Offer which are complete and valid in all respects and are received **on or before** the date on which the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within seven (7) Business Days of that date; or*
- (ii) in respect of acceptances which are complete and valid in all respects and are received **after** the Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Offer closes, within seven (7) Business Days of the date of such receipt.*

In the event any Depositor is not subscribed to CDP's DCS, any monies to be paid shall be credited to such Depositor's Cash Ledger and be subject to the same terms and conditions as Cash Distributions under the CDP Operation of Securities Account with the Depository Terms and Conditions (Cash Ledger and Cash Distribution are as defined therein).

3. ANNOUNCEMENTS

3.1 Timing and Contents. Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore time) on the Market Day (the "**Relevant Day**") immediately after the day on which the Offer is due to expire, or the Offer becomes or is declared to be unconditional as to acceptances or is revised or extended (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

- (a) for which valid acceptances of the Offer have been received;*
- (b) held by the Offeror and any of its Concert Parties before the Offer Period; and*
- (c) acquired or agreed to be acquired by the Offeror and any of its Concert Parties during the Offer Period,*

and will specify the percentages of the total number of issued Shares represented by such numbers.

3.2 Suspension. Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements of Paragraph 3.1 of this Appendix 2, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 Valid Acceptances. Subject to Section 15.4 (Valid Acceptances) of the Letter to Shareholders in this Offer Document, in computing the number of Offer Shares represented by acceptances received by the Offeror, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects.

Acceptances of the Offer will only be treated as valid for the purposes of the Minimum Acceptance Condition if the relevant requirements of Note 2 on Rule 28.1 of the Code are met.

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3.4 **Announcements.** In this Offer Document, references to the making of any announcement or the giving of notice by the Offeror include the release of an announcement by Evolve Capital Advisory Private Limited, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

4. RIGHT OF WITHDRAWAL IN RELATION TO THE OFFER

4.1 **Acceptances Irrevocable.** Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable.

4.2 **Right of Withdrawal of Shareholders.** A Shareholder who has accepted the Offer may:

- (a) withdraw his acceptance immediately if the Offer has become or been declared to be unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in Paragraph 3.1 of this Appendix 2 by 3.30 p.m. (Singapore time) on the Relevant Day. Subject to Rule 22.9 of the Code in relation to the Final Day Rule, the Offeror may terminate this right of withdrawal not less than eight (8) days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Code and the requirements set out in Paragraph 3.1 of this Appendix 2. For the purposes of Paragraph 1.4 of this Appendix 2, the Rule 22.6 Period referred to therein shall run from the date of such confirmation (if given) or the date on which the Offer would otherwise have expired, whichever is later;
- (b) withdraw his acceptance after 14 days from the first Closing Date, if the Offer has not by then become or been declared unconditional as to acceptances. Such entitlement to withdraw may be exercisable until such time as the Offer becomes or is declared unconditional as to acceptances; and
- (c) withdraw his acceptance immediately if a competing offer for the Shares becomes or is declared unconditional as to acceptances. This right of withdrawal also applies in the converse situation i.e. if the Offer becomes or is declared unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such competing offer immediately.

4.3 **Procedure for Withdrawal of Acceptances.** To withdraw his acceptance, a Shareholder who has accepted the Offer must give written notice to the Offeror at:

- (a) 3HA Capital Private Limited c/o The Central Depository (Pte) Limited, Privy Box No. 920764, Singapore 929292, where the Offer Shares are deposited with CDP; or

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(b) 3HA Capital Private Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, where the Offer Shares are not deposited with CDP.

A notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.

2.5. Procedures for Acceptance of the Offer

The procedures for acceptance of the Offer are set out in Appendix 1 to the Offer Document and in the accompanying Acceptance Forms.

2.6. Closing Date

The Offer will close at 5.30 p.m. (Singapore time) on 3 July 2025 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

3. INFORMATION ON THE OFFEROR

Section 5 of the Offer Document sets out certain information on the Offeror, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

“5. INFORMATION ON THE OFFEROR

5.1 The Offeror. *The Offeror is a special purpose vehicle incorporated in Singapore on 16 April 2025 and its principal activity is investment holding.*

As at the Latest Practicable Date, the Offeror has an issued and paid-up share capital of S\$2,000,000 comprising 2,000,000 ordinary shares (“Offeror Shares”), which are held by the shareholders of the Offeror (each, a “Consortium Member” and collectively, the “Consortium”) as follows:

Shareholder of the Offeror	Ordinary Shares in the Offeror	Consortium Shareholding Percentage (%)
<i>HHH</i>	<i>804,000</i>	<i>40.2</i>
<i>Hanwa Singapore</i>	<i>600,000</i>	<i>30.0</i>
<i>AYS Singapore</i>	<i>298,000</i>	<i>14.9</i>
<i>Thor Capital</i>	<i>298,000</i>	<i>14.9</i>
Total	2,000,000	100.0

The board of directors of the Offeror comprises the following individuals:

- (a) LCH, a director appointed by HHH; and*
- (b) FM, a director appointed by Hanwa Singapore.*

As at the Latest Practicable Date, the Offeror does not hold any Shares.

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5.2 **The Consortium.**

- (a) *HHH is a private company incorporated in Singapore on 20 April 2018, and its principal activity is investment holding. As at the Latest Practicable Date, HHH has an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares, jointly owned by LCH and LAH in the following proportions:*

Shareholder of HHH	Ordinary Shares in HHH	Shareholding Percentage (%)
<i>LCH</i>	<i>500,000</i>	<i>50.0</i>
<i>LAH</i>	<i>500,000</i>	<i>50.0</i>
Total	1,000,000	100.0

LCH and LAH are the two (2) directors of HHH. LCH and LAH are siblings.

As at the Latest Practicable Date, LCH holds 300,000 Shares, representing approximately 0.11% of the entire paid-up and issued capital of the Company. KL, the General Manager of HH Stainless Pte Ltd, a wholly-owned subsidiary of HHH and the son of LAH and nephew of LCH, holds 36,000 Shares, representing approximately 0.01% of the entire paid-up and issued capital of the Company.

- (b) *Hanwa Singapore is a private company incorporated in Singapore on 19 April 1972, and is in the business of trading steel, various metals, foods, energy, and life living materials. Hanwa Singapore is wholly-owned by Hanwa Co, a company incorporated under the laws of Japan and listed on the Tokyo Stock Exchange, and is in the business of trading steel, various metals, foods, energy, life living materials, machinery and housing materials.*

The board of directors of Hanwa Singapore consists of:

- (i) FM;*
- (ii) Mr Yamamoto Hiromasa;*
- (iii) Mr Shirasawa Shoji;*
- (iv) Mr Kurata Yasuharu;*
- (v) Mr Tomono Junichi; and*
- (vi) Mr Tam Chee Mun.*

As at the Latest Practicable Date, Hanwa Co is a controlling Shareholder of the Company as it holds 82,617,982 Shares, representing approximately 31.61% of the entire paid-up and issued capital of the Company.

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- (c) *AYS Singapore is a private company incorporated in Singapore on 10 October 2022, and its principal activity is investment holding. AYS Singapore is wholly-owned by AYS Capital, which is wholly-owned by AYS. AYS is a public listed company with its shares listed on the Main Market of Bursa Malaysia Securities Bhd, and its subsidiaries are in the business of the distribution, marketing and manufacturing of steel-related products and building materials.*

The substantial shareholders of AYS are CHH and AYSG SB, which hold 239,663,123 shares and 25,044,237 shares respectively, representing approximately 57.27% and 5.98% of the entire paid-up and issued share capital of AYS respectively. CHH is wholly-owned by Chiew Ho (L) Foundation. AYSG SB is owned by the following individuals:

Shareholder of AYSG SB	Ordinary Shares in AYSG SB	Shareholding Percentage (%)
<i>Oh Chiew Ho</i>	<i>510</i>	<i>51.0</i>
<i>Oh Yung Sim</i>	<i>100</i>	<i>10.0</i>
<i>Oh Yung Wooi</i>	<i>100</i>	<i>10.0</i>
<i>Oh Yung Kwan</i>	<i>100</i>	<i>10.0</i>
<i>Oh Pooi Foon</i>	<i>100</i>	<i>10.0</i>
<i>Low Yang Leen</i>	<i>90</i>	<i>9.0</i>
Total	1,000	100.0

The board of directors of AYS Singapore consists of:

- (i) OPF;*
- (ii) OYS; and*
- (iii) Mr Teo Chee Ho.*

OPF and OYS are siblings.

- (d) *Thor Capital is a private company incorporated in Singapore on 11 December 2024 and is in the business of investment holding. As at the Latest Practicable Date, Thor Capital has an issued and paid-up share capital of S\$2 comprising 2 ordinary shares, jointly owned by LKT and LBW in the following proportions:*

Shareholder of Thor Capital	Ordinary Shares in Thor Capital	Shareholding Percentage (%)
<i>LKT</i>	<i>1</i>	<i>50.0</i>
<i>LBW</i>	<i>1</i>	<i>50.0</i>
Total	2	100.0

LBW and LKT are the two directors of Thor Capital. LBW is the son of LKT.

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5.3 Consortium Arrangements.

The Consortium Members and the Offeror had, on 16 April 2025, entered into a shareholders' agreement (the "**Shareholders' Agreement**") to, amongst others, regulate the relationship of the Consortium inter se as shareholders of the Offeror and in the conduct of the business and affairs of the Offeror (including the Offer). The arrangements agreed between the Consortium Members pursuant to the Shareholders' Agreement include:

- (a) Throughout the period of the Offer, the Consortium Members shall hold the Offeror Shares in the proportion (as set out in the second column of the table in Section 5.1 above) and shareholding percentage (as set out in the third column of the table in Section 5.1 above) ("**Consortium Shareholding Percentage**").
- (b) The acquisition of Offer Shares by the Offeror is to be funded by way of (1) the Consortium Members subscribing for Offeror Shares in proportion to the Consortium Shareholding Percentage; and (2) an interest-free shareholder's loan ("**Shareholder's Loan**") provided by Hanwa Singapore only.
- (c) Upon the Offer becoming or being declared unconditional, HHH, AYS Singapore and Thor Capital shall subscribe for additional Offeror Shares by contributing cash at the aggregate subscription consideration payable in accordance with the Consortium Shareholding Percentage and subject to the receipt by the Offeror of such aggregate subscription consideration payable by HHH, AYS Singapore and Thor Capital, completion of the subscription of the additional Offeror Shares by HHH, AYS Singapore and Thor Capital shall take place on the date of the close of the Offer and on such completion date, the Offeror shall allot and issue such number of shares to HHH, AYS Singapore and Thor Capital in accordance with the Consortium Shareholding Percentage.
- (d) Within 90 days following the later of (i) the close of the Offer, or (ii) in the event that the Offeror is entitled to and exercises its right of Compulsory Acquisition (as defined below), the completion of the Compulsory Acquisition, the Consortium Members agree that (A) the balance of the Shareholder's Loan which has not been utilised by the Offeror shall be repaid to Hanwa Singapore without any interest thereon; and (B) that the aggregate principal amount of the Shareholder's Loan outstanding after the repayment to Hanwa Singapore ("**Outstanding Loan Amount**") shall be capitalised and the Offeror shall allot and issue such number of Offeror Shares to Hanwa Singapore in accordance with the following formula:

$\text{No. of Offeror Shares} = \text{Outstanding Loan Amount} \div \text{Offer Price}$

- (e) Upon (i) the completion of the Offer and/or the completion of the Compulsory Acquisition, and (ii) the conversion of the Outstanding Loan Amount to Offeror Shares, the respective shareholdings of the Consortium Members in the Offeror shall remain unchanged at the Consortium Shareholding Percentage set out in the third column of the table in Section 5.1 above.

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- (f) *After the close of the Offer and unless all Consortium Members otherwise agree in writing, and subject to sub-section (g) below, the board of directors of the Offeror shall comprise a maximum of two (2) directors, of which HHH and Hanwa Singapore shall be entitled to appoint one (1) director each to the board of directors of the Offeror.*
- (g) *In the event that the Consortium Shareholding Percentage(s) of any one or more of the Consortium Members should change, each Consortium Member shall then have the right to nominate one (1) director for every whole multiple of 15% comprised in its Consortium Shareholding Percentage provided always that notwithstanding the foregoing, any Offeror Shares transferred by a Consortium Member to its affiliate(s) shall be aggregated together with such Consortium Member's shareholding in the Offeror and such Consortium Member and its affiliate(s) shall be collectively treated as a single Consortium Member. In the event of any reduction in the Consortium Shareholding Percentage of any Consortium Member such that the number of directors appointed by that Consortium Member exceeds its entitlement, that Consortium Member shall remove, or procure the resignation of, the relevant number of its appointee(s) as director(s).*
- (h) *Each Consortium Member agrees that it shall not, without the prior written consent of the other Consortium Members (whose consent may be withheld or delayed in the other Consortium Members' absolute discretion), sell, transfer, mortgage, charge, pledge, grant an option over, or otherwise dispose of or create encumbrances over all or any part its Offeror Shares, for a period commencing from the date of the Shareholders' Agreement to the expiration of 36 months from the close of the Offer (the "**Moratorium**"). The Moratorium does not apply in the case of any transfer of Offeror Shares by a Consortium Member to its affiliate(s) or in the event that the Company is delisted from the SGX-ST pursuant to the Compulsory Acquisition. The SIC has confirmed that each of the Consortium Members will be regarded as a joint offeror for the purposes of Rule 10 of the Code; and accordingly, the consortium arrangement will not constitute a special deal prohibited under Rule 10 of the Code.*

5.4 **Additional Information.** *Additional information on the Offeror is set out in Appendix 3 to this Offer Document."*

4. NO IRREVOCABLE UNDERTAKINGS

Section 11.3 of the Offer Document provides that there is no irrevocable commitment or undertaking from any person in relation to acceptance or rejection of the Offer, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

"11.3 No Undertaking. *None of the Offeror and its Concert Parties has received any irrevocable commitment or undertaking from any person to accept or reject the Offer."*

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5. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY

Sections 7 and 9 of the Offer Document sets out certain information on the rationale for the Offer and the Offeror's intentions for the Company, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document. Shareholders are advised to read the extract below carefully.

"7. RATIONALE FOR THE OFFER

7.1 Opportunity for Shareholders who are not prepared to bear the risks associated with the Company to realise their investment in cash. *The Company was placed on the watch-list under the financial entry criteria ("Watch-list") pursuant to Rule 1311 of the Listing Manual on 5 June 2018 as it recorded pre-tax losses for the then three (3) most recently completed consecutive financial years (based on the audited full year consolidated accounts of the Company) and an average daily market capitalisation of less than S\$40 million over the last six (6) months prior to 1 June 2018. The Company remains on the Watch-list as at the Latest Practicable Date as the Company did not meet the exit criteria pursuant to Rule 1314 of the Listing Manual (the "Exit Criteria") read with Practice Note 13.2 (Watch-List) as at 31 December 2024. As announced by the Company on 12 June 2024, the Company has obtained an extension of time up to 4 June 2025 to meet the Exit Criteria, failing which the SGX-ST may either remove the Company from the Official List or suspend trading of the listed Shares of the Company (without the agreement of the Company) with a view to removing the Company from the Official List.*

On the Offer Announcement Date, SGX RegCo issued a public consultation paper on, inter alia, the removal of Watch-list from the listing regime ("SGX RegCo Consultation Paper"). Pending the conclusion of this consultation, SGX RegCo will provisionally suspend the half-yearly reviews to place issuers on the Watch-list. In the interim, issuers that are currently on the Watch-list will not be directed to delist, regardless of their inability to exit the Watch-list in accordance with the requisite criteria in Rules 1315 and 1316 of the Listing Manual. The Company had on 19 May 2025 announced that it will not be directed to delist on 4 June 2025 irrespective of its ability to meet the Exit Criteria by such date, although the Company remains on the Watch-list in the interim.

There is no certainty that the proposals under the SGX RegCo Consultation Paper will be put into effect, including the removal of the Watch-list from the listing regime, and the Company may be directed to delist following conclusion of the public consultation.

Shareholders who are not prepared to bear the aforesaid risks associated with the Company will benefit from the clean cash exit opportunity provided through the Offer.

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7.2 Opportunity for Shareholders to realise their investment in the Shares at a premium to historical traded prices of the Shares without incurring brokerage costs. As set out in Section 8 (Financial Aspects of the Offer) below, the Offer Price represents:

- (a) a premium of approximately 48.1% over the last traded price per Share of S\$0.135 on the Last Trading Day;
- (b) a premium of approximately 57.5%, 61.3%, 70.9% and 75.4% over the VWAP per Share for the one (1)-month, three (3)-month, six (6)-month, and 12-month periods, respectively, up to and including the Last Trading Day.

The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over the historical traded prices of the Shares without incurring brokerage and other trading costs.

7.3 Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity. The historical trading volume of the Shares has been generally low. The average daily trading volume of the Shares during the one (1)-month, three (3)-month, six (6)-month, and 12-month periods up to and including the Last Trading Day are set out in the table below:

Description	Average daily trading volume⁽¹⁾	Average daily trading volume as a percentage of total number of issued Shares (%)⁽²⁾
One (1)-month period up to and including the Last Trading Day	168,153	0.06
Three (3)-month period up to and including the Last Trading Day	162,458	0.06
Six (6)-month period up to and including the Last Trading Day	121,839	0.05
12-month period up to and including the Last Trading Day	75,346	0.03

Notes:

- (1) The average daily trading volume is computed based on data extracted from Bloomberg Finance L.P. using the total volume of Shares traded divided by the number of Market Days with respect to the relevant period up to and including the Last Trading Day.
- (2) Calculated using the average daily trading volume divided by the total number of issued Shares (excluding any Shares held in treasury).

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9. THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY

- 9.1 *The Offeror intends for the Company to continue to develop and grow the existing businesses of the Group. The Offeror and the Company will continue to review, from time to time, the operations of the Group as well as the Company's strategic options. The Offeror retains and reserves the right and flexibility at any time and from time to time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Offeror and/or the Company.*
- 9.2 *Save as disclosed above, the Offeror has no current intentions to (i) introduce any major changes to the existing business of the Company, (ii) re-deploy the fixed assets of the Company, or (iii) discontinue the employment of the existing employees of the Group, in each case, other than in the ordinary and usual course of business and/or in response to the changing market conditions."*

6. LISTING STATUS AND COMPULSORY ACQUISITION

Section 10 of the Offer Document sets out the intentions of the Offeror relating to the listing status of the Company and its rights of compulsory acquisition in respect of the Company, the full text of which have been extracted from the Offer Document and set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document. Shareholders are advised to read the extract below carefully.

"10. COMPULSORY ACQUISITION AND LISTING STATUS

10.1 Compulsory Acquisition.

- (a) *Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related corporations or their respective nominees and any person or body corporate falling within the meaning of Section 215(9A)³ of the Companies Act as at the date of the Offer), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the "**Dissenting Shareholders**") at the Offer Price ("**Compulsory Acquisition**").*
- (b) ***In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from SGX-ST. The Offeror reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention will be carried into effect.***
- (c) *Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held in treasury and Shares held by the*

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Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

10.2 Listing Status.

- (a) Pursuant to Rule 1105 of the Listing Manual upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its concert parties to above 90% of the total number of issued Shares (excluding Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances thus causing the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.*
- (b) Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of issued Shares is at all times held by the public ("Free Float Requirement"). In addition, under Rule 724(1) of the Listing Manual, if the Company fails to satisfy the Free Float Requirement, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.*

10.3 Offeror's Intentions.

It is the current intention of the Offeror to maintain the listing status of the Company on the Mainboard of the SGX-ST. In the event that the Company does not meet the Free Float Requirement at the close of the Offer and the SGX-ST suspends trading in the Shares, the Offeror intends to work together with the Company and take such steps which are necessary to restore the free float of the Company in order to maintain the listing status of the Company, including carrying out a compliance placement exercise after completion of the Offer.

However, in the event that the Offeror is entitled to exercise its right of Compulsory Acquisition as described in Section 10.1 above, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%.

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³ For the purpose of Section 10.1(a) above, any person or body corporate falling within the meaning of Section 215(9A) of the Companies Act refers to, *inter alia*:

- (a) a person who is accustomed or is under an obligation whether formal or informal to act in accordance with the directions, instructions or wishes of the Offeror in respect of the Company;
- (b) a person whose directions, instructions or wishes the Offeror is accustomed or is under an obligation whether formal or informal to act in accordance with, in respect of the Company; or
- (c) a body corporate that is controlled by the Offeror or a person mentioned in paragraph (a) or (b) above.”

7. FINANCIAL ASPECTS OF THE OFFER

Section 8 of the Offer Document sets out certain information on the financial aspects of the Offer, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

“8. FINANCIAL ASPECTS OF THE OFFER

The Offer Price represents the following premia over certain historical traded prices of the Shares as set out below:

Description	Benchmark Price¹ (S\$)	Premium over Benchmark Price (%)²
(a) VWAP for the one (1)-month period up to and including the Last Trading Day	0.127	57.5
(b) VWAP for the three (3)-month period up to and including the Last Trading Day	0.124	61.3
(c) VWAP for the six (6)-month period up to and including the Last Trading Day	0.117	70.9
(d) VWAP for the 12-month period up to and including the Last Trading Day	0.114	75.4
(e) Last traded price of the Shares on the SGX-ST on the Last Trading Day	0.135	48.1
(f) Highest closing price for the 2-year period up to the Last Trading Day	0.135	48.1
(g) Lowest closing price for the 2-year period up to the Last Trading Day	0.090	122.2

¹ The benchmark prices (rounded to the nearest three (3) decimal places) and the corresponding premia are computed based on data extracted from Bloomberg Finance L.P.

² Percentages are rounded to the nearest one (1) decimal place.”

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8. DISCLOSURE OF INTERESTS

Section 11 of the Offer Document, together with Appendix 5 and Paragraph 1 of Appendix 6 to the Offer Document set out certain information relating to disclosure of interests, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

“11. DISCLOSURE OF HOLDINGS AND DEALINGS

11.1 *Shareholdings and Dealings in Company Securities. Appendix 5 to this Offer Document sets out, based on the responses received pursuant to enquiries that the Offeror has made:*

- (a) the number of Company Securities owned, controlled or agreed to be acquired by the Offeror and its Concert Parties as at the Latest Practicable Date; and*
- (b) the dealings in the Company Securities by the Offeror and its Concert Parties during the Reference Period.*

11.2 ***No Other Holdings and Dealings in Company Securities.** Save as disclosed in this Offer Document, as at the Latest Practicable Date and based on the latest information available to the Offeror, none of the Offeror and its Concert Parties:*

- (a) owns, controls or has agreed to acquire any Company Securities, and*
- (b) has dealt for value in any Company Securities during the Reference Period.*

11.4 ***Other Arrangements in respect of Company Securities.** Save as disclosed in this Offer Document, and based on responses received pursuant to enquiries that the Offeror has made, as at the Latest Practicable Date and based on the latest information available to the Offeror, none of the Offeror and its Concert Parties has:*

- (a) entered into any arrangement (whether by way of option, indemnity or otherwise) in relation to the Offeror Shares or the Shares which might be material to the Offer, other than the Shareholders' Agreement and the Shareholder's Loan;*
- (b) granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;*
- (c) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or*
- (d) lent any Company Securities to another person.”*

LETTER TO SHAREHOLDERS

"APPENDIX 5

DISCLOSURE OF HOLDINGS AND DEALINGS IN COMPANY SECURITIES

1. HOLDINGS IN COMPANY SECURITIES

As at the Latest Practicable Date, based on responses to enquiries that the Offeror has made, the holdings of the Offeror and its Concert Parties in the Company Securities are set out below:

Name	Direct Interests		Deemed Interests		Total Interests	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Offeror and its directors						
Offeror	—	—	—	—	—	—
LCH	300,000	0.11	—	—	300,000	0.11
FM	—	—	—	—	—	—
Consortium Members						
HHH	—	—	—	—	—	—
Hanwa Singapore	—	—	—	—	—	—
AYS Singapore	—	—	—	—	—	—
Thor Capital	—	—	—	—	—	—
Concert Parties of HHH						
LAH	—	—	—	—	—	—
KL	36,000	0.01	—	—	36,000	0.01
Concert Parties of Hanwa Singapore						
Hanwa Co ⁽²⁾	82,617,982	31.61	—	—	—	—
Concert Parties of AYS Singapore						
AYS Capital	—	—	—	—	—	—
AYS	—	—	—	—	—	—
CHH	—	—	—	—	—	—
AYSG SB	—	—	—	—	—	—
Chiew Ho (L) Foundation	—	—	—	—	—	—
Oh Chiew Ho	—	—	—	—	—	—
Low Yang Leen	—	—	—	—	—	—
Oh Yung Sim	—	—	—	—	—	—
Oh Yung Wooi	—	—	—	—	—	—
Oh Yung Kwan	—	—	—	—	—	—
Oh Pooi Foon	—	—	—	—	—	—
Concert parties of Thor Capital						
LKT	—	—	—	—	—	—
LBW	—	—	—	—	—	—
Financial Adviser						
Evolve Capital Advisory Private Limited ⁽³⁾	—	—	—	—	—	—

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Notes:

- (1) The percentage shareholding interest is based on the total number of 261,360,097 issued Shares (excluding 29,039,900 Shares held in treasury) as at the Latest Practicable Date. Percentages are rounded to the nearest two (2) decimal places.
- (2) The Shares are held through Daiwa Capital Markets Singapore Limited.
- (3) Evolve Capital Advisory Private Limited is the financial adviser to the Offeror.

2. **DEALINGS IN COMPANY SECURITIES DURING THE REFERENCE PERIOD**

Based on responses to enquiries that the Offeror has made, none of the Offeror, its Concert Parties or the Directors has dealt for value in the Company Securities during the Reference Period."

"APPENDIX 6

ADDITIONAL GENERAL INFORMATION

1. **DISCLOSURE OF INTERESTS**

- 1.1 **No Indemnity Arrangements.** *To the best knowledge of the Directors as at the Latest Practicable Date, save for the Shareholder's Loan and the Shareholders' Agreement as described in Section 5.3 (Consortium Arrangements) of the Letter to Shareholders in this Offer Document, neither the Offeror nor any of its Concert Parties has entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing in the Company Securities.*
- 1.2 **No Agreement having any Connection with or Dependence upon the Offer.** *As at the Latest Practicable Date, save for the Shareholder's Loan and the Shareholders' Agreement as described in Section 5.3 (Consortium Arrangements) of the Letter to Shareholders in this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror or any of its Concert Parties and (b) any of the present or recent directors of the Company or the present or recent Shareholders having any connection with or dependence upon the Offer.*
- 1.3 **Transfer of Offer Shares.** *As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired pursuant to the Offer will or may be transferred to any other person. However, the Offeror reserves the right to transfer any of the Offer Shares to any of its related corporations or for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.*
- 1.4 **No Payment or Benefit to Directors of the Company.** *As at the Latest Practicable Date, no payment or other benefit will be made or given to any director of the Company or of any corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer.*

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- 1.5 **No Agreement Conditional upon Outcome of the Offer.** *As at the Latest Practicable Date, save for the Shareholder's Loan and the Shareholders' Agreement as described in Section 5.3 (Consortium Arrangements) of the Letter to Shareholders in this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror and (b) any of the directors of the Company or any other person in connection with or conditional upon the outcome of the Offer or otherwise connected with the Offer.*
- 1.6 **Transfer Restrictions.** *There is no restriction in the Constitution of the Company on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares before transferring them, to offer them for purchase by members of the Company or any other person.*
- 1.7 **Directors' Service Contracts.** *As at the Latest Practicable Date, there is no agreement, arrangement or understanding between the Offeror or any of its Concert Parties and any Director, whereby the emoluments received by the Directors will be affected as consequence of the Offer or any other associated relevant transaction.*
- 1.8 **No Material Change in Information.** *Save as disclosed in this Offer Document, as far as the Offeror is aware, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date."*

9. CONFIRMATION OF FINANCIAL RESOURCES

Section 12 of the Offer Document sets out certain information on the confirmation of financial resources, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

"12. CONFIRMATION OF FINANCIAL RESOURCES

Evolve Capital Advisory Private Limited, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer by the holders of the Offer Shares on the basis of the Offer Price."

10. DIRECTORS' INTERESTS

Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company Securities as at the Latest Practicable Date, are set out in paragraph 5.1(e) of Appendix II to this Circular.

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11. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

11.1. General

Shareholders should read and carefully consider the recommendation of the Independent Directors as set out in Section 12.2 of this Circular and the advice of the IFA to the Independent Directors which is set out in Appendix I to this Circular, before deciding whether to accept or reject the Offer.

11.2. Key Factors taken into consideration by the IFA

The key factors relied upon by the IFA in arriving at its advice to the Independent Directors in respect of the Offer are set out in paragraphs 7 and 8 of the IFA Letter.

Shareholders should read and carefully consider the key factors relied upon by the IFA in arriving at its advice to the Independent Directors in conjunction with, and in the context of, the full text of the IFA Letter.

11.3. Advice of the IFA to the Independent Directors

The advice of the IFA to the Independent Directors in respect of the Offer is set out in Appendix I to this Circular. Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has given its advice to the Independent Directors as set out in paragraph 9 of the IFA Letter, an extract of which is reproduced below.

Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

“9. OPINION

In arriving at our recommendation, we have reviewed and examined all factors set out in Sections 7 and 8 of this Letter as well as others elaborated elsewhere in this Letter (including the Offer Document) which we have considered to be pertinent in our assessment of the Offer, including, inter alia, the views of and representations by the Directors.

Our recommendation or opinion is by no means an indication of the merits, prospects, financial performance and position of the Company or the Group after the completion or lapse of the Offer, or whether the Company or the Group can improve their financial position and performance, and cash flow or whether the Company or the Group can continue to operate as a going concern or the ability to meet its liabilities when due or the prices at which the Shares would trade after the completion or lapse of the Offer.

Shareholders are advised to read this Letter carefully and in its entirety. Our views, recommendation and opinion are necessarily limited and subject to the matters stated in this IFA Letter. The following should be read in conjunction with, and in the context of, the full text of this IFA Letter.

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*In summary, having regard to our analysis and the considerations in this Letter (including, inter alia, its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant considerations prevailing as at the Latest Practicable Date, and subject to our terms of reference, as well as the representations and confirmations from the Directors, we are of the opinion that, in the absence of an alternative offer, the financial terms of the Offer is, on balance, **NOT FAIR** but **REASONABLE**.*

For the purposes of evaluation of the Offer from a financial point of view, we have adopted the approach that the term “fair and reasonable” comprises two distinct concepts:

- (i.) Whether the Offer is “fair” relates to the value of the offer price which is based strictly on the evaluation of the Offer Price (i.e. by, inter alia, looking at the financial or fundamental analyses of the Offer Price as set out in this Letter and based on information known to us or which is publicly available).*
- (ii.) Whether the Offer is “reasonable”, after taking into consideration the actual and potential financial impact of other circumstances surrounding the Offer and the Company or the Group which we consider relevant (being both quantitative and qualitative factors available and made known to us).*

*We consider the financial terms of the Offer, on balance to be **NOT FAIR** from a financial point of view after considering, inter alia, the analysis and the considerations in this Letter (including, inter alia, its limitation and constraints) and after taking into account the Offeror’s and the Ong Family’s intention. The following factors which are a summary of our analysis are significant for the Offer:–*

- (i.) The Group is on recovery track – revenue for the Group continued to trend upwards, and it posted a net profit of S\$2.3 million in HY2025 as compared to the losses registered in HY2024. As stated in the Group’s result announcement for HY2025, despite challenging operating conditions, the Group expects improved revenue generation in FY2025. The increase in the Group’s borrowings as at 31 March 2025 was mainly to fund the growth in revenue which more than doubled as compared to the previous comparable period. The Group’s financial position remain strong and healthy: (a) net current position improved from approximately S\$60.2 million as at 30 September 2024 to approximately S\$62.6 million as at 31 March 2025; and (b) its equity base expanded from approximately S\$74.3 million as at 30 September 2024 to approximately S\$76.6 million as at 31 March 2025 due to the plough back of earnings.*
- (ii.) The Offer Price represents a discount of approximately 31.8%, 46.8%, and 47.8% from the Group’s NAV and/or NTA, RNAV and/or RNTA, and Adjusted RNAV and/or RNTA per Share respectively.*
- (iii.) Unfavourable comparison of the Group’s valuation in terms of P/NAV (as implied by the Offer Price and the Group’s RNAV or Adjusted RNAV where applicable) against both the median and the simple average for the Selected Non-Privatisation Transactions and the Selected Successful*

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Privatisations after considering, inter alia, the shareholding of the Offeror and its Concert Parties which is lower than both the median and the simple average for the percentage of the shareholding interests of the offeror and parties acting in concert as at the start for each of the Selected Non-Privatisation Transactions and the Selected Successful Privatisations.

- (iv.) Unfavourable comparison against the Selected Steel Takeovers after considering, inter alia, the lower and less favourable valuation of the Group in terms of P/RNAV and P/Revenue.*
- (v.) The Offer Price is lower than the range of the Estimated Values per Share.*
- (vi.) As at the Latest Practicable Date, there is no indication that the Offer Price is final.*

*We consider the financial terms of the Offer, on balance to be **REASONABLE** from a financial point of view after considering, inter alia, the analysis and the considerations in this Letter (including its limitation and constraints), after taking into consideration other matters as well as the intentions of the Offeror (Section 10.3 of the Offer Document) to maintain the listing status whilst reserving their rights on exercising their compulsory acquisition rights as described in this Letter and given the number of Shares held by the Ong Family and their intentions, and the Estimated Values per Share as described in this Letter. The following factors which are a summary of our analysis are significant for the Offer:-*

- (i.) Substantial premia in general as implied by the Offer Price over the historical prices for the Shares prior to the Last Trading Day considering, inter alia: (a) the implied premium of approximately 48.1% over the last transacted price for the Shares on the Last Trading Day prior to the Offer Announcement; (b) the implied premia of approximately 57.5%, 61.3%, 70.9%, 75.4%, and 72.4% over the VWAP for the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods prior to the Last Trading Day respectively; and (c) the implied premium of approximately 48.1% over the highest transacted prices for the Shares for the 24-month period prior to the Last Trading Day. The historical premia may have been affected by, inter alia, the Company's watch-list status as described in Section 8.7 of this Letter.*
- (ii.) Favourable comparison against the Selected Non-Privatisation Transactions and the Selected Successful Privatisations in terms of premia over the historical prices. The implied premia over the last transacted price for the Shares on the Last Trading Day and the historical prices for the Shares for the 1-month, 3-month, 6-month, and 12-month periods prior to the Last Trading Day appears to be within the range and more favourable than both the median and the simple average premia for the Selected Non-Privatisation Transactions and the Selected Successful Privatisations. The historical premia may have been affected by, inter alia, the Company's watch-list status as described in Section 8.7 of this Letter.*
- (iii.) Low liquidity for the Shares (in terms of both average daily trading volume and frequency of trading) prior to the Offer Announcement. The low liquidity may have been affected by, inter alia, the Company's watch-list status as*

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described in Section 8.7 of this Letter. Counters on watch-list may suffer from reduced trading interest (including limited share financing) as some securities houses, may restrict trading, thus reducing and curbing the trading activities and liquidity for such companies.

- (iv.) Generally fair comparison against the valuation of the Selected Comparable Companies (excluding outliers) and without taking into account the values of the Appraised Assets (both without and with the Proposed Building Expansion for the Senai Property), in terms of LTM EV/EBITDA, P/NAV, P/NTA and LTM P/Revenue after taking into account, inter alia, (a) the Group's relatively weaker financial performance (in terms of LTM ROE and net profit margin) and financial position (in terms of the ratio of total borrowings to shareholders' equity) as compared to the Selected Comparable Companies; and (b) the market capitalisation of the Group as implied by the Offer Price which is lower than the median and the simple average (excluding outliers) of the Selected Comparable Companies.*
- (v.) Directors' confirmation that apart from the Offer, no other third party has made a firm offer for the Company as at the Latest Practicable Date.*
- (vi.) The Company has not carried out any other fund raising, inter alia, in the form of rights issue or placements (save for a private placement conducted in 17 September 2009 and a share subscription by Hanwa Co., Ltd. on 1 December 2014), since they were listed on the Mainboard of the SGX-ST. Accordingly, save as disclosed in this Circular or our Letter or announced via SGXNet, there are no recent records for successful transactions of Shares for comparison with the Offer save for the historical prices for which Shares were traded in the market.*
- (vii.) No dividend was declared by the Company for FY2024 and HY2025 as at the Latest Practicable Date, although Shareholders should take note of the matters raised in Section 8.2 of this Letter in relation to the Company's dividend track record.*
- (viii.) The Company had not been able to fulfil the Exit Criteria since it was put under the Watch-List in June 2018 (about 7 years ago). Despite the fact that the Company has not been directed to delist on 4 June 2025 given the interim arrangement pursuant to the SGX RegCo Consultation Paper, there is no certainty that the proposals under the SGX RegCo Consultation Paper will be put into effect, including the removal of the Watch-list from the listing regime, and the Company may be directed to delist following conclusion of the public consultation. Such directed delisting is subject to the relevant Listing Manual requirements, inter alia, that the exit offer must be fair and reasonable.*

ACA's Recommendation on the Offer

*Based on our assessment of the financial terms of the Offer as set out above, we advise the Independent Directors that they should recommend Shareholders to **ACCEPT** the Offer. However, in the event that Shareholders are able to dispose the Offer Shares in the open market and realise their investments at prices*

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higher than the Offer Price (and after considering, inter alia, related expenses), they should consider selling the Offer Shares in the open market. It should be noted that for the period commencing on the Market Day immediately after the Offer Announcement Date to the Latest Practicable Date, the transacted prices for the Shares have always been higher than the Offer Price, albeit arising from transactions by certain Director of the Company. The Offer Price represents a discount of approximately 11.1% over the last transacted price of S\$0.225 per Share on the SGX-ST on the Latest Practicable Date.

While the transacted prices for the Shares subsequent to the Offer Announcement Date have increased and may have been underpinned by the Offer and the trading for the Shares on a daily basis may have (in general) increased after the Offer Announcement Date to the Latest Practicable Date (as compared to the 24-month period prior to the Last Trading Day), there is no assurance that the trend of trading activities for the Shares will be maintained at such levels or that the transacted prices for the Shares will be maintained after the closing of the Offer.

In the event that Shareholders are concerned about the liquidity and the prices at which they can realise their investments in the Offer Shares (including whether they can realise their investments at prices higher than the Offer Price after deducting related expenses), acceptance of the Offer will provide certainty of exit at the Offer Price (with no related expenses).

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Shareholders:

- 1. If the Shareholders are considering selling their Offer Shares in the open market, they should be aware that the current market prices and trading volumes for the Shares may have been affected by the Offer and the transactions by certain Director and may not be maintained at current levels when the Offer closes. In addition, opportunities to realise the Offer Shares in the open market may be restricted or limited by the lack of liquidity for the Shares (as observed during the historical periods under review, being 15 May 2023 to the Last Trading Day).*
- 2. As at the 13 June 2025, the Offer has not been declared unconditional in all respects and is subject to the Minimum Acceptance Condition. In addition, as at the Latest Practicable Date, there has been no statement that the Offer Price is final and will not be revised.*
- 3. Whilst the possibility of a higher offer from a third party cannot be ruled out, as at the Latest Practicable Date, we are not aware of any publicly available evidence of an alternative offer for the Shares. Shareholders should note that the likelihood of an alternative take-over is not remote in view that as at 30 May 2025, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 82,953,982 Shares, representing approximately 31.74% of the total number of issued Shares. Save as disclosed, the Offeror and its*

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Concert Parties did not receive any irrevocable commitment or undertaking from any party to accept or reject the Offer.

- 4. Given the low liquidity of the Shares (in terms of number of Shares traded on daily basis and the frequency of trading in terms of number of Trading Days) during the 24 month period up to and including the Offer Announcement Date, the Offer may represent a realistic exit opportunity for the Shareholders to realise their entire investment for cash, and the Offer Price is at a substantial premia above market prices of Shares for 1-month, 3-month, 6-month, 12-month, and 24-month periods prior to the Last Trading Day. In the absence of the Offer, such an exit for all Shareholders who desire to exit, other than the Offeror and its Concert Parties may not be readily available due to the low trading liquidity for the Shares (based on the average daily trading volume of 53,635 Shares for 24-month period prior to the Last Trading Day).*
- 5. The Offeror does intend to maintain the listing status of the Company. In the event that the Company does not meet the Free Float Requirement (as defined in the Offer Document) at the close of the Offer and the SGX-ST suspends trading in the Shares, the Offeror intends to work together with the Company and take such steps which are necessary to restore the free float of the Company in order to maintain the listing status of the Company, including carrying out a compliance placement exercise after completion of the Offer.*
- 6. However, in the event that the Offeror is entitled to exercise its right of compulsory acquisition as described in Section 10.1 of the Offer Document, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%.*
- 7. Shareholders should note for themselves, inter alia, the Shareholder Letter, the Company's queries on 9 June 2025 and the replies as described in Section 8.1 of this letter. Accordingly, Independent Directors and Shareholders should note for themselves that the analysis, opinions and recommendations of this letter is necessarily limited.*
- 8. The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Group's unaudited consolidated interim financial statements for HY2025, and the Company's announcements on the SGXNet, there has been no material changes to the Group's assets, liabilities, financial position, condition and performance.*
- 9. Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, right of use assets, and investments in, inter alia, subsidiaries) or contracts entered or are about to be entered by the Company or the Group, and save for the Independent*

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Valuation Reports and Independent Valuation Summary Letters, we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered or are about to be entered into by the Group.

With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment, right of use assets, and investments in, inter alia, subsidiaries) including, inter alia, the contracts or agreements that the Group has embarked upon or are about to embark upon (where applicable) and have relied, inter alia, on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

Limitations

It should also be noted that trading of the Shares is subject to possible market fluctuations and accordingly, our advice on the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review, and also such advice, if given, would not fall within our terms of reference in connection with the Offer.

For our opinion and recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints or plans of any individual Shareholder, or group of Shareholders. As different Shareholders or groups of Shareholders would have different investment profiles and objectives, we would advise Independent Directors to recommend that any individual Shareholder or group of Shareholders who may require advice in the context of his specific investment portfolio, including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately with respect to the Offer.”

11.4. Legal Advisers

For the purposes of this Circular, Altum Law Corporation has been appointed as the legal advisers to the Company as to Singapore Law in relation to the Offer.

12. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

12.1. Independence of Directors

The Offeror had sought and obtained a ruling from the SIC confirming, *inter alia*, that Mr Yasuhiko Watanabe is exempted from making a recommendation to Shareholders in connection with the Offer as he will face irreconcilable conflicts of interest in doing so.

Mr Yasuhiko Watanabe is our Non-Executive Non-Independent Director appointed to the Board at the nomination of Hanwa Co., Ltd and is an executive officer of Hanwa Co., Ltd.

Mr Ong Tong Hai, our Chief Executive Officer and Executive Director, is a Controlling Shareholder of the Company and directly owns, as at 13 June 2025, 47,442,096 Shares, representing approximately 18.15% of the total issued Shares of the Company (excluding treasury Shares), including 9,550,000 Shares purchased by him between the period

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commencing after the date of the Offer Announcement up to and including 13 June 2025. Please refer to paragraph 5.1(f) of Appendix II to this Circular for further details of Mr Ong Tong Hai's dealings in Shares as aforesaid.

For the avoidance of doubt, Mr Ong Tong Hai's purchase of Shares in the manner as aforesaid were made in his personal capacity and he is of the view that he does not face irreconcilable conflicts of interest in making a recommendation on the Offer to Shareholders as his recommendation is in line with his intention, as stated in Paragraph 5.1(i)(b) of Appendix II to this Circular, not to accept the Offer in respect of the 47,442,096 Shares directly held by him as at 13 June 2025, and any additional Shares to be acquired by him (if applicable) prior to the expiry of the Offer Period.

Accordingly, all Directors (save for Mr Yasuhiko Watanabe) are considered to be independent for the purposes of the Offer in accordance with the Code and will be making a recommendation to Shareholders in respect of the Offer.

While Mr Yasuhiko Watanabe is exempted from making a recommendation to Shareholders on whether to accept or reject the Offer, he nevertheless assumes responsibility for the accuracy of facts stated and completeness of the information given in this Circular.

12.2. Independent Directors' Recommendation

The Independent Directors have considered carefully the terms of the Offer and the advice given by the IFA to the Independent Directors in the IFA Letter and:

- (a) In the case of the Independent Directors (other than Mr Ong Tong Hai) ("**Majority Independent Directors**"), **CONCUR** with the advice given by the IFA to the Independent Directors to recommend Shareholders to accept the Offer (as set out in Section 11.3 of this Circular and in the IFA Letter), and accordingly recommend that Shareholders **ACCEPT** the Offer. Without in any way limiting or changing the recommendations of the Majority Independent Directors, in the event that Shareholders are able to dispose of the Offer Shares in the open market and realise their investments at prices higher than the Offer Price (and after considering, *inter alia*, related expenses), they should consider selling the Offer Shares in the open market. Please refer to paragraph 9 of the IFA Letter as reproduced in Section 11.3 of this Circular for further considerations; and
- (b) In the case of Mr Ong Tong Hai, notwithstanding the advice given by the IFA to the Independent Directors in the IFA Letter, **DISAGREES** with the advice given by the IFA for the Independent Directors to recommend Shareholders to accept the Offer (as set out in Section 11.3 of this Circular and in the IFA Letter), and accordingly recommends that Shareholders **REJECT** the Offer, *inter alia*, for the following reasons:
 - (i) the offer price of S\$0.20 per Share represents a significant discount of approximately 32% to the Group's NAV of S\$0.2931 per Share as at 31 March 2025 and the NAV does not take into account the unrealised value of inventory in Malaysia and Singapore;

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- (ii) the Company recorded a profit of approximately S\$2.3 million in 1HY2025, sharply reversing the loss of approximately S\$4.9 million recorded in FY2024;
- (iii) the Offeror's main rationale for the Offer, namely that the Company is on the SGX Watch-list, is no longer valid given that SGX RegCo has issued a public consultation on 15 May 2025 proposing, inter alia, the abolishing of the SGX Watch-list from the listing regime; and
- (iv) the Offeror is a consortium made up of competitors of the Company and the Offeror has been vague in describing plans for the Company, should the Offer become unconditional, raising concerns over the Offeror's intentions behind the Offer.

As announced by the Company on 19 May 2025, the Ong Family had on 18 May 2025, through their legal representative, Nine Yards Chambers LLC, sent a letter to the Offeror's legal counsel ("**Nine Yards Letter**") to raise certain matters in relation to the Offer Announcement to the Offeror, including to seek further clarification on the Offeror's plans and intentions in relation to the Company's management and existing businesses, if the Offeror acquires more than 50% of the Shares in the Company given the Ong Family's understanding of certain information relating to the shareholders of the Offeror. The relevant extract relating to this from the Nine Yards Letter is set out below:

- "13. The shareholders of the Offeror are stated to be HHH, Hanwa Singapore, AYS Singapore, and Thor Capital (the "**Competitors**"). We note that:*
- a. HHH is an importer, exporter and stockiest of stainless steel and other high-performance metals in Singapore.*
 - b. AYS Singapore's ultimate parent company is AYS Ventures Berhad, a steel-related company listed on the Main Market of the Bursa Malaysia Securities Berhad. Further, Steelaris Pte Ltd, a subsidiary of AYS Singapore, is a distributor of steel materials based in Singapore.*
 - c. Hanwa Singapore and its parent company, Hanwa Co, are in the business of, inter alia, trading steel and various metals.*
 - d. The shareholders of Thor Capital are also indirect shareholders of HUPSteel Pte. Ltd., through their holdings in Hercules Pte. Ltd. In particular, LKT indirectly holds approximately 73.73% of the total issued and paid-up capital of HUPSteel Pte. Ltd., which is in the business of supplying and stocking industrial hardware for the oil and gas, chemical and petrochemical, energy, infrastructure, marine and other industries. A copy of the ACRA Business Profiles of HUPSteel Pte Ltd and Hercules Pte Ltd (the holding company of HUPSteel Pte Ltd) are enclosed in Annex B."*

The Company understands from Mr Ong Tong Hai that the Offeror has not responded to the Nine Yards Letter as at the date of this Circular.

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Matters to highlight

Without in any way limiting or changing the respective recommendations of the Majority Independent Directors and Mr Ong Tong Hai to Shareholders on whether to accept or reject the Offer as aforesaid, the Independent Directors wish to draw Shareholders' attention to the following matters which may affect or have some relevance to the decisions or actions of Shareholders:

- (a) Following receipt of the Nine Yards Letter, the Company had on 9 June 2025 sought clarification from the Offeror, *inter alia*, on whether it is true that some or all of the shareholders of the Offeror are (either directly or indirectly, through their related or affiliated companies) direct competitors of the Company, and if so, whether the Offeror would be able to address the potential conflicts of interest that may arise between the interests of the Company and such competitors, and/or between the interests of the Offeror and the interests of the minority shareholders of the Company, should the Offer become unconditional and the Offeror becomes the majority controlling shareholder of the Company.

The Offeror has, however, through its legal counsel, responded on the same day by stating, *inter alia*, that “*there are no requirements to address any business conflicts of interest in a take-over situation under the Singapore Code on Take-Overs and Mergers other than in relation to the Competition Act 2004 of Singapore*” and “*if a situation of business conflict arises after the take-over, this will be dealt with in accordance with the requirements of the Listing Manual, if the Company maintains its listing status.*”

The reason the Independent Directors sought clarification from the Offeror on whether there may be potential business conflicts arising should the Offeror become the majority controlling shareholder of the Company is because such potential business conflicts, if they were to arise, may have a potential impact or bearing on the manner in which the Company operates or manages its business, which may in turn have a potential impact or bearing on the Company's future outlook or prospects after the close of the Offer, and this, in the reasonable opinion of the Independent Directors, is a key pertinent point for Shareholders' consideration in deciding whether to accept or reject the Offer.

- (b) As mentioned in paragraph 5.1(i)(b) of Appendix II to this Circular, Mr Ong Tong Hai and other members of the Ong Family have indicated that they do not intend to accept the Offer in respect of the 73,067,792 Shares held by them collectively as at 13 June 2025, representing approximately 27.96% of the total issued Shares (excluding treasury Shares), or any additional Shares to be acquired by any of them (if applicable) prior to the expiry of the Offer Period.

Taking into account the Ong Family's indication of their current intentions as aforesaid, the aggregate of 82,953,982 Shares held by the Offeror and its Concert Parties as at the latest practicable date as disclosed in the Offer Document, representing approximately 31.74% of the total issued Shares (excluding treasury Shares), and that the Offeror and its Concert Parties did not receive any irrevocable commitment or undertaking from any party to accept or reject the Offer, the Offeror would need to receive, prior to the expiry of the Offer Period, valid acceptances of the Offer in respect of at least 47,726,067 Shares in order to meet the Minimum Acceptance Condition for the Offer to turn unconditional. This represents approximately 45.31% of the total issued Shares (excluding treasury Shares) held in the hands of the public Shareholders (excluding the Offeror and its Concert Parties and the Ong Family).

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As at 13 June 2025, the Offeror has not made any announcement of the Minimum Acceptance Condition having been met and/or declared the Offer unconditional in all respects.

Shareholders should note that the Offeror has not to-date declared or stated that the Offer Price is final and will not be revised, which means that the possibility of a potential revision of the Offer Price has not been foreclosed by the Offeror, and such possibility may potentially exist, *inter alia*, in the event the Minimum Acceptance Condition has not been met prior to the expiry of the Offer Period and/or there may be an alternative offer from a third party. **For the avoidance of doubt, Shareholders should note that the Offeror is not obliged to, and neither the Company nor any of the Independent Directors are aware of, or in any way suggesting or implying that a revision of Offer Price may be possible.**

- (c) Were the Company to potentially choose to privatise and/or be directed to delist and make an exit offer, under the current Listing Rules, which, for the avoidance of doubt, there are no current plans by the Company to do so, it would be a mandatory regulatory requirement that the exit offer price would have to be BOTH fair and reasonable. **For the avoidance of doubt, Shareholders should note that there are no current plans by the Company, and the Independent Directors are not in any way suggesting or implying that there are or will be any plans by the Company relating to a possible privatisation and/or delisting or exit offer exercise.**
- (d) In any event, Shareholders in considering whether to accept or reject the Offer, to retain and/or sell their Shares in the open market, either during or after the close of the Offer, should bear in mind that the current market prices and trading volumes for the Shares may have been affected by the Offer and/or the share dealings by a Director and may not be maintained at current levels when the Offer closes. There is also no assurance or certainty of there being sufficient liquidity or opportunities to sell Shares at or above the Offer Price in the open market and/or through a possible higher alternative offer from a third party.

SHAREHOLDERS SHOULD READ AND CONSIDER CAREFULLY THIS CIRCULAR, INCLUDING THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS AND THE ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER AS SET OUT IN APPENDIX I TO THIS CIRCULAR IN THEIR ENTIRETY, BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

12.3. Limitations

Shareholders should note that the IFA's advice and the recommendation of the Independent Directors should not be relied upon by any Shareholder as the sole basis for deciding whether to accept or reject the Offer. The IFA in giving its advice and the Independent Directors in making their recommendation did not have regard to the general or specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual Shareholder.

Accordingly, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his or her investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

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13. OVERSEAS SHAREHOLDERS

Section 13 of the Offer Document sets out information pertinent to Overseas Shareholders, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

“13. OVERSEAS SHAREHOLDERS

13.1 Overseas Jurisdictions. *This Offer Document does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law.*

The release, publication or distribution of this Offer Document, the Notification, the Acceptance Forms and any other formal documentation in relation to the Offer (collectively, the “Offer Documentation”) in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which any Offer Documentation is released, published or distributed should inform themselves about and observe such restrictions.

Copies of the Offer Documentation are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer would violate the laws of that jurisdiction (a “Restricted Jurisdiction”) and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

The Offer (unless otherwise determined by the Offeror and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

13.2 Overseas Shareholders. *The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions.*

For the avoidance of doubt, the Offer will be open to all Shareholders, including those to whom the Offer Documentation may not be sent.

It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas

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Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror, its related corporations, Evolve Capital Advisory Private Limited, CDP, the Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, its related corporations, Evolve Capital Advisory Private Limited, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and Evolve Capital Advisory Private Limited that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position should consult his professional adviser in the relevant jurisdiction.

13.3 ***Copies of the Notification and the relevant Acceptance Forms.*** *Where there are potential restrictions on sending the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) and the relevant Acceptance Forms to any overseas jurisdiction, the Offeror and Evolve Capital Advisory Private Limited each reserves the right not to send these documents to Overseas Shareholders in such overseas jurisdictions. Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, obtain a copy of the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) the relevant Acceptance Forms and any related documents during normal business hours and up to the Closing Date, from the office of the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632. Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror c/o the Registrar at the above-stated address to request for the Notification (containing the address and instructions for the electronic retrieval of this Offer Document and its related documents) the relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to the five (5) Market Days prior to the Closing Date. Electronic copies of the Offer Documentation may also be obtained on the website of the SGX-ST at <https://www.sgx.com>.*

13.4 ***Notice.*** *The Offeror and Evolve Capital Advisory Private Limited each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST or paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder to receive or see such announcement or advertisement."*

This Circular may not be sent to Overseas Shareholders due to potential restrictions on sending such documents to the relevant overseas jurisdictions. Any affected Overseas Shareholder may nonetheless (subject to compliance with applicable laws) download electronic copies of this Circular from the SGXNet announcement page of the Company at the following URL: <https://www.sgx.com/securities/company-announcements?pagesize=20&value=COSMOSTEEL%20HOLDINGS%20LIMITED&type=company&page=1>.

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In downloading this Circular and any related documents, each of the Overseas Shareholders represents and warrants to the Company that each of them is in full observance of the laws of the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements.

14. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 14 of the Offer Document sets out information relating to CPFIS Investors and SRS Investors, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

“14. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks (as the case may be) directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks (as the case may be) should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks accordingly (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be). Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms, CPFIS Investors and SRS Investors who validly accept the Offer will receive the Offer Price payable in respect of their Offer Shares validly tendered in acceptance of the Offer, in their respective CPF investment accounts and SRS investment accounts.”

15. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than 5.30 p.m. (Singapore time) on the Closing Date, abiding by the procedures for the acceptance of the Offer as set out in Appendix 1 to the Offer Document and in the accompanying FAA and/or FAT.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT.

16. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, its advice to the Independent Directors in relation to the Offer, the IFA Letter in Appendix I to this Circular, the IFA's Letter on Statement of Prospects in Appendix IV to this Circular and all references thereto, in the form and context in which they appear in this Circular.

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Altum Law Corporation, named as the legal advisers to the Company as to Singapore law in relation to the Offer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto, in the form and context in which they appear in this Circular.

RSM SG Assurance LLP has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Auditor's Letter on Statement of Prospects in Appendix V to this Circular, and all references thereto, in the form and context in which they appear to this Circular.

The Valuers have given and have not withdrawn their written consents to the issue of this Circular with the inclusion of their names, their respective Valuation Summary Letters as set out in Appendix VIII to this Circular, their respective Valuation Reports and all reference thereto, in the form and context in which they appear in this Circular, and the making available of their respective Valuation Summary Letters and Valuation Reports for inspection in accordance with Section 18 below.

17. DIRECTORS' RESPONSIBILITY STATEMENT

Save for (a) the recommendation of the Independent Directors to Shareholders set out in Section 12.2 of this Circular for which the Independent Directors are solely responsible, (b) the IFA Letter and IFA's Letter on Statement of Prospects for which the IFA takes responsibility, (c) the Valuation Summary Letters and Valuation Reports for which the respective Valuers take responsibility, (d) the Auditor's Letter on Statement of Prospects for which RSM SG Assurance LLP takes responsibility, and (e) information extracted from the Offer Announcement, the Offer Document, and information relating to the Offeror, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Offer, the Company, and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular (other than the IFA Letter and IFA's Letter on Statement of Prospects for which the IFA takes responsibility, the Valuation Summary Letters and Valuation Reports for which the respective Valuers take responsibility and the Auditor's Letter on Statement of Prospects for which RSM SG Assurance LLP takes responsibility) has been extracted from published or otherwise publicly available sources or obtained from a named source (including, without limitation, from the Offer Document), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

In respect of the IFA Letter, the Valuation Summary Letters, Valuation Reports, the IFA's Letter on Statement of Prospects and the Auditor's Letter on Statement of Prospects, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are fair and accurate.

LETTER TO SHAREHOLDERS

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 14 Lok Yang Way, Singapore 628633 during normal business hours, from the date of this Circular up to and including the Closing Date:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2022, FY2023 and FY2024;
- (c) the IFA Letter as set out in Appendix I to this Circular;
- (d) the unaudited condensed interim financials of the Group for 1HY2025;
- (e) the audited consolidated financial statements of the Group for FY2024 as set out in Appendix III to this Circular;
- (f) the IFA's Letter on Statement of Prospects as set out in Appendix IV to this Circular;
- (g) the Auditor's Letter on Statement of Prospects as set out in Appendix V to this Circular;
- (h) the Valuation Summary Letters as set out in Appendix VIII to this Circular;
- (i) the Valuation Reports, and
- (j) the letters of consent referred to in Section 16 of this Circular.

19. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board

Tan Siok Chin
Chairman & Non-Executive Non-Independent Director
COSMOSTEEL HOLDINGS LIMITED

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE INDEPENDENT DIRECTORS OF COSMOSTEEL HOLDINGS LIMITED

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Independent Directors (as hereinafter defined)
CosmoSteel Holdings Limited
14 Lok Yang Way
Singapore 628633

19 June 2025

VOLUNTARY CONDITIONAL CASH OFFER BY EVOLVE CAPITAL ADVISORY PRIVATE LIMITED FOR AND ON BEHALF OF 3HA CAPITAL PRIVATE LIMITED (THE “OFFEROR”) TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE SHARE CAPITAL OF COSMOSTEEL HOLDINGS LIMITED (THE “COMPANY”)

Unless otherwise defined or where the context otherwise requires, all terms used herein shall have the same meanings as defined in the circular dated 19 June 2025 (the “Circular”) issued by the Company.

1. INTRODUCTION

On 15 May 2025 (the “**Offer Announcement Date**” or the “**Announcement Date**”), Evolve Capital Advisory Private Limited announced (the “**Offer Announcement**” or the “**Announcement**”) for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer (the “**Offer**”) for all the issued and paid-up ordinary shares (the “**Shares**”) in the capital of the Company, (excluding any treasury Shares) as at the date of the Offer, including those Shares owned, controlled, or agreed to be acquired by parties acting or presumed to be acting in concert with the Offeror in connection with the Offer (collectively the “**Offer Shares**” and each, an “**Offer Share**”). The Offer for the Offer Shares will be made in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers (the “**Code**”).

On 5 June 2025, the Offeror announced that the notification containing, *inter alia*, the instructions for the electronic retrieval of the offer document dated 5 June 2025 containing the full terms and conditions of the Offer (the “**Offer Document**”) and its related documents have, on the same date, been despatched to shareholders of the Company (the “**Shareholders**”) together with the relevant forms for acceptance as defined in the Offer Document (“**Acceptance Forms**”).

Asian Corporate Advisors Pte. Ltd. (“**ACA**”), has been appointed as the independent financial adviser (the “**IFA**”) to advise the directors of the Company (the “**Directors**”), who are regarded as independent under the Code for the purposes of the Offer (the “**Independent Directors**”). We note from the Circular that the Independent Directors comprise Ms Tan Siok Chin, Mr Ong Tong Hai, Mr Ong Tiew Siam, Mr Hor Siew Fu, Mr Steven Lim Jun Xiong, and Mr Loo Cheng Guan.

This letter (the “**Letter**” or “**IFA Letter**”) and any other documents, which may be issued by ACA, in respect of the Offer, for the purpose of revising, amending or supplementing or updating (as the case may be) and setting out, *inter alia*, our views and evaluation of the financial terms of the Offer

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

and our recommendations thereon, will form part of the Circular providing, *inter alia*, details of the Offer and the recommendations of the Independent Directors with regards to the Offer. Unless otherwise defined or where the context otherwise requires, the definitions used in the Circular shall apply throughout this Letter. Certain figures and computations as enumerated or set out in this Letter are based on approximations and their accuracies are subjected to rounding.

2. TERMS OF REFERENCE

ACA has been appointed by the Company to advise the Independent Directors on the financial terms of the Offer and whether the Shareholders should accept or reject the Offer. We do not warrant the merits of the Offer other than to form a view, for the purposes of Rule 7.1 and 24.1 (b) of the Code, as to whether the financial terms of the Offer are fair and reasonable. We have confined our evaluation strictly and solely on the financial terms of the Offer and have not taken into account the commercial risks and/or merits (if any) of the Offer or their strategic merits or the future prospects of the Company and its subsidiaries (collectively, the “**Group**”) including, *inter alia*, the contracts that the Company and the Group have embarked upon or are about to embark upon (save as disclosed in the Circular and announcements on SGXNet and we have not been provided with such), or the comparison with other deals involving the issued and paid up Shares, or the investments made by the Company, or the timing or the time extended for the Offer or the timing for acceptance of the Offer in view of, *inter alia*, dividends which may have been announced or proposed or approved (as the case may be). Such evaluation or comment remains the responsibility of the Directors and the management of the Company (“**Management**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Offer Shares or assets or businesses or investments of the Group. We are therefore not addressing the relative merits of the Offer as compared to any alternative transaction that may be available to the Company (or the Shareholders), or as compared to any alternative offer that might otherwise be available in the future.

In addition, we do not express any views or opinions on the legality of the Offer or all other matters pertaining to the Offer or documents for the Offer (the Circular and the Offer Document), *inter alia*, the mechanism or the processes of acceptances, its eligibility or validity or other alternatives (if any) or the sufficiency of information or any undertakings provided or rights of compulsory acquisition under the Companies Act 1967 of Singapore (the “**Act**” or the “**Companies Act**”), or the requirement for a forecast or prospect statement or its contents (where applicable) pursuant to the Code. Our scope does not include determining the independence of the Independent Directors for the purpose of making the recommendation in respect of the Offer.

In the course of our evaluation, we have held discussions with the Directors and the Management and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors and the Management, including information contained in the Circular. We have not independently verified such information but have made such enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the accuracy and the reliability of the information used for the purposes of our evaluation. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy or completeness or adequacy of such information or the manner it has been classified or presented or the basis of any valuations which may have been included in the Circular or announced by the Company.

We have relied upon the assurance of the Directors and the Management that all statements of fact, belief, opinion, and intention made by the Directors and the Management in the Circular and this Letter, have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is made and no responsibility is accepted by us concerning the accuracy or completeness or adequacy of such information or statements of facts or belief or opinion or intention.

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at 5 June 2025 (the “**Latest Practicable Date**”), and therefore does not reflect expected financial performance after the half year or six (6) months financial period ended 31 March (“**HY**”) 2025 (“**HY2025**”) for the Group. We note that save as disclosed in this Circular and Appendix VI of this Circular, there has been no other forward statements that has been issued by the Company and neither have we been provided with any.

Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group or the Shares, irrespective of the outcome of the Offer. We are not required under our scope and terms of reference nor are we able to discuss, comment, opine, or advise on the Group’s financial performance, position and conditions after 31 March 2025 or after the completion or close of the Offer. We are therefore not expressing any view herein as to the returns that the Shareholders may have owing the Shares upon completion or close of the Offer, or on the future financial performance of the Company or the Group or the plans (if any) that the Offeror or Directors may have for the Company.

Our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance of the Company or the Group, and neither are we responsible for it. Accordingly, estimates or analysis or evaluation of the merits of the Company or the Group or the Shares in this Letter are necessarily limited, and we do not warrant or represent that it is complete or in entirety.

Our scope does not require us and we have not made any independent evaluation or appraisal of any of the Group’s assets and liabilities (including without limitation, property, plant and equipment, right of use assets, and investments in, *inter alia*, subsidiaries) or contracts entered into or to be entered into by the Group (where applicable), and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into by the Group save for:

- (a) Valuation report (“**Lok Yang Valuation Report**”) and valuation summary letter (“**Lok Yang Valuation Summary Letter**”) dated 4 June 2025 issued by Jones Lang LaSalle Property Consultants Pte Ltd (“**JLLPC**”) in respect of the market value of the Group’s leasehold property at 14 Lok Yang Way, Singapore (“**Lok Yang Property**”) as at 31 March 2025, which has been classified and accounted for as property, plant and equipment in the Group’s unaudited financial statements as at 31 March 2025;
- (b) Valuation report (“**Senai Valuation Report**”) and valuation summary letter (“**Senai Valuation Summary Letter**”) dated 18 June 2025 issued by JLL Appraisal & Property Services Sdn. Bhd. (“**JLLAP**”) in respect of the market value of the Group’s freehold properties at PTD 108306, Jalan Industri Saleng 3, Saleng, 81400 Senai, Johor Darul Takzim, Malaysia as at 31 March 2025 which has been classified and accounted for as property, plant and equipment in the Group’s unaudited financial statements as at 31 March 2025; and
- (c) Valuation report (“**Inventories Valuation Report**”) and valuation summary letter (“**Inventories Valuation Summary Letter**”) dated 4 June 2025 issued by Robert Khan & Co Pte Ltd (“**Robert Khan**” or the “**Appraised Inventory Valuer**”) in respect of the market value of the Group’s inventories for which provision has been made (the “**Appraised Inventory**”) as at 31 March 2025 which has been classified and accounted for as part of inventories in the Group’s unaudited financial statements as at 31 March 2025.

(collectively, the Lok Yang Valuation Report, Senai Valuation Report and the Inventories Valuation Report will be termed the “**Independent Valuation Reports**”, and the Lok Yang Valuation Summary Letter, Senai Valuation Summary Letter and the Inventories Valuation Summary Letter will be termed the “**Independent Valuation Summary Letters**”, and JLLPC, JLLAP and Robert Khan shall be collectively referred as “**Independent Valuers**”).

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The Independent Valuation Reports are made available for inspection and the Valuation Summary Letters are attached as Appendices to the Circular. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment, investment properties and development properties, inventories as may be applicable) including, *inter alia*, where applicable the contracts that the Group has embarked upon or are about to embark upon and have relied on the opinion of the Directors. The Directors confirm that they are aware of and satisfied with the selection of the Appraised Assets (defined later) for the valuation exercise and having reviewed the Independent Valuation Reports and the Valuation Summary Letters (*inter alia*, the assumptions, methodology used and information relied upon by JLLPC, JLLAP and Robert Khan) as a whole and individually (where applicable), they are of the opinion that the assumptions and methodology of the Independent Valuation Reports and the Valuation Summary Letters are reasonable.

The Directors are of the opinion that the values of the assets and liabilities as well as the financial performance, position, and condition of the Company and the Group as reflected in the unaudited financial statements for the Company and the Group for HY2025 are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the Group's unaudited financial statements for HY2025 to be false or misleading in any material aspect. In addition, the Directors confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact, *inter alia*, the valuation or appraisal of assets or liabilities or investments, the contracts that the Group has embarked upon or are about to embark upon, the omission of which would render those statements or information to be untrue, inaccurate, incomplete or misleading in any material aspect.

The Directors further confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, and the unaudited financial statements for the Group for HY2025, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, include general as well as company specific or industry specific conditions or sentiments or factors or levels of acceptances after the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcement(s) relevant to their consideration of the Offer which may be released by the Company and/or the Offeror after the Latest Practicable Date.

Likewise, this Letter outlines some of the matters or bases or factors or assumptions which we have used in our assessment and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in our assessment.

The Directors have jointly and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of the information and representations as provided by the Directors and contained therein. The Directors have confirmed to ACA that all material information including but not limited to plans or prospects or proposals, or the Company or Group or the transactions stipulated in the Circular or changes to its capital structure, available to them and the Management in connection with the Company, the Group, the Offer, or the Offeror or such other parties has been disclosed to ACA and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the expected future performance or future growth prospects or plans of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

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In rendering our opinion and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder. As different Shareholders would have different investment profiles and objectives, we would advise the Independent Directors to recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio, including his investment in the Company, consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matters set out in this Letter on the Offer, or the Company or the Group or the Shares which we used or may have used may differ from the relative emphasis accorded by any individual Shareholder or Independent Director, and as such Independent Directors are advised to highlight to Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter and the Circular in its entirety.

Our Letter or opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by the Independent Directors, subject to our terms of reference and the contents of this Letter, as one of the bases for their opinions or views or recommendation. In addition, any references to our Letter as one of the basis for their opinion, views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors, and bases as well as our terms of reference for this Letter.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this Letter and any extracts thereof set out in the Circular). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter and any extracts thereof set out in the Circular).

3. TERMS OF THE OFFER

The principal terms and conditions of the Offer, as extracted from Sections 2, 3 and 4 of the Offer Document, are set out in italics below. We recommend that Shareholders read the terms and conditions contained therein carefully.

“2. THE OFFER

2.1 Offer. *Evolve Capital Advisory, for and on behalf of the Offeror, hereby makes the Offer to acquire all the Offer Shares in accordance with Section 139 of SFA and Rule 15 of the Code and on the terms and subject to the conditions set out in this Offer Document, the FAA and the FAT.*

2.2 Offer Shares. *For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all the Shares, including any Shares owned, controlled or agreed to be acquired by the Concert Parties (all such Shares, the “Offer Shares”).*

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2.3 **Offer Price.** *The consideration for each Offer Share is as follows:*

<i>For each Offer Share: S\$0.20 in cash (the “Offer Price”)</i>

2.4 **No Encumbrances.** *The Offer Shares are to be acquired (a) fully paid, (b) free from Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and hereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.*

In the event of any such Distributions on or after the Offer Announcement Date, the Offeror reserves the right to reduce the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer by the amount of such Distribution.

2.5 **Minimum Acceptance Condition.** *The Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with any Offer Shares owned, controlled, acquired or agreed to be acquired by the Offeror and its Concert Parties before or during the Offer but otherwise than through acceptances of the Offer, will result in the Offeror and its Concert Parties holding more than 50% of the total number of issued Shares (excluding any Shares held in treasury) as at the close of the Offer (the “Minimum Acceptance Condition”).*

Save for the Minimum Acceptance Condition, the Offer will be unconditional in all other respects.

2.6 **Warranty.** *A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.*

3. **FURTHER DETAILS OF THE OFFER**

Appendix 2 to this Offer Document sets out further details on:

- (a) *the duration of the Offer;*
- (b) *the settlement of the consideration for the Offer;*
- (c) *the requirements relating to the announcement(s) of the level of acceptances of the Offer; and*
- (d) *the right of withdrawal of acceptances of the Offer.*

4. **PROCEDURES FOR ACCEPTANCE**

Appendix 1 to this Offer Document sets out the procedures for acceptance of the Offer by a Shareholder.”

4. **INFORMATION ON THE OFFEROR**

Information and additional general information on the Offeror are set out in Section 5, as well as Appendix 3 of the Offer Document respectively.

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5. INFORMATION ON THE COMPANY

Information and additional general information on the Company are set out in Section 6 and Appendix 4 of the Offer Document, as well as Appendix II to the Circular.

6. THE RATIONALE FOR THE OFFER, INTENTION OF THE OFFEROR AND THE LISTING STATUS

The rationale for the Offer, the Offeror's intentions for the Company and the listing status and compulsory acquisition are stated in Section 7, Section 9 and Section 10 of the Offer Document and had been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Offer Document, unless otherwise stated.

“7. RATIONALE FOR THE OFFER

7.1 ***Opportunity for Shareholders who are not prepared to bear the risks associated with the Company to realise their investment in cash.** The Company was placed on the watch-list under the financial entry criteria (“**Watch-list**”) pursuant to Rule 1311 of the Listing Manual on 5 June 2018 as it recorded pre-tax losses for the then three (3) most recently completed consecutive financial years (based on the audited full year consolidated accounts of the Company) and an average daily market capitalisation of less than S\$40 million over the last six (6) months prior to 1 June 2018. The Company remains on the Watch-list as at the Latest Practicable Date as the Company did not meet the exit criteria pursuant to Rule 1314 of the Listing Manual (the “**Exit Criteria**”) read with Practice Note 13.2 (Watch-List) as at 31 December 2024. As announced by the Company on 12 June 2024, the Company has obtained an extension of time up to 4 June 2025 to meet the Exit Criteria, failing which the SGX-ST may either remove the Company from the Official List or suspend trading of the listed Shares of the Company (without the agreement of the Company) with a view to removing the Company from the Official List.*

*On the Offer Announcement Date, SGX RegCo issued a public consultation paper on, inter alia, the removal of Watch-list from the listing regime (“**SGX RegCo Consultation Paper**”). Pending the conclusion of this consultation, SGX RegCo will provisionally suspend the half-yearly reviews to place issuers on the Watch-list. In the interim, issuers that are currently on the Watch-list will not be directed to delist, regardless of their inability to exit the Watch-list in accordance with the requisite criteria in Rules 1315 and 1316 of the Listing Manual. The Company had on 19 May 2025 announced that it will not be directed to delist on 4 June 2025 irrespective of its ability to meet the Exit Criteria by such date, although the Company remains on the Watch-list in the interim.*

There is no certainty that the proposals under the SGX RegCo Consultation Paper will be put into effect, including the removal of the Watch-list from the listing regime, and the Company may be directed to delist following conclusion of the public consultation.

Shareholders who are not prepared to bear the aforesaid risks associated with the Company will benefit from the clean cash exit opportunity provided through the Offer.

7.2 ***Opportunity for Shareholders to realise their investment in the Shares at a premium to historical traded prices of the Shares without incurring brokerage costs.** As set out in Section 8 (Financial Aspects of the Offer) below, the Offer Price represents:*

- (a) a premium of approximately 48.1% over the last traded price per Share of S\$0.135 on the Last Trading Day.*
- (b) a premium of approximately 57.5%, 61.3%, 70.9% and 75.4% over the VWAP per Share for the one (1)-month, three (3)-month, six (6)-month, and 12-month periods, respectively, up to and including the Last Trading Day.*

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The Offer presents Shareholders with a clean cash exit opportunity to realise their entire investment in the Shares at a premium over the historical traded prices of the Shares without incurring brokerage and other trading costs.

- 7.3 Opportunity for Shareholders who may find it difficult to exit their investment in the Company due to low trading liquidity.** *The historical trading volume of the Shares has been generally low. The average daily trading volume of the Shares during the one (1)-month, three (3)-month, six (6)-month, and 12-month periods up to and including the Last Trading Day are set out in the table below:*

Description	Average daily trading volume⁽¹⁾	Average daily trading volume as a percentage of total number of issued Shares(%)⁽²⁾
<i>One (1)-month period up to and including the Last Trading Day</i>	<i>168,153</i>	<i>0.06</i>
<i>Three (3)-month period up to and including the Last Trading Day</i>	<i>162,458</i>	<i>0.06</i>
<i>Six (6)-month period up to and including the Last Trading Day</i>	<i>121,839</i>	<i>0.05</i>
<i>12-month period up to and including the Last Trading Day</i>	<i>75,346</i>	<i>0.03</i>

Notes:

- (1) *The average daily trading volume is computed based on data extracted from Bloomberg Finance L.P. using the total volume of Shares traded divided by the number of Market Days with respect to the relevant period up to and including the Last Trading Day.*
- (2) *Calculated using the average daily trading volume divided by the total number of issued Shares (excluding any Shares held in treasury).*

9. THE OFFEROR'S INTENTIONS RELATING TO THE COMPANY

- 9.1** *The Offeror intends for the Company to continue to develop and grow the existing businesses of the Group. The Offeror and the Company will continue to review, from time to time, the operations of the Group as well as the Company's strategic options. The Offeror retains and reserves the right and flexibility at any time and from time to time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Offeror and/or the Company.*

- 9.2** *Save as disclosed above, the Offeror has no current intentions to (i) introduce any major changes to the existing business of the Company, (ii) re-deploy the fixed assets of the Company, or (iii) discontinue the employment of the existing employees of the Group, in each case, other than in the ordinary and usual course of business and/or in response to the changing market conditions.*

10. COMPULSORY ACQUISITION AND LISTING STATUS

10.1 Compulsory Acquisition.

- (a) *Pursuant to Section 215(1) of the Companies Act, if the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period when the Offer is open for acceptance) in respect of not less than 90% of the total number of issued Shares (other than those already held by the Offeror, its related*

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corporations or their respective nominees and any person or body corporate falling within the meaning of Section 215(9A)¹ of the Companies Act as at the date of the Offer), the Offeror would be entitled to exercise its right to compulsorily acquire all the Shares of Shareholders who have not accepted the Offer (the “**Dissenting Shareholders**”) at the Offer Price (“**Compulsory Acquisition**”).

- (b) **In such event, the Offeror intends to exercise its right to compulsorily acquire all the Offer Shares not acquired under the Offer. The Offeror will then proceed to delist the Company from SGX-ST.** The Offeror reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention will be carried into effect.
- (c) Dissenting Shareholders have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares at the Offer Price in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Offer, such number of Shares which, together with the Shares held in treasury and Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares. Dissenting Shareholders who wish to exercise such rights are advised to seek their own independent legal advice.

10.2 Listing Status.

- (a) Pursuant to Rule 1105 of the Listing Manual upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its concert parties to above 90% of the total number of issued Shares (excluding Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances thus causing the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.
- (b) Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of issued Shares is at all times held by the public (“**Free Float Requirement**”). In addition, under Rule 724(1) of the Listing Manual, if the Company fails to satisfy the Free Float Requirement, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

¹ For the purpose of Section 10.1(a) above, any person or body corporate falling within the meaning of Section 215(9A) of the Companies Act refers to, *inter alia*:

- (a) a person who is accustomed or is under an obligation whether formal or informal to act in accordance with the directions, instructions or wishes of the Offeror in respect of the Company;
- (b) a person whose directions, instructions or wishes the Offeror is accustomed or is under an obligation whether formal or informal to act in accordance with, in respect of the Company; or
- (c) a body corporate that is controlled by the Offeror or a person mentioned in paragraph (a) and (b) above.

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10.3 Offeror's Intentions.

It is the current intention of the Offeror to maintain the listing status of the Company on the Mainboard of the SGX-ST. In the event that the Company does not meet the Free Float Requirement at the close of the Offer and the SGX-ST suspends trading in the Shares, the Offeror intends to work together with the Company and take such steps which are necessary to restore the free float of the Company in order to maintain the listing status of the Company, including carrying out a compliance placement exercise after completion of the Offer.

However, in the event that the Offeror is entitled to exercise its right of Compulsory Acquisition as described in Section 10.1 above, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%."

7. FINANCIAL ASSESSMENT OF THE OFFER

In assessing the terms of the Offer from a financial point of view, we have considered the following pertinent factors as well as others in this Letter, which we consider will have a significant bearing on our assessment:

- (i) historical financial performance and position of the Group;
- (ii) analysis of the Group's net asset value ("**NAV**") and net tangible assets ("**NTA**");
- (iii) market quotation and trading activities for the Shares;
- (iv) comparisons with other successful comparable transactions for companies listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**");
- (v) relative valuation analysis; and
- (vi) such other relevant considerations which have significant bearing on our assessment.

These factors are discussed in detail in the ensuing sections.

As at the Latest Practicable Date, we note from Appendix II to the Circular that as at the Latest Practicable Date, the Company has an issued and paid-up Share capital of S\$59,508,467, comprising 261,360,097 issued Shares (excluding 29,039,900 treasury Shares). The issued Shares are listed and quoted on the Main Board of the SGX-ST. In addition, as at the Latest Practicable Date, no new Shares have been issued by the Company since 31 March 2025.

As at the Latest Practicable Date, the Company has no outstanding instruments convertible into, rights to subscribe for and options or derivatives in respect of, the Shares or securities carrying voting rights in the Company, and the Company has not entered into any agreement for the issue of such options, derivatives, warrants or other securities which are instruments convertible into Shares or securities carrying voting rights in the Company.

In our assessment of the Offer, we have applied certain valuation ratios for the purposes of evaluating the fairness and reasonableness of the Offer Price. A brief description of such valuation ratios are as follows-

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- | | | |
|-------|---------------------------------------|---|
| (i) | EV/EBITDA | <p>“EV” or “Enterprise Value” is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long-term debts less its cash and cash equivalents. “EBITDA” stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures’ income but excluding exceptional items.</p> <p>The “EV/EBITDA” multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges or accounting policies. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.</p> |
| (ii) | Price-to-Earnings (“PER”) | <p>The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company’s shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.</p> |
| (iii) | Price-to-NTA (“P/NTA”) | <p>The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its asset backing as measured in terms of its NTA value.</p> <p>The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.</p> |
| (iv) | Price-to-NAV (“P/NAV”) | <p>The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value.</p> <p>The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.</p> |
| (v) | Price-to-Revenue (“P/Revenue”) | <p>The P/Revenue ratio is the ratio of a company’s market capitalisation relative to its sales/revenue. The P/Revenue ratio does not take into account the profitability of a company.</p> |

In assessing the financial terms of the Offer, we have taken into account the following pertinent factors (as well as others in this Letter), which we consider will have a significant bearing on our assessment.

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7.1 HISTORICAL FINANCIAL PERFORMANCE AND POSITION OF THE GROUP

The Group's business profile

The Group sources, stocks and distributes steel-related components (*inter alia*, plates, flanges and pipes) for customers in various industries such as (i) oil and gas, engineering, construction, petrochemical, power ("**Energy**"); (ii) shipbuilding and repair ("**Marine**"); (iii) manufacturing and pharmaceutical ("**Others**") as well as (iv) traders ("**Trading**").

The following are extracts from the audited consolidated financial statements of the Group for the financial years ended 30 September 2022 ("**FY2022**"), 30 September 2023 ("**FY2023**") and 30 September 2024 ("**FY2024**"), as well as the unaudited consolidated interim financial statements of the Group for HY2025 and for the 6-month period ended 31 March 2024 ("**HY2024**").

The following summary or extracts should be read in conjunction with the full text of the results announcements and annual reports of the Group in respect of the relevant financial years including the notes thereto.

Summary of consolidated income statements

Figures in S\$'000 ⁽¹⁾	Unaudited HY2025	Unaudited HY2024	Audited FY2024	Audited FY2023	Audited FY2022
Revenue	71,545	35,540	71,985	83,448	46,083
Gross profit	6,831	4,935	9,469	13,188	11,048
Profit / (loss) before tax	2,276	(1,481)	(5,077)	3,069	2,370
Profit / (loss) after tax	2,272	(1,338)	(4,888)	2,805	2,279

Notes:

(1) Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding.

(i) Financial performance for HY2025 and HY2024

The Group recorded an increase in revenue by more than two folds from approximately S\$35.5 million for HY2024 to approximately S\$71.5 million for HY2025, which was due to an increase in contribution across all segments. Geographically, the main contributors of the Group's revenue for HY2025 were Singapore (71.4%), Vietnam (11.4%) and Uzbekistan (10.3%).

The Group's gross profit increased by approximately 38.4%, from approximately S\$4.9 million in HY2024 to approximately S\$6.8 million in HY2025. However, the corresponding gross profit margin decreased from approximately 13.9% in HY2024 to approximately 9.5% in HY2025.

The Group generated a profit before tax of approximately S\$2.3 million for HY2025 as compared to a loss before tax of approximately S\$1.5 million for HY2024 mainly due to (a) increases in both revenue and gross profit; (b) other gains of approximately S\$1.4 million in HY2025 (comprising mainly foreign exchange transaction and translation gains of approximately S\$1.2 million, and reversal of write-down of inventories of approximately S\$0.1 million); and (c) lower depreciation of property, plant and equipment ("**PPE**").

As a result, the Group recorded a profit after tax of approximately S\$2.3 million for HY2025 as compared to a loss after tax of approximately S\$1.3 million for HY2024.

(ii) Financial performance for FY2024 and FY2023

The Group recorded a decline in revenue from approximately S\$83.4 million in FY2023 to approximately S\$72.0 million for FY2024, mainly due to a decline in revenue and contribution from the Energy and Trading segments, which was partially offset by an increase in revenue and contribution

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from Marine and Others segments. Geographically, the main contributors of the Group's revenue for FY2024 were Singapore (50.7%), Vietnam (28.1%), and Brunei (10.2%).

The Group's gross profit declined by approximately 28.2%, from approximately S\$13.2 million in FY2023 to approximately S\$9.5 million in FY2024. Likewise, the corresponding gross profit margin declined from approximately 15.8% in FY2023 to approximately 13.2% in FY2024.

The Group recorded a loss before tax of approximately S\$5.1 million for FY2024 as compared to a profit before tax of approximately S\$3.1 million for FY2023 due to (a) declines in both revenue and gross profit; (b) higher foreign exchange transaction and translation loss of approximately S\$2.0 million; and (c) allowance for impairment of inventories of approximately S\$1.0 million (FY2023: reversal for impairment of inventories of approximately S\$2.7 million).

As a result, the Group recorded a loss after tax of approximately S\$4.9 million for FY2024 as compared to a profit after tax of approximately S\$2.8 million for FY2023.

(iii) Financial performance for FY2023 and FY2022

The Group recorded an increase in revenue from approximately S\$46.1 million in FY2022 to approximately S\$83.4 million for FY2023, mainly due to higher contribution from the Energy, Marine and Others segments, which was partially offset by lower contribution from the Trading segment.

The Group's gross profit increased by approximately 19.4%, from approximately S\$11.0 million in FY2022 to approximately S\$13.2 million in FY2023. However, the corresponding gross profit margin declined from approximately 24.0% in FY2022 to approximately 15.8% in FY2023.

The Group recorded a profit before tax of approximately S\$3.1 million for FY2023 as compared to a profit before tax of approximately S\$2.4 million for FY2022 due mainly to increases in both revenue and gross profit, which were partially offset by (a) foreign exchange transaction and translation loss of approximately S\$0.8 million (FY2022: gain of approximately S\$0.7 million); and (b) higher finance costs.

As a result, the Group recorded a profit after tax of approximately S\$2.8 million for FY2023 as compared to a profit after tax of approximately S\$2.3 million for FY2022.

Summary of consolidated statements of financial position

Figures in S\$'000 ⁽¹⁾	Unaudited HY2025
Non-current assets	21,872
Current assets	110,999
Non-current liabilities	7,835
Current liabilities	48,441
Total borrowings ⁽²⁾	46,345
Shareholders' equity	76,595
Net current assets ⁽³⁾	62,558

Notes:

(1) Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding.

(2) The total borrowings comprised of trust receipts, bills payables, as well as both short-term and long-term bank loans.

(3) Net current assets are defined as current assets less current liabilities.

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(iv) Assets and liabilities

As at 31 March 2025, the Group's total assets amounted to approximately S\$132.9 million, comprising non-current assets of approximately S\$21.9 million and current assets of approximately S\$111.0 million.

The main components of non-current assets are PPE of approximately S\$17.3 million, trade and other receivables of approximately S\$3.4 million, as well as right-of-use assets of approximately S\$1.2 million. The PPE represents approximately 13.0% of total assets.

Current assets consisted mainly of trade and other receivables of approximately S\$71.9 million, inventories of approximately S\$22.8 million, assets held for sale of approximately S\$9.7 million, cash and cash equivalents of approximately S\$6.0 million, as well as non-financial and financial assets of approximately S\$0.3 million and S\$0.2 million respectively. The trade and other receivables, and inventories represent approximately 54.1% and 17.2% of total assets respectively.

As at 31 March 2025, the Group's total liabilities of approximately S\$56.3 million, the bulk of which is current liabilities of approximately S\$48.4 million, comprising mainly of loans and borrowings of approximately S\$38.7 million, trade and other payables of approximately S\$8.4 million, liabilities associated with assets held for sale of approximately S\$0.7 million, other non-financial liabilities of approximately S\$0.4 million, as well as lease liabilities of approximately S\$0.2 million.

Non-current liabilities comprised primarily of loans and borrowings of approximately S\$6.3 million, lease liabilities of approximately S\$1.1 million and provisions amounting to approximately S\$0.3 million.

(v) Net current assets, shareholders' equity, and gearing

The Group was in net current assets position of approximately S\$62.6 million as at 31 March 2025.

The Group's equity amounted to approximately S\$76.6 million as at 31 March 2025, which comprised mainly of share capital of approximately S\$56.3 million, retained earnings of approximately S\$18.7 million and other reserves of approximately S\$5.8 million, partially offset by treasury shares amounting to S\$4.2 million.

The Group's total borrowing over equity stood at 0.6 times as at 31 March 2025.

Summary of consolidated statements of cash flows

Figures in S\$'000 ⁽¹⁾	Unaudited HY2025	Unaudited HY2024	Audited FY2024	Audited FY2023	Audited FY2022
Net cash flows (used in) / generated from operating activities	(22,632)	(479)	(11,155)	(3,598)	4,109
Net cash flows (used in) investing activities	(608)	(5,938)	(6,479)	(1,816)	(2,869)
Net cash flows generated from / (used in) financing activities	14,804	2,867	13,528	(972)	(8,894)
Net changes in cash and cash equivalents	(8,436)	(3,550)	(4,106)	(6,386)	(7,654)
Cash and cash equivalents at the end of financial year	5,967	14,959	14,403	18,509	24,895

Notes:

- (1) Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding.

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(vi) Net cash flow from operating activities

The Group registered net cash outflow from operating activities during the period reviewed (save for FY2022). This was supplemented by net cash inflow from financing activities to sustain the Group's operations.

The Group incurred net cash outflow from operating activities of approximately S\$22.6 million for HY2025, which was attributed to the Group's operating cash inflows before changes in working capital and decline in inventories, which was offset by a significant increase in trade and other receivables as well as a decline in trade and other payables.

The Group incurred net cash outflow from operating activities of approximately S\$11.2 million for FY2024, which was attributed to the Group's operating cash outflow before changes in working capital and a significant increase in trade and other receivables, partially offset by an increase in trade and other payables.

The Group incurred net cash outflow from operating activities of approximately S\$3.6 million for FY2023, which was attributed to the Group's operating cash inflow before changes in working capital and inventory decline, offset by increase in trade and other receivables.

The Group generated net cash flows from operating activities of approximately S\$4.1 million for FY2022, which was attributed to the Group's operating cash inflows before changes in working capital, the decline in inventories and the increase in trade and other payables, partially offset by the increase in trade and other receivables.

(vii) Outlook

In the Group's results announcement for HY2025, the Company stated the following commentary on the significant trends and competitive conditions of the industry in which the Group operates and factors or events that may affect the Group in the next reporting period and the next 12 months:

"Despite challenging operating conditions, the Group expects improved revenue generation in FY2025. Profit margins are still expected to face pressure as the Group maintains its competitive position. The Group's financial performance is affected by foreign exchange fluctuations, particularly between the United States dollar and Singapore dollar, which can result in both transaction and translation gains or losses.

The Group hopes to strengthen its sales and expand its markets in Vietnam, particularly in view of the Company's proposed investment in SRE. At the same time, the Company will continue to pursue new markets such as Central Asia and customers and enhance revenue generation, in terms of quantum and stability, inter alia, by growing its sources of recurring income, including through offerings of non-steel product categories".

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7.2 ANALYSIS OF THE GROUP'S NAV AND NTA

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company or the group in their existing condition, after deducting the sum of all liabilities of the company or the group and minorities' interests (or non-controlling interests). The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or the group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company or group may provide an estimate of the value of a company or a group assuming the hypothetical sale of all its assets (including but not limited to any property, plant and equipment, intangible assets, land use rights, goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest (or non-controlling interests) and the obligations of the company or the group, with the balance to be distributed to its shareholders. However, the NAV based approach does not take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. In addition, it does not illustrate the values at which assets may actually be realised or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company or the group in their existing condition, after deducting the sum of all liabilities of the company or the group, minority interests (or non-controlling interests), and intangible assets of the company or the group. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or the group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company or group may provide an estimate of the value of a company or a group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interests (or non-controlling interests) and the obligations of the company or the group, with the balance to be distributed to its shareholders. However, the NTA based approach does not take into account or consideration of the presence of any intangible assets including but not limited to (where applicable) goodwill, trademarks and brand names, nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values of which assets may actually be realised or disposed of.

NAV and NTA of the Group

In assessing the Offer Price of S\$0.20 for each Offer Share, in relation to the NAV and NTA per Share of the Group as at 31 March 2025, we have reviewed the unaudited consolidated interim statement of financial position of the Group as at 31 March 2025 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the unaudited consolidated interim statement of financial position of the Group as at 31 March 2025, the Company's announcements on the SGXNet and the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited consolidated interim statement of financial position as at 31 March 2025 in accordance with Singapore Financial Reporting Standards (International), and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Group as at the Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, there were, *inter alia*, no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Group as at 31 March 2025, save as disclosed in the unaudited consolidated interim financial statements of the Group as at 31 March 2025 and the Circular. In addition, the Directors are of the opinion that save as disclosed in the Circular, the values of the assets (other than those for which valuation has been conducted, where

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applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited consolidated interim financial statements of the Group as at 31 March 2025 are true and fair. Lastly, the Directors confirmed that, to the best of their knowledge or belief after making due and careful enquiries, such information is true, complete and accurate in all respects, and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete or misleading in any respect.

Unaudited Consolidated Interim Statement of Financial Position for the Group as at 31 March 2025⁽¹⁾		S\$'000
<u>Non-Current Assets</u>		
PPE		17,272
Right-of-use assets		1,187
Trade and Other Receivables		3,350
Deferred Tax Assets		63
		21,872
<u>Current Assets</u>		
Inventories		22,847
Trade and Other receivables		71,894
Financial Assets		246
Other Non-Financial assets		327
Cash and Cash Equivalents		5,967
Assets Held For Sale		9,718
		110,999
<u>Non-Current Liabilities</u>		
Provisions		374
Loans and borrowings		6,347
Lease liabilities		1,114
		7,835
<u>Current Liabilities</u>		
Trade and other payables		8,448
Loans and borrowings		38,702
Lease liabilities		182
Other Non-Financial Liabilities		379
Liabilities Directly Associated With Assets Held For Sale		730
		48,441
NAV as at 31 March 2025		76,595
Less: Intangible asset		-
NTA as at 31 March 2025		76,595
NAV and/or NTA per Share (S\$)⁽²⁾		0.293
Offer Price (S\$)		0.200
Discount of the Offer Price from the Group's NAV and/or NTA per Share (%)		(31.8)%

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Notes:

- (1) *The figures above are based on the Group's unaudited consolidated interim financial statements for HY2025. Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding.*
- (2) *Figures are computed based on the Company's issued Share capital of 261,360,097 Shares as at the Latest Practicable Date.*

From the above table, we note that the Group had NAV and/or NTA as at 31 March 2025 of approximately S\$76.6 million (or approximately S\$0.293 per Share based on the Company's existing issued Share capital as at the Latest Practicable Date). The Offer Price represents a discount of approximately 31.8% from the Group's NAV and/or NTA per Share as at 31 March 2025.

Revalued NAV ("RNAV") and Revalued NTA ("RNTA")

In our evaluation of the Offer Price, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which are recorded in the unaudited consolidated interim statements of financial position of the Group as at 31 March 2025.

For the purposes of the Offer, the Company had commissioned the Independent Valuers to determine the market value of:

- (a) The Lok Yang Property, which has been classified and accounted for as property, plant and equipment in the Group's unaudited consolidated interim financial statements as at 31 March 2025;
- (b) The Senai Property, which has been classified and accounted for as property, plant and equipment in the Group's unaudited consolidated interim financial statements as at 31 March 2025; and
- (c) The Group's Appraised Inventory as at 31 March 2025,

(collectively, the above assets which are subject to valuation will be termed the "**Appraised Assets**").

Shareholders should note and review carefully the contents of Independent Valuation Reports (which are made available for inspection) and the Independent Valuation Summary Letters (which are set out as Appendix VIII of the Circular) in its entirety including the assumptions made and the basis for the assumptions.

The Directors represented and confirmed that:

- (i) Each of the Independent Valuers has no present or contemplated interest in any of the Appraised Assets which are the subject of the relevant valuation reports and are independent.
- (ii) The directors and substantial shareholders of each of the Independent Valuers are not related to the Company, its subsidiaries, Directors and substantial Shareholders, the Offeror and his Concert Parties and, where applicable, their respective directors or substantial shareholders.
- (iii) Each of the Independent Valuers has no other dealings in relation to the Shares, and Appraised Assets save for the valuation of the relevant Appraised Assets undertaken by each of them for the Company.
- (iv) The Directors have considered the track record and credentials of each of the Independent Valuers and believe that the valuation conducted by each of the Independent Valuers were conducted independently by qualified and competent valuation professionals in accordance to the relevant standards.

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- (v) The Directors having reviewed the Independent Valuation Reports and the Independent Valuation Summary Letters issued by each of the Independent Valuers (*inter alia*, the assumptions, estimates, methodology used, and information relied upon by each of the Independent Valuers) as a whole and for which they have relied on to provide the relevant estimates in this Section and in this Letter, are of the opinion that the assumptions and methodology used by each of the Independent Valuers, as well as the valuation conclusion and limitation(s) as disclosed in each of the Independent Valuation Reports and the Independent Valuation Summary Letters are reasonable, satisfactory and acceptable. The Directors are of the view that the estimated values of each of the Appraised Assets, as at the Latest Practicable Date would not be materially different from that as at the valuation dates for their respective Independent Valuation Reports and the Independent Valuation Summary Letters, and that the Appraised Assets of the Group are fairly stated. The potential tax liabilities that may be incurred by the Company on the hypothetical disposal of the Appraised Assets is approximately S\$4.5 million based on the relevant exchange rate as at the valuation date (where applicable). However, the aforesaid tax liabilities will not crystallise if no disposal takes place. As at the Latest Practicable Date, we understand that the Company has no immediate plans to dispose of the Appraised Assets and accordingly, the aforesaid tax liabilities are not likely to arise.
- (vi) The Directors are aware of and satisfied with the selection of the Appraised Assets for the valuation exercise and the valuation dates for each of the respective Appraised Assets. The Appraised Assets accounted for approximately 15.7% of the Group's total assets of approximately S\$132.9 million as at 31 March 2025. The remaining assets which are not subject to valuation as described in this Section accounted for approximately 84.3% of the Group's total assets as at 31 March 2025 (with trade and other receivables of approximately S\$75.2 million in aggregate or approximately 56.6% of the Group's total assets as at 31 March 2025). As at the Latest Practicable Date, on an aggregate basis, there are no material differences between the estimated market value of all the Group's assets for which no valuation was obtained, and their respective book values.
- (vii) To the best of their knowledge and belief, as at the Latest Practicable Date, save as disclosed in the unaudited consolidated interim financial statements of the Group as at 31 March 2025, the announcements released by the Company on the SGXNet and the Circular, there have been no known material events that have or will have material impact on the unaudited consolidated interim statement of financial position of the Group, *inter alia*, assets and liabilities of the Group, since 31 March 2025.
- (viii) As at the Latest Practicable Date, save as disclosed in this Letter or the Circular, the Directors have confirmed that there has been no intention to dispose of any of the assets and PPE owned by the Group and as at the Latest Practicable Date, and there has been no firm offer for any of the PPE and/or for the Lok Yang Property, the Senai Property and the Appraised Inventory (which are the subject of valuation) owned by the Group. As such, the aforesaid tax liabilities, if any, in respect of the Appraised Assets are not likely to crystallise.

We have not made any independent evaluation or appraisal of the Group's assets and with respect to such valuation, we are not experts in the evaluation or appraisal of the Appraised Assets and have relied on the opinion of and confirmation from the Directors as set out above.

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Information on the Appraised Assets

Directors and the Management have represented that the Appraised Assets with an aggregate net book value attributable to the Group of approximately S\$20.8 million as at 31 March 2025 accounted for approximately 15.7% of the Group's total assets of approximately S\$132.9 million as at 31 March 2025.

A summary of the Appraised Assets, their valuation methods, valuation dates, as well as the respective book and market values as at 31 March 2025 is disclosed below.

Description of Assets	Valuation method	Valuation Date	Net book value as at 31 March 2025 (S\$'000) ⁽¹⁾	Market value as at respective valuation dates (S\$'000) ⁽¹⁾
Lok Yang Property – comprises a single-storey factory and a part 1/ part 3-storey factory building located along Lok Yang Way, at its junction with Second Lok Yang Road. Tenure: 60 years lease commencing from 16 June 1972 (balance tenure of approximately 7.2 years).	Direct comparison method and counter-check with income approach	31 March 2025	7,484	7,500
Senai Property – comprises a single storey detached warehouse with an annexed three-storey office building and other ancillary buildings. Tenure: freehold. Approximately 2 years from the issuance of Certificate of completion and compliance dated 5 April 2023.	Comparison method on "as-is" basis	31 March 2025	7,010	7,115 ⁽²⁾
Appraised Inventory	Cost approach	31 March 2025	6,324	32,332
Total			20,818	46,947

Notes:

- (1) Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding.
- (2) Converted into S\$ pursuant to the exchange rate of S\$1:RM3.30578 based on the relevant exchange rate as at the valuation date.

The Directors and the Management represented that the Company has previously considered the construction of additional warehouse space of approximately 100,000 sq. ft on the unutilised land of the Senai Property, as disclosed to Shareholders in the Circular to Shareholders dated 6 October 2023 to seek Shareholders' approval for the acquisition of the Senai Property, JLLAP was also asked to consider the valuation of the Senai Property on the assumption of a proposed building expansion ("**Proposed Building Expansion**") for the Senai Property that would include one (1) unit of store yard and three (3) units of warehouse with a total gross floor area of approximately 10,651.52 sq. m. (114,652 sq. ft.).

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Based on quotations received from potential contractors, the estimated construction cost for the Proposed Building Expansion is approximately RM9.25 million (or approximately S\$2.8 million). Directors and the Management have confirmed that as at the Latest Practicable Date that: (a) there is no certainty or assurance that the Company will proceed with the Proposed Building Expansion; (b) no contract has been assigned or awarded to any contractor for the Proposed Building Expansion and no certainty or assurance that the estimated projected construction costs will be as aforesaid; and (c) the Proposed Building Expansion is subject to, *inter alia*, approval(s) from relevant regulatory authority, no application has been made as at the Latest Practicable Date and such approval(s) has not been obtained. JLLAP ascribed a market value based on comparison method of approximately RM41.9 million (or approximately S\$12.7 million) on the assumption and basis that the Proposed Building Expansion has been fully completed and issued with the certificate of completion and compliance. For the avoidance of doubt, as at the Latest Practicable Date, the Company has not reached any final decision with respect to the Proposed Building Expansion, which remains under ongoing consideration.

The Directors and the Management represented that: (a) for the Lok Yang Property, the potential tax liability that will be incurred by the Group on such hypothetical disposal is nil as any gains would be capital in nature and there is no capital gains tax in Singapore; (b) for the Senai Property (on an “as-is” basis), the potential tax liability that will be incurred by the Group on such hypothetical disposal is approximately RM254 thousands (or approximately S\$77 thousands); and (c) for the Appraised Inventory, the potential tax liability that will arise from the above revaluation surplus is approximately S\$4.4 million.

We note from the Circular that the aforesaid potential tax liabilities will not crystallise if the Group does not dispose of its interests in the Senai Property and the Appraised Inventory. The Directors and Management have confirmed that as at the Latest Practicable Date: (a) the Company has no immediate plans to dispose of its interests in the Senai Property; and (b) there is no offer received by the Company to acquire the Appraised Inventory.

We understand that as at the Latest Practicable Date, the Company does not intend to alter its existing inventory policy.

For illustrative purpose only, the revaluation surplus/ (deficit) for the Appraised Assets have been calculated and presented in the table below assuming a hypothetical sale of the Appraised Assets at the market values as indicated and confirmed by the Directors, wherein the proceeds of such sale are distributed to the Shareholders.

RNAV and RNTA⁽¹⁾	S\$'000
Market value of the Appraised Assets	46,947
Less: book value of the Appraised Assets as at 31 March 2025	20,818
Revaluation surplus for the Appraised Assets	26,129
The Group's NAV and/or NTA as at 31 March 2025	76,595
Add: Revaluation surplus for the Appraised Assets	26,129
Less: Potential tax liabilities ⁽²⁾	(4,498)
RNAV as at 31 March 2025	98,226
Less: Intangible Assets	-
RNTA as at 31 March 2025	98,226
RNAV and/or RNTA per Share (S\$)⁽³⁾	0.376
Discount of Offer Price from the Group's RNAV and/or RNTA per Share (%)	(46.8)%

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Notes:

- (1) *Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding.*
- (2) *Potential tax liabilities figure is provided and confirmed by the Directors and the Management based on the hypothetical disposal of the Appraised Assets.*
- (3) *Figures are computed based on the Company's issued Share capital of 261,360,097 Shares as at the Latest Practicable Date.*

Based on the table above, after taking into account the market value and/or the fair value of the Appraised Assets and the potential tax liabilities, the Group's RNAV and/or RNTA amounted to approximately S\$98.2 million (or approximately S\$0.376 per Share). Hence, the Offer Price of S\$0.200 for each Offer Share represents a discount of approximately 46.8% from the Group's RNAV and RNTA per Share respectively.

For illustrative purposes only:

- (a) in the event that the market value for the Senai Property assuming completion of the Proposed Building Expansion; the respective estimated construction cost; and the potential tax liabilities of approximately RM3.0 million (or approximately S\$0.9 million) were considered, the Group's adjusted RNAV and/or RNTA (the **"Adjusted RNAV and/or RNTA"**) would be approximately S\$100.2 million (or approximately S\$0.383 per Share). The Offer Price represents a discount of approximately 47.8% from the Group's Adjusted RNAV and/or RNTA per Share; and
- (b) in the event that the potential tax liabilities do not crystallise for the Appraised Assets wherein the valuation of Senai Property is on an "as is" basis, the Group's RNAV and/or RNTA per Share would be approximately S\$0.393 and the discount as implied by the Offer Price from the Group's RNAV and/or RNTA per Share would be approximately 49.1%. Likewise, in the event the potential tax liabilities are not considered, the Group's Adjusted RNAV and/or RNTA per Share would be approximately S\$0.404 and the discount as implied by the Offer Price from the Group's Adjusted RNAV and/or RNTA per Share would be approximately 50.4%.

We wish to highlight that although the RNAV and RNTA shown above include revaluation surplus or deficits (as the case may be) for the Appraised Assets, Shareholders should note that the Group has not realised the surplus or deficits for each of the Appraised Assets as at the Latest Practicable Date, and that there is no assurance that the revaluation surplus or deficits eventually recorded by the Group on the Appraised Assets as described above (in the event, *inter alia*, they are disposed) will be the same as that indicated above.

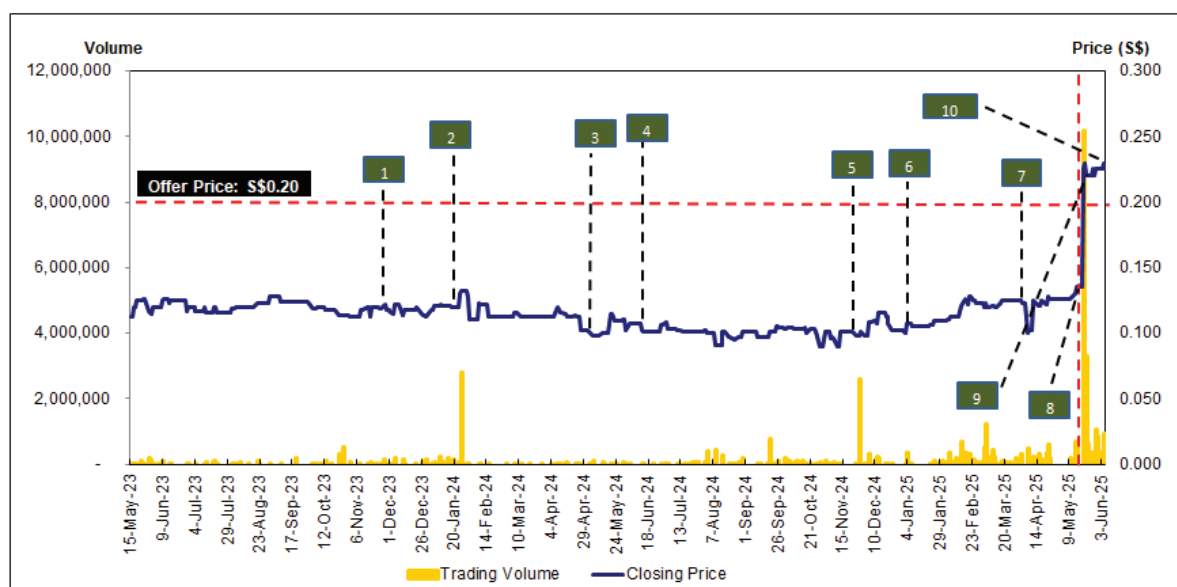
The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group is as stated above. It also does not imply that the assets or properties of the Group can be disposed of at the estimated value indicated above, and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA or NAV (where applicable) is realisable or distributable to Shareholders. It should be noted that the NTA (or NAV) basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible (or tangible and intangible in the case for NAV) assets over a reasonable period of time, and is only relevant in the event that the Company decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Company as a going concern nor can it capture or illustrate any value for the Company's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realised or disposed.

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7.3 MARKET QUOTATION AND TRADING ACTIVITIES FOR THE SHARES

The Offer Announcement was released on 15 May 2025 and the last trading day when the Shares were traded prior to the release of the Offer Announcement was 14 May 2025 (the “**Last Trading Day**”). The trading of the Shares was halted on 15 May 2025 and the said trade halt was uplifted with effect of 20 May 2025.

The historical price and volume charts for the Shares (based on the closing prices together with the number of Shares traded on a daily basis) for the period commencing from 15 May 2023 (being the Market Day 24 months prior to the Last Trading Day) and ending on the Latest Practicable Date is set out below:



Source: www.shareinvestor.com

The following are pertinent announcements.

No.	Date	Announcement
1	20 November 2023	Release of financial results for FY2023.
2	8 January 2024	Release of the Company's Annual Report for FY2023.
3	13 May 2024	Release of financial results for the 6-month period ended 31 March 2024 (“HY2024”).
4	11 June 2024	Disposal of 90 Second Lok Yang Road property.
5	20 November 2024	Release of financial results for FY2024.
6	9 January 2025	Release of the Company's Annual Report for FY2024.
7	28 March 2025	Announcement of subscription of 488,710 new shares in SRE Holdings Investment and Development Joint Stock Company (“ SRE HoldCo ”) by Kim Seng Huat Hardware Pte. Ltd. (“ KSH ”, a wholly owned subsidiary of the Company) for consideration of US\$2.1 million. Upon completion, KSH will

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No.	Date	Announcement
		hold approximately 16.2% of equity interest in SRE HoldCo. This subscription was subsequently terminated as announced on 2 June 2025.
8	15 May 2025	Release of financial results for HY2025 and release of the Offer Announcement.
9	19 May 2025	Letter dated 18 May 2025 from the lawyers, representing Mr Ong Tong Hai, Mr Ong Tong Yang and Mr Ong Chin Sum (collectively termed the “ Ong Family ”) to 3HA Capital Private Limited acting on behalf of the Ong Family (“ Shareholder Letter ”) raising certain matters in relation to the Offer Announcement for which, <i>inter alia</i> , the Offeror (and its professional advisers) have been asked to provide certain clarifications so that Shareholders (including the Ong Family) have the necessary and material information to evaluate the Offer. Please refer to Sections 8.1 and 8.3 of this Letter, and Section 12.2 of the Circular.
10	2 June 2025	Termination of transaction which was announced on 28 March 2025. See above.

For the period commencing from 15 May 2023 and ending on 14 May 2025, being the Last Trading Day prior to the Offer Announcement Date (both dates inclusive), we note that the Shares were traded for 216 Market Days out of a total 500 Market Days (or approximately 43.2%). During the said period, the closing prices for the Shares during the said period were always below the Offer Price.

For the period commencing on 20 May 2025 (being the Market Day immediately after uplifting of the trade halt subsequent to the Offer Announcement) to the Latest Practicable Date, we note that the Shares were traded for 13 Market Days out of a total 13 Market Days (or 100%). During the said period, the closing prices of the Shares were always above the Offer Price. It should be noted that during the said period, the lowest and highest transacted prices for the Shares were S\$0.205 and S\$0.230 respectively, higher than the Offer Price.

As a general market comparison and observation, the FTSE Straits Times Index (the “**STI Index**”) increased by approximately 20.5% for the period commencing from 15 May 2023 and ending on 14 May 2025, being the Last Trading Day. Thereafter, the STI Index further increased by approximately 1.2% for the period commencing from the Market Day immediately after the Offer Announcement Date till 5 June 2025, being the Latest Practicable Date. For the same period commencing from 15 May 2023 and ending on 14 May 2025, being the Last Trading Day, the closing price for the Shares increased by approximately 19.5%. Subsequently, the closing price for the Shares further increased by approximately 66.7% for the period commencing from the Market Day immediately after uplifting of the trade halt subsequent to the Offer Announcement till 5 June 2025, being the Latest Practicable Date. We observed that the Shares appeared to have slightly underperformed the STI Index for the 24-month period up to and including the Last Trading Day but outperformed the STI Index for the period commencing immediately after the Offer Announcement Date till the Latest Practicable Date, which is likely underpinned by the Offer.

The above chart and the analysis below are presented for illustrative purposes only, and they are by no means representative of the future trading performance or prices of the Shares.

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The volume-weighted average price (“VWAP”), the highest and lowest transacted prices and *inter alia* the average daily trading volume for the Shares, for the period commencing from 15 May 2023 to the Latest Practicable Date are set out below:

	VWAP per Share (S\$) ⁽¹⁾	Premium of the Offer Price over the VWAP per Share (%)	Lowest transacted price (S\$)	Highest transacted price (S\$)	Average daily trading volume ⁽²⁾	Average daily trading volume as % of free-float ⁽³⁾ (%)
For the period prior to the Last Trading Day						
Last 24 months	0.116	72.4	0.090	0.135	53,635	0.050
Last 12 months	0.114	75.4	0.090	0.135	75,266	0.070
Last 6 months	0.117	70.9	0.092	0.135	121,839	0.113
Last 3 months	0.124	61.3	0.100	0.135	150,524	0.139
Last 1 month	0.127	57.5	0.121	0.135	162,874	0.151
Last transacted price on 14 May 2025 (being the Last Trading Day) ⁽⁴⁾	0.135	48.1	0.131	0.135	576,400	0.533
For the period commencing on the Market Day immediately after the Offer Announcement Date up to the Latest Practicable Date						
Till the Latest Practicable Date	0.221	(9.5)	0.205	0.230	1,568,408	1.449
Last transacted price on 5 June 2025, being the Latest Practicable Date ⁽⁵⁾	0.225	(11.1)	0.225	0.225	934,200	0.863

Source: www.shareinvestor.com

Notes:

- (1) The VWAP had been computed using the average prices of traded Shares and weighted by the volumes traded for the relevant trading days for each of the periods.
- (2) The average daily trading volume of the Shares is calculated based on the total number of Shares traded during the relevant period divided by the number of Market Days during that period.
- (3) Free Float refers to approximately 108,213,323 Shares (or approximately 41.40% of the issued Shares) held by Shareholders, other than the Offeror and its Concert Parties, the Directors and the substantial Shareholders, Ong Family and their associate, as at the Latest Practicable Date.
- (4) This represents the last transacted price instead of VWAP for the Shares on 14 May 2025, being the Last Trading Day.
- (5) This represents the last transacted price instead of VWAP for the Shares on 5 June 2025, being the Latest Practicable Date.

Based on a general observation of the chart above and after taking into account the summary of the transacted prices for the Shares, we note the Offer Price:

- (i) represents a premium of approximately 48.1% over the last transacted price of S\$0.135 per Share for the Shares on the SGX-ST on 14 May 2025, being the Last Trading Day;
- (ii) represents premia of approximately 57.5%, 61.3%, 70.9%, 75.4%, and 72.4% over the VWAP for the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods prior to the Last Trading Day respectively;
- (iii) represents a premium of approximately 48.1% over the highest transacted price for the Shares of S\$0.135 for the 24-month period prior to the Last Trading Day;

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- (iv) represents a discount of approximately 9.5% from the VWAP for the Shares for the period commencing from the Market Day immediately after uplifting of the trade halt subsequent to the Offer Announcement till the Latest Practicable Date; and
- (v) represents a discount of approximately 11.1% from the last transacted price of S\$0.225 per Share on the SGX-ST on 5 June 2025, being the Latest Practicable Date.

For illustrative purpose only, based on the number of Shares traded on a daily basis during the period commencing from 15 May 2023 and ending on the Latest Practicable Date, we note that:–

- (i) from 15 May 2023 to 14 May 2025, being the Last Trading Day, Shares were traded on 216 Trading Days out of the total 500 Market Days during the said period, with the total number of Shares traded being approximately 26.8 million Shares and an average daily trading volume (based on a total of 500 Market Days) of approximately 53,635 Shares, which represents approximately 0.02% of the issued Share capital as at the Latest Practicable Date or approximately 0.05% of the Free Float.
- (ii) for the period commencing from 20 May 2025, being the Market Day immediately following the uplifting of the trade halt subsequent to the Offer Announcement till the Latest Practicable Date, Shares were traded on 13 Trading Days out of the total 13 Market Days during the period, with the total number of Shares traded being approximately 20.4 million Shares (or about 76.0% of the total number of Shares traded for the 24-month period prior to the Last Trading Day) and an average daily trading volume of approximately 1.6 million Shares, which represents approximately 0.60% of the issued Share capital as at the Latest Practicable Date or approximately 1.45% of the Free Float.

We note that trading for the Shares appear to be relatively erratic and that the number of Shares traded during the 24-month period analysed prior to the Last Trading Day is relatively low as compared to the number of issued Shares (excluding treasury Shares) as at the Latest Practicable Date. In addition, for the 24-month period prior to the Last Trading Day, the Shares were traded only for 216 Market Days out of a total 500 Market Days (or approximately 43.2%). It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller. Whilst historical transacted prices for the Shares may not be a meaningful indicator of its fundamental value in view of the lack of liquidity for the Shares (in terms of number of Shares traded on daily basis and the frequency of trading), they nonetheless represent the prices for transactions between willing buyer and willing seller. In addition, we note the significant historical premia for the 24-month period prior to and including the Last Trading Day and the observation that the Shares appeared to have slightly underperformed the STI Index for the period amidst the circumstances of Watch-Lists (defined later) and the Group's historical financial performance.

We also note that the number of Shares that were traded on a daily basis for the period commencing on the Market Day immediately after uplifting of the trade halt subsequent to the Offer Announcement till the Latest Practicable Date is significantly higher than the number of Shares that were traded on a daily basis for all periods during the 24 months prior to the Last Trading Day. Subsequent to the Offer Announcement Date and uplifting of the trade halt, the prices and average daily trading volume for the Shares increased significantly. In addition, the total number of Shares traded during the period commencing from 20 May 2025 (being the Trading Day immediately following the Offer Announcement Date) till the Latest Practicable Date is approximately 20.4 million (or about approximately 76.0% of the total number of Shares traded for the 24-month period prior to the Last Trading Day. In addition, we note that Mr Ong Tong Hai (an existing controlling Shareholder, CEO and Executive Director) bought an aggregate of approximately 6.6 million Shares during the period subsequent to the Offer Announcement Date and ending on the Latest Practicable Date (which constitutes approximately 32.1% of the total trades during the period), with prices that was between approximately S\$0.218 to S\$0.219 for each Share on 20 May 2025, and S\$0.22 for the period 22 May 2025 to 27 May 2025.

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Independent Directors should note that there is no assurance that the average number of Shares traded daily and frequency of trading subsequent to the Offer Announcement Date and uplifting of the trade halt will be maintained or that the transacted prices after the completion of the Offer (or if the Offer lapses) will be at the same levels and this may be, *inter alia*, due to the fact that economic and market conditions as well as the Group or the Company's financial performance, position and prospects may change or be perceived differently. Likewise Independent Directors should note that historical traded prices for Shares and the number of Shares traded prior to the Last Trading Day may have been affected by *inter alia* the Company's watch-list status as described in Section 8.7 of this Letter.

Independent Directors should note that in the absence of the Offer, such an exit for all Shareholders other than the Offeror and its Concert Parties may not be readily available due to the low trading liquidity for the Shares (both in terms of number of Shares traded on the daily basis and the frequency of trading).

Independent Directors should note that past trading performance for the Shares may not be relied upon as an indication or promise or prospects of its trading performance in the future.

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7.4 COMPARISON WITH OTHER SUCCESSFUL COMPARABLE TRANSACTIONS FOR COMPANIES LISTED ON THE SGX-ST

The Offeror is making the Offer with the intention of preserving the listing status of the Company on the Mainboard of the SGX-ST. However, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) under Section 215(1) of the Companies Act, depending on, *inter alia*, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%.

Therefore, in assessing the Offer Price, we have also examined recent similar transactions involving listed companies on the SGX-ST:

- (i) selected recently completed mandatory and/or voluntary general offers for companies listed on SGX-ST, which were announced since 1 January 2022 to the Latest Practicable Date and wherein offerors had indicated their intention to preserve the listing status of the target companies and these companies continued to be listed after the close of their respective offers; and where such offers were either: a) unconditional at the commencement of the offer; or b) conditional at the commencement of the offer, but subsequently became unconditional on or prior to or at the close of the offer (the “**Selected Non-Privatisation Transactions**”); and
- (ii) successful privatisation transactions (by way of *inter alia* general offers, schemes of arrangement under Section 210 of the Companies Act, selective capital reduction schemes or voluntary delistings) which were announced and completed for the period between 1 January 2022 and the Latest Practicable Date, and wherein the offerors had indicated their intentions to delist and/or privatise the target companies (the “**Selected Successful Privatisations**”),

(collectively the “**Selected Precedent Transactions**”).

Our analysis of the Selected Precedent Transactions is to illustrate the premium/discounts represented by each of the respective offer prices over/from the traded prices and the NAV prior to the announcements of such Selected Precedent Transactions.

In making the comparison herein, we wish to highlight that the companies selected and covered herein are not directly comparable to the Group and may differ from the Group largely, in terms of, *inter alia*, size and scale of operations, type and/or composition of business activities and and/or investment(s) and specialisation, asset base, revenue models, geographical spread, track record, financial performance, capital structure, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Likewise, they involve shares of companies which are quoted, listed and tradeable on the SGX-ST.

We wish to highlight that other than the criteria mentioned above, the premium or discount that an offeror pays in any particular takeover varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target’s business and assets, the possibility of a significant revaluation of the assets to be acquired, existence of intangibles and branding or “internal goodwill or intangible assets”, the availability of substantial cash reserves, the liquidity in the trading of the target company’s shares, the presence of competing bids for the target company, and the existing and desired level of control in the target company.

The data used in the table and the companies listed below have been compiled from publicly available information and serves as a guide as to the valuation ratios in connection with takeover or privatisation of companies listed on the SGX-ST without regard to their, *inter alia*, specific industry or geographical characteristics or other considerations. Each of the offers for Selected Precedent Transactions must be judged on its own commercial and financial merits including the particular circumstances (*inter alia*, operational, business, and compliance with rules, regulations and laws) of

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the companies under the Selected Precedent Transactions as well as the Company during the relevant time when the offers were made. The lists of target companies involved in the Selected Precedent Transactions are by no means exhaustive and as such any comparison made only serves as an illustration.

7.4.1 Comparison with the Selected Non-Privatisation Transactions for companies listed on the SGX-ST

The following are the Selected Non-Privatisation Transactions for companies (excluding real estate investment trusts and business trusts) listed on the SGX-ST.

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Company	Date of announcement	Shareholding of the offeror and concert parties at the start of transaction (%) ⁽¹⁾	Last transacted price prior to announcement (%)	Premium/(Discount) of the Offer Price over/(to)				P/NAV (times) ⁽²⁾
				VWAP for 1 month period prior to announcement (%)	VWAP for 3 months period prior to announcement (%)	VWAP for 6 months period prior to announcement (%)	VWAP for 12 months period prior to announcement (%)	
Keong Hong Holdings Limited	21-Jan-22	45.8	3.8	7.9	11.1	11.0	12.7	0.5
Procurri Corporation Limited	20-May-22	30.8	-	3.2	9.3	17.4	20.4	2.2
Halcyon Agri Corporation Limited	16-Nov-22	65.2	50.3 ⁽³⁾	73.3 ⁽³⁾	78.0 ⁽³⁾	80.5 ⁽³⁾	79.2 ⁽³⁾	1.1
Revez Corporation Ltd	7-Dec-22	58.6	(66.0)	(65.6)	(67.0)	(69.7)	(79.5)	0.8
ICP Ltd	11-Jul-23	45.7	(12.5)	(24.7)	(29.3)	(28.6)	(28.6)	0.9
Datapulse Technologies Limited	11-Aug-23	43.2	(2.2)	-	(3.2)	(4.3)	(5.3)	0.4
No Signboard Holdings Ltd	28-Mar-24	75.0	(97.5)	n.m. ⁽⁴⁾	n.m. ⁽⁴⁾	n.m. ⁽⁴⁾	n.m. ⁽⁴⁾	n.m. ⁽⁴⁾
Nera Telecommunications Ltd	4-Sep-24	53.4	(6.3)	(5.1)	(3.9)	(6.3)	(5.1)	0.6
NSL Ltd	23-Sep-24	81.2	7.1	10.1	5.3	4.2	2.9	0.9
Vibropower Corporation Limited	21-Nov-24	50.0	-	(9.1)	(20.0)	(9.1)	17.7	0.1
Courage Investment Group Limited	4-Dec-24	28.9	(8.8)	(25.7)	N/A	6.6	N/A	0.3
HG Metal Manufacturing Limited	16-Dec-24	44.4	(12.8)	(14.7)	(15.0)	(13.4)	(9.2)	0.5
MAXIMUM		81.2	50.3	73.3	78.0	80.5	79.2	2.2
MINIMUM		28.9	(97.5)	(65.6)	(67.0)	(69.7)	(79.5)	0.1
MEDIAN (excl. outlier)⁽⁵⁾		47.9	(1.1)	(2.6)	(3.2)	(0.0)	2.9	0.6
SIMPLE AVERAGE (excl. outlier)⁽⁶⁾		51.9	1.9	1.5	3.6	5.8	9.4	0.8
Group	15-May-25	31.7	48.1	57.5	61.3	70.9	75.4	0.7 or 0.5⁽⁶⁾

Source: SGX-ST announcements, offer documents and circulars to shareholders in relation to the respective transactions.

Notes:

- (1) Where applicable, it includes the percentage shareholding of the undertaking shareholder(s) as at the respective dates of the offer documents.
- (2) Based on NAV per share, pro forma NAV per share, adjusted NAV per share, revalued NAV per share, or adjusted revalued NAV per share, as the case may be, as published in the respective circulars of the companies.
- (3) The historical premia of the offer price for the last transacted price and VWAP for the 1-month, 3-month, 6-month and 12-month periods for the company relates to periods prior to the announcement of pre-conditional offers or offers.
- (4) Shares in No Signboard Holdings Ltd ("No Signboard") had been halted and suspended since 19 January 2022 and resumed trading from 15 March 2024. Since the shares in No Signboard Holdings Ltd were traded less than a month prior to the offer announcement date and prior to the offer announcement date, there were no public market for the shares in the company for more than two (2) years, any comparison of the market premia to the historical share prices prior to the suspension will not be meaningful.

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(5) Outliers for VWAP 1-month, 3-month, 6-month and 12-month periods for the company periods prior to the announcement of pre-conditional offers or offers are Revez Corporation Ltd and No Signboard.

(6) Based on P/NAV as at 31 March 2025 of approximately 0.7 times and P/RNAV (or Adjusted RNAV) of approximately 0.5 times.

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For illustrative purpose only, we noted the following from the above table:

- (i) As disclosed in the Offer Document, the Offeror and its Concert Parties held an aggregate interest of approximately 31.7% in the Share capital of the Company as at 30 May 2025 (being the latest practicable date of the Offer Document), and this is within the range, but lower than both the median and the simple average for the percentage of the shareholding interests of the offeror and parties acting in concert as at the start for each of the Selected Non-Privatisation Transactions.
- (ii) The premium of approximately 48.1% as implied by the Offer Price over the last transacted price for Shares on the Last Trading Date is within the range, and higher and more favourable than both the median and the simple average for the Selected Non-Privatisation Transactions.
- (iii) The premia of approximately 57.5%, 61.3%, 70.9% and 75.4% as implied by the Offer Price over the VWAP for the Shares for the 1-month, 3-month, 6 month, and 12-month periods prior to and including the Last Trading Day respectively are within the range, higher and more favourable than both the median and the simple average for the Selected Non-Privatisation Transactions.
- (iv) The valuation of the Group in terms of P/NAV ratio (as implied by the Offer Price and the Group's RNAV per Share) of approximately 0.5 times is within the range, but lower than the median and the simple average for the Selected Non-Privatisation MGO Transactions.

7.4.2 Comparison with the Selected Successful Privatisations for companies listed on the SGX-ST

The statistics of the Selected Successful Privatisations are as follows:

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Company	Date of announcement	Shareholding of the offeror and concert parties at the start of transaction (%) ⁽¹⁾	Last transacted price prior to announcement (%)	Premium/(Discount) of the Offer Price over/(to)				P/NAV ⁽²⁾ (times)
				WVAP for 1 month prior to announcement (%)	WVAP for 3 months prior to announcement (%)	WVAP for 6 months prior to announcement (%)	WVAP for 12 months prior to announcement (%)	
Shinvest Holdings Ltd.	16-Feb-22	29.0	12.9	8.5	10.2	10.1	14.3	0.7
Singapore O&G Limited	7-Mar-22	74.8	15.7	14.8	12.2	11.3	11.3	3.6
Excelpoint Technology Ltd.	13-Apr-22	42.0	21.4	36.6	31.3	45.9	72.3	1.5
Hwa Hong Corporation Limited	17-May-22	24.4	37.9	36.1	32.0	22.0	24.6	0.8
TTJ Holdings Limited	20-May-22	84.5	36.1	33.6	28.8	28.0	29.4	0.5
Allied Technologies Limited	17-Jun-22	42.7	0.0	(2.7)	(9.1)	(21.4)	(59.3)	0.4
GYP Properties Limited	8-Jul-22	62.6	34.2	37.9	33.3	28.2	30.7	0.7
SP Corporation Limited	20-Aug-22	80.2	169.5	163.7	162.8	156.9	140.5	1.0
Silkroad Nickel Limited	29-Aug-22	63.2	2.4	5.4	5.1	(5.5)	(3.2)	5.1
Memories Group Limited	12-Sep-22	85.0	34.3	67.9	74.1	74.1	74.1	1.0
Singapore Medical Group Limited	13-Sep-22	51.7	24.9	28.1	28.9	25.8	27.5	1.1
Moya Holdings Asia Limited	14-Sep-22	72.8	41.5	43.8	48.4	48.4	46.0	1.0
MS Holdings Limited	3-Oct-22	69.3	17.7	N/A	25.2	25.4	24.6	0.5
Asian Healthcare Specialists Limited	6-Oct-22	79.5	17.5	18.3	21.3	22.3	19.5	2.1
Colex Holdings Limited	17-Oct-22	79.7	25.0	13.9	13.3	0.9	6.0	1.5
Golden Energy and Resources Limited	9-Nov-22	77.5	15.8	23.0	44.6	48.3	63.8	4.5
Chip Eng Seng Corporation Ltd	24-Nov-22	41.5	5.6	13.1	26.5	33.7	42.6	0.6
Global Dragon Limited	10-Feb-23	82.0	14.3	15.4	22.4	17.6	17.6	0.7
G. K. Goh Holdings Limited	28-Feb-23	62.9	38.5	38.8	39.2	37.6	34.8	1.0
Global Palm Resources Holdings Limited	29-Mar-23	83.0	93.8	86.6	70.1	70.1	30.2	0.8
Lian Beng Group Ltd	11-Apr-23	70.4	19.3	27.0	28.5	29.9	30.4	0.4
Challenger Technologies Limited	30-May-23	64.8	9.1	10.5	11.9	14.3	13.4	1.5
Sysma Holdings Limited	1-Jun-23	69.5	34.4	40.0	34.4	30.2	28.2	0.7
Healthway Medical Corporation Limited	3-Jul-23	42.3	45.5	45.5	45.5	41.2	37.1	1.1
LHN Logistics Limited	2-Aug-23	0.0	34.9	35.7	39.0	44.3	39.0	2.0
Boustead Projects Limited	14-Nov-23	95.5	23.6	24.1	25.7	26.6	26.9	0.6
Isetan (Singapore) Limited	1-Apr-24	52.7	150.3	173.5	171.1	168.9	152.5	2.8
Best World International Limited	3-Apr-24	65.1	46.3	47.1	46.3	48.8	N/A	1.9
RE&S Holdings Limited	19-May-24	84.1	56.5	65.1	50.0	45.2	38.5	1.9
Second Chance Properties Ltd	10-Jul-24	85.1	39.5	40.8	37.0	33.3	28.2	1.0

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Company	Date of announcement	Shareholding of the offeror and concert parties at the start of transaction (%) ⁽¹⁾	Last transacted price prior to announcement (%)	Premium/(Discount) of the Offer Price over/(to) VWAP for 1 month period prior to announcement (%)	VWAP for 3 months period prior to announcement (%)	VWAP for 6 months period prior to announcement (%)	VWAP for 12 months period prior to announcement (%)	P/NAV (times) ⁽²⁾
Silverlake Axis Ltd.	26-Aug-24	74.1	20.0	27.7	25.0	31.9	31.9	2.8
Dyna-Mac Holdings Ltd	11-Sep-24	25.4	35.4	18.6	27.4	44.4	67.5	5.9
5E Resources Limited	25-Oct-24	77.2	20.6	22.2	21.8	26.2	31.9	1.6
Japfa Ltd	24-Jan-25	86.1	34.8	39.0	51.2	70.3	93.1	1.1
Econ Healthcare (Asia) Limited ⁽³⁾	14-Feb-25	77.9	20.0	33.6	42.9	48.6	52.1	2.3
PEC Ltd ⁽⁴⁾	17-Feb-25	63.4	12.8	23.5	28.6	30.6	33.3	0.9
Sinarmas Land Limited ⁽⁵⁾	27-Mar-25	70.3	36.4	41.6	27.7	21.6	38.6	0.4
MAXIMUM		95.5	169.5	173.5	171.1	168.9	152.5	5.9
MINIMUM		0.0	0.0	(2.7)	(9.1)	(21.4)	(59.3)	0.4
MEDIAN (excl. outliers)⁽⁷⁾		70.3	25.0	33.6	28.9	30.4	30.7	1.0
SIMPLE AVERAGE (excl. outliers)⁽⁷⁾		64.6	28.8	32.2	32.6	33.3	35.0	1.6
Group	15-May-25	31.7	48.1	57.5	61.3	70.9	75.4	0.7 or 0.5⁽⁸⁾

Source: SGX-ST announcements, offer documents and circulars to shareholders in relation to the respective transactions listed above.

Notes:

- (1) Where applicable, it includes the percentage shareholding(s) of the undertaking shareholder(s) as at the respective dates of the offer documents.
- (2) Based on NAV per share, pro forma NAV per share, adjusted NAV per share, revalued NAV per share, or adjusted revalued NAV per share, as the case may be, as published in the respective circulars of the companies.
- (3) The scheme of arrangement for Econ Healthcare (Asia) Limited was approved on 8 May 2025 and approval-in-principle for delisting was obtained from the SGX-ST on 27 May 2025.
- (4) The scheme of arrangement for PEC Ltd. was approved on 5 May 2025 and approval-in-principle for delisting was obtained from the SGX-ST on 3 April 2025.
- (5) The voluntary offer for Sinarmas Land Limited was closed on 2 June 2025 and the offeror will exercise its rights to do compulsory acquisition. Approval-in-principle for delisting was obtained from the SGX-ST on 3 June 2025.
- (7) Outliers for VWAP 1-month, 3-month, 6-month and 12-month periods for the company periods prior to the announcement of pre-conditional offers or offers are Allied Technologies Limited, SP Corporation Limited and Isetan (Singapore) Limited.
- (8) Based on P/NAV as at 31 March 2025 of approximately 0.7 times and P/NAV (or Adjusted P/NAV) of approximately 0.5 times.

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For illustrative purpose only, we noted the following from the above table:

- (i) As disclosed in the Offer Document, the Offeror and its Concert Parties held an aggregate interest of approximately 31.7% in the Share capital of the Company as at 30 May 2025 (being the latest practicable date for the Offer Document), and this is within the range, but lower than both the median and the simple average for the percentage of the shareholding interest of the offeror and parties acting in concert as at the start for each of the Selected Successful Privatisations.
- (ii) The premium of approximately 48.1% as implied by the Offer Price over the last transacted price for Shares on the Last Trading Day is within the range, higher and more favourable than both the median and the simple average for the Selected Successful Privatisations.
- (iii) The premia of approximately 57.5%, 61.3%, 70.9%, and 75.4% as implied by the Offer Price over the VWAP for the Shares for the 1-month, 3-month, 6 month, and 12-month periods prior to and including the Last Trading Day respectively are within the range, higher and more favourable than both the median and the simple average for the Selected Successful Privatisations.
- (iv) The valuation of the Group in terms of P/NAV ratio (as implied by the Offer Price and the Group's RNAV per Share) of approximately 0.5 times is within the range, but lower than both the median and the simple average for the Selected Successful Privatisations.

7.4.3 Comparison with the Selected Steel Takeovers

For the purpose of providing an illustrative guide as to whether the financial terms of the Offer are fair and reasonable, we have compared the Offer with other selected similar takeovers transactions involving companies listed on the SGX-ST whose businesses are broadly comparable to the Company (the “**Selected Steel Takeovers**”):

Selected Steel Takeovers ⁽¹⁾	Announcement date	Nature of takeovers	Implied market capitalisation (S\$'m)	LTM EV/ EBITDA ⁽²⁾ (times)	LTM PER ⁽²⁾ (times)	P/NAV ⁽²⁾ (times)	LTM P/Revenue ⁽²⁾ (times)
HG Metal	16-Dec-24	Mandatory offer (Non-privatisation)	73.1	3.8	12.9	0.7	0.5
Sin Ghee Huat Corporation Ltd (“SGH”)	29-Apr-21	Voluntary offer (Privatisation)	59.9	n.m. ⁽³⁾	n.m. ⁽³⁾	0.6	2.0
Hupsteel Limited (“Hupsteel”)	28-Jun-19	Voluntary offer (Privatisation)	146.5	20.1	42.7	0.6	2.1
MAXIMUM			146.5	20.1	42.7	0.7	2.1
MINIMUM			59.9	3.8	12.9	0.6	0.5
MEDIAN			73.1	12.0	27.8	0.6	2.0
SIMPLE AVERAGE			93.1	12.0	27.8	0.6	1.6
The Group		Voluntary Offer (Non-privatisation)	52.3	37.1	n.m.⁽⁴⁾	0.5⁽⁴⁾	0.5

Notes:

- (1) Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding.
- (2) The valuation ratios for the Selected Steel Takeovers are based on the figures disclosed in the respective offeree circulars.

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- (3) *SGH has recorded a loss after tax attributable to owners and negative EBITDA for the financial period ended 31 December 2020. Hence, the LTM PER and LTM EV/EBITDA ratios were negative and not meaningful.*
- (4) *The Group has incurred a loss after tax for the LTM ended 31 March 2025. Hence, the Group's LTM PER ratio was negative and not meaningful. P/NAV relates to the P/NAV multiple as implied by the Offer Price and the RNAV.*

We note the following:

- (a) The valuation of the Group in terms of LTM EV/EBITDA (as implied by the Offer Price) is higher and more favourable than any of the Selected Steel Takeovers.
- (b) The valuation of the Group in terms of LTM PER (as implied by the Offer Price) is not meaningful as it recorded a net loss after tax for the LTM ended 31 March 2025. For illustrative purposes only, the implied PER for HG Metal and Hupsteel were 12.9 times and 42.7 times respectively.
- (c) The valuation of the Group in terms of P/NAV (as implied by the Offer Price and the Group's RNAV per Share) is lower than any of the Selected Steel Takeovers.
- (d) The valuation of the Group in terms of LTM P/Revenue (as implied by the Offer Price) is lower than those for SGH and Hupsteel, but it is in line with the ratio for HG Metal. It should be noted that the transactions for SGH and Hupsteel involves privatisation, whilst HG Metal is a non-privatisation which is similar to the Company.

In summary, whilst the valuation of the Group in terms of LTM EV/EBITDA (as implied by the Offer Price) is favourable when compared to the Selected Steel Takeovers, the Group's valuation in terms of P/RNAV and LTM P/Revenue (as implied by the Offer Price) appear to be less favourable than the Selected Steel Takeovers.

The above comparison is limited and has to be assessed in the context of the economic or general market conditions at the time then prevailing for the Selected Steel Takeovers, which may have been different from the Offer. Hence, the comparison between the Selected Steel Takeovers and the Offer above is necessarily limited and meant for illustrative purposes only.

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7.5. RELATIVE VALUATION ANALYSIS

In evaluating the Offer Price, we have considered the financial performance, financial position and valuation statistics of selected companies that may, in our view, be broadly comparable to the existing core businesses of the Group prior to the transaction, which is principally engaged in the distribution of steel products (the “**Selected Comparable Companies**”).

The Selected Comparable Companies have been identified after a search was carried out on various exchanges (in particular, the SGX-ST and Bursa Malaysia), and evaluation of the companies operating in the same industry as the Group. Subsequently, we have had discussions with the Directors and Management about the suitability and reasonableness of these Selected Comparable Companies acting as a basis for comparison with the core businesses of the Group.

The Management had also proposed MRC Global Inc. (“**MRC**”) with market capitalisation of approximately US\$948.5 million, and DNOW Inc. (“**DNOW**”) with market capitalisation of approximately US\$1.5 billion as comparable companies. Both companies are listed on the New York Stock Exchange (the “**NYSE**”). We have not included the said two companies given, *inter alia*, their significantly larger market capitalisation, revenues, EBITDA, NAV and/or NTA. In addition, we understand that a significant proportion of these two companies’ revenues are generated primarily from the USA. The international markets for these two companies may include markets other than those that the Group operates in. We note that the trading statistics for companies with higher market capitalisation, revenues etc. may be different than those with lower market capitalisation, revenues etc. and this may be attributable to the relative liquidity in terms of number or value of shares traded as well as the relative interest in the shares of larger companies.

Notwithstanding our use of these companies for peer analysis, the Selected Comparable Companies may or may not have similar business or operations or similar assets or geographical markets as the Group or being in the same financial performance or position as the Group, and their accounting policies for the relevant financial period compared may differ from the Group. We advise Independent Directors to note that there may not be any company listed on any relevant stock exchange that is directly comparable to the Group in terms of size, diversity of business activities and products/services, specifications of products and where such products may be used in terms of geographical locations and industries, branding, geographical spread, track record, prospects, end customers, supply and/or value chain, core competence, resources, revenue drivers and models, operating and financial leverage, risk profile, quality of earnings and accounting policies adopted (including the bases for statement of its inventories or receivables), listing status and such other relevant criteria. We wish to highlight that it may be difficult to place reliance on the comparison as the markets and businesses of the Selected Comparable Companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies and that of the Group may differ. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide.

We also wish to highlight that the NAV or NTA based approach for valuing a company is dependent on factors that may differ for each of the Selected Comparable Companies including, *inter alia*, factors such as accounting or depreciation policies. As such, the comparison of the consolidated NAV or NTA of the Group with those of the Selected Comparable Companies is necessarily limited and such comparison is made for illustrative purposes only. In addition, given that all ratios and tools invariably use the price of the shares, they may or may not take into account any relative or perceived or actual risk premium or demand and supply conditions for those shares which may or may not have been fundamentally justified. In addition, as these are tools or ratios based on historical financial performance or position, they may or may not reflect the anticipated financial performance, and the mix of its activities or the relative contributions (in terms of assets, financial performance etc.) may differ.

Independent Directors and Shareholders should note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter alia*, include prospects, real or perceived financial performance or historical share price performance or demand and supply

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conditions of the shares, as well as the relative liquidity and the market capitalisation or the relative sentiments of the market for the shares.

The Selected Comparable Companies are set out below.

Selected Comparable Companies	Principal Activities
<p>Annaik Limited (“Annaik”)</p> <p><i>Listed on SGX-ST</i></p>	<p>The group manufactures and distributes stainless-steel products (such as piping, flanges, valves and fittings) to customers in Singapore, People’s Republic of China (“PRC”), Malaysia and others. The group derived majority of its revenue from the distribution of stainless-steel products.</p>
<p>Asia Enterprises Holdings Limited (“Asia Enterprises”)</p> <p><i>Listed on SGX-ST</i></p>	<p>The group processes and distributes steel-related products to customers in Singapore, Indonesia, Malaysia and others. The group derived majority of its revenue from the distribution of steel-related products.</p>
<p>AYS Ventures Berhad (“AYS”)</p> <p><i>Listed on Bursa</i></p>	<p>The group manufactures and trades steel-related products (such as purlins, truss decks) as well as other building materials for customers in the steel and construction sectors. The group derived majority of its revenue from the trading and marketing of steel products and all types of construction materials, warehousing and storage services. The group’s revenue is derived from Malaysia, Singapore, Asia-Pacific economic cooperation countries and others.</p>
<p>BRC Asia Limited (“BRC Asia”)</p> <p><i>Listed on SGX-ST</i></p>	<p>The group fabricates and manufactures steel-reinforcement products (such as wires, mesh, reinforcement bars, cages and fences) for customers in Singapore and Asia Pacific.</p>
<p>HG Metal Manufacturing Limited (“HG Metal”)</p> <p><i>Listed on SGX-ST</i></p>	<p>The group stocks, manufactures and trades steel-related products to customers in Singapore, Malaysia and Indonesia. The group’s main revenue contributor is manufacturing of construction steel products, whilst the trading of steel products is the second largest revenue contributor.</p>
<p>Pantech Group Holdings Berhad (“Pantech”)</p> <p><i>Listed on Bursa Malaysia (“Bursa”)</i></p>	<p>The group is engaged in, <i>inter alia</i>, trading, supply and stocking of steel-related products (such as pipes, fittings, flanges and valves) to customers in Malaysia and overseas. The trading segment contributed approximately 45.3% of the group revenue for the financial year ended 28 February 2025, whilst the group’s remaining revenue is from the manufacturing segment.</p>

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<p>Union Steel Holdings Limited (“Union Steel”)</p> <p><i>Listed on SGX-ST</i></p>	<p>The group is engaged in the import and export of scrap metals, waste collection services, trading and leasing of metal products (“Metals segment”, which contributed approximately 42% to the group’s revenue for the 6 months period ended 31 December 2024 (“HY2025”). It also provides scaffolding as well as engineering services (contributed approximately 5% and 53% of the group’s revenue respectively). The group’s Metals segment revenue is derived from Singapore, India, and others (including, <i>inter alia</i>, PRC, Thailand, United Kingdom, Malaysia, and Indonesia).</p>
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Source: Bloomberg, SGX, Bursa, and the respective company’s website.

The following tabulates the salient ratios for comparative financial performance and position for the Selected Comparable Companies and the Group:

Selected Comparable Companies ⁽¹⁾	LTM ROE (%) ⁽²⁾	LTM net profit margin (%) ⁽³⁾	LTM asset turnover (times) ⁽⁴⁾	Total liabilities ⁽⁵⁾ /shareholder equity ⁽⁶⁾ (times)	Total borrowings ⁽⁷⁾ /shareholder equity ⁽⁶⁾ (times)
Annaik	3.1	4.3	0.4	0.6	0.3
Asia Enterprises	0.4	0.9	0.4	0.1	No borrowings
AYS	n.m. ⁽⁸⁾	n.m. ⁽⁸⁾	1.1	1.6	0.9
BRC Asia	20.3	6.7	1.6	0.9	0.5
HG Metal	4.3	4.0	0.9	0.2	0.05
Pantech	8.1	8.7	0.6	0.3	0.2
Union Steel	12.6	9.8	0.7	0.9	0.5
MAXIMUM	20.3	9.8	1.6	1.6	0.9
MINIMUM	0.4	0.9	0.4	0.1	0.05
MEDIAN	6.2	5.5	0.7	0.6	0.3
SIMPLE AVERAGE	8.1	5.7	0.8	0.7	0.4
The Group	n.m.⁽⁹⁾	n.m.⁽⁹⁾	0.8	0.7	0.6

Source: The latest annual reports and the announced unaudited financial statements of the respective companies.

Notes:

- (1) Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding.
- (2) The last twelve months (“**LTM**”) return on equity (“**ROE**”) is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the most recent consolidated equity holders excluding minority interest of the respective companies.
- (3) LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the most recent twelve months consolidated revenue of the respective companies.
- (4) LTM asset turnover is the ratio of the most recent twelve months consolidated revenue to the consolidated assets of the respective companies.
- (5) Total liabilities include, *inter alia*, all the liabilities of the respective companies but exclude any contingent liabilities, if any.
- (6) Shareholders’ equity is the consolidated shareholders’ funds excluding minority interest of the respective companies.
- (7) Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, where applicable.

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- (8) *AYS incurred a loss after tax attributable to owners for the financial year or period ended 31 March 2025. Hence, AYS's LTM ROE and LTM net profit margin figures were negative and not meaningful.*
- (9) *The Group incurred a loss after tax attributable to owners for the LTM ended 31 March 2025. Hence, the Group's LTM ROE and LTM net profit margin figures were negative and not meaningful.*

For illustrative purposes only, we note the following:-

- (i) The Group's LTM ROE and LTM net profit margins are not meaningful as it recorded a net loss after tax of approximately S\$1.3 million for the LTM ended 31 March 2025. For illustrative purposes only, the Selected Comparable Companies (save for AYS which was loss-making) were all profitable during the period reviewed with median LTM ROE and LTM net profit margin of approximately 6.2% and 5.5% respectively.
- (ii) The Group's LTM asset turnover ratio of approximately 0.8 times is within the range, slightly higher than the median and in line with the simple average of the Selected Comparable Companies.
- (iii) The Group's ratio of total liabilities to shareholders' equity of 0.7 times is within the range, slightly higher than the median and in line with the simple average for the Selected Comparable Companies.
- (iv) The Group's ratio of total borrowings to shareholders' equity of 0.6 times is within the range, but higher than both the median and simple average for the Selected Comparable Companies.

In summary, the Group's financial performance (in terms of LTM ROE and LTM net profit margin) are generally worse off than the Selected Comparable Companies (save for AYS which is also loss-making during the period reviewed). The Group's LTM asset turnover appears to be relatively in line with when compared to the Selected Comparable Companies. In terms of financial position, the ratio of total liabilities to shareholders equity as at 31 March 2025 appears to be fairly comparable to the median and the simple average for the Selected Comparable Companies, while the ratio of total borrowings to shareholders' equity as at 31 March 2025 appears to be higher than both the median and simple average but still within the range for the Selected Comparable Companies.

The following valuation statistics for the Selected Comparable Companies are based on their respective closing prices as at the Latest Practicable Date, while those for the Group are based on the Offer Price. All the valuation statistics of the Selected Comparable Companies are computed on a historical basis using financial data or their latest publicly available unaudited financial statements or audited financial statements from their annual reports or result announcements, as the case may be.

The following table tabulates the comparative valuation statistics for the Selected Comparable Companies and the Group, and should be evaluated in the context of their relative financial performance and position.

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Selected Comparable Companies ⁽¹⁾	Market Capitalisation (\$ million)	LTM EV/ EBITDA ⁽²⁾ (times)	LTM PER ⁽³⁾ (times)	P/NAV ⁽⁴⁾ (times)	P/NTA ⁽⁵⁾ (times)	LTM P/ Revenue ⁽⁶⁾ (times)
Annaik	15.9	4.8	7.7	0.2	0.5	0.3
Asia Enterprises	47.8	n.m. ⁽⁷⁾	129.4	0.5	0.5	1.2
AYS	30.4	21.8	n.m. ⁽⁸⁾	0.2	0.2	0.1
BRC Asia	853.2	6.8	8.8	1.8	1.8	0.6
HG Metal	97.5	2.5	15.4	0.7	0.7	0.6
Pantech	166.9	4.6	6.7	0.5	0.5	0.6
Union Steel	72.1	4.4	6.1	0.8	0.8	0.6
MAXIMUM	853.2	21.8	129.4	1.8	1.8	1.2
MINIMUM	15.9	2.5	6.1	0.2	0.2	0.1
MEDIAN (excl. outliers)⁽⁹⁾	72.1	4.6	7.2	0.5	0.5	0.6
SIMPLE AVERAGE (excl. outliers)⁽⁹⁾	82.9	4.6	7.3	0.5	0.5	0.5
The Group (as implied by the Offer Price)	52.3	37.1	n.m.⁽¹⁰⁾	0.7 or 0.5⁽¹¹⁾	0.7 or 0.5⁽¹¹⁾	0.5

Source: The latest annual reports and the announced unaudited financial statements of the respective companies.

Notes:

- (1) Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding. The Management had also proposed MRC with market capitalisation of approximately US\$948.5 million, and DNOW with market capitalisation of approximately US\$1.5 billion as comparable companies. Both companies are listed on the NYSE. Despite their products offering being largely similar to the Group, we have not included the said two companies given their large market capitalisation and the difference in the geographical markets served (bulk of their revenue is derived from the USA). Purely for illustrative purpose, as at the Latest Practicable Date: (a) MRC is traded at LTM EV/EBITDA of approximately 10.2 times, LTM PER of approximately 24.9 times, P/NAV of approximately 2.0 times, and LTM P/Revenue of approximately 0.4 times; and (b) DNOW is traded at LTM EV/EBITDA of approximately 8.4 times, LTM PER of approximately 19.2 times, P/NAV of approximately 1.3 times, and LTM P/Revenue of approximately 0.6 times.
- (2) The LTM EV/EBITDA ratios for the Selected Comparable Companies are based on the most recent twelve months EBITDA as reported by the respective companies. The EBITDA for Annaik, Asia Enterprises, HG Metal, and Union Steel are based on the financial year or the most recent twelve months ended 31 December 2024. The EBITDA for AYS and BRC Asia are based on the financial year or the most recent twelve months ended 31 March 2025. The EBITDA for Pantech is based on the most recent financial year ended 28 February 2025.
- (3) The LTM PER ratios for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for Annaik, Asia Enterprises, HG Metal, and Union Steel are based on the financial year or the most recent twelve months ended 31 December 2024. The earnings after tax for AYS and BRC Asia are based on the financial year or the most recent twelve months ended 31 March 2025. The earnings after tax for Pantech is based on the most recent financial year ended 28 February 2025.
- (4) The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements. The NAV for Annaik, Asia Enterprises, HG Metal, and Union Steel are based on the financial year or the most recent twelve months ended 31 December 2024. The NAV for AYS and BRC Asia are based on the financial year or the most recent twelve months ended 31 March 2025. The NAV for Pantech is based on the most recent financial year ended 28 February 2025.
- (5) The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements. The NTA for Annaik, Asia Enterprises, HG Metal, and Union Steel are based on the financial year or the most recent twelve months ended 31 December 2024. The NTA for AYS and BRC Asia are based on the financial year or the most recent twelve months ended 31 March 2025. The NTA for Pantech is based on the financial year ended 28 February 2025.
- (6) The P/Revenue ratios for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The revenue for Annaik, Asia Enterprises, HG Metal, and Union Steel are based on the financial year or the most recent twelve months ended 31 December 2024. The revenue for AYS and BRC Asia are based on the financial year or the most recent twelve months ended 31 March 2025. The revenue for Pantech is based on the most recent financial year ended 28 February 2025.
- (7) Asia Enterprises recorded a negative EV for the financial year ended 31 December 2024. Hence, Asia Enterprise's EV/EBITDA ratio is negative and not meaningful.

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- (8) *AYS incurred a loss after tax attributable to owners for the financial year ended 31 March 2025. Hence, AYS's PER ratio was negative and not meaningful.*
- (9) *The outliers include Annaik (market capitalisation) Asia Enterprises (EV/EBITDA, PER, and P/Revenue), AYS (EV/EBITDA, PER and P/Revenue), BRC Asia (market capitalisation, P/NAV and P/NTA), and HG Metal (PER).*
- (10) *The Group incurred a loss after tax for the LTM ended 31 March 2025. Hence, the Group's PER ratio was negative and not meaningful.*
- (11) *P/NAV and P/NTA as at 31 March 2025 was approximately 0.7 times whilst P/RNAV and P/RNTA (or Adjusted P/RNAV and/or Adjusted P/NTA) was approximately 0.5 times.*

For illustrative purposes only, we note:

- (i) The market capitalisation of the Group as implied by the Offer Price is within the range, but lower than both the median and the simple average for the Selected Comparable Companies (excluding outliers). We note that the trading statistics for companies with higher market capitalisation may be different than those with lower market capitalisation, and this may be attributable to the relative liquidity in terms of number or value of shares traded as well as the relative interest in the shares of companies with larger market capitalisation.
- (ii) The valuation of the Group in terms of LTM EV/EBITDA is higher than any of the Selected Comparable Companies.
- (iii) The valuation of the Group in terms of LTM PER is not meaningful as it recorded a net loss after tax for the LTM ended 31 March 2025. For illustrative purposes only, most of the Selected Comparable Companies (save for AYS, which was loss-making), were profitable during the period reviewed and traded at PER of between 6.1 times to 129.4 times.
- (iv) The valuation of the Group in terms of P/NAV and P/NTA ratios (as implied by the Offer Price, and the Group's NAV and/or NTA per Share as at 31 March 2025) are within the range, and higher than the median and the simple average for the Selected Comparable Companies (wherein outlier is excluded).
- (v) The valuation of the Group in terms of P/RNAV and P/RNTA ratios (as implied by the Offer Price, and the Group's RNAV and/or RNTA or Adjusted RNAV and/or Adjusted RNTA (where applicable) per Share) are within the range, and in line with the median and the simple average for the Selected Comparable Companies (wherein outlier is excluded).
- (vi) The valuation of the Group in terms of LTM P/Revenue (as implied by the Offer Price) is within the range, slightly lower than the median but in line with the simple average for the Selected Comparable Companies (outliers removed).
- (vii) As compared to Pantech (a company which the Management has represented is similar to the Group in terms of products and markets), the valuation of the Group in terms of LTM EV/EBITDA (as implied by the Offer Price) is more favourable, whilst the valuation of the Group in terms of P/RNAV and P/RNTA (as implied by the Offer Price) are comparable. The valuation of the Group in terms of LTM P/Revenue (as implied by the Offer Price) is slightly lower as compared to Pantech.

In summary, the valuation of the Group (as implied by the Offer Price) in terms of LTM EBITDA, P/RNAV, P/RNTA, and LTM P/Revenue appear to be relatively favourable than or fairly comparable to the median and the simple average for the Selected Comparable Companies (excluding outliers).

Estimated Value of Shares

We have evaluated various factors, and considered among others, the historical market prices of the Shares, as well as earnings-based ratios (such as LTM PER and LTM EV/EBITDA ratios), LTM P/Revenue and asset-based ratios (such as P/NAV and P/NTA ratios) of the Company, the Selected

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Comparable Companies, and the Selected Steel Takeovers. Given that the Group was in a loss-making position for the LTM ended 31 March 2025, we have focused on the P/NAV and LTM P/Revenue for the purpose of estimating a range of values of the Shares (the “**Estimated Value**”).

In the derivation of the Estimated Value of the Shares, we have used: (a) the Group’s RNAV as at 31 March 2025, and revenue for LTM ended 31 March 2025; and (b) applied the median of P/NAV and LTM P/Revenue multiples for the Selected Comparable Companies (excluding outliers), and the computed mean of these two values. Based on this approach, we have arrived at an average Estimated Value of approximately S\$0.220.

In addition, we have used the same methodology but with the application of a control premium (being the simple average of the historical premiums for Selected Successful Privatisations, as implied by the offer prices over the last trading day, 1-month, 3-month, 6-month and 12-month periods prior to and including the last trading day) and derived a mean for the two values obtained. Based on this approach, we have arrived at an average Estimated Value of approximately S\$0.285.

The control premium was applied given that the Offeror has stated in Section 10 of the Offer Document, that in the event that the Offeror is entitled to compulsory acquisition rights pursuant to Section 215(1) of the Companies Act, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%. Thus the Offeror reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention as described in Section 10 of the Offer Document will be carried into effect. This application of control premium is not withstanding the intention of Mr Ong Tong Hai to reject the Offer and the Company’s understanding of the intentions of the Ong Family (other than Mr Ong Tong Hai) as the intention and understanding are, as at 13 June 2025.

The range of Estimated Values per Share based on the above methods, are between approximately S\$0.220 to S\$0.285 per Share. Accordingly, the Offer Price is lower than the range of the Estimated Values per Share.

We note that if the P/NAV and LTM P/Revenue multiples for Pantech were used (instead of the Selected Comparable Companies) and with the same methodology, the estimated fair values per Share were not materially different from those computed for the Estimated Values per Share.

For clarity, the Offer Price is at a discount of between approximately 8.9% to 29.8% from the Estimated Values per Share of between approximately S\$0.220 to S\$0.285 per Share respectively. In our analysis for reasonableness, we have considered the Estimated Values per Share and other matters, *inter alia*, as stated in Sections 7.3 and 7.4 of this Letter, and the Offeror’s intention as stated in Section 10.3 of the Offer Document that “*It is the current intention of the Offeror to maintain the listing status of the Company on the Mainboard of the SGX-ST*”, which the Offeror has not stated in absolute and definite terms but rather with reservation of rights.

We note that the implied P/RNAV and the LTM P/Revenue multiples (computed based on the Estimated Values per Share are comparable to the Selected Steel Transactions (in terms of the median and simple average of the P/NAV multiples and the range of the LTM P/Revenue multiples)).

Just as an illustration, in the event that no potential tax liabilities is imputed for the R/NAV (and without taking into account the potential of the extension of the Group’s factory premises in Senai), and using the above methodologies the estimated values per Share would not be materially different.

As stated in Section 7.2 of this Letter, as at the Latest Practicable Date, there is no certainty or assurance that the Proposed Building Expansion will proceed as the Proposed Building Expansion

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is subject to, *inter alia*, approval(s) from relevant regulatory authority and such approval(s) has not been obtained as at the Latest Practicable Date. As such, it may not be appropriate to place an emphasis on this for an estimation of the fair value per Share. Notwithstanding we note that there is no significant difference between the estimated fair values per Share computed based on RNAV and Adjusted RNAV.

Independent Directors are advised to review the Offer and the comparison of the Group's valuation ratios with the Selected Comparable Companies in conjunction with the following facts:

- (i) the Group's financial performance (in terms of LTM ROE and net profit margin) and financial position (in terms of the ratio of total borrowings to shareholders' equity) appear to be less favourable as compared to the Selected Comparable Companies;
- (ii) the trading statistics for the shares of the Selected Comparable Companies are based on transactions which do not result in an acquisition of control whilst for the Offer, the Offeror, *inter alia*, do seek to obtain control and do intend to maintain the listing status of the company in the event the free float requirement is not satisfied and does intend to take steps for the public float to be restored. However, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) under Section 215(1) of the Companies Act, depending on, *inter alia*, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST.
- (iii) the Offer Price represents a substantial premium of approximately 48.1% over the highest transacted price for the Shares of S\$0.135 for the 24-month period prior to the Last Trading Day.

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8. OTHER CONSIDERATIONS

8.1 Existing Shareholding Structure of the Company

The shareholding structure of the Company as at the Latest Practicable Date is outlined below:

	Direct Interests	Deemed Interests	Total interests	% of the issued Share capital as at the Latest Practicable Date ⁽¹⁾
Offeror and its Concert Parties				
Total Shares owned, controlled and agreed to be acquired by the Offeror and its Concert Parties	82,953,982	NIL	82,953,982	31.74
Substantial Shareholders and their associate (other than Offeror and Concert Parties)				
Ong Tong Hai (Weng Donghai) ⁽³⁾	44,442,096	Nil	44,442,096	17.00
Other Ong Family members ⁽³⁾	25,625,696	Nil	25,625,696	9.80
Ong Family ⁽³⁾	70,067,792	Nil	70,067,792	26.81
Directors (other than substantial Shareholders)⁽⁴⁾				
Tan Siok Chin	125,000	Nil	125,000	0.05
Yasuhiko Watanabe	Nil	Nil	Nil	Nil
Ong Tiew Siam	Nil	Nil	Nil	Nil
Hor Siew Fu	Nil	Nil	Nil	Nil
Lim Jun Xiong Steven	Nil	Nil	Nil	Nil
Loo Cheng Guan	Nil	Nil	Nil	Nil
Public Shareholdings			108,213,323	41.40

Notes:

- (1) Computed based on the Company's issued Share capital comprising 261,360,097 Shares (excluding treasury Shares) as at Latest Practicable Date.
- (2) The Offeror is 3HA Capital Private Limited whose issued and paid-up share capital is held by a consortium comprising HHH Group Pte. Ltd., Hanwa Singapore (Private) Limited, Ann Yak Siong (Singapore) Pte. Ltd., and Thor Capital Pte. Ltd. Please refer to, inter alia, Section 5 of the Offer Document for details of the Offeror and its Concert Parties.
- (3) Mr Ong Tong Hai ("**Mr Jack Ong**", CEO and Executive Director) is the brother of Mr Ong Tong Yang ("**Mr Andy Ong**"), who is a Substantial Shareholder and a director of the Company's principal subsidiary, KSH. Mr Ong Chin Sum is the father of Mr Jack Ong and Mr Andy Ong. The number of Shares owned by Mr Jack Ong subsequent to Latest Practicable Date had increased. Shareholders may want to refer to the announcements made on SGXNet regarding the increase of his shareholdings.
- (4) Details of the Directors including, inter alia, the Directors' direct and deemed interests in the Shares as at the Latest Practicable Date are set out in Appendix II, Section 5 of the Circular.

As disclosed in the Offer Document, as at 30 May 2025 (being the latest practicable date of the Offer Document), the Offeror and its Concert Parties hold an aggregate interest of 82,953,982 Shares, representing approximately 31.74% of the issued Share capital (excluding treasury Shares) of the Company.

As at 13 June 2025, the Offer remains conditional on the Minimum Acceptance Condition (defined later).

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Other matters

We noted that as stated in Section 12.2 of the Circular that following receipt of the Nine Yards Letter (as defined in the Circular), the Company had on 9 June 2025 sought clarification from the Offeror, *inter alia*, on whether it is true that some or all of the shareholders of the Offeror are (either directly or indirectly, through their related or affiliated companies) direct competitors of the Company, and if so, whether the Offeror would be able to address the potential conflicts of interest that may arise between the interests of the Company and such competitors, and/or between the interests of the Offeror and the interests of the minority shareholders of the Company, should the Offer become unconditional and the Offeror becomes the majority controlling shareholder of the Company.

The Offeror has, however, through its legal counsel, responded on the same day by stating, *inter alia*, that “*there are no requirements to address any business conflicts of interest in a take-over situation under the Singapore Code on Take-Overs and Mergers other than in relation to the Competition Act 2004 of Singapore*” and “*if a situation of business conflict arises after the take-over, this will be dealt with in accordance with the requirements of the Listing Manual, if the Company maintains its listing status.*”

The reason the Independent Directors sought clarification from the Offeror on whether there may be potential business conflicts arising should the Offeror become the majority controlling shareholder of the Company is because such potential business conflicts, if they were to arise, may have a potential impact or bearing on the manner in which the Company operates or manages its business, which may in turn have a potential impact or bearing on the Company's future outlook or prospects after the close of the Offer, and this, in the reasonable opinion of the Independent Directors, is a key pertinent point for Shareholders' consideration in deciding whether to accept or reject the Offer.

We note from Appendix II, Section 5.1 of the Circular, that subsequent to the Latest Practicable Date, Mr Ong Tong Hai has acquired additional 240,400 Shares, 688,500 Shares, 71,100 Shares and 2,000,000 Shares on 9 June 2025, 10 June 2025, 11 June 2025 and 13 June 2025 respectively, with an average purchase price paid of S\$0.22 per Share. Accordingly, as at 13 June 2025, the Ong Family hold an aggregate 73,067,792 Shares or approximately 27.96% of the total issued Share capital (excluding treasury Shares).

We note from Appendix II, Section 5.1 of the Circular that as at the Latest Practicable Date, the Directors who held direct or indirect interests in the Shares during the Offer Announcement Date have indicated their intentions in respect of accepting or rejecting the Offer in respect of their Shares as follows:

- (a) Ms Tan Siok Chin has indicated that she does not intend to accept the Offer in respect of the 125,000 Shares directly held by her as at the Latest Practicable Date.
- (b) Mr Ong Tong Hai has indicated that he does not intend to accept the Offer in respect of the 47,442,096 Shares directly held by him as at 13 June 2005 and any additional Shares to be acquired by him (if applicable) prior to the expiry of the Offer Period.

Apart from the 47,442,096 Shares presently directly held by Mr Ong Tong Hai as at 13 June 2025, his family members, Mr Ong Tong Yang and Mr Ong Chin Sum or the Ong Family hold an additional 25,625,696 Shares, and, together with Mr Ong Tong Hai's Shares, representing in aggregate approximately 27.96% of the total issued Shares (excluding treasury Shares) of the Company as at 13 June 2025.

The Company understands from Mr Ong Tong Hai that the other members of the Ong Family also do not intend to accept the Offer in respect of Shares held by them collectively as at 13 June 2025 or any additional Shares to be acquired by them (if applicable) prior to the expiry of the Offer Period.

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We note that as at the Latest Practicable Date, given the fact that the Ong Family owns in aggregate approximately 26.81% of Issued Shares, the Offeror and its Concert Parties may not be in a position to exercise its compulsory acquisition rights.

Taking into account the Mr Ong Tong Hai and the Ong Family's indication of their intentions as aforesaid and on the assumption that the Offeror and its Concert Parties own, control or have agreed to acquire (other than through valid acceptances of the Offer) an aggregate of 82,953,982 Shares, representing approximately 31.74% of the total issued Shares (excluding treasury Shares), the Offeror would need to receive valid acceptances of the Offer from Shareholders holding 47,726,067 Shares, representing more than 50% of the total issued Shares (excluding treasury Shares) from public shareholders prior to the expiry of the Offer Period in order to meet the Minimum Acceptance Condition.

8.2 Dividend Track Record

For the purposes of assessing the Offer, we have considered the dividend track record of the Group against the Selected Comparable Companies and those from selected alternative investments.

Historical dividends paid and/or declared by the Group

Period	Net Dividend per Share (S\$)	Net Dividend Payout (%) ⁽¹⁾	Implied net dividend yield (%) ⁽²⁾
FY2024	-	n.m. ⁽³⁾	n.m. ⁽³⁾
FY2023	0.005	46.7	2.5
FY2022	0.005	61.7	2.5

Notes:

- (1) Based on, *inter alia*, the net dividend per Share divided by the consolidated basic earnings per Share as reported in the Company's annual reports for the respective financial years. The earnings per Share used for the purpose of the computation above have not been adjusted for the changes in the Group's accounting policies (if any) nor any exceptional one-off items over the years.
- (2) Based on the net dividend per Share divided by the Offer Price.
- (3) n.m. denotes not meaningful as the Company did not declare or pay dividends for the most recently completed financial year.

We note that the Company did not declare any dividend for FY2024 but had declared and/or paid dividends for FY2022 and FY2023. We understand from the Directors that whilst the Company has historically paid dividends in accordance with its dividend policy, no dividends was paid for FY2024 as the Company was loss making in FY2024, and while no conclusion has been reached as to whether there will be any dividends to be paid for FY2025, the Company has reversed its loss-making position in FY2024 in HY2025.

We note from the Company's AR2024 that the Company's dividend policy seeks to balance return to shareholders with the need for long-term sustainable growth whilst aiming for an efficient capital structure. The Company strives to provide shareholders on an annual basis with a consistent and sustainable ordinary dividend, with a variable special dividend based on cash position, working capital, expenditure plans, acquisition opportunities and market environment.

We wish to highlight that there is no assurance that the Company will or will not pay dividends in future and/or maintain the level of dividends paid in past periods.

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Investments in selected alternative investments

In evaluating the Offer, we have made comparison of dividend yields that may arise from investments in the Selected Comparable Companies and selected alternative equity investments and/or a broad market index instrument such as the STI Exchange Traded Fund (“**STI ETF**”).

For illustrative purposes only, the dividend yield for the selected alternative equity investments based on their ordinary cash dividends as declared for each of their most recent financial year are as follows:

Selected Comparable Companies	Financial Year End	Net Dividend Payout (%) ⁽¹⁾	Net Dividend Yield (%) ⁽²⁾
Annaik	31-Dec-24	n.m. ⁽³⁾	n.m. ⁽³⁾
Asia Enterprises	31-Dec-24	454.5	3.6
AYS	31-Mar-25	n.m. ⁽³⁾	n.m. ⁽³⁾
BRC Asia	30-Sep-24	58.7	6.4
HG Metal	31-Dec-24	n.m. ⁽³⁾	n.m. ⁽³⁾
Pantech	28-Feb-25	65.6	9.8
Union Steel	30-Jun-24	11.8	2.1
STI ETF	30-Jun-24	54.5	4.0
The Group	30-Sep-24	n.m. ⁽³⁾	n.m. ⁽³⁾

Notes:

- (1) Based on the net dividend per Share divided by the consolidated basic earnings per Share as reported in the Company's annual reports for the respective financial years. The earnings per Share used for the purpose of the computation above have not been adjusted for the changes in the Group's accounting policies (if any) nor any exceptional one-off items over the years.
- (2) Net dividend yield for each selected alternative equity investment is based on the net dividend per share divided by the closing market price for each share on the Latest Practicable Date (or where there was no trading on such date, the last available closing market price prior thereto). The aforementioned net dividend yield computed may differ from the actual dividend yield which will vary depending on the actual cost of investment paid by the individual investor.
- (3) n.m. denotes not meaningful as the Company and the respective Selected Comparable Companies did not declare nor pay dividends for the most recently completed financial period/year.

We note that the Group's dividend profile (in terms of net dividend payout and yield where applicable) is less favourable as compared to the Selected Comparable Companies (save for Annaik, AYS, and HG Metal which did not declare any dividend during their respective latest financial year) and the STI ETF, as the Company did not pay any dividend in respect to FY2024, being its most recent financial period, and on the assumption that the Group, the Selected Comparable Companies and the STI ETF maintain their respective net dividend per share at the same level as that in their last financial year.

On the basis that no dividend has been declared for the latest financial period, Shareholders should therefore expect an improvement or increase in their investment income by accepting the Offer and depositing the proceeds from the Offer in a 12-month Singapore Dollar fixed deposit account with a local commercial bank in Singapore or using the proceeds from the Offer to invest in the Selected Comparable Companies (other than Annaik, AYS, and HG Metal which did not declare any dividend during their respective latest financial year) and/or the STI ETF. This analysis is on the assumption that, *inter alia*, the Selected Comparable Companies and the STI ETF maintain their respective net dividend per unit at the same level as that in their last financial year.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the future dividend policy for the Company or the Selected Comparable Companies or the STI ETF. Furthermore, an investment in the equity of the Selected Comparable Companies or the STI ETF also presents different risk-return profiles as compared to an investment in the Shares. Moreover, there is no assurance that, *inter alia*, the Group or any of the above selected alternative equity investments will continue to pay or not to pay any dividends in the future and/or maintain the level of dividends paid in past periods.

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8.3 Alternative or Competing Offer

We note that subsequent to the Offer Announcement Date and the Latest Practicable Date, Mr Jack Ong has made further acquisitions of Shares. The average purchase price paid by Mr Jack Ong for the said purchases subsequent to the Offer Announcement Date till the Latest Practicable Date is approximately S\$0.22 per Share. Subsequent to the Latest Practicable Date, Mr Jack Ong made further acquisitions of has acquired additional 240,400 Shares, 688,500 Shares and 71,100 and 2,000,000 Shares on 9 June 2025, 10 June 2025, 11 June 2025 and 13 June 2025 respectively, with an average purchase price paid of approximately S\$0.22 per Share.

It should be noted that as at 13 June 2025 the Ong Family hold in aggregate 73,067,792 Shares or approximately 27.96% of the issued Share capital (excluding treasury Shares), fairly close to the aggregate shareholdings of the Offeror and its Concert Parties. Accordingly, the views and/or intentions of the Ong Family in respect of the Offer may have a potential impact on the outcome of the Offer, and Shareholders are advised to trade with caution pending clarifications (if any) from the Offeror, or any other further developments in relation to the foregoing.

In addition, as at 30 May 2025 (being the latest practicable date of the Offer Document), the Offeror and its Concert Parties hold an aggregate interest of 82,953,982 Shares, representing approximately 31.74% of the issued Share capital (excluding treasury Shares) of the Company. Thus, the Offeror and its Concert Parties do not have majority control over the Company.

Under such circumstances as described above, the possibility of a competing offer for the Shares do exists.

As at the Latest Practicable Date, there is no publicly available evidence of an alternative take-over offer for the Shares of the Company from any party other than the Offeror and its Concert Parties. The Directors have also confirmed that, as at the Latest Practicable Date, save for the Offer made by the Offeror, no alternative offer or intention to make an offer for the Company from any other party has been received.

We further note that save as disclosed in the Offer Document, there has been no proposed or specific plans or corporate actions (including, *inter alia*, plans or actions that involves issuance of Shares or acquisitions or divestitures). Accordingly, Independent Directors and Shareholders should note that the analysis, opinions and recommendations of this letter is necessarily limited.

8.4 Control over the Company

Prior to the Offer Announcement and as at the Latest Practicable Date, the Offeror and its Concert Parties are unlikely to achieve “super” majority control (over 75%) of the Company unless the Ong Family consider accepting the Offer. However, in the event that the Minimum Acceptance Condition is met, the Offeror and its Concert Parties will be in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and ability to, subject to the listing requirements of SGX-ST, pass all ordinary resolutions on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of Shareholders.

8.5 Listing Status and Compulsory Acquisition

The listing status and compulsory acquisition are set out in Section 10 of the Offer Document and have been extracted and reproduced in Section 6 of this Letter. Shareholders are advised to read Section 10 of the Offer Document and Section 6 of this Letter carefully and in its entirety.

In addition, we note as described in Section 12.2 of the Circular that were the Company potentially choose to privatise and/or be directed to delist and make an exit offer, under the current Listing Rules, which, for the avoidance of doubt, there are no current plans by the Company to do so, it would be a mandatory regulatory requirement that the exit offer price would have to be BOTH fair

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and reasonable. **For the avoidance of doubt, Shareholders should note that there are no current plans by the Company, and the Independent Directors are not in any way suggesting or implying that there are or will be any plans by the Company relating to a possible privatisation and/or delisting or exit offer exercise.**

We note that the Offeror is making the Offer with the intention of preserving the listing status of the Company on the Mainboard of the SGX-ST. However, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) under Section 215(1) of the Companies Act, depending on, *inter alia*, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time.

Thus, save as disclosed in this Circular, as at the Latest Practicable Date and given the number of Shares held by the Ong family and their intentions as stated in the Circular, we have considered for the purposes of this letter the reasonableness of the Offer, other matters as well as the value of the Shares, and the definitive intentions of the Offeror (Section 10.3 of the Offer Document).

8.6 Rationale for the Offer and Offeror's intentions for the Company

The rationale for the Offer is set out in Section 7 of the Offer Document and has been extracted and reproduced in Section 6 of this Letter. Shareholders are advised to read Section 7 of the Offer Document and Section 6 of this Letter carefully and in its entirety.

As set out in Section 9 of the Offer Document, the Offeror intends for the Company to continue to develop and grow the existing businesses of the Group. The Offeror and the Company will continue to review, from time to time, the operations of the Group as well as the Company's strategic options. The Offeror retains and reserves the right and flexibility at any time and from time to time to further consider any options or opportunities in relation to the Company which may present themselves and which the Offeror may regard to be in the best interests of the Offeror and/or the Company.

Save as disclosed in the Offer Document, the Offeror has no current intention to (a) introduce any major changes to the existing business of the Company, (b) re-deploy the fixed assets of the Company, or (c) discontinue the employment of the existing employees of the Group, in each case, other than in the ordinary and usual course of business and/or in response to the changing market conditions.

8.7 Watch-List

The Company had been placed on the watch-list with effect from 5 June 2018 (the "**Watch-List**"), pursuant to the then prevailing Rule 1311(1) and 1311(2) with effect from 5 December 2017 of the Listing Manual. The said Rule 1311 was amended on 1 June 2020.

Pursuant to Rule 1311, an issuer will be put on the Watch-List, if it records pre-tax losses for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S\$40 million over the last 6 months. Furthermore, based on Rule 1314 (which was last amended on 1 June 2020), an issuer on the watch-list may apply to the SGX-ST to be removed from the Watch-List if it records consolidated pre-tax profit for the most recently completed financial year (based on audited full year consolidated accounts) and has an average daily market capitalisation of S\$40 million or more over the last 6 months (the "**Exit Criteria**").

The Company had subsequently filed for time extensions for the removal from the Watch-List on 5 March 2021, 25 February 2022, 27 April 2023 and 22 April 2024. The SGX-ST approved the Company's time extension submissions on 14 May 2021, 21 April 2022, 7 June 2023 and 12 June 2024 respectively. The latest deadline for the Company to fulfil the requirements stated above for removal from the Watch-List was 4 June 2025.

On 15 May 2025, the Singapore Exchange Regulation Pte. Ltd. (the "**SGXRegCo**") issued a public

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consultation paper on, *inter alia*, the removal of Watch-List from the listing regime (the “**SGX RegCo Consultation Paper**”), extracts of key provisions as set out below:

Page 9, para 1.4:

“Pending the conclusion of this consultation, SGX RegCo will provisionally suspend the half-yearly reviews to place issuers on the Financial Watch-list. In the interim, issuers that are currently on the Financial Watch-list will not be directed to delist, regardless of their inability to exit the watch-list in accordance with the requisite criteria in Mainboard Rules 1315 and 1316 (“Exit Criteria”). For the avoidance of doubt, issuers on the Financial Watch-list that meet the Exit Criteria can continue to apply to SGX RegCo for their removal from the Financial Watch-list during this interim period.”

In view of the above, the Company announced on 19 May 2025, that the Company will not be directed to delist on 4 June 2025, regardless of whether it was able to meet the requisite criteria by then.

We note from the Offer Document Section 7.1 that there is no certainty that the proposals under the SGX RegCo Consultation Paper will be put into effect, including the removal of the Watch-list from the listing regime, and the Company may be directed to delist following conclusion of the public consultation. In addition the Offer Document stated that “*Shareholders who are not prepared to bear the aforesaid risks associated with the Company will benefit from the clean cash exit opportunity provided through the Offer.*” In the event of a directed delisting, the exit offer must be in compliance with the applicable Listing Manual requirements including, *inter alia*, the exit offer must be fair and reasonable.

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8.8 No Fund Raising

Save for a private placement conducted on 17 September 2009 (the “**2009 Placement**”, whereby gross proceeds of approximately S\$17.3 million was raised from issuance and allotment of 35.0 million new Shares or approximately 19.9% of the then existing issued Share capital at an issue price of S\$0.494 for each new Share) and a share subscription by Hanwa Co., Ltd. (“**Subscription by Hanwa**”) on 1 December 2014 (whereby gross proceeds of approximately S\$15.3 million was raised from the issuance and allotment of 26.4 million new Shares to Hanwa or approximately 10% of the then existing issued Share capital at an issue price of S\$0.58 for each new Share), the Company had not carried out any other fund raising in the form of rights issue or placements since they were listed on the Mainboard of the SGX-ST on 22 June 2007 and has mostly relied on borrowings from banks and its internal resources to fund, *inter alia*, its general working capital purposes. No comparison between the Offer and the 2009 Placement and the Subscription by Hanwa was made given that both the 2009 Placement and the Subscription by Hanwa were completed more than 10 years ago, and as economic, industry and company specific conditions then prevailing were different as compared to the Latest Practicable Date.

8.9 Offer is Conditional and no statement on final Offer Price

We note from Section 2.5 of the Offer Document that the Offer is conditional upon the Offeror having received, by the close of the Offer, valid acceptances in respect of such number of Offer Shares which, when taken together with any Offer Shares owned, controlled, acquired or agreed to be acquired by the Offeror and its Concert Parties before or during the Offer but otherwise than through acceptances of the Offer, will result in the Offeror and its Concert Parties holding more than 50% of the total number of issued Shares (excluding any Shares held in treasury) as at the close of the Offer (the “**Minimum Acceptance Condition**”).

Save for the Minimum Acceptance Condition, the Offer will be unconditional in all other respects.

In addition, as at 13 June 2025, there has been no announcement that the Minimum Acceptance Condition has been met and/or the Offer is unconditional or that the Offer Price is final and will not be revised.

8.10 Material Litigation and contracts with interested persons

Material Litigation

We note from the Appendix II, Section 9 of the Circular that as at the Latest Practicable Date, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

Material Contracts with Interested Persons

We note from the Appendix II, Section 8 of the Circular that as at the Latest Practicable Date, save as disclosed on SGXNet, in the Company’s annual reports, or any publicly available information on the Group, neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

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9. OPINION

In arriving at our recommendation, we have reviewed and examined all factors set out in Sections 7 and 8 of this Letter as well as others elaborated elsewhere in this Letter (including the Offer Document) which we have considered to be pertinent in our assessment of the Offer, including, *inter alia*, the views of and representations by the Directors.

Our recommendation or opinion is by no means an indication of the merits, prospects, financial performance and position of the Company or the Group after the completion or lapse of the Offer, or whether the Company or the Group can improve their financial position and performance, and cash flow or whether the Company or the Group can continue to operate as a going concern or the ability to meet its liabilities when due or the prices at which the Shares would trade after the completion or lapse of the Offer.

Shareholders are advised to read this Letter carefully and in its entirety. Our views, recommendation and opinion are necessarily limited and subject to the matters stated in this IFA Letter. The following should be read in conjunction with, and in the context of, the full text of this IFA Letter.

In summary, having regard to our analysis and the considerations in this Letter (including, *inter alia*, its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant considerations prevailing as at the Latest Practicable Date, and subject to our terms of reference, as well as the representations and confirmations from the Directors, we are of the opinion that, in the absence of an alternative offer, the financial terms of the Offer is, on balance, **NOT FAIR** but **REASONABLE**.

For the purposes of evaluation of the Offer from a financial point of view, we have adopted the approach that the term “fair and reasonable” comprises two distinct concepts:

- (i) Whether the Offer is “fair” relates to the value of the offer price which is based strictly on the evaluation of the Offer Price (i.e. by, *inter alia*, looking at the financial or fundamental analyses of the Offer Price as set out in this Letter and based on information known to us or which is publicly available).
- (ii) Whether the Offer is “reasonable”, after taking into consideration the actual and potential financial impact of other circumstances surrounding the Offer and the Company or the Group which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms of the Offer, on balance to be **NOT FAIR** from a financial point of view after considering, *inter alia*, the analysis and the considerations in this Letter (including, *inter alia*, its limitation and constraints) and after taking into account the Offeror’s and the Ong Family’s intention. The following factors which are a summary of our analysis are significant for the Offer:-

- (i) The Group is on recovery track – revenue for the Group continued to trend upwards, and it posted a net profit of S\$2.3 million in HY2025 as compared to the losses registered in HY2024. As stated in the Group’s result announcement for HY2025, despite challenging operating conditions, the Group expects improved revenue generation in FY2025. The increase in the Group’s borrowings as at 31 March 2025 was mainly to fund the growth in revenue which more than doubled as compared to the previous comparable period. The Group’s financial position remain strong and healthy: a) net current position improved from approximately S\$60.2 million as at 30 September 2024 to approximately S\$62.6 million as at 31 March 2025; and (b) its equity base expanded from approximately S\$74.3 million as at 30 September 2024 to approximately S\$76.6 million as at 31 March 2025 due to the plough back of earnings.
- (ii) The Offer Price represents a discount of approximately 31.8%, 46.8%, and 47.8% from the Group’s NAV and/or NTA, RNAV and/or RNTA, and Adjusted RNAV and/or RNTA per Share respectively.

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- (iii) Unfavourable comparison of the Group's valuation in terms of P/NAV (as implied by the Offer Price and the Group's RNAV or Adjusted RNAV where applicable) against both the median and the simple average for the Selected Non-Privatisation Transactions and the Selected Successful Privatisations after considering, *inter alia*, the shareholding of the Offeror and its Concert Parties which is lower than both the median and the simple average for the percentage of the shareholding interests of the offeror and parties acting in concert as at the start for each of the Selected Non-Privatisation Transactions and the Selected Successful Privatisations.
- (iv) Unfavourable comparison against the Selected Steel Takeovers after considering, *inter alia*, the lower and less favourable valuation of the Group in terms of P/RNAV and P/Revenue.
- (v) The Offer Price is lower than the range of the Estimated Values per Share.
- (vi) As at the Latest Practicable Date, there is no indication that the Offer Price is final.

We consider the financial terms of the Offer, on balance to be **REASONABLE** from a financial point of view after considering, *inter alia*, the analysis and the considerations in this Letter (including its limitation and constraints), after taking into consideration other matters as well as the intentions of the Offeror (Section 10.3 of the Offer Document) to maintain the listing status whilst reserving their rights on exercising their compulsory acquisition rights as described in this Letter and given the number of Shares held by the Ong Family and their intentions, and the Estimated Values per Share as described in this Letter. The following factors which are a summary of our analysis are significant for the Offer:-

- (i) Substantial premia in general as implied by the Offer Price over the historical prices for the Shares prior to the Last Trading Day considering, *inter alia*: (a) the implied premium of approximately 48.1% over the last transacted price for the Shares on the Last Trading Day prior to the Offer Announcement; (b) the implied premia of approximately 57.5%, 61.3%, 70.9%, 75.4%, and 72.4% over the VWAP for the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods prior to the Last Trading Day respectively; and (c) the implied premium of approximately 48.1% over the highest transacted prices for the Shares for the 24-month period prior to the Last Trading Day. The historical premia may have been affected by, *inter alia*, the Company's watch-list status as described in Section 8.7 of this Letter.
- (ii) Favourable comparison against the Selected Non-Privatisation Transactions and the Selected Successful Privatisations in terms of premia over the historical prices. The implied premia over the last transacted price for the Shares on the Last Trading Day and the historical prices for the Shares for the 1-month, 3-month, 6-month, and 12-month periods prior to the Last Trading Day appears to be within the range and more favourable than both the median and the simple average premia for the Selected Non-Privatisation Transactions and the Selected Successful Privatisations. The historical premia may have been affected by, *inter alia*, the Company's watch-list status as described in Section 8.7 of this Letter.
- (iii) Low liquidity for the Shares (in terms of both average daily trading volume and frequency of trading) prior to the Offer Announcement. The low liquidity may have been affected by, *inter alia*, the Company's watch-list status as described in Section 8.7 of this Letter. Counters on watch-list may suffer from reduced trading interest (including limited share financing) as some securities houses, may restrict trading, thus reducing and curbing the trading activities and liquidity for such companies.
- (iv) Generally fair comparison against the valuation of the Selected Comparable Companies (excluding outliers) and without taking into account the values of the Appraised Assets (both without and with the Proposed Building Expansion for the Senai Property), in terms of LTM EV/EBITDA, P/NAV, P/NTA and LTM P/Revenue after taking into account, *inter alia*, (a) the Group's relatively weaker financial performance (in terms of LTM ROE and net profit margin) and financial position (in terms of the ratio of total borrowings to shareholders' equity) as compared to the Selected Comparable Companies; and (b) the market capitalisation of the

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Group as implied by the Offer Price which is lower than the median and the simple average (excluding outliers) of the Selected Comparable Companies.

- (v) Directors' confirmation that apart from the Offer, no other third party has made a firm offer for the Company as at the Latest Practicable Date.
- (vi) The Company has not carried out any other fund raising, *inter alia*, in the form of rights issue or placements (save for a private placement conducted in 17 September 2009 and a share subscription by Hanwa Co., Ltd. on 1 December 2014), since they were listed on the Mainboard of the SGX-ST. Accordingly, save as disclosed in this Circular or our Letter or announced via SGXNet, there are no recent records for successful transactions of Shares for comparison with the Offer save for the historical prices for which Shares were traded in the market.
- (vii) No dividend was declared by the Company for FY2024 and HY2025 as at the Latest Practicable Date, although Shareholders should take note of the matters raised in Section 8.2 of this Letter in relation to the Company's dividend track record.
- (viii) The Company had not been able to fulfil the Exit Criteria since it was put under the Watch-List in June 2018 (about 7 years ago). Despite the fact that the Company has not been directed to delist on 4 June 2025 given the interim arrangement pursuant to the SGX RegCo Consultation Paper, there is no certainty that the proposals under the SGX RegCo Consultation Paper will be put into effect, including the removal of the Watch-list from the listing regime, and the Company may be directed to delist following conclusion of the public consultation. Such directed delisting is subject to the relevant Listing Manual requirements, *inter alia*, that the exit offer must be fair and reasonable.

ACA's Recommendation on the Offer

Based on our assessment of the financial terms of the Offer as set out above, we advise the Independent Directors that they should recommend Shareholders to **ACCEPT** the Offer. However, in the event that Shareholders are able to dispose the Offer Shares in the open market and realise their investments at prices higher than the Offer Price (and after considering, *inter alia*, related expenses), they should consider selling the Offer Shares in the open market. It should be noted that for the period commencing on the Market Day immediately after the Offer Announcement Date to the Latest Practicable Date, the transacted prices for the Shares have always been higher than the Offer Price, albeit arising from transactions by certain Director of the Company. The Offer Price represents a discount of approximately 11.1% over the last transacted price of S\$0.225 per Share on the SGX-ST on the Latest Practicable Date.

While the transacted prices for the Shares subsequent to the Offer Announcement Date have increased and may have been underpinned by the Offer and the trading for the Shares on a daily basis may have (in general) increased after the Offer Announcement Date to the Latest Practicable Date (as compared to the 24-month period prior to the Last Trading Day), there is no assurance that the trend of trading activities for the Shares will be maintained at such levels or that the transacted prices for the Shares will be maintained after the closing of the Offer.

In the event that Shareholders are concerned about the liquidity and the prices at which they can realise their investments in the Offer Shares (including whether they can realise their investments at prices higher than the Offer Price after deducting related expenses), acceptance of the Offer will provide certainty of exit at the Offer Price (with no related expenses).

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Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Shareholders:

1. If the Shareholders are considering selling their Offer Shares in the open market, they should be aware that the current market prices and trading volumes for the Shares may have been affected by the Offer and the transactions by certain Director and may not be maintained at current levels when the Offer closes. In addition, opportunities to realise the Offer Shares in the open market may be restricted or limited by the lack of liquidity for the Shares (as observed during the historical periods under review, being 15 May 2023 to the Last Trading Day).
2. As at the 13 June 2025, the Offer has not been declared unconditional in all respects and is subject to the Minimum Acceptance Condition. In addition, as at the Latest Practicable Date, there has been no statement that the Offer Price is final and will not be revised.
3. Whilst the possibility of a higher offer from a third party cannot be ruled out, as at the Latest Practicable Date, we are not aware of any publicly available evidence of an alternative offer for the Shares. Shareholders should note that the likelihood of an alternative take-over is not remote in view that as at 30 May 2025, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 82,953,982 Shares, representing approximately 31.74% of the total number of issued Shares. Save as disclosed, the Offeror and its Concert Parties did not receive any irrevocable commitment or undertaking from any party to accept or reject the Offer.
4. Given the low liquidity of the Shares (in terms of number of Shares traded on daily basis and the frequency of trading in terms of number of Trading Days) during the 24 month period up to and including the Offer Announcement Date, the Offer may represent a realistic exit opportunity for the Shareholders to realise their entire investment for cash, and the Offer Price is at a substantial premia above market prices of Shares for 1-month, 3-month, 6-month, 12-month, and 24-month periods prior to the Last Trading Day. In the absence of the Offer, such an exit for all Shareholders who desire to exit, other than the Offeror and its Concert Parties may not be readily available due to the low trading liquidity for the Shares (based on the average daily trading volume of 53,635 Shares for 24-month period prior to the Last Trading Day).
5. The Offeror does intend to maintain the listing status of the Company. In the event that the Company does not meet the Free Float Requirement (as defined in the Offer Document) at the close of the Offer and the SGX-ST suspends trading in the Shares, the Offeror intends to work together with the Company and take such steps which are necessary to restore the free float of the Company in order to maintain the listing status of the Company, including carrying out a compliance placement exercise after completion of the Offer.
6. However, in the event that the Offeror is entitled to exercise its right of compulsory acquisition as described in Section 10.1 of the Offer Document, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%.
7. Shareholders should note for themselves, *inter alia*, the Shareholder Letter, the Company's queries on 9 June 2025 and the replies as described in Section 8.1 of this letter. Accordingly, Independent Directors and Shareholders should note for themselves that the analysis, opinions and recommendations of this letter is necessarily limited.
8. The Directors confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Group's unaudited consolidated interim financial statements for HY2025, and the Company's announcements on the SGXNet,

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there has been no material changes to the Group's assets, liabilities, financial position, condition and performance.

9. Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, right of use assets, and investments in, *inter alia*, subsidiaries) or contracts entered or are about to be entered by the Company or the Group, and save for the Independent Valuation Reports and Independent Valuation Summary Letters, we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered or are about to be entered into by the Group.

With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, property, plant and equipment, right of use assets, and investments in, *inter alia*, subsidiaries) including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon (where applicable) and have relied, *inter alia*, on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

Limitations

It should also be noted that trading of the Shares is subject to possible market fluctuations and accordingly, our advice on the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review, and also such advice, if given, would not fall within our terms of reference in connection with the Offer.

For our opinion and recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints or plans of any individual Shareholder, or group of Shareholders. As different Shareholders or groups of Shareholders would have different investment profiles and objectives, we would advise Independent Directors to recommend that any individual Shareholder or group of Shareholders who may require advice in the context of his specific investment portfolio, including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately with respect to the Offer.

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10. ACTION TO BE TAKEN BY THE SHAREHOLDERS

Shareholders who wish to accept the Offer must do so not later than **5.30 p.m. (Singapore time) on 3 July 2025**, or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the “**Closing Date**”), abiding by the procedures for the acceptance of the Offer as set out in Appendix 1 of the Offer Document and in the accompanying FAA and/or FAT, which have been disseminated electronically.

Shareholders who do not wish to accept the Offer need not take any further action in respect of the Offer Document, the FAA and/or the FAT which have been sent to them.

This Letter is addressed to the Independent Directors in connection with and for the sole purpose of their evaluation of the financial terms of the Offer. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor the Shareholders nor any third parties, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose, save in connection with the Circular, at any time and in any manner without the prior written consent of ACA in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act 2001, Chapter 53B of Singapore and any re-enactment thereof shall not apply.

The recommendations made by the Independent Directors to Shareholders in relation to the Offer and the issue of the Circular (as well as any information therein) shall remain the sole responsibility of the Independent Directors and the Directors respectively.

Yours faithfully,

For and on behalf of

ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Designation
Ms Tan Siok Chin	c/o 14 Lok Yang Way, Singapore 628633	Chairman of the Board and Non-Executive and Non-Independent Director
Mr Ong Tong Hai	c/o 14 Lok Yang Way, Singapore 628633	Chief Executive Officer and Executive Director
Mr Yasuhiko Watanabe	c/o 14 Lok Yang Way, Singapore 628633	Non-Executive and Non-Independent Director
Mr Ong Tiew Siam	c/o 14 Lok Yang Way, Singapore 628633	Lead Independent Director
Mr Hor Siew Fu	c/o 14 Lok Yang Way, Singapore 628633	Independent Director
Mr Steven Lim Jun Xiong	c/o 14 Lok Yang Way, Singapore 628633	Independent Director
Mr Loo Cheng Guan	c/o 14 Lok Yang Way, Singapore 628633	Independent Director

2. REGISTERED OFFICE

The registered office of the Company is 14 Lok Yang Way, Singapore 628633.

3. PRINCIPAL ACTIVITIES

The Company is a public company limited by shares incorporated in Singapore on 9 November 2005 and listed on the Mainboard of the SGX-ST on 22 June 2007. The Company's principal activity is investment holdings and the Group is principally engaged in providing piping system components to the energy, marine, and other industries in Southeast Asia and other regions.

4. SHARE CAPITAL

4.1. Issued Share Capital

The Company has one (1) class of shares, being ordinary shares. As at the Latest Practicable Date and based on a search conducted on ACRA, the Company has an issued and paid-up share capital of S\$59,508,467 comprising 261,360,097 ordinary shares (excluding 29,039,900 treasury Shares). The issued Shares are listed and quoted on the Mainboard of the SGX-ST.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

4.2. Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are set out in Appendix VII to this Circular.

4.3. Number of Shares issued since the end of the last financial year

Since 30 September 2024, being the end of the last financial year of the Company, up to the Latest Practicable Date, no new Shares have been issued by the Company.

4.4. Outstanding Convertible Securities

The Company does not have any outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights in the Company as at the Latest Practicable Date.

5. DISCLOSURE OF INTERESTS AND DEALINGS

5.1. Shareholdings and Dealings

(a) Interests of the Company in Offeror

The Company does not have any direct or deemed interests in the Offeror Securities as at the Latest Practicable Date.

(b) Dealings in Offeror by the Company

The Company has not dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

(c) Interests of the Directors in Offeror

None of the Directors have any direct or deemed interest in the Offeror Securities as at the Latest Practicable Date.

(d) Dealings of the Directors in Offeror

None of the Directors have dealt for value in the Offeror Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

(e) Interests of the Directors in Company Securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors has any direct or deemed interest in the Company Securities.

Director	Direct Interest		Indirect/Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Ong Tong Hai	44,442,096	17.00	–	–	44,442,096	17.00
Tan Siok Chin	125,000	0.05	–	–	125,000	0.05

Note:

(1) The percentage shareholding is computed based on 261,360,097 Shares (excluding treasury Shares), as at the Latest Practicable Date.

Subsequent to the Latest Practicable Date, Mr Ong Tong Hai has acquired an additional 3,000,000 Shares in aggregate, further details of which are set out in paragraph 5.1(f) of Appendix II to this Circular. As at 13 June 2025, Mr Ong Tong Hai holds an aggregate 47,442,096 Shares, representing approximately 18.15% of the total issued Shares of the Company (excluding treasury Shares).

(f) Dealings in Company Securities by the Directors

Save as disclosed below, none of the Directors has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date:

Name	Date	No. of Shares acquired	No. of Shares disposed	Price per Share
Ong Tong Hai	20 May 2025	5,550,000	–	S\$0.217633 to S\$0.218721
	22 May 2025	500,000	–	S\$0.22
	23 May 2025	446,200	–	S\$0.22
	26 May 2025	31,200	–	S\$0.22
	27 May 2025	22,600	–	S\$0.22

Subsequent to the Latest Practicable Date, Mr Ong Tong Hai has acquired additional 240,400 Shares, 688,500 Shares, 71,100 Shares and 2,000,000 Shares on 9 June 2025, 10 June 2025, 11 June 2025 and 13 June 2025 respectively, with an average purchase price paid of S\$0.22 per Share.

(g) Company Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA, its related corporations nor funds whose investments are managed by it and/or its related corporations on a discretionary basis owns or controls any Company Securities.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

(h) Dealings in Company Securities by the IFA

None of the IFA, its related corporations or funds whose investments are managed by it and/or its related corporations on a discretionary basis has dealt for value in the Company Securities during the period commencing three (3) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

(i) Intentions of the Directors in respect of the Offer

As at the Latest Practicable Date, the Directors who held direct or indirect interests in the Shares during the Offer Announcement Date have indicated their intentions in respect of accepting or rejecting the Offer in respect of their Shares as follows:

- (a) Ms Tan Siok Chin has indicated that she does not intend to accept the Offer in respect of the 125,000 Shares directly held by her as at the Latest Practicable Date.
- (b) Mr Ong Tong Hai has indicated that he does not intend to accept the Offer in respect of the 47,442,096 Shares directly held by him as at 13 June 2025 and any additional Shares to be acquired by him (if applicable) prior to the expiry of the Offer Period.

Apart from the 47,442,096 Shares directly held by Mr Ong Tong Hai as at 13 June 2025, other members of the Ong Family hold an additional aggregate of 25,625,696 Shares, and, together with Mr Ong Tong Hai's Shares, hold in aggregate 73,067,792 Shares as at 13 June 2025 representing approximately 27.96% of the total issued Shares (excluding treasury Shares) of the Company.

The Company understands from Mr Ong Tong Hai that the other members of the Ong Family also do not intend to accept the Offer in respect of Shares held by them collectively as at 13 June 2025 or any additional Shares to be acquired by them (if applicable) prior to the expiry of the Offer Period.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors and the Company or its subsidiaries which have more than twelve (12) months to run and which are not terminable by the employing company within the next twelve (12) months without paying any compensation; and
- (b) there are no such service contracts between any of the Directors or proposed directors and the Company or its subsidiaries entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit be made or given to any Director or to any director of any other corporation which is by virtue of section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) there is no agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

8. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed on SGXNet, in the Company's annual reports, or any publicly available information on the Group, neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

10. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of the Group for FY2022, FY2023, FY2024 (based on the audited consolidated financial statements for each of FY2022, FY2023 and FY2024) and 1HY2025 (based on the unaudited consolidated financial statements for 1HY2025) is set out below.

The summary of the financial information of the Group as set out in this Paragraph 10 is extracted from, and should be read together with, the annual reports and relevant financial statements, copies of which are available on the SGX-ST website at www.sgx.com or for inspection at the registered address of the Company at 14 Lok Yang Way, Singapore 628633 during normal business hours, during which the Offer remains open for acceptance.

The audited consolidated financial statements of the Group for FY2024 are set out in Appendix III to this Circular.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

10.1. Consolidated Statement of Profit or Loss and Comprehensive Income

	1HY2025 S\$'000	FY2024 S\$'000	FY2023 S\$'000	FY2022 S\$'000
Revenue	71,545	71,985	83,448	46,083
Cost of Sales	(64,714)	(62,516)	(70,260)	(35,035)
Gross profit	6,831	9,469	13,188	11,048
Interest income	174	505	246	4
Other gains	1,507	395	2,744	3,600
Marketing and distribution costs	(1,627)	(3,314)	(3,277)	(3,750)
Administrative expenses	(3,237)	(8,044)	(7,819)	(7,793)
Finance costs	(1,225)	(986)	(880)	(335)
Other losses	(147)	(3,102)	(1,133)	(404)
Profit/(Loss) before tax	2,276	(5,077)	3,069	2,370
Income tax (expense)/benefit	(4)	189	(264)	(91)
Profit/(Loss) for the year/period	2,272	(4,888)	2,805	2,279
<u>Other comprehensive income</u>				
Items that will not be reclassified to profit or loss				
(Losses)/Gains on property revaluation, net of tax	–	(148)	1,110	(444)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations, net of tax	37	188	(51)	67
Other comprehensive income/(loss) for the year	37	40	1,059	(377)
Total comprehensive profit/(loss) for the period/year	2,309	(4,848)	3,864	1,902
<u>Earnings/(Loss) per share (cents)</u>				
Basic and diluted	0.87	(1.87)	1.07	0.81
<u>Dividends per share (cents)</u>				
Dividends per Share, net	–	–	0.5	0.5

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

Consolidated Statement of Financial Position

	1HY2025 S\$'000	FY2024 S\$'000	FY2023 S\$'000	FY2022 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	17,272	17,478	22,697	22,463
Right-of-use assets	1,187	1,292	2,278	2,488
Deferred tax assets	63	63	–	–
Trade and other receivables	3,350	4,005	951	–
Total non-current assets	21,872	22,838	25,926	24,951
Current assets				
Inventories	22,847	25,054	25,647	30,154
Financial assets	246	168	154	142
Trade and other receivables	71,894	45,416	30,290	17,170
Other non-financial assets	327	412	962	485
Cash and cash equivalents	5,967	14,403	18,948	24,895
	101,281	85,453	76,001	72,846
Assets held for sale	9,718	9,718	–	–
Total current assets	110,999	95,171	76,001	72,846
Total assets	132,871	118,009	101,927	97,797
EQUITY AND LIABILITIES				
Equity				
Share capital	56,325	56,325	56,325	56,325
Treasury shares	(4,238)	(4,238)	(4,238)	(4,238)
Retained earnings	18,698	16,426	21,595	19,167
Other reserves	5,810	5,773	6,759	6,630
Total equity	76,595	74,286	80,441	77,884
Non-current liabilities				
Provisions	374	374	719	815
Deferred tax liabilities	–	–	195	–
Loans and borrowings	6,347	7,209	4,122	5,847
Lease liabilities	1,114	1,209	2,159	2,167
Total non-current liabilities	7,835	8,792	7,195	8,829

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

	1HY2025 S\$'000	FY2024 S\$'000	FY2023 S\$'000	FY2022 S\$'000
Current liabilities				
Income tax payable	–	–	159	–
Loans and borrowings	38,702	21,667	8,332	4,767
Lease liabilities	182	186	253	429
Trade and other payables	8,448	12,057	5,314	5,601
Other non-financial liabilities	379	246	233	287
	47,711	34,156	14,291	11,084
Liabilities directly associated with assets held for sale	730	775	–	–
Total current liabilities	48,441	34,931	14,291	11,084
Total liabilities	56,276	43,723	21,486	19,913
Total equity and liabilities	132,871	118,009	101,927	97,797

10.2. Significant Accounting Policies

A summary of the significant accounting policies of the Group is set out in Note 2 to the audited consolidated financial statements of the Group for FY2024, which is reproduced in Appendix III to this Circular.

Save as disclosed in this Circular and in publicly available information on the Group (including but not limited to that contained in the annual report of the Company for FY2024, the FY2024 Results, and the announcements released by the Company on the SGXNet), there are no significant accounting policies or any matters from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the financial statements of the Group.

10.3. Changes in Accounting Policies

Save as disclosed in this Circular and in publicly available information on the Group (including but not limited to that contained in the annual report of the Company for FY2024, the FY2024 Results, and the announcements released by the Company on the SGXNet), as at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

10.4. Material Changes in Financial Position

Save as disclosed in publicly available information on the Company and in this Circular (including but not limited to that contained in the annual report of the Company for FY2024, the FY2024 Results, and the announcements released by the Company on the SGXNet), as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 30 September 2024, being the date of the last published audited accounts of the Group laid before the Shareholders in general meeting.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

10.5. Material Changes in Information

Save as disclosed in this Circular and save for the information relating to the Group and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

11. VALUATION OF THE APPRAISED ASSETS

The Group's assets include, *inter alia*, real properties and inventories held for sale.

Independent Valuations of the Properties

As at the Latest Practicable Date, the Group holds interests in the Lok Yang Property and the Senai Property, as well as an additional warehouse property located in Singapore which is pending completion of disposal expected to take place in end-August 2025 following the satisfaction of stipulated conditions under the conditional sale and purchase agreement entered in relation thereto.

For the purposes of the Offer, the Company has appointed Jones Lang LaSalle Property Consultants Pte Ltd in Singapore to perform an independent valuation of the Lok Yang Property and JLL Appraisal & Property Services Sdn. Bhd. in Malaysia to perform an independent valuation of the Senai Property respectively.

The Valuation Summary Letters for the Lok Yang Property and the Senai Property are set out in Appendix VIII to this Circular.

JLLPC had ascribed a market value of S\$7.5 million for the Lok Yang Property based, *inter alia*, on certain bases and assumptions, further details of which are set out in the Valuation Summary Letter issued by JLLPC.

JLLAP had ascribed a market value of approximately RM23.5 million (or approximately S\$7.1 million²) for the Senai Property on an "as is" basis and, based, *inter alia*, on certain bases and assumptions, further details of which are set out in the Valuation Summary Letter issued by JLLAP.

In addition, as the Company has previously considered the construction of additional warehouse space of approximately 100,000 sq.ft. on the unutilized land of the Senai Property, as disclosed to Shareholders in the Circular to Shareholders dated 6 October 2023 to seek Shareholders' approval for the acquisition of the Senai Property, JLLAP was also asked to consider the valuation of the Senai Property on the assumption of a proposed building expansion ("**Proposed Building Expansion**") for the Senai Property that would include one (1) unit of store yard and three (3) units of warehouse with a total gross floor area of approximately 10,651.52 sq.m. (114,652 sq.ft.) and based on an estimated construction cost (based on quotations received from potential contractors) for the Proposed Building Expansion of approximately RM9.25 million (or approximately S\$2.8 million³). JLLAP had ascribed a market value of approximately RM41.9 million

² Based on the prevailing exchange rate as at 28 March 2025, being the last Business Day prior to 31 March 2025, the date of valuation of the Appraised Assets.

³ Ibid.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

(or approximately S\$12.7 million⁴) for the Senai Property, based, *inter alia*, on the assumption that the Proposed Building Expansion has been fully completed and a certificate of completion and compliance has been issued on 31 March 2025, and on certain other bases and assumptions, further details of which are set out in the Valuation Summary Letter issued by JLLAP. For the avoidance of doubt, as at the Latest Practicable Date, the Company has not conducted any further feasibility studies including finalising the capital expenditure requirements with respect to the Proposed Building Expansion, and there is no certainty or assurance that such Proposed Building Expansion will proceed, or will be at the estimated projected construction costs as aforesaid.

Independent Valuation of Appraised Inventory

The Group has an inventory policy pursuant to which provisions for impairment are made for slow-moving inventory, being unsold inventory beyond a prescribed period. Such provisions are made based on management's assessment and are subject to review by the Group's external auditors in the course of the preparation and the audit of the Group's financial statements. Under this policy, the carrying value of such inventory may be written down to its estimated scrap value for accounting purposes. Notwithstanding the impairment provision, such inventory may remain physically usable and commercially saleable in the ordinary course of business, given the nature of the products. In view of this, and for the purposes of the Offer, the Board has commissioned an independent valuation of the relevant inventory to obtain an assessment of its estimated market value, which may be higher than the accounting carrying value after impairment. The independent valuation is intended to reflect the estimated market value of such inventory more appropriately for the context of the Offer.

As mentioned above, the Company has appointed Robert Khan & Co Pte Ltd to perform an independent valuation of the Appraised Inventory, *inter alia*, to get an independent expert's assessment of an estimated market value to ascribe to the Appraised Inventory.

The Valuation Summary Letter for the Appraised Inventory is set out in Appendix VIII to this Circular.

Based on the Group's inventory policy, the written-down carrying value of the Appraised Inventory in the books of the Group was approximately S\$6.3 million as at 31 March 2025 while the Appraised Inventory Valuer had ascribed a market value of approximately S\$32.3 million for the Appraised Inventory based on certain bases and assumptions, further details of which are set out in the Valuation Summary Letter for the Appraised Inventory as well as the Valuation Report for the Appraised Inventory.

For the avoidance of doubt, Shareholders should note that as at the Latest Practicable Date, the Company has not received an offer from any person to acquire the Appraised Inventory as a whole.

Shareholders should also note that the valuation was carried out for the purpose of the Offer and the Company does not have any intention intend to alter its existing inventory policy.

⁴ Ibid.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

Potential Tax Liability in connection with the Appraised Assets

Under Rule 26.3 of the Code, the Group is required, *inter alia*, to make an assessment of any potential tax liability which would arise if the assets, which are the subject of a valuation given in connection with an offer, were to be sold at the amount of valuation.

In relation to the Lok Yang Property, the potential tax liability that will be incurred by the Group on such hypothetical disposal is “nil” as any gains would be capital in nature (as the property is held for long term use) and there is no capital gains tax in Singapore.

In relation to the Senai Property, the potential tax liability that will be incurred by the Group on such hypothetical disposal is approximately RM254,000 (or approximately S\$77,000⁵) or approximately RM2.9 million (or approximately S\$900,000⁶) assuming completion of the Proposed Building Expansion. Accordingly, the aforesaid potential tax liabilities will not crystallise if the Group does not dispose of its interests in the Senai Property.

In relation to the Appraised Inventory, any gains arising from the realisation of such Appraised Inventory will be taxable as they are revenue in nature. In a hypothetical disposal of the Appraised Inventory resulting in taxable gains, the overall tax position of the Group would depend on the availability of any unabsorbed tax losses and/or capital allowances (subject to qualifying conditions) to be set off against the said gains. Any net taxable gain will be taxable at the prevailing corporate tax rate. Since there was no offer from any person to buy the Appraised Inventory which are the subject of valuation as a whole as at the Latest Practicable Date, there is no potential tax liability in relation to the Appraised Inventory as at the Latest Practicable Date.

12. COST AND EXPENSES

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

⁵ Ibid.

⁶ Ibid.

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2024

The audited consolidated financial statements of the Group for FY2024 which are set out below have been reproduced from the Company's annual report for FY2024, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in the notes to the audited consolidated financial statements of the Group for FY2024 set out below shall have the same meanings given to them in the annual report of the Company for FY2024.

A copy of the annual report of the Company for FY2024 is available for inspection at the registered office of the Company at 14 Lok Yang Way, Singapore 628633 during normal business hours from the date of this Circular and for the period during which the Offer remains open for acceptance.

Statement by Directors

The directors are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 30 September 2024.

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 2024 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
 Ong Tiew Siam
 Hor Siew Fu
 Lim Jun Xiong Steven
 Loo Cheng Guan

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	At end of the reporting year
CosmoSteel Holdings Limited	Number of shares of no par value	
Ong Tong Hai	35,142,096	37,892,096
Tan Siok Chin	125,000	125,000

The directors' interests as at 21 October 2024 were the same as those at the end of the reporting year.

Statement by Directors (Continued)

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

Neither at the end of the reporting year 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 SG Assurance LLP has expressed willingness to accept re-appointment. This audit firm was known as RSM Chio Lim LLP before 1 March 2024.

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 reviewed the following, where relevant with management, external auditors and the internal auditors:

- The audit plan of the independent external auditor.
- The independent external auditor's evaluation of the company's internal accounting controls relevant to the statutory audit, the audit report on the financial statements and the assistance given by management to the 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.
- The financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- The interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Statement by Directors (Continued)

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 that the independent auditor, RSM SG Assurance 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

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the board, with the concurrence of the audit committee, is of the opinion that the company's internal controls (including financial, operational, compliance and information technology controls), and risk management systems were adequate and effective as at 30 September 2024 to address the risks that the company considers relevant and material to its operations.

9. SUBSEQUENT DEVELOPMENTS

Save for the company's announcement dated 29 December 2024 on adjustments to the unaudited financial statements of the group for the reporting year ended 30 September 2024, 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 2024, 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

30 December 2024

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 2024, 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 material accounting policy information, as set out on pages 91 to 132.

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 2024 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 material accounting policy information, Note 2B on judgements, assumptions and estimation uncertainties, Note 6 on other gains and (other losses) and Note 17 on inventories.

The group has inventories measured at the lower of cost (weighted average method) and estimated net realisable value. The carrying amount was \$25,054,000, representing 21% of the group’s total assets. During the reporting year ended 30 September 2024, the group made a write-down of inventories amounting to \$976,000.

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. Inventories may be held for long periods of time before utilisation. We have therefore identified inventory valuation as an area requiring particular audit focus.

Independent Auditor's Report (Continued)

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-down and write back, 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 had used the underlying data correctly and calculated the 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 expected credit losses on trade receivables

Please refer to Note 2A on the relevant material accounting policy information, Note 2B on judgements, assumptions and estimation uncertainties, and Note 19 on trade and other receivables.

The trade receivables amounted to \$45,503,000 as at 30 September 2024, representing 39% of the group's total assets. The allowance for expected credit losses ("ECL") on trade receivables is estimated by management through the application of judgement and use of subjective assumptions.

The ECL are recognised from initial recognition of the trade receivables. The assessment require management to develop methodologies involving the use of significant judgements. In estimating ECLs, management has considered various factors such as past due balances, recent historical payment patterns, debtors' financial ability to repay, current economic environment and forecast of future macro-economic conditions where the debtors operate, and any other available information concerning the creditworthiness of debtors. 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 (where available);
- We assessed the facts and circumstances surrounding the outstanding material receivables. 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 settlement by the debtors, taking into consideration the debtors' past payment history and 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 (Continued)

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:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor’s Report (Continued)

to the Members of COSMOSTEEL HOLDINGS LIMITED

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

- 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.
- 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.
- 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 SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

30 December 2024

Engagement partner – effective from year ended 30 September 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year Ended 30 September 2024

	Note	Group 2024 \$'000	2023 \$'000
Revenue	5	71,985	83,448
Cost of sales		(62,516)	(70,260)
Gross profit		9,469	13,188
Interest income		505	246
Other gains	6	395	2,744
Marketing and distribution costs	8	(3,314)	(3,277)
Administrative expenses	8	(8,044)	(7,819)
Finance costs	9	(986)	(880)
Other losses	6	(3,102)	(1,133)
(Loss)/Profit before tax		(5,077)	3,069
Income tax benefit/(expense)	11	189	(264)
(Loss)/Profit for the year		(4,888)	2,805
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(Losses)/Gains on property revaluation, net of tax	23	(148)	1,110
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations, net of tax	23	188	(51)
Other comprehensive income for the year		40	1,059
Total comprehensive (loss)/income for the year		(4,848)	3,864
(Loss)/Earnings per share		Cents	Cents
Basic and diluted	12	(1.87)	1.07

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

Statements of Financial Position

As at 30 September 2024

	Note	Group		Company	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	17,478	22,697	-	-
Right-of-use assets	26	1,292	2,278	-	-
Investments in subsidiaries	15	-	-	60,107	60,107
Deferred tax assets	11	63	-	-	-
Trade and other receivables	19	4,005	951	-	-
Total non-current assets		22,838	25,926	60,107	60,107
Current assets					
Inventories	17	25,054	25,647	-	-
Financial assets	18	168	154	-	-
Trade and other receivables	19	45,416	30,290	752	826
Other non-financial assets	20	412	962	54	30
Cash and cash equivalents	21	14,403	18,948	234	1,173
		85,453	76,001	1,040	2,029
Assets held for sale	16	9,718	-	-	-
Total current assets		95,171	76,001	1,040	2,029
Total assets		118,009	101,927	61,147	62,136
EQUITY AND LIABILITIES					
Equity					
Share capital	22	56,325	56,325	56,325	56,325
Treasury shares	22	(4,238)	(4,238)	(4,238)	(4,238)
Retained earnings		16,426	21,595	8,774	9,511
Other reserves	23	5,773	6,759	-	-
Total equity		74,286	80,441	60,861	61,598
Non-current liabilities					
Provisions	24	374	719	-	-
Deferred tax liabilities	11	-	195	-	-
Loans and borrowings	25	7,209	4,122	-	-
Lease liabilities	26	1,209	2,159	-	-
Total non-current liabilities		8,792	7,195	-	-
Current liabilities					
Income tax payable	11	-	159	-	155
Loans and borrowings	25	21,667	8,332	-	-
Lease liabilities	26	186	253	-	-
Trade and other payables	27	12,057	5,314	286	383
Other non-financial liabilities	28	246	233	-	-
		34,156	14,291	286	538
Liabilities directly associated with assets held for sale	16	775	-	-	-
Total current liabilities		34,931	14,291	286	538
Total liabilities		43,723	21,486	286	538
Total equity and liabilities		118,009	101,927	61,147	62,136

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

Statements of Changes in Equity

Year Ended 30 September 2024

Group	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Revaluation reserve \$'000	Translation reserve \$'000
Current year						
At 1 October 2023	80,441	56,325	(4,238)	21,595	6,468	291
Changes in equity						
Total comprehensive loss for the year	(4,848)	–	–	(4,888)	(148)	188
Dividends paid (Note 13)	(1,307)	–	–	(1,307)	–	–
Transfers to retained earnings of difference between depreciation on revalued carrying amount and depreciation based on original cost	–	–	–	1,026	(1,026)	–
At 30 September 2024	74,286	56,325	(4,238)	16,426	5,294	479
Previous year						
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 13)	(1,307)	–	–	(1,307)	–	–
Transfers to retained earnings of difference between depreciation on revalued carrying amount and depreciation based on original cost	–	–	–	930	(930)	–
At 30 September 2023	80,441	56,325	(4,238)	21,595	6,468	291
Company						
	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000		
Current year						
At 1 October 2023			61,598	56,325	(4,238)	9,511
Changes in equity						
Total comprehensive income for the year			570	–	–	570
Dividends paid (Note 13)			(1,307)	–	–	(1,307)
At 30 September 2024			60,861	56,325	(4,238)	8,774
Previous year						
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 13)			(1,307)	–	–	(1,307)
At 30 September 2023			61,598	56,325	(4,238)	9,511

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

Consolidated Statement of Cash Flows

Year Ended 30 September 2024

	Group	
	2024	2023
	\$'000	\$'000
Cash flows used in operating activities		
(Loss)/Profit before tax	(5,077)	3,069
Adjustments for:		
Interest income	(505)	(246)
Interest expense	986	880
Depreciation of property, plant and equipment	2,880	2,753
Depreciation of right-of-use assets	282	463
Losses on disposal of property, plant and equipment	173	33
Operating cash flows before changes in working capital	(1,261)	6,952
Inventories	593	4,507
Trade and other receivables	(17,556)	(14,089)
Financial assets	(14)	(12)
Other non-financial assets	550	(477)
Trade and other payables	6,743	(287)
Other non-financial liabilities	13	(54)
Net cash flows used in operations	(10,932)	(3,460)
Income taxes paid	(223)	(138)
Net cash flows used in operating activities	(11,155)	(3,598)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(7,170)	(1,723)
Proceeds from disposal of property, plant and equipment	138	127
Cash restricted in use	439	(439)
Interest received	114	219
Net cash flows used in investing activities	(6,479)	(1,816)
Cash flows from/(used in) financing activities		
Increase in loans and borrowings	16,422	1,840
Repayment of lease liabilities	(256)	(443)
Provisions, non-current	(345)	(182)
Dividends paid	(1,307)	(1,307)
Interest paid	(986)	(880)
Net cash flows from/(used in) financing activities	13,528	(972)
Net decrease in cash and cash equivalents	(4,106)	(6,386)
Cash and cash equivalents at beginning of the year	18,509	24,895
Cash and cash equivalents at end of the year (Note 21A)	14,403	18,509

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

Notes to the Financial Statements

Year ended 30 September 2024

1. GENERAL INFORMATION

CosmoSteel Holdings Limited (the “**company**”) is incorporated in Singapore with limited liability. The financial statements are presented in Singapore Dollar 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.

Macroeconomic conditions related disclosures

The conditions remain challenging with geopolitical instability and affecting domestic and global growth in the current high interest environment.

Management has considered the uncertain and challenging macroeconomic and geopolitical environment that have caused widespread increase in interest rates and a significant rise in inflation, affecting the cost of many of the goods and services for customers and suppliers. Management reviewed the probable impact and plausible downside scenarios. No material uncertainties were identified in connection with the reporting entity’s ability to continue in operational existence for the near future.

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 (“**ASC**”). They comply with the provisions of the Companies Act 1967 and with the IFRS Accounting Standards (“**IFRS**”) issued by the International Accounting Standards Board (“**IASB**”).

Basis of preparation of the financial statements

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 presentation and principles of consolidated financial statements

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 de-consolidated 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 equity investments financial asset in accordance with the financial reporting standard on financial instruments.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION

2A. Material accounting policy information

Revenue and income recognition

General – 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, and modifications), net of any related 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).

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.

Foreign currency transactions

The functional currency is the Singapore Dollar 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 a reporting entity for incorporation in the combined 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 (Continued)

Year ended 30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Material accounting policy information (continued)

Income tax

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 income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statements of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. 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. 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 (or, for certain leased assets, the shorter lease term). An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

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.

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.

Right-of-use assets

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

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 (Continued)

Year ended 30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Material accounting policy information (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. The 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.

Assets held for sale

Identifiable assets and liabilities are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted in certain circumstances by the financial reporting standard on non-current assets held for sale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statements of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

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

The carrying amount of 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 expensed. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use.

Financial instruments

Recognition and derecognition of financial instruments

A financial asset or a financial liability is recognised 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 statements 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.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Material accounting policy information (continued)

Financial instruments (continued)

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.

Financial instruments

Categories of financial assets and financial liabilities

The financial reporting standard on financial instruments four categories of financial assets and two categories for liabilities. At the end of the reporting year, the reporting entity had the following categories financial assets and financial liabilities:

- Financial asset classified as measured at amortised cost: 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.
- Financial liabilities are categorised 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.

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.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, and items of income or expense associated with investing or financing 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 company’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.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Material accounting policy information (continued)

Fair value measurement (continued)

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.

Other specific material accounting policy information and other explanatory information

These are disclosed at the relevant notes to the financial statements.

2B. Judgements, assumptions and estimation uncertainties

Disclosures on material information about the assumptions management made about the future, and other major sources of estimation uncertainty at the end of the reporting year, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next reporting year are discussed below or in the in the corresponding Notes to these financial statements. 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.

- 1) Assessment of net realisable value of inventories – See Note 17.
- 2) Assessment of ECL on trade receivables – See Note 19.
- 3) Fair value of leasehold properties – See Note 14.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the company 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.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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.

Material related party transactions

In addition to the information disclosed elsewhere in the notes to the financial statements, other related party transactions include the following:

	Group	
	2024	2023
	\$'000	\$'000
<u>Other related parties</u>		
Revenue from sales of goods to controlling shareholder and its subsidiaries ^(a)	79 ^(b)	(2,629)
Purchases of goods and services from controlling shareholder and its subsidiaries ^(a)	1,441	2,715
Revenue from sale of goods	–	(73)
Purchases of goods and services	96	96
Legal expenses	228	179

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

^(b) The total revenue was \$19,000, netting of credit note of \$98,000.

3B. Key management compensation

	Group	
	2024	2023
	\$'000	\$'000
Salaries and other short-term employee benefits	1,897	2,013

The above amounts are included under employee benefits expense. Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

Other fees to key management:

	Group	
	2024	2023
	\$'000	\$'000
Remuneration of directors of the company	464	583
Fees to directors of the company	339	330
Fees to director of the company from a subsidiary	5	5

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

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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

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 to allocate resources and in assessing performance. Generally, financial information on segments is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard on operating segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

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

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.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

4B. Profit or loss from continuing operations and reconciliations

	Energy \$'000	Marine \$'000	Trading \$'000	Others \$'000	Group \$'000
2024					
Revenue by segment					
Total revenue	48,323	6,979	10,967	5,716	71,985
Segment results	6,305	1,441	1,069	654	9,469
Unallocated expenses					(11,358)
Loss from operations					(1,889)
Interest income					505
Finance costs					(986)
Other losses (net)					(2,707)
Loss before tax					(5,077)
Income tax benefit					189
Loss for the year					(4,888)
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 for the year					2,805

4C. Assets, liabilities and reconciliations

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

4D. Other material items and reconciliation

	Group	
	2024 \$'000	2023 \$'000
Expenditures for non-current assets	(7,170)	(1,723)
Allowance on trade receivables – reversal/(loss) (Note 19)	36	(279)
Bad debts recovered on trade receivables (net)	–	35
Losses on disposal of plant and equipment	(173)	(33)
Allowance for impairment of inventories – (loss)/reversal (Note 17)	(976)	2,697

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONTINUED)

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	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Singapore	36,501	59,759	15,400	25,750
Vietnam	20,239	7,862	–	–
Brunei	7,308	6,478	–	–
Other countries	7,937	9,349	7,438	176
	71,985	83,448	22,838	25,926

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

Revenue from the group's top three largest customers in each of 2023 and 2024 are as follows:

	Group	
	2024 \$'000	2023 \$'000
Top 1 customer in Energy segment (2023: Energy)	20,290	33,756
Top 2 customer in Energy segment (2023: Energy)	11,051	7,739
Top 3 customer in Trading segment (2023: Energy)	8,880	6,115

5. REVENUE

	Group	
	2024 \$'000	2023 \$'000
Sale of goods	71,871	83,330
Other	114	118
	71,985	83,448

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

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

6. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2024	2023
	\$'000	\$'000
Allowance on trade receivables – reversal/(loss) (Note 19)	36	(279)
Bad debts recovered on trade receivables (net)	–	35
Fair value gain on financial assets at FVTPL (Note 30C)	14	12
Foreign exchange transaction and translation loss	(1,953)	(821)
Loss on disposal of property, plant and equipment	(173)	(33)
Allowance for impairment of inventories – (loss)/reversal (Note 17)	(976)	2,697
Other liabilities – reversal	345	–
	(2,707)	1,611
Presented in profit or loss as:		
Other gains	395	2,744
Other losses	(3,102)	(1,133)
	(2,707)	1,611

7. 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:

	Group	
	2024	2023
	\$'000	\$'000
Audit fees to independent auditor of the company	146	141
Audit fees to the other independent auditors – non-network firms	10	10
Non-audit-related services (“ARS”) fees to independent auditor of the company	11	69
Non-ARS fees to other independent auditors – non-network firms	5	8

8. MARKETING AND DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

Major components and other selected components include the following:

	Group	
	2024	2023
	\$'000	\$'000
<u>Marketing and distribution costs</u>		
Employee benefits expense (Note 10)	2,890	2,890
<u>Administrative expenses</u>		
Depreciation of property, plant and equipment	2,880	2,753
Employee benefits expense (Note 10)	2,407	2,242

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

9. FINANCE COSTS

	Group	
	2024	2023
	\$'000	\$'000
Interest expense	901	801
Interest on lease liabilities	85	79
	986	880

10. EMPLOYEE BENEFITS EXPENSE

	Group	
	2024	2023
	\$'000	\$'000
Short term employee benefits expense	4,873	4,712
Contributions to defined contribution plan	356	353
Other benefits	68	67
	5,297	5,132
Employee benefits expense is charged as follows:		
Marketing and distribution costs (Note 8)	2,890	2,890
Administrative expenses (Note 8)	2,407	2,242
	5,297	5,132

11. INCOME TAX BENEFIT/(EXPENSE)

11A. Components of tax benefit/(expense) recognised in profit or loss

	Group	
	2024	2023
	\$'000	\$'000
<u>Current tax</u>		
Current tax expense	10	171
Under adjustments to tax in respect of prior years	11	125
	21	296
<u>Deferred tax</u>		
Deferred tax benefit	(226)	(127)
Under adjustments to tax in respect of prior years	16	95
	(210)	(32)
	(189)	264

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

11. INCOME TAX BENEFIT/(EXPENSE) (CONTINUED)

11A. Components of tax benefit/(expense) recognised in profit or loss (continued)

The income tax benefit/(expense) in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2023: 17%) to profit or loss before tax as a result of the following differences:

	Group	
	2024 \$'000	2023 \$'000
(Loss)/Profit before tax	(5,077)	3,069
Income tax benefit/(expense) at the above rate	(863)	522
Expenses not deductible for tax purposes	482	313
Tax exemptions	(17)	(17)
Previously unrecognised deferred tax assets recognised this year	–	(813)
Under adjustments to tax in respect of prior years	27	220
Deferred tax assets not recognised	204	–
Effect of different tax rates in different countries	(24)	(1)
Translation differences	2	40
	(189)	264

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

11B. Deferred tax recognised in profit or loss

	Group	
	2024 \$'000	2023 \$'000
Excess of tax value over net book value of plant and equipment	(100)	(11)
Depreciation on revalued properties	(211)	(190)
Donations carried forward	1	10
Tax losses carried forward	(241)	1,068
Unrecognised deferred tax assets recognised this year	–	(813)
Other temporary differences	4	(96)
Deferred tax assets not recognised	337	–
	(210)	(32)

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

11. INCOME TAX BENEFIT/(EXPENSE) (CONTINUED)

11C. Tax expense in other comprehensive income

	Group 2024 \$'000	2023 \$'000
(Losses)/Gains on properties revaluation	(48)	227

11D. Deferred tax in statements of financial position

	Group 2024 \$'000	2023 \$'000
<u>Deferred tax liabilities</u>		
Amount on revalued depreciable assets	(4,758)	(4,806)
Depreciation on revalued properties	3,181	2,970
	(1,577)	(1,836)
<u>Deferred tax assets</u>		
Excess of tax value over net book value of plant and equipment	424	324
Productivity and innovation credit carried forward	166	166
Donations carried forward	8	9
Tax losses carried forward	1,330	1,089
Other temporary differences	616	620
Deferred tax assets not recognised	(904)	(567)
	1,640	1,641
	63	(195)

The deferred tax assets for the unused tax losses have not been recognised for the above balance as the future profit streams are not probable against which the deductible temporary difference can be utilised. 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 (Continued)

Year ended 30 September 2024

12. (LOSS)/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.

	Group	
	2024 \$'000	2023 \$'000
(Loss)/profit for the year attributable to equity holders of the company	(4,888)	2,805
Weighted average number of ordinary shares	261,360,097	261,360,097
(Loss)/Earnings per share (cents)	(1.87)	1.07

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.

13. DIVIDENDS

	Group and Company	
	Rate per share – cents 2024	2024 \$'000
FY2023 Final tax exempt (1-tier) dividend paid	0.50	1,307

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

There is no proposed dividend for the reporting year ended 30 September 2024.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

14. PROPERTY, PLANT AND EQUIPMENT

Group	Land and building \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost or valuation</u>			
At 1 October 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 23)	86	–	86
Revaluation	(800)	–	(800)
At 30 September 2023			
Cost	2,359	7,405	9,764
Valuation	19,700	–	19,700
	22,059	7,405	29,464
Additions	6,884	286	7,170
Disposals	(350)	(141)	(491)
Revaluation	(2,480)	–	(2,480)
Transfer to assets held for sale	(9,000)	–	(9,000)
At 30 September 2024	17,113	7,550	24,663
<u>Represented by</u>			
Cost	2,024	7,550	9,574
Valuation	15,089	–	15,089
	17,113	7,550	24,663
<u>Accumulated depreciation and impairment losses</u>			
At 1 October 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
Foreign exchange adjustments	2	–	2
Depreciation for the year	2,437	443	2,880
Disposals	(152)	(28)	(180)
Elimination of depreciation on revaluation	(2,284)	–	(2,284)
At 30 September 2024	998	6,187	7,185
<u>Carrying value</u>			
At 1 October 2022	21,225	1,238	22,463
At 30 September 2023	21,064	1,633	22,697
At 30 September 2024	16,115	1,363	17,478

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The annual rates of depreciation are as follows:

Freehold property	–	2%
Leasehold properties	–	Over the terms of lease of 13 years
Leasehold improvements	–	7.3% to 20%
Plant and equipment	–	5% 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.

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.

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 24 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.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

14. 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	
	2024	2023
	\$'000	\$'000
<u>Leasehold and freehold properties and improvements</u>		
Cost	13,539	18,146
Net book value	10,586	10,400

One of the leasehold properties and a freehold property are mortgaged as security for the bank facilities. See Note 25.

There are provisions for dismantling as disclosed in Note 24 for the leasehold properties and improvements at 14 Lok Yang Way.

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 fair values of properties located in Singapore and Malaysia were measured in September 2024 and 2023 based on the highest and best use method to reflect the actual market state and circumstances as of end of reporting year. The fair values were based on full valuations made by Jones Lang LaSalle Property Consultants Pte Ltd and JLL Appraisal & Property Services Sdn Bhd, firms 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 deficit net of applicable deferred income tax on revaluation of \$148,000 (FY2023: surplus of \$1,110,000) has been debited to asset revaluation reserve in other comprehensive income.

Valuation procedures

Management engaged 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.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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	\$8,000,000 (2023: \$9,100,000). Level 2 (2023: 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. \$842 – \$989 (2023: \$1,071 – \$2,400).
Relationship of unobservable inputs to fair value	NA
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$800,000; higher by \$800,000.
Asset	Freehold property at Senai, Malaysia
Fair value and fair value hierarchy – Level	\$7,089,000. 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. \$688 – \$827.
Relationship of unobservable inputs to fair value	NA
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$708,900; higher by \$708,900.
Asset	Leasehold property at 90 Second Lok Yang Road
Fair value and fair value hierarchy – Level	NA (2023: \$10,600,000). Level 2. (2023: Level 2).
Valuation technique for recurring fair value measurements	2023: Comparison with market evidence of recent transaction prices for similar properties.
Significant observable inputs and range	Price per square metre. 2023: \$1,071 – \$2,400.
Relationship of unobservable inputs to fair value	NA
Sensitivity on management's estimates – 10% variation from estimate	NA
There were no transfers between Levels 1 and 2 during the year.	

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024 \$'000	2023 \$'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	71,844	77,543

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	
	2024 \$'000	2023 \$'000	2024 %	2023 %

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)

4,532 4,532 **100** 100

^(a) Audited by RSM SG Assurance LLP in Singapore.

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

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

16. ASSETS AND LIABILITIES OF ASSETS HELD FOR SALE

On 3 September 2024, the Group granted an option to a third-party buyer to purchase its leasehold property at 90 Second Lok Yang Road for a consideration of \$9,000,000. The buyer exercised the option on 17 September 2024 and the sale is expected to complete within one year, subject to approval by shareholders at an upcoming general meeting.

At the end of the reporting year, the assets held for sale comprise the following assets and liabilities:

	Group	
	2024	2023
	\$'000	\$'000
<u>Assets held for sale</u>		
Transfer from property, plant and equipment	9,000	–
Transfer from the net carrying amount of right-of-use assets	718	–
	9,718	–
<u>Liabilities directly associated with assets held for sale</u>		
Transfer from lease liabilities	775	–

17. INVENTORIES

	Group	
	2024	2023
	\$'000	\$'000
Goods for resale	25,054	25,647
Inventories are stated after allowance. Movements in allowance are as follows:		
Balance at beginning of the year	29,095	31,808
Charge/(reversed) to profit or loss included in other losses/(gains) (Note 6)	976	(2,697)
Foreign exchange adjustments	(1)	(16)
Balance at end of the year	30,070	29,095
Amount of inventories included in cost of sales	61,461	69,108

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.

In the previous reporting year, the reversal of the allowance for goods was mainly due to inventories sold and an estimated increase in net realisable value as a result of the prevailing market conditions.

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 judgement by 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.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

18. FINANCIAL ASSETS

	Group	
	2024 \$'000	2023 \$'000
Key men insurance	168	154

The fair value of the financial assets is not based on observable market data (Level 3). Also see Note 30C.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<u>Non-current</u>				
<u>Trade receivables</u>				
Outside parties (Note 19A)	4,005	951	–	–
	4,005	951	–	–
<u>Current</u>				
<u>Trade receivables</u>				
Outside parties	42,145	28,319	47	–
Less allowance for impairment	(647)	(683)	–	–
Contract assets	–	5	–	–
Other related parties (Note 3)	–	19	–	–
Subsidiaries (Note 3)	–	–	705	826
	41,498	27,660	752	826
<u>Other receivables</u>				
Advances to suppliers	3,830	2,530	–	–
Other receivables	88	100	–	–
	3,918	2,630	–	–
Subtotal trade and other receivables – current	45,416	30,290	752	826
Total trade and other receivables	49,421	31,241	752	826
The non-current portion is receivable as follows:				
Due within 2 to 5 years	4,005	951	–	–
<u>Movements in above allowance</u>				
Balance at beginning of the year	683	404	–	–
(Reversed)/charge to profit or loss included in (other credit)/losses (Note 6)	(36)	279	–	–
Balance at end of the year	647	683	–	–

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 except for non-current trade receivables with a material financial component which uses the general approach. 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.

For the non-current trade receivables with a material financial component, ECL are recorded net of any expected 12 month expected credit losses at inception. At the end of the reporting year a loss allowance is recognised if there has been a material increase in credit risk since initial recognition. 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, audited financial statements, management accounts and available published information about customers about debtors that is available without undue cost or effort) and applying experienced credit judgement.

The assessment of ECL requires a degree of estimation and judgement. In measuring the ECL, 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 exposure to credit risk for trade receivables and contract assets is as follows:

Group	2024		2023	
	Gross amount \$'000	Loss allowance \$'000	Gross amount \$'000	Loss allowance \$'000
Current	35,381	-	10,838	-
1 to 30 days past due	5,643	-	3,241	-
31 to 60 days past due	977	-	2,613	-
61 to 90 days past due	2,461	-	3,065	-
Over 90 days past due	1,688	(647)	9,537	(683)
	46,150	(647)	29,294	(683)

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 is 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 300 days (2023: 30 to 120 days). However, certain customers may take a longer period to settle the amounts.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

Concentration of trade receivable customers at end of reporting year:

	Group	
	2024	2023
	\$'000	\$'000
Top 1 customer	18,527	13,594
Top 2 customers	29,738	17,414
Top 3 customers	39,183	20,047

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.

19A. Non-current portion of trade receivables

	Group	
	2024	2023
	\$'000	\$'000
At beginning of the year	951	–
Additions at cost	6,499	1,548
Initial recognition of notional interest income	(977)	(233)
Settled	(1,156)	(70)
Reclassified as current	(1,312)	(294)
At end of the year	4,005	951

The trade receivables are interest free and repayable by equal monthly instalments over 4 years from July 2023, March 2023 and March 2024. 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 \$5,611,000 (2023: \$1,245,000) (Level 3). The amount was not past due.

20. OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Deposits to secure services	205	764	–	–
Prepayments	207	198	54	30
	412	962	54	30

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Cash restricted for use over 3 months	–	439	–	–
Not restricted in use	14,403	18,509	234	1,173
	14,403	18,948	234	1,173

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

21A. Cash and cash equivalents in the consolidated statement of cash flows

	Group	
	2024	2023
	\$'000	\$'000
Amount as shown above	14,403	18,948
Cash restricted for use over 3 months	–	(439)
	14,403	18,509

21B. Reconciliation of liabilities arising from financing activities

Group	2023	Cash flows	Non-cash changes	2024
	\$'000	\$'000	\$'000	\$'000
Loans and borrowings, current	8,332	16,422	(3,087) ^(b)	21,667
Loans and borrowings, non-current	4,122	–	3,087 ^(b)	7,209
Lease liabilities, current	253	(256)	189 ^(a)	186
Lease liabilities, non-current	2,159	–	(950) ^(b)	1,209
Liabilities directly associated with assets held for sale	–	–	775 ^(b)	775
	14,866	16,166	14	31,046

Group	2022	Cash flows	Non-cash changes	2023
	\$'000	\$'000	\$'000	\$'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

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

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

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

22. SHARE CAPITAL

	Number of shares issued	Group and Company Share capital \$'000	Treasury shares \$'000	Total \$'000
Balance at 1 October 2022, 30 September 2023 and 2024	261,360,097	56,325	(4,238)	52,087

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	
	2024 \$'000	2023 \$'000
<u>Net debt</u>		
All current and non-current borrowings including finance leases	31,046	14,866
Less cash and cash equivalents	(14,403)	(18,948)
	16,643	(4,082)
<u>Adjusted capital</u>		
Equity	74,286	80,441
	74,286	80,441
<u>Debt-to-adjusted capital ratio</u>	0.22	*

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

There are material borrowings but a relatively small net capital base. The debt-to-adjusted capital ratio may not provide a meaningful indicator of the risk from borrowings.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

23. OTHER RESERVES

The revaluation reserve arises from the annual revaluation of properties held under property, plant and equipment net of deferred tax (Note 14).

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.

24. PROVISIONS

	Group	
	2024 \$'000	2023 \$'000
Provision for dismantling, removing items and restoring sites relating to leased properties	374	719
<u>Movements in above provision</u>		
Balance at beginning of the year	719	815
Additions (Note 14)	–	86
Utilised	(345)	(182)
Balance at end of the year	374	719

The provision is based on the present value of costs to be incurred to remove the leasehold improvements from the leased property. The estimate is based on quotations from external contractors. The unexpired term is 8 years.

Estimates for 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.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

25. LOANS AND BORROWINGS

	Group	
	2024 \$'000	2023 \$'000
<u>Non-current</u>		
<u>Financial instruments with floating interest rates</u>		
Bank loans (secured)	7,209	4,122
	7,209	4,122
<u>Current</u>		
<u>Financial instruments with floating interest rates</u>		
Bank loans (secured)	1,546	1,164
<u>Financial instruments with fixed interest rates</u>		
Bank loans (secured)	–	584
Trust receipts and bills payable to banks (secured)	20,121	6,584
	21,667	8,332
	28,876	12,454
The non-current portion is payable as follows:		
Due within 2 to 5 years	4,627	4,122
After 5 years	2,582	–
	7,209	4,122

	Group	
	2024 % p.a.	2023 % p.a.
The range of floating interest rates paid were as follows:		
Bank loans (secured)	5.11 – 5.22	5.16 – 5.28
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)	4.24 – 6.87	5.14 – 5.43

All borrowings are interest bearing.

The trust receipts and bills payable to banks are for purchases of inventories. The group has reverse factoring programs with banks used to benefit the group by extending payment deadlines. If it is for extending payment deadlines, and if the reverse factoring contract includes an unconditional commitment by the reporting entity to pay the amount initially due to the supplier to the financial institution that is a party to the contract, the liability amounts concerned are reclassified as financial liabilities. In the consolidated statement of cash flows these are regarded as cash flows from financing activities because the related liability is not a trade payable. The liability represents borrowings of the group and therefore the cash outflows to settle the liability is stated as arising from financing activities in the consolidated statement of cash flows.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

25. LOANS AND BORROWINGS (CONTINUED)

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

1. Legal mortgage on a leasehold property in Singapore and a freehold property in Malaysia;
2. Corporate guarantee from the company and subsidiary; and
3. Negative pledge over the assets of the group.

26. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

Group	2024 \$'000	2023 \$'000
Lease liabilities, current	186	253
Lease liabilities, non-current	1,209	2,159
	1,395	2,412

The reporting entity has a few leases relating to the land of leasehold properties, warehouse, dormitory and some equipment. The leases are for terms between 1 year to 13 years (2023: 3 years 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 0.8 to 7.8 years (2023: 2.8 to 8.8 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 2024 are shown in the consolidated statement of cash flows.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

26. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS (CONTINUED)

A summary of the maturity analysis of lease liabilities is disclosed in Note 30E. Total cash outflows from leases 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 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
Additions	14	–	14
Transfer to assets held for sale	(1,175)	–	(1,175)
At 30 September 2024	2,067	–	2,067
<u>Accumulated depreciation</u>			
At 1 October 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
Depreciation for the year	282	–	282
Transfer to assets held for sale	(457)	–	(457)
At 30 September 2024	775	–	775
<u>Carrying value</u>			
At 1 October 2022	2,486	2	2,488
At 30 September 2023	2,278	–	2,278
At 30 September 2024	1,292	–	1,292

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

The annual rates of depreciation are as follows:

Leasehold land and buildings	–	Over the terms of lease ranging from 1 year to 13 years
Plant and equipment	–	32.4%

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	11,431	3,903	286	383
Other related parties (Note 3)	149	1,059	–	–
	11,580	4,962	286	383
<u>Other payables</u>				
Outside parties	477	352	–	–
	477	352	–	–
	12,057	5,314	286	383

28. OTHER NON-FINANCIAL LIABILITIES

	Group	
	2024	2023
	\$'000	\$'000
Advance billings	246	233

29. 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	
	2024	2023
	\$'000	\$'000
Commitments to purchase property, plant and equipment	335	5,504

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND OTHER EXPLANATORY INFORMATION

30A. Categories of financial assets and financial liabilities

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

	Group	
	2024	2023
	\$'000	\$'000
<u>Financial assets</u>		
Financial assets at amortised cost	59,949	47,659
Financial assets at fair value through profit or loss	168	154
	60,117	47,813
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	42,328	20,180
	42,328	20,180
	Company	
	2024	2023
	\$'000	\$'000
<u>Financial assets</u>		
Financial assets at amortised cost	939	1,999
	939	1,999
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	286	383
	286	383

Further quantitative disclosures are included throughout these financial statements.

30B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the group'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.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND OTHER EXPLANATORY INFORMATION (CONTINUED)

30C. 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 the material financial instruments stated at amortised cost and at fair value in the statements of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. 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	
	2024	2023
	\$'000	\$'000
Financial assets at fair value through profit or loss	168	154

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

	Group	
	2024	2023
	\$'000	\$'000
Balance at beginning of the year	154	142
Gains recognised in profit or loss under other gains (Note 6)	14	12
Balance at end of the year	168	154

The fair value of the financial assets is not based on observable market data (Level 3) (Note 18).

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
2024			
Unquoted other investment reflected in profit or loss. 10% change	168	17	(17)
2023			
Unquoted other investment reflected in profit or loss. 10% change	154	15	(15)

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND OTHER EXPLANATORY INFORMATION (CONTINUED)

30D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure the ECL allowance. On initial recognition, a day-one loss is recorded equal to the 12-month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively. 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.

Note 21 discloses the cash balances. There was no identified impairment loss.

30E. 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 within twelve months after at the end of the reporting year. The average credit period taken to settle trade payables is approximately 30 to 120 days (2023: 30 to 120 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

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
2024				
Trade and other payables	12,057	–	–	12,057
Gross loans and borrowings	22,213	5,495	2,902	30,610
Gross lease liabilities	237	854	492	1,583
	34,507	6,349	3,394	44,250
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

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND OTHER EXPLANATORY INFORMATION (CONTINUED)

30E. Liquidity risk – financial liabilities maturity analysis (continued)

Company	Less than 1 year \$'000	Total \$'000
2024		
Trade and other payables	286	286
	286	286
2023		
Trade and other payables	383	383
	383	383

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	
	2024 \$'000	2023 \$'000
Corporate guarantee in favour of subsidiary	36,192	11,695

Bank facilities

	Group	
	2024 \$'000	2023 \$'000
Used performance guarantees	452	314
Undrawn borrowing facilities	3,917	27,389

The above facilities are covered by a corporate guarantee of the company.

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.

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND OTHER EXPLANATORY INFORMATION (CONTINUED)

30F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statements of financial position and on some financial instruments not recognised in the statements of financial position. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2024	2023
	\$'000	\$'000
<u>Financial liabilities with interest</u>		
Fixed rates	21,516	9,580
Floating rates	8,755	5,286
	30,271	14,866

The interest rates are disclosed in the respective notes.

Sensitivity analysis

	Group	
	2024	2023
	\$'000	\$'000
Financial liabilities		
A hypothetical variation in floating interest rates at the end of reporting year by 100 basis points with all other variables held constant, would have an increase/decrease in pre-tax profit for the year by the following amounts:	88	53

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 (Continued)

Year ended 30 September 2024

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND OTHER EXPLANATORY INFORMATION (CONTINUED)

30G. 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:

Analysis of amounts denominated in non-functional currencies:

Group	USD \$'000	Others [#] \$'000	Total \$'000
2024			
<u>Financial assets</u>			
Cash	8,515	232	8,747
Trade and other receivables	41,774	238	42,012
Total financial assets	50,289	470	50,759
<u>Financial liabilities</u>			
Trade and other payables	8,476	128	8,604
Total financial liabilities	8,476	128	8,604
	41,813	342	42,155
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

[#] Others – These are immaterial non-functional currency individually.

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis

	Group	
	2024 \$'000	2023 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against all non-functional currencies with all other variables held constant would have an adverse effect on pre-tax profit of the following amounts:		
Against USD	(3,801)	(2,670)
Against other currencies	(31)	(44)

Notes to the Financial Statements (Continued)

Year ended 30 September 2024

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND OTHER EXPLANATORY INFORMATION (CONTINUED)

30G. 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.

31. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year, the ASC issued amendment to SFRS(I) 1 and Practice Statement 2 on disclosures of material accounting policy and other explanatory information. Immaterial information need not be disclosed. Disclosures should not obscure material accounting policy information (such as material information being obscured, or information regarding a material item, transaction or other event is scattered throughout the financial statements, etc.). In addition, the ASC issued certain new or revised financial reporting standards. None had material impact on the reporting entity. Those applicable to the group are listed below.

SFRS(I) No.	Title
SFRS(I) 1-8	Definition of Accounting Estimates – Amendments to
SFRS(I) 1-12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to

32. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years, the ASC issued certain new or revised financial reporting standards. 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 group for future reporting years are listed below.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 1-1	<i>Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current</i>	1 January 2024
SFRS(I) 1- 1	<i>Presentation of Financial Statements – amendment relating to Non-current Liabilities with Covenants</i>	1 January 2024
SFRS(I) 1-21	The Effects of Changes in Foreign Exchange Rates (amendment) Lack of Exchangeability	1 January 2025

APPENDIX IV – LETTER FROM IFA IN RELATION TO STATEMENT OF PROSPECTS

Asian Corporate Advisors
Licensed by MAS & Authorised Continuing Sponsor

19 June 2025

The Board of Directors
CosmoSteel Holdings Limited
14 Lok Yang Way
Singapore 628633

Dear Sirs

VOLUNTARY CONDITIONAL CASH OFFER (THE “OFFER”) BY EVOLVE CAPITAL ADVISORY PRIVATE LIMITED FOR AND ON BEHALF OF 3HA CAPITAL PRIVATE LIMITED (THE “OFFEROR”) TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE SHARE CAPITAL OF COSMOSTEEL HOLDINGS LIMITED (THE “COMPANY”)

Unless otherwise defined or where the context otherwise requires, all terms used herein shall have the same meanings as defined in the circular dated 19 June 2025 (the “Circular”) issued by the Company.

This letter is prepared for inclusion in the Circular dated 19 June 2025 issued by the Company in relation to the Offer.

The extracted statement of prospects below was issued by the Company on 15 May 2025 in connection with the Company’s commentary on the unaudited condensed interim financial statements for the first half year ended 31 March 2025 (the “**Statement of Prospects**”).

“Despite challenging operating conditions, the Group expects improved revenue generation in FY2025.”

We note from Appendix VI of the Circular that the Statement of Prospects was not made in conjunction with the Offer. The Directors have not issued a profit forecast for the Group for the financial year ending 30 September 2025 (“**FY2025**”) in connection with the Offer. Accordingly, the Statement of Prospects should not be regarded as a forecast of the Group for FY2025.

ACA did not prepare or assist in the preparation of or review of the unaudited condensed interim financial statements for the first half year ended 31 March 2025 (the “**Results**”) nor were we involved in any discussions or deliberations that led to the Results.

We have assumed for the purposes of this Letter that the audited financial statements as presented in the annual report of the Company for the financial year ended 30 September 2024 have been drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiaries (the “**Group**”) as at 30 September 2024 and the results of the business, changes in equity and cash flows of the Group for the financial year then ended. The audited financial statements and the Results are not prepared or finalised in connection with or for the purposes or in contemplation of the Offer.

We have discussed the key bases and assumptions underlying the Statement of Prospects with the Directors and management of the Company (the “**Management**”) as reproduced in Appendix VI of the Circular. We have noted and have considered the letter addressed to the Directors by the auditors of the Company (“**Auditors**”) in relation to its review of the Statement of Prospects, in Appendix V of the Circular.

Asian Corporate Advisors Pte. Ltd.
Address: 160 Robinson Road #21-05, Singapore 068914. Telephone: 6-221-0271. Facsimile: 6-227-6349.
Incorporated in Singapore. Company Registration/GST number: 20-0310232-R

APPENDIX IV – LETTER FROM IFA IN RELATION TO STATEMENT OF PROSPECTS

We have relied on the accuracy and completeness of all financial and other information discussed with us and assumed such accuracy and completeness for the purposes of providing this letter. We have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have not undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Company or the Group. Save as provided in this letter, we do not express any other opinion on the Statement of Prospects.

The Directors have confirmed to ACA the accuracy, truthfulness and completeness of all written (correspondence and emails) and verbal information provided and that all material information including but not limited to the accounting standards and policies, bases or assumptions for the Statement of Prospects or the plans or prospects or proposals available to or known by them and the Management in connection with the Statement of Prospects has been disclosed to ACA and included in the Appendix VI of the Circular, that such information, statements, views comments and analysis (as may be applicable) is stated in accordance to accepted accounting standards and policies and that, *inter alia*, all judgments and estimates are made after due and careful analysis and are fair, true and accurate in all material aspects and that there is no other information or fact, which could have a material impact on the Statement of Prospects, or the omission of which would result in the Statement of Prospects being untrue, inaccurate or incomplete in any material aspect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness, adequacy or sufficiency of any bases or assumptions used for the Statement of Prospects, or any such information or facts as disclosed in the Results.

Based on the above discussions with the Directors and the Management of the Company and having considered the letter from the Auditors as reproduced in Appendix V of the Circular, subject to the contents of this Letter, Appendix VI of the Circular and on the bases of the procedures and reviews performed by the Directors for the Prospect Statement, we are of the view that the Prospects Statements (for which the Directors are solely responsible) had been issued by the Directors after due and careful enquiry.

Save as provided in this letter, we do not express any other views on the Results.

This letter is addressed to the Directors for the sole purpose of complying with Rule 25 of The Singapore Code on Take-overs and Mergers, and we do not accept any responsibility to any other person (other than the Directors) in respect of, arising from or in connection with this letter.

Yours faithfully,
For and on behalf of
ASIAN CORPORATE ADVISORS PTE. LTD.

(signed)

Mr Liao H.K.
Managing Director

(signed)

Ms Foo Quee Yin
Managing Director

APPENDIX V – LETTER FROM AUDITORS OF THE COMPANY IN RELATION TO STATEMENT OF PROSPECTS



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The Board of Directors COSMOSTEEL HOLDINGS LIMITED

Introduction

CosmoSteel Holdings Limited's (the "Company") management is responsible for the preparation and presentation of the statement on revenue ("Statement") in the Statement of Prospects of the Offeree Circular (the "Circular") for CosmoSteel Holdings Limited and its subsidiaries (the "Group"), including the assumptions as set out on pages VI-1 and VI-2 of the Circular on which it is based (the "Assumptions"). Our responsibility is to examine and report on the reasonableness of the Assumptions used in the preparation of the Statement, and on the calculations and accounting policies of the Statement.

Scope of Engagement

We have examined the Statement in accordance with Singapore Standard on Assurance Engagements 3400 "The Examination of Prospective Financial Information", as to whether the Assumptions provide a reasonable basis for the Statement, whether the Statement, so far as the accounting policies and calculations are concerned, has been properly prepared based on the Assumptions made by management and is consistent with the accounting policies adopted by the Group and the recognition and measurement principles of Singapore Financial Reporting Standards (International) ("SFRS(I)s").

The SFRS(I)s set out the recognition, measurement, presentation and disclosure requirements dealing with transactions and events in the preparation of a full set of financial statements. As the Statement does not present and disclose all of the explanatory information as those included in a full set of financial statements, we do not report on the compliance of the Statement with respect to the presentation and disclosure requirements of SFRS(I)s.

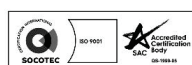
Conclusion

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that the assumptions do not provide a reasonable basis for the Statement. Further, in our opinion, in all material respects, the Statement, so far as the accounting policies and calculations are concerned, has been properly prepared based on the Assumptions made by management, and is consistent with the accounting policies adopted by the Group and the recognition and measurement principles of SFRS(I)s.

Actual results are likely to be different from the Statement since anticipated events frequently do not occur as expected and the variation could be material.

For the reasons set out above, we do not express any assurance as to the possibility of achievement of the Statement.

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RSM SG Assurance LLP is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

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APPENDIX V – LETTER FROM AUDITORS OF THE COMPANY IN RELATION TO STATEMENT OF PROSPECTS

Restriction on Distribution and Use

This report is made solely to you as a body and for the inclusion of the Statement in the Circular to be issued in relation to the voluntary conditional cash offer by Evolve Capital Advisory Private Limited, for and on behalf of 3HA Capital Private Limited, to acquire all the issued and paid up ordinary shares of CosmoSteel Holdings Limited (the "Offer").

As a result, the report may not be suitable for another purpose.

DocuSigned by:

RSM SG Assurance LLP

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RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

Poh Chin Beng
Partner
17 June 2025

APPENDIX VI –STATEMENT OF PROSPECTS

The following statement (“**Statement of Prospects**”) was made by the Directors in paragraph 11 of the announcement dated 15 May 2025 by the Company in relation to the unaudited condensed interim financial statements for 1HY2025 of the Group:

“Despite challenging operating conditions, the Group expects improved revenue generation in FY2025.”

The Statement of Prospect was not made in conjunction with the Offer.

The Directors have not issued a profit forecast for the Group for FY2025 in connection with the Offer. Accordingly, the Statement of Prospect should not be regarded as a forecast of the Group for FY2025.

The Statement of Prospect, for which the Directors are solely responsible, was made on a basis consistent with the accounting policies normally adopted by the Group. It was not made in connection with the Offer and was based on the following assumptions and/or information available as of 15 May 2025, being the date which the Statement of Prospects was made:

- (a) There will be no significant changes in existing political, economic, legal or regulatory conditions affecting the activities of the Group, the industry and the countries in which the Group operates.
- (b) There will be no material change in the principal activities, management and organisation structure of the Group.
- (c) There will be no material changes in the relationships the Group has with its major customers and suppliers which may affect the Group’s business.
- (d) The revenue recognised for the period 1 October 2024 to 30 April 2025 being higher than the revenue recognised for the full year of FY2024, without taking into account any further revenue which would be recognised for the period 1 May 2025 to 30 September 2025 on the delivery of orders on hand (as at 30 April 2025) by 30 September 2025.
- (e) There will be no material deviation in the historical rate of goods returned by customers and no unforeseen events leading to an unusually high volume of returns or delays in the delivery of confirmed orders.
- (f) There will be no material change in the accounting policies of the Group.
- (g) There will be no material change in the competitive environment in which the Group operates.
- (h) There will be no material change in applicable accounting standards, which may adversely affect the revenue of the Group.
- (i) There will be no material changes in the prevailing foreign currency exchange rates that will adversely affect the revenue of the Group.
- (j) There will be no material change in inflation rates.

APPENDIX VI –STATEMENT OF PROSPECTS

- (k) There will be no material acquisition of assets by the Group, except for those acquisitions carried out in the ordinary course of business. There will be no material disposals of the Group's assets, subsidiaries, and property, plant and equipment used in the ordinary course of business, other than the disposal of assets that have already been identified and classified as held for sale in the Group's financial statements as at the date of this Circular.
- (l) There will be no legal litigation or disputes that would lead to loss of revenue to the Group.

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Constitution are set out below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at the Company’s registered address at 14 Lok Yang Way, Singapore 628633 during normal business hours from the date of this Circular and for the period during which the Offer remains open for acceptance.

1. Rights in respect of capital

SHARES

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| 6. | The Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act. | Power to repurchase shares |
| 7. | Subject to the Act and this Constitution, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to article 53, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration (if any) and at such time and subject or not to the payment of any part of the amount (if any) thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions, as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors provided always that:–

(a) (subject to any direction to the contrary that may be given by the Company in General Meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of article 53(1) with such adaptations as are necessary shall apply; and

(b) any other issue of shares, the aggregate of which would exceed the limits referred to in article 53(2), shall be subject to the approval of the Company in General Meeting. | Issue of shares |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 8. | (1) The Company has power to issue different classes of shares. | Issue of different classes of shares |
| | (2) The rights attaching to shares of a class other than ordinary shares shall be expressed in this Constitution. | Shares of a class other than ordinary shares |
| | (3) The Company may issue shares for which no consideration is payable to the Company. | Issue of shares for no consideration |
| | (4) Preference shares may be issued subject to such limitation thereof as may be prescribed by the Stock Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings, and preference shareholders shall also have the right to vote at any General Meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the General Meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrear. | Preference shares |
| | (5) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued. | Issue of further preference capital |
| 9. | The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act. | Treasury shares |
| 10. | If, at any time the share capital is divided into different classes, subject to the provisions of the Act, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of the Act shall with such adaptations as are necessary apply. To every such separate General Meeting the provisions of this Constitution relating to General Meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and any holder of shares of the class present in person or by proxy may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the General Meeting shall be as valid and effectual as a Special Resolution carried at the General Meeting. | Variation of rights |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 11. | The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution as is in force at the time of such issue, be deemed to be varied by the issue of further shares ranking equally therewith. | Issue of further shares with special rights |
| 12. | The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commissions or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. | Power to pay commission and brokerage |
| 13. | If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital (except treasury shares) as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision. | Power to charge interest on capital |
| 14. | Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository or its nominee (as the case may be)) entered in the Register of Members as the registered holder thereof or (as the case may be) the person whose name is entered in the Depository Register in respect of that share. | Exclusion of equities |
| 15. | Except as herein provided no person shall exercise any rights or privileges of a Member until he is registered in the Register of Members or (as the case may be) the Depository Register as a Member and shall have paid all calls and other moneys due for the time being on every share held by him. | Exercise of Member’s rights |
| 16. | <p>When two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with benefit of survivorship subject to the provisions following:–</p> <p>(a) The Company shall not be bound to register more than three persons as the holders of any share except in the case of executors or administrators (or trustees) of the estate of a deceased Member.</p> <p>(b) For the purposes of a quorum joint-holders of any share shall be treated as one Member.</p> <p>(c) Only one certificate shall be issued in respect of any share.</p> | Joint holders |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

- (d) Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company. Any notice served on any one of the joint-holders shall be deemed to have been duly served on all of them.
- (e) The joint-holders of any share shall be liable severally as well as jointly in respect of calls and any other payments which ought to be made in respect of such share.
- (f) Any one of the joint-holders of any share may give effectual receipts for any dividend, return of capital or other sum of money payable to such joint-holders in respect of such share.
- (g) On the death of any one of the joint-holders of any share the survivor or survivors shall be the only person or persons recognised by the Company as having any title to such share but the Directors may require such evidence of death as they think necessary to call for.
- (h) If more than one of such joint-holders are present in person or proxy at any General Meeting only that one of the joint-holders or his attorney or proxy, whose name stands first in the Register of Members or (as the case may be) the Depository Register amongst those so present in person or proxy shall be entitled to vote in respect of any of the shares so held.

SHARE CERTIFICATES

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| 17. | Every certificate shall be issued under the Seal and shall specify the number and class of shares to which it relates, whether the shares are fully or partly paid up, and the amount (if any) unpaid thereon. No certificate shall be issued representing shares of more than one class. | Certificates |
| 18. | Every person whose name is entered as a Member in the Register of Members shall be entitled within ten market days (or such other period as may be approved by the Stock Exchange) of the closing date of any application for shares or, as the case may be, the date of lodgement of a registrable transfer or on a transmission of shares to one certificate for all his shares of any one class or several certificates in reasonable denominations each for a part of the shares so allotted or transferred. If a Member shall require several certificates each for a part of the shares so allotted or transferred or included in the transmission or if a Member transfers part only of the shares comprised in a certificate or requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the Member shall pay prior to the issue of the certificates or certificate a fee not exceeding S\$2 for each such new certificate as the Directors may determine. | Entitlement to certificates |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 19. | Subject to the provisions of the Act, if any certificate shall be defaced, worn out, destroyed, lost or stolen, a new certificate may be issued in lieu thereof on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Stock Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S\$2 as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such new certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. | New certificates may be issued |
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TRANSFER OF SHARES

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| 20. | Subject to the provisions of this Constitution, all transfers of shares shall be effected by written instrument of transfer in the form as approved by the Stock Exchange or in any other form acceptable to the Directors. | Form of transfer of shares |
| 21. | The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository or its nominee (as the case may be) shall be effective although not signed or witnessed by or on behalf of the Depository or its nominee (as the case may be). The transferor shall remain the holder of the share concerned until the name of the transferee is entered in the Register of Members in respect thereof. | Execution of transfer of shares |
| 22. | No shares shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs. | Person under disability |
| 23. | There shall be no restriction on the transfer of fully paid up shares (except as required by law, the listing rules of the Stock Exchange or the rules and/or bye-laws governing the Stock Exchange) but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. Provided always that in the event of the Directors refusing to register a transfer of shares, they shall within ten market days beginning with the date on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Act. | Directors' power to decline to register |
| 24. | If the Directors refuse to register a transfer of any share, they shall within ten market days after the date on which the transfer was lodged with the Company, send to the transferor and the transferee notice of refusal as required by the Act. | Notice of refusal |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 25. | <p>The Directors may decline to register any instrument of transfer unless:–</p> <p>(a) such fee not exceeding S\$2 as the Directors may from time to time require, is paid to the Company in respect thereof;</p> <p>(b) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;</p> <p>(c) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and</p> <p>(d) the instrument of transfer is in respect of only one class of shares.</p> <p>All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same except in the case of fraud.</p> | Terms of registration of transfers |
| 26. | <p>The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine provided always that such registration shall not be suspended for more than thirty days in any year. The Company shall give prior notice of such closure as may be required to the Stock Exchange, stating the period and the purpose or purposes of such closure.</p> | Suspension of registration |
| 27. | <p>Nothing in this Constitution shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.</p> | Renunciation of allotment |

TRANSMISSION OF SHARES

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| 28. | <p>(1) In the case of the death of a Member whose name is entered in the Register of Members, the survivor or survivors where the deceased was a joint-holder, and the executors or administrators of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.</p> | Survivor, executors or administrators entitled to shares of a deceased Member |
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APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| (2) | In the case of the death of a Member who is a Depositor, the survivor or survivors where the deceased was a joint-holder, and the executors or administrators of the deceased where he was a sole or only surviving holder and where such executors or administrators are entered in the Depository Register in respect of any shares of the deceased Member, shall be the only persons recognised by the Company as having any title to his interest in the shares. | Survivor, executors or administrators entitled to shares of a deceased Depositor |
| (3) | Nothing in this article shall release the estate of a deceased holder from any liability in respect of any share solely or jointly held by him. | Estate of deceased holder |
| 29. | Any person becoming entitled to the legal title in a share in consequence of the death or bankruptcy of a Member whose name is entered in the Register of Members, and any guardian of an infant becoming entitled to the legal title in a share and whose name is entered in the Register of Members, and any person as properly has the management of the estate of a Member whose name is entered in the Register of Members and who is mentally disordered and incapable of managing himself or his affairs may, upon such evidence being produced as may from time to time properly be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or transfer the share to some other person, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by a Member. | Transmission of shares |
| 30. | If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing in a form approved by the Directors signed by him stating that he so elects. If he shall elect to transfer the share to another person he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of this Constitution relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the event upon which transmission took place had not occurred and the notice or transfer were a transfer signed by the person from whom the title by transmission is derived. | Requirements regarding transmission of shares |
| 31. | A person becoming entitled to a share by transmission shall be entitled to receive and give a discharge for the same dividends and be entitled to the other advantages to which he would be entitled if he were the Member in respect of the share, except that he shall not, before being registered as a Member in the Register of Members or before his name shall have been entered in the Depository Register in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to General Meetings. | Rights of persons entitled to a share by transmission |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 32. | The Directors may at any time give notice requiring any person entitled to a share by transmission to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days the Directors may thereafter withhold payment of all dividends, or other moneys payable in respect of the share until the requirements of the notice have been complied with. | Person entitled may be required to register or transfer share |
| 33. | There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding S\$2 as the Directors may from time to time require or prescribe. | Fee for registration of probate, etc |

CALLS ON SHARES

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| 34. | The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. | Amounts and periods |
| 35. | A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be required to be paid by instalments. | When made |
| 36. | If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom it is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding eight per cent per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part. | Interest on overdue calls |
| 37. | Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date shall for the purposes of this Constitution be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of this Constitution as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. | On allotment |
| 38. | The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment. | Directors may differentiate between holders |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 39. | The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is made, and upon the moneys so received or so much thereof as from time to time exceed the amount of the call then made upon the shares concerned, the Company may pay interest at such rate not exceeding eight per cent per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits. | Payment in advance of calls |
| 40. | The Directors may apply all dividends which may be declared in respect of any shares in payment of any calls made or instalments payable and which may remain unpaid in respect of the same shares. | Lien on dividends to pay call |

LIEN AND FORFEITURE

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| 41. | The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) registered in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof. Such lien shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amount as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. | Company’s lien |
| 42. | For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit but no sale shall be made until such time as the moneys owing to the Company are presently payable and until a notice in writing stating the amount due and demanding payment and giving notice of intention to sell in default shall have been served in such manner as the Directors shall think fit on such Member or the person (if any) entitled to effect a transmission of the shares and who shall have produced to the Company satisfactory evidence of such capacity and default in payment shall have been made by him or them for fourteen days after such notice. Provided always that if a Member shall have died or become mentally disordered and incapable of managing himself or his affairs or bankrupt and no person shall have given to the Company satisfactory proof of his right to effect a transmission of the shares held by such Member, the Directors may exercise such power of sale without serving any such notice. | Notice to pay the amount due, and sale on non-compliance therewith |
| 43. | Upon any sale being made by the Directors of any shares to satisfy the lien of the Company thereon the proceeds shall be applied first in the payment of the costs of such sale, next in satisfaction of the debt, obligation, engagement or liability of the Member to the Company and the residue (if any) shall be paid to the Member or as he shall direct or to his executors, administrators or assigns. | Application of sale proceeds |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 44. | A statutory declaration in writing that the declarant is a Director and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together (where the same be required) with the share certificate delivered to a purchaser (or where the purchaser is a Depositor, to the Depository or its nominee (as the case may be)) or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute good title to the share and the share shall be registered in the name of the person to whom the share is sold, reallocated or disposed of or, where such person is a Depositor, the Company shall procure that his name be entered in the Depository Register in respect of the share so sold, re-allotted or disposed of. Such person shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the forfeiture, surrender, sale, re-allotment or disposal of the share. | Title to shares forfeited or surrendered or sold to satisfy a lien |
| 45. | In the event of a forfeiture of shares or a sale of shares to satisfy the Company’s lien thereon the Member or other person who prior to such forfeiture or sale was entitled thereto shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited or sold. | Certificate of shares to be delivered to the Company |
| 46. | If a Member fails to pay any call or any part thereof on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and any expenses incurred by the Company by reason of such non-payment. | If call or instalment not paid, notice may be given |
| 47. | The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited. | Form of notice |
| 48. | If the requirements of such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter before all payments required by the notice have been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder. | If notice not complied with shares may be forfeited |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 49. | A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer or effect the transfer of a forfeited or surrendered share to any such person as aforesaid. | Sale of shares forfeited |
| 50. | A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at eight per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part. | Rights and liabilities of Members whose shares have been forfeited or surrendered |
| 51. | The provisions of this Constitution as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time as if the same had been payable by virtue of a call duly made and notified. | Forfeiture applies to non-payment of call due at fixed time |

ALTERATION OF CAPITAL

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| 52. | Without prejudice to any special rights previously conferred on the holders of any shares or class of shares for the time being issued, any share in the Company may be issued with such preferred, deferred or other special, limited or conditional rights, or subject to such restrictions, whether as regards dividend, return of capital, voting or otherwise, as the Company may from time to time by Ordinary Resolution or, if required by the Act, by Special Resolution determine (or, in the absence of any such determination, but subject to the Act, as the Directors may determine) and subject to the provisions of the Act, the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed. | Rights and privileges of new shares |
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APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 53. | <p>(1) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the listing rules of the Stock Exchange or the rules and/or bye-laws governing the Stock Exchange, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as far as the circumstances admit, to the number of the existing shares to which they are entitled. In offering such new shares in the first instance to all the then holders of any class of shares the offer shall be made by notice specifying the number of shares offered and limiting the time within which the offer if not accepted will be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company and the Directors may as they think most beneficial to the Company dispose of any such new shares which by reason of the proportion borne by them to the shares held by holders entitled to any such offer or by reason of any other difficulty in apportioning the same cannot, in the opinion of the Directors, be conveniently offered under this article.</p> | Issue of new shares to Members |
| | <p>(2) Notwithstanding article 53(1), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:–</p> | General authority for Directors to issue new shares and make or grant Instruments |
| | <p>(a) (i) issue shares whether by way of rights, bonus or otherwise; and/or</p> <p style="padding-left: 40px;">(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 or other instruments convertible into shares; and</p> | |
| | <p>(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force provided that:–</p> <p style="padding-left: 40px;">(i) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Stock Exchange;</p> | |

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- (ii) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Stock Exchange or the rules and/or bye-laws governing the Stock Exchange for the time being in force (unless such compliance is waived by the Stock Exchange) and this Constitution; and
 - (iii) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

- 54. Except so far as otherwise provided by the conditions of issue or by this Constitution, all new shares shall be subject to the provisions of the Act and this Constitution with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise. New shares otherwise subject to provisions of the Act and this Constitution

- 55. (1) The Company may by Ordinary Resolution:– Power to consolidate, subdivide and redenominate shares
 - (a) consolidate and divide all or any of its shares;
 - (b) subdivide its shares or any of them (subject nevertheless to the provisions of the Act and this Constitution) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
 - (c) subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency.

- (2) The Company may by Special Resolution, subject to and in accordance with the Act, convert one class of shares into another class of shares. Power to convert shares

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 56. | <p>The Company may by Special Resolution reduce its share capital, or any other undistributable reserve in any manner and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to this Constitution and the Act, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.</p> | <p>Power to
reduce capital</p> |
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CONVERSION OF SHARES INTO STOCK

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| 57. | <p>The Company may by Ordinary Resolution convert any paid-up shares into stock, and may from time to time by like resolution reconvert any stock into paid-up shares of any denomination.</p> | <p>Conversion of
shares into
stock and
reconversion</p> |
| 58. | <p>The holders of stock may transfer the same or any part thereof in the same manner and subject to the same articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum number of stock units transferable and restrict or forbid the transfer of fractions of that minimum.</p> | <p>Transfer of
stock</p> |
| 59. | <p>The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by any such number of stock units which would not if existing in shares have conferred that privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.</p> | <p>Rights of
stockholders</p> |
| 60. | <p>The provisions of this Constitution which are applicable to paid-up shares shall, so far as circumstances will admit, apply to stock, and the words “share” and “shareholder” therein shall include “stock” and “stockholder”.</p> | <p>Shares/stock</p> |

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CAPITALISATION OF PROFITS AND RESERVES

152. (1) The Directors may, with the sanction of an Ordinary Resolution of the Company, including any Ordinary Resolution passed pursuant to article 53(2):– Power to capitalise profits

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:–

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to article 53(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and/or

(b) capitalise any sum standing to the credit of any of the Company’s reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:–

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to article 53(2)) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full new shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, new shares of any other class not being redeemable shares) for allotment and distribution credited as fully paid up to and amongst them as bonus shares in the proportion aforesaid.

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| (2) The Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue or capitalisation under article 152(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned. | Power to give effect to bonus issues and capitalisations |
| (3) In addition and without prejudice to the powers provided for by articles 152(1) and 152(2), the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or noncumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue:–

(a) be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit; or

(b) be held by or for the benefit of non-executive Directors as part of their remuneration under article 91 and/or article 92(2) approved by shareholders in General Meeting in such manner and on such terms as the Directors shall think fit. | Power to issue free shares and/ or to capitalise reserves for share-based incentive plans and Directors’ remuneration |

The Directors may do all such acts and things considered necessary or expedient to give effect to any of the foregoing.

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

WINDING UP

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| 159. | If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (including any shares in any other company received by the liquidator as consideration for the sale of the whole or part of the Company’s assets and whether they shall consist of property of the same kind or not) and any such division may be otherwise than in accordance with the existing rights of the Members and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability. This article is without prejudice to the rights of persons whose shares are issued on special terms. If any division is resolved on otherwise than in accordance with the existing rights of the Members, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Act. | Winding up |
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2. Rights in respect of dividends

DIVIDENDS

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| 137. | The Company may Ordinary Resolution declare dividends, but no dividend shall exceed the amount recommended by the Directors. Unless otherwise provided under the Act, no dividend may be paid to the Company in respect of treasury shares. | Declaration of
ordinary
dividend |
| 138. | The Directors may from time to time pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company. | Interim dividend |
| 139. | No dividend shall be paid otherwise than out of profits. | Dividend only
out of profits |

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140. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:–
- Application and apportionment of dividends

- (a) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

141. (1) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:–
- Scrip dividend scheme

- (a) the basis of any such allotment shall be determined by the Directors;
- (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this article;

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- (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
 - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on the ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of article 152, the Directors may (i) capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts as the Directors may determine, such sum as may be required to pay up in full the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis or (ii) apply the sum which would otherwise have been payable in cash to the holders of the elected ordinary shares towards payment of the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.
- (2)
 - (a) The ordinary shares allotted pursuant to the provisions of paragraph (1) of this article shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
 - (b) The Directors may do all acts and things considered necessary or expedient to give effect to the provisions of paragraph (1) of this article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in this Constitution, provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down, or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned).

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| (3) | The Directors may on any occasion when they resolve as provided in paragraph (1) of this article determine that rights of election under that paragraph shall not be made available to Members who are registered in the Register of Members or (as the case may be) the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this article shall be read and construed subject to such determination. | Record date |
| (4) | The Directors may on any occasion when they resolve as provided in paragraph (1) of this article further determine that no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register of Members or (as the case may be) the Depository Register is outside Singapore or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared. | Eligibility |
| (5) | Notwithstanding the foregoing provisions of this article, if at any time after the Directors’ resolution to apply the provisions of paragraph (1) of this article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their own discretion and without assigning any reason therefore, cancel the proposed application of paragraph (1) of this article. | Disapplication |
| 142. | The Directors may retain any dividends or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists. | Dividend may be retained |
| 143. | Any General Meeting declaring a dividend may direct payment of such dividend wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stock of any other company or in any one or more of such ways, and the Directors shall give effect to such resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors. No valuation, adjustment or arrangement so made shall be questioned by any Member. | Payment of dividend in specie |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 144. | Any dividend, interest or other moneys payable in cash on or in respect of shares may be paid by cheque or warrant order sent through the post directed to the registered address of the holder or in the case of joint holders, to the registered address of that one of the joint holders who is first named in the Register of Members or (as the case may be) the Depository Register or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be payable to the order of the person to whom it is sent. | Payment by post |
| 145. | Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby, and the Company shall not be responsible for the loss of any cheque or warrant which shall be sent by post duly addressed to the person for whom it is intended. | Company not responsible for loss |
| 146. | No unpaid dividend shall bear interest against the Company. | No interest |
| 147. | A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer. | No dividend before registration |
| 148. | The Directors may retain the dividends payable upon shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member or which any person under that article is entitled to transfer, until such person shall become a Member in respect thereof or shall duly transfer the same. | Power to retain dividends pending transmission |
| 149. | The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six years has elapsed from the date of the declaration of such dividend or the date on which such other moneys are first payable. | Unclaimed dividends |
| 150. | A payment by the Company to the Depository of any dividend or other moneys payable to a Depositor shall, to the extent of the payment made, discharge the Company from any liability to the Depositor in respect of that payment. | Payment to Depository good discharge |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

RESERVES

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| 151. | The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide. | Power to carry
profit to reserve |
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3. Rights in respect of voting

GENERAL MEETINGS

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| 61. | (1) Save as otherwise permitted under the Act, an Annual General Meeting shall be held once in every year, at such time (within a period of not more than 15 months after the holding of the last preceding Annual General Meeting) and place in Singapore as may be determined by the Directors. | Annual General
Meeting |
| | (2) All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings and shall be held at such time and place in Singapore as may be determined by the Directors. | Extraordinary
General
Meeting |
| 62. | The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened by such requisition or, in default, may be convened by such requisitionists, in accordance with the provisions of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors. | Calling
Extraordinary
General
Meetings |

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NOTICE OF GENERAL MEETINGS

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| 63. | (1) | <p>Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Act) a resolution of which special notice has been given to the Company shall be called by at least twenty one days’ notice in writing and any Annual General Meeting and any other Extraordinary General Meeting by at least fourteen days’ notice in writing. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the General Meeting is to be held and shall be given in the manner hereinafter mentioned to such persons as are under the provisions herein contained and the Act entitled to receive such notices from the Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:–</p> <p>(a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat;</p> <p>(b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all the Members having a right to vote at that meeting.</p> <p>Provided also that the accidental omission to give notice to, or the non-receipt by any person entitled thereto, shall not invalidate the proceedings at any General Meeting.</p> <p>At least fourteen days’ notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Stock Exchange.</p> | Notice of
General
Meetings |
| | (2) | <p>Notice of every General Meeting shall be given to:–</p> <p>(a) every Member;</p> <p>(b) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the General Meeting; and</p> <p>(c) the Auditor for the time being of the Company.</p> | Persons entitled
to receive
notice |
| 64. | (1) | <p>Every notice calling a General Meeting shall specify the place in Singapore and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member.</p> | Contents of
notice |

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| (2) | In the case of an Annual General Meeting, the notice shall also specify the meeting as such. | Notice of Annual General Meeting |
| (3) | In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of the business; and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect. | Nature of special business to be specified |
65. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:–
- (a) declaring dividends;
- (b) considering and adopting the financial statements, the Directors’ statement, the Auditor’s report and other documents required to be attached to the financial statements;
- (c) appointing or re-appointing the Auditor and fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed; and
- (d) appointing or re-appointing Directors in place of those retiring by rotation or otherwise and fixing the remuneration of the Directors.
66. Any notice of a General Meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

PROCEEDINGS AT GENERAL MEETINGS

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| 67. | No business shall be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two Members present in person or by proxy shall form a quorum. | Quorum |
| 68. | If within half an hour from the time appointed for the General Meeting (or such longer interval as the Chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday then to the next business day following that public holiday) at the same time and place in Singapore, or to such other day and at such other time and place in Singapore as the Directors may determine, and if at such adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Members present in person or by proxy shall be deemed to be a quorum. | Adjournment if quorum not present |

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| 69. | The Chairman, if any, of the Directors shall preside as Chairman at every General Meeting. If there be no such Chairman or if at any General Meeting he be not present within fifteen minutes after the time appointed for holding the meeting or be unwilling to act, the Members present shall choose a Director to be Chairman of the meeting or, if no Director be present or if all the Directors present decline to take the chair, one of their number present to be Chairman. | Chairman |
| 70. | The Chairman may, with the consent of any General Meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a General Meeting is adjourned sine die, the time and place in Singapore for the adjourned meeting shall be fixed by the Directors. When a General Meeting is adjourned for thirty days or more or sine die, notice of the adjourned meeting shall be given as in the case of the original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned General Meeting. | Adjournment |
| 71. | <p>(1) If required by the listing rules of the Stock Exchange or the rules and/or bye-laws governing the Stock Exchange, all resolutions at General Meetings shall be voted by poll (unless such requirement is waived by the Stock Exchange).</p> <p>(2) Subject to article 71(1), at any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll be (before or on the declaration of the result of the show of hands) demanded:—</p> <p>(a) by the Chairman; or</p> <p>(b) by at least two Members present in person or by proxy and entitled to vote thereat; or</p> <p>(c) by any Member or Members present in person or by proxy and representing not less than five per cent of the total voting rights of all the Members having the right to vote at the General Meeting; or</p> <p>(d) by a Member or Members present in person or by proxy, holding shares conferring a right to vote at the General Meeting, being shares on which an aggregate sum has been paid up equal to not less than five per cent of the total sum paid up on all the shares conferring that right.</p> | <p>Mandatory polling</p> <p>Method of voting where mandatory polling not required</p> |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

A demand for a poll made pursuant to this article 71(2) shall not prevent the continuance of the General Meeting for the transaction of any business, other than the question on which the poll has been demanded. Unless a poll be so demanded (and the demand be not withdrawn) or is required pursuant to article 71(1), a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll made pursuant to this article 71(2) may be withdrawn.

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| 72. | Where a poll is taken, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of the poll shall be deemed to be the resolution of the General Meeting. The Chairman may (and, if required by the listing rules of the Stock Exchange or the rules and/or bye-laws governing the Stock Exchange or if so requested by the meeting, shall) appoint scrutineers and may adjourn the meeting to some time and place in Singapore fixed by him for the purpose of declaring the result of the poll. | |
| 73. | If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same General Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude. | Votes counted
in error |
| 74. | In the case of an equality of votes, whether on a poll or on a show of hands, the Chairman of the meeting at which the poll or show of hands takes place shall be entitled to a casting vote. | Chairman’s
casting vote |
| 75. | A poll on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the General Meeting) and place in Singapore as the Chairman may direct. No notice need be given of a poll not taken immediately. | Time for taking
a poll |
| 76. | After the Chairman of any meeting shall have declared the General Meeting to be over and shall have left the chair no business or question shall under any pretext whatsoever be brought forward or discussed. | End of General
Meeting |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

VOTE OF MEMBERS

77. (1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to article 9, each Member entitled to vote may vote in person or by proxy. Every Member who is present in person or by proxy shall:–
- Voting rights of members
- (a) on a poll, have one vote for every share which he holds or represents; and
- (b) on a show of hands, have one vote, provided that:
- (i) in the case of a Member who is not a relevant intermediary and who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands; and
- (ii) in the case of a Member who is a relevant intermediary and who is represented by two or more proxies, each proxy shall be entitled to vote on a show of hands.

For the purpose of determining the number of votes which a Member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting.

- (2) Save as otherwise provided in the Act:–
- Appointment of Proxies
- (a) a Member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote at the same General Meeting. Where such Member’s form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy; and
- (b) a Member who is a relevant intermediary may appoint more than two proxies to attend, speak and vote at the same General Meeting, 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 form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| (3) | In any case where a Member is a Depositor, the Company shall be entitled and bound:– | Shares entered in Depository Register |
| (a) | to reject any instrument of proxy lodged by that Depositor if he is not shown to have any shares entered against his name in the Depository Register as at 72 hours before the time of the relevant General Meeting; and | |
| (b) | to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by that Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 72 hours before the time of the relevant General Meeting, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor. | |
| (c) | Subject to this Constitution, the Act and the listing rules of the Stock Exchange, the Directors may, at their sole discretion, 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. | Voting in Absentia |
| (4) | The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regards to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy. | Notes and instructions |
| 78. | Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any General Meeting or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation would exercise if it were an individual Member and such corporation shall for the purpose of this Constitution (but subject to the Act) be deemed to be present in person at any such General Meeting if a person so authorised is present thereat. | Corporations acting by representatives |
| 79. | Where there are joint holders of any share, any one of such persons may vote and be reckoned in a quorum at any General Meeting either personally or by proxy as if he were solely entitled thereto and if more than one of such joint holders be so present at any General Meeting that one of such persons so present whose name stands first in the Register of Members or (as the case may be) the Depository Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this article be deemed joint holders thereof. | Voting rights of joint holders |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| 80. | Subject to the provisions of this Constitution every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. | Rights to vote |
| 81. | No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive. | Objections |
| 82. | On a poll, votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. | Votes on a poll |
| 83. | <p>(1) An instrument appointing a proxy shall be in writing and:–</p> <p style="margin-left: 40px;">(a) in the case of an individual shall be:</p> <p style="margin-left: 80px;">(i) signed by the appointor or his attorney if the instrument of proxy is delivered personally or sent by post; or</p> <p style="margin-left: 80px;">(ii) authorised by that individual through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication; and</p> <p style="margin-left: 40px;">(b) in the case of a corporation shall be:–</p> <p style="margin-left: 80px;">(i) either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation if the instrument of proxy is delivered personally or sent by post; or</p> <p style="margin-left: 80px;">(ii) authorised by that corporation through such method and in such manner as may be approved by the Directors, if the instrument is submitted by electronic communication.</p> | |
| | <p>The Directors may, for the purposes of articles 83(1)(a)(ii) and 83(1)(b)(ii), designate procedures for authenticating any such instrument, and any such instrument not so authenticated by use of such procedures shall be deemed not to have been received by the Company.</p> | Execution of proxies |

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

The signature on, or authorisation of, such instrument need not be witnessed. Where an instrument appointing a proxy is signed or authorised on behalf of the appointor (which shall, for purposes of this paragraph include a Depositor) by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to article 85, failing which the instrument may be treated as invalid.

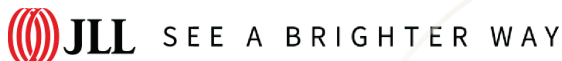
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| (2) | The Directors may, in their absolute discretion:– | Directors may approve method and manner, and designate procedure, for electronic communications |
| (a) | approve the method and manner for an instrument appointing a proxy to be authorised; and | |
| (b) | designate the procedure for authenticating an instrument appointing a proxy, as contemplated in articles 83(1)(a)(ii) and 83(1)(b)(ii) for application to such Members or class of Members as they may determine. Where the Directors do not so approve and designate in relation to a Member (whether of a class or otherwise), article 83(1)(a)(i) and/or (as the case may be) article 83(1)(b)(i) shall apply. | |
| 84. | A proxy need not be a Member. | A proxy need not be Member |
| 85. | (1) An instrument appointing a proxy or the power of attorney or other authority, if any:– | Deposit of proxies |
| | (a) if sent personally or by post, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the General Meeting; or | |
| | (b) if submitted by electronic communication, must be received through such means as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the General Meeting, | |

and in either case not less than 72 hours before the time appointed for the holding of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) to which it is to be used and in default shall not be treated as valid. The deposit of an instrument appointing a proxy does not preclude the Member concerned from attending and voting in person at the meeting, as well as for any adjournment of the meeting to which it relates. In such an event, the appointment of the proxy or proxies is deemed to be revoked by the Member concerned at the point when the Member attends the meeting.

APPENDIX VII – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

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| (2) | The Directors may, in their absolute discretion, and in relation to such Members or class of Members as they may determine, specify the means through which instruments appointing a proxy may be submitted by electronic communications, as contemplated in article 85(1)(b). Where the Directors do not so specify in relation to a Member (whether of a class or otherwise), article 85(1)(a) shall apply. | Directors may specify means for electronic communications |
| 86. | An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the General Meeting. | Rights of proxies |
| 87. | An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve. An instrument appointing a proxy shall, unless the contrary is stated therein be valid as well for any adjournment of the General Meeting as for the General Meeting to which it relates and need not be witnessed. | Form of proxies |
| 88. | A vote given in accordance with the terms of an instrument of proxy (which for the purposes of this Constitution shall also include a power of attorney) shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the General Meeting or adjourned General Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used. | Intervening death or mental disorder of principal not to revoke proxy |

APPENDIX VIII – VALUATION SUMMARY LETTERS



Your Ref : -
Our Ref : KH:LLH:asm:251523



Valuation (Land & Building)

Kim Seng Huat Hardware Pte Ltd.
14 Lok Yang Way
Singapore 628633

June 4, 2025

Dear Sirs,

VALUATION SUMMARY OF 14 LOK YANG WAY SINGAPORE 628633 ("THE PROPERTY")

We refer to your instructions requesting us to undertake a market valuation of the 100% leasehold interest in the Property as at March 31, 2025 ("date of valuation") for inclusion in the circular to be issued by Cosmosteel Holdings Limited in relation to the voluntary conditional cash offer by Evolve Capital Advisory Private Limited, for and on behalf of 3HA Capital Private Limited.

We confirm that we have inspected the Property and conducted relevant enquiries and investigations as we considered necessary for the purpose of providing you with our opinion of the Market Value of the Property.

Our valuation has been prepared in accordance with our 'General Principles Adopted in the Preparation of Valuations and Reports', a copy of which is attached.

Our valuations is made on the basis of Market Value, defined by the International Valuation Standards (IVS) and SISV Valuation Standards and Practice Guidelines as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Jones Lang LaSalle Property Consultants Pte Ltd
1 Paya Lebar Link #10-08 Paya Lebar Quarter Tower 2 Singapore 408533
tel +65 6220 3888 fax +65 6200 4283

Company Reg No. 198004794D CEA Licence No. L3007326E

APPENDIX VIII – VALUATION SUMMARY LETTERS



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Kim Seng Huat Hardware Pte Ltd.
- Valuation Summary of 14 Lok Yang Way
Singapore 628633
(the "Property")

June 4, 2025

Our valuation has been made on the assumption that the owner sells the Property in the market and without the benefit of a deferred terms contract, joint venture, or any similar arrangement which would affect the price of the Property.

We have relied upon the accuracy, sufficiency and consistency of the information supplied to us by the client. Jones Lang LaSalle accepts no responsibility for any inaccuracies in the information disclosed by the client or other parties. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

We have not carried out investigations on site in order to determine the suitability of ground conditions, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

We have prepared this valuation summary and specifically disclaim liability to any person in the event of any omission from or false or misleading statement, other than in respect of the information provided within our full valuation report and this summary. We do not make any warranty or representation as to the accuracy of the information other than as expressly made or given in our full valuation report or this summary.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our unbiased professional analyses, opinions and conclusions. The opinion of value contained in the valuation report are not guarantees or predictions but are based on the information obtained from reliable and reputable agencies and sources, and other related parties.

We have no present or prospective interest in the Property and are not a related corporation of nor do we have a relationship with the advisers or other party/parties whom Kim Seng Huat Hardware Pte Ltd is contracting with. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Finally and in accordance with our standard practice, this valuation is for the use only of Kim Seng Huat Hardware Pte Ltd.. No responsibility is accepted to any other third party for the whole or any part of its contents. Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

This valuation report was prepared by Lim Lay Hong, Director with oversight from Kamal Hamdi, Head of Value and Risk Advisory - Singapore.

We hereby certify that our valuers undertaking this valuation are authorised to practice as valuers and have the necessary expertise and experience in valuing similar types of properties.

APPENDIX VIII – VALUATION SUMMARY LETTERS



Page 3

Kim Seng Huat Hardware Ptd Ltd.
- Valuation Summary of 14 Lok Yang Way
Singapore 628633
(the "Property")

June 4, 2025

Valuation Rationale

In arriving at our opinion of value, we have considered the prevailing market conditions, especially those pertaining to the industrial sector of the property market. The valuation methods adopted to arrive at our opinion of value are namely the Direct Comparison Method and counter-check by Income Method.

Our concluded Market Value of the Property with an unexpired lease term of approximately 7.2 years as at March 31, 2025, is summarized in the following table:

Market Value	S\$7,500,000/-
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This valuation is based on information available to us and our assessment of market conditions for property of this nature as at the date of valuation.

In light of the recent decision of the United States to impose import tariffs on all countries globally, there is a degree of uncertainty as to how this will impact the wider economy and real estate markets. In recognition of the potential for market conditions to change rapidly, we highlight the critical importance of the valuation date and confirm the conclusions in our report are valid at that date only and advise you to keep the valuation under regular review.

Yours faithfully,
For and on behalf of
Jones Lang Lasalle Property Consultants Pte Ltd

A handwritten signature in black ink, appearing to read "Kamal Hamdi", written over a horizontal line.

Kamal Hamdi
B.Sc. (Est. Mgt.), MSISV
Appraiser Licence No: AD041-2006388F
Head of Value and Risk Advisory - Singapore
JONES LANG LASALLE

A handwritten signature in black ink, appearing to read "Lim Lay Hong", written over a horizontal line.

Lim Lay Hong
B.Sc. (Est. Mgt.) (Hons), MSISV
Appraiser Licence No: AD041-2006716J
Director
JONES LANG LASALLE



Annexure 1

General Principles of Valuation

APPENDIX VIII – VALUATION SUMMARY LETTERS



GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

These are the general principles upon which our Valuations and Reports are normally prepared; they apply unless we have specifically mentioned otherwise in the body of the report.

1) VALUATION STANDARDS

All work are carried out in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS), subject to variations to meet local laws, customs, practices and market conditions.

2) VALUATION BASIS

Our valuations are made on the basis of Market Value, defined by the SISV and IVSC as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

3) CONFIDENTIALITY

Our Valuations and Reports are confidential to the party to whom they are addressed or their other professional advisors for the specific purpose(s) to which they refer. No responsibility is accepted to any other parties and neither the whole, nor any part, nor reference thereto may be included in any published document, statement or circular, or published in any way, nor in any communication with third parties, without our prior written approval of the form and context in which they will appear.

4) SOURCE OF INFORMATION

Where it is stated in the report that information has been supplied by the sources listed, this information is believed to be reliable and we shall not be responsible for its accuracy nor make any warranty or representation of the accuracy of the information. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with the relevant authorities.

5) DOCUMENTATION

We do not normally read leases or documents of title and, where appropriate, we recommend that lawyer's advice on these aspects should be obtained. We assume, unless informed to the contrary, that all documentation is satisfactorily drawn and that good title can be shown and there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have an effect on the value of the interest under consideration.

6) TOWN PLANNING AND OTHER STATUTORY REGULATIONS

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plans (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road and drainage improvements. If reassurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

7) TENANTS

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

8) STRUCTURAL SURVEYS

We have not carried out a building survey nor any testing of services, nor have we inspected those parts of the property which are inaccessible. We cannot express an opinion about or advise upon the condition of uninspected parts and this Report should not be taken as making any implied representation or statement about such parts. Whilst any defects or items of disrepair are noted during the course of inspection, we are not able to give any assurance in respect of rot, termite or past infestation or other hidden defects.

9) SITE CONDITIONS

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions and services for the existing or any new development, nor have we undertaken any archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

10) OUTSTANDING DEBTS

In the case of buildings where works are in hand or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, sub-contractors or any members of the professional or design team.

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APPENDIX VIII – VALUATION SUMMARY LETTERS



Page 2

11) INSURANCE VALUE

Our opinion of the insurance value is our assessment of the reinstatement cost for insurance purpose and it comprises the total cost of completely rebuilding the property to be insured, together with allowances for inflation, demolition and debris removal, professional fees, the prevailing G.S.T. (goods and services tax) and, if applicable, compliance with current regulations and by-laws.

12) DIMENSIONS, MEASUREMENTS & AREAS

Dimensions, measurements and areas included in the report are based on information contained in copies of documents provided to us and are therefore approximations. No on site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided. Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should these prove to be incorrect or inadequate, the accuracy of the valuation may be affected.

13) ACCURACY, ERRORS & OMISSIONS

Whilst care has been taken in the preparation of the report, no representation is made or responsibility is accepted for errors, omissions and the accuracy of the whole or any part.

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Year 2022

APPENDIX VIII – VALUATION SUMMARY LETTERS



Valuation Certificate

Property	:	14 Lok Yang Way Singapore 628633 (the "Property").
Client	:	Kim Seng Huat Hardware Pte Ltd.
Purpose of Valuation	:	To determine the market value of the Property as at March 31, 2025 for inclusion in the circular to be issued by Cosmosteel Holdings Limited in relation to the voluntary conditional cash offer by Evolve Capital Advisory Private Limited, for and on behalf of 3HA Capital Private Limited.
Tenure	:	60 years lease commencing from June 16, 1972. (balance tenure of approximately 7.2 years)
Basis of Valuation	:	Market Value based on its existing use.
Registered Proprietor	:	Kim Seng Huat Hardware Pte Ltd.
Brief Description of Property	:	<p>The Property comprises a single-storey factory and a part 1/ part 3-storey factory building erected on an "n" shaped plot of land with a splayed corner at the access road level, located along Lok Yang Way, at its junction with Second Lok Yang Road.</p> <p>We understand that the single-storey factory was completed in August 2022 and the part 1/part 3-storey factory building was completed in the 1990s.</p>
Site Area (sq.m.)	:	10,345.8 sq.m.
Floor Area - according to the architectural floor plans provided by the client.	:	9,233.49 sq.m.
Master Plan Zoning (2019 Edition)	:	Business 2 with a plot ratio of 1.4.
Method of Valuation	:	Direct Comparison Method and counter-check with Income Method.
Material Date of Valuation	:	March 31, 2025.
Market Value	:	S\$7,500,000/- (Singapore Dollars Seven Million and Five Hundred Thousand)

APPENDIX VIII – VALUATION SUMMARY LETTERS



Our Ref : C/SH 25-350/Chong

18 June 2025

Kim Seng Huat (Malaysia) Sdn Bhd
PTD 108306, Jalan Industri Saleng 3,
Saleng, 81400 Senai
Johor Darul Takzim

Dear Sir/Madam,

VALUATION CERTIFICATE

An industrial premise identified as Lot 91239 held under GRN 568137, Mukim Senai, District of Kulai, State of Johor, bearing postal address of PTD 108306, Jalan Industri Saleng 3, Saleng, 81400 Senai, Johor Darul Takzim, Malaysia (hereinafter referred to as “Subject of Valuation”)

We were appointed by Kim Seng Huat (Malaysia) Sdn Bhd (“Client”) to prepare a valuation in respect of the freehold interest in the Subject of Valuation for the purpose of **inclusion in the circular to be issued by CosmoSteel Holdings Limited in relation to the voluntary conditional cash offer by Evolve Capital Advisory Private Limited, for and on behalf of 3HA Capital Private Limited.**

A physical inspection of the Subject of Valuation was conducted on 26 May 2025. The material date of the valuation is **31 March 2025.**

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

This valuation certificate is strictly for the use of the addressee only for the specific purpose as stated herein. We do not accept any responsibility if it is used for any other purposes. Our Valuation Certificate is not for use by any third party and we assume no liability and responsibility whatsoever for such unauthorised use.

This Valuation Certificate should be read in conjunction with our formal Valuation Report bearing Reference No. C/SH 25-350/Chong dated 18 June 2025.

JLL APPRAISAL & PROPERTY SERVICES SDN. BHD.

Registration No. 197201000331 (11943-W), VE (1) 0394

No. 26-A, Menara IQ, Lot C7.11, Persiaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Malaysia.

T +60 3 2260 0700

E my.info@jll.com

W jll.com.my



Registered Valuers & Estate Agents
VE (1) 0394



APPENDIX VIII – VALUATION SUMMARY LETTERS



The general description of the Subject of Valuation, method of valuation and our opinion of the Market Value are as follow.

THE SUBJECT OF VALUATION

The Subject of Valuation comprises the freehold interest in an industrial land identified as **Lot 91239** held under **GRN 568137, Mukim Senai, District of Kulai and State of Johor**, erected upon with a single-storey detached warehouse with an annexed three-storey office building and other ancillary buildings, bearing the postal address of **PTD 108306, Jalan Industri Saleng 3, Saleng, 81400 Senai, Johor Darul Takzim, Malaysia**.

DESCRIPTION OF THE SUBJECT OF VALUATION

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

Brief Description of the Subject of Valuation

Legal Description	: Lot No. 91239 held under GRN 568137, Mukim Senai, District of Kulai, State of Johor
Land Area	: 2.653 hectare (285,566 sq. ft.)
Tenure	: Freehold
Type of Building	: A single-storey detached warehouse with an annexed three-storey office building and other ancillary buildings
Age of Building	: Approximately 2 years from the issuance of Certificate of Completion and Compliance (CCC) bearing Certificate No. MPKU 4/2-9/2017L dated 5 April 2023 by Kulai Municipal Council (MPKu).
Gross Floor Area ("GFA")	: 4,585.27 sq. m. / 49,355 sq. ft.
State of Repair	: Good

PLANNING PROVISION

The Subject of Valuation is currently zoned for industrial use.

BASIS OF VALUATION

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

The Market Value will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible. (Standard 4.3.7, MVS 2019)

APPENDIX VIII – VALUATION SUMMARY LETTERS



METHOD OF VALUATION

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

COMPARABLES

In our Comparison Method we have taken into consideration, among others, the following comparables:-

Address	Land Area (sq. ft.)	Approx. Built-Up Area (sq. ft.)	Consideration	Date of Transaction
PTD 103223 & PTD 102021, Jalan Seelong, 81400 Senai, Johor Darul Takzim	443,441	116,268	RM 43,200,000	10 September 2024
Lot 59491, Indahpura Industrial Park, 81000 Kulai, Johor Darul Takzim	173,859	-	RM 10,953,188	31 May 2024
Lot 2592, Jalan Perindustrian 3, Taman Perindustrian Senai, 81400 Senai, Johor Darul Takzim	399,385	186,34	RM 46,000,000	11 March 2024
53, Jalan Suasa 1, Taman Industri Kulai, 81000 Kulai, Johor Darul Takzim	74,179	29,230	RM 8,500,000	5 July 2024

CONCLUSION

Taking into consideration all relevant factors, we are of the opinion that the **Market Value** of the freehold interest in an industrial land, identified as **Lot 91239** held under **GRN 568137, Mukim Senai, District of Kulai and State of Johor**, erected upon with a single-storey detached warehouse with an annexed three-storey office building and other ancillary buildings, bearing the postal address of **PTD 108306, Jalan Industri Saleng 3, Saleng, 81400 Senai, Johor Darul Takzim, Malaysia**, with vacant possession and free from all encumbrances as at 31 March 2025, is **RM23,520,000.00 (MALAYSIAN RINGGIT TWENTY-THREE MILLION FIVE HUNDRED AND TWENTY THOUSAND ONLY)**.

Yours faithfully,

JLL APPRAISAL & PROPERTY SERVICES SDN BHD

Sr. JAMIE TAN, MRICS MRISM
Chartered Surveyor
BSc (Hons) Estate Management
Registered Valuer V0612
Managing Director

APPENDIX VIII – VALUATION SUMMARY LETTERS



Our Ref : C/SH 25-375/Chong

18 June 2025

Kim Seng Huat (Malaysia) Sdn Bhd
PTD 108306, Jalan Industri Saleng 3,
Saleng, 81400 Senai
Johor Darul Takzim

Dear Sir/Madam,

VALUATION CERTIFICATE

An industrial premise identified as Lot 91239 held under GRN 568137, Mukim Senai, District of Kulai, State of Johor, bearing postal address of PTD 108306, Jalan Industri Saleng 3, Saleng, 81400 Senai, Johor Darul Takzim, Malaysia (hereinafter referred to as “Subject of Valuation”)

We were appointed by Kim Seng Huat (Malaysia) Sdn Bhd (“Client”) to prepare a valuation in respect of the freehold interest in the Subject of Valuation for the purpose of **inclusion in the circular to be issued by CosmoSteel Holdings Limited in relation to the voluntary conditional cash offer by Evolve Capital Advisory Private Limited, for and on behalf of 3HA Capital Private Limited.**

A physical inspection of the Subject of Valuation was conducted on 26 May 2025. The material date of the valuation is **31 March 2025.**

WE WERE INSTRUCTED BY THE CLIENT TO ASCERTAIN THE MARKET VALUE OF THE SUBJECT OF VALUATION BY INCLUDING THE PROPOSED BUILDING EXPANSION COMPRISING ONE (1) UNIT OF STORE YARD AND THREE (3) UNITS OF WAREHOUSE. THUS, OUR VALUATION IS ON THE ASSUMPTION AND BASIS THAT THE PROPOSED BUILDING EXPANSION HAS BEEN FULLY COMPLETED AND ISSUED WITH A CERTIFICATE OF COMPLETION AND COMPLIANCE (CCC).

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

JLL APPRAISAL & PROPERTY SERVICES SDN. BHD.

Registration No. 197201000331 (11943-W), VE (1) 0394
No. 26-A, Menara IQ, Lot C7.11, Persiaran TRX, Tun Razak Exchange, 55188 Kuala Lumpur, Malaysia.
T +60 3 2260 0700
E my.info@jll.com
W jll.com.my



Registered Valuers & Estate Agents
VE (1) 0394



APPENDIX VIII – VALUATION SUMMARY LETTERS



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

This valuation certificate is strictly for the use of the addressee only for the specific purpose as stated herein. We do not accept any responsibility if it is used for any other purposes. Our Valuation Certificate is not for use by any third party and we assume no liability and responsibility whatsoever for such unauthorised use.

This Valuation Certificate should be read in conjunction with our formal Valuation Report bearing Reference No. C/SH 25-375/Chong dated 18 June 2025.

The general description of the Subject of Valuation, method of valuation and our opinion of the Market Value are as follow.

THE SUBJECT OF VALUATION

The Subject of Valuation comprises the freehold interest in an industrial land identified as **Lot 91239** held under **GRN 568137, Mukim Senai, District of Kulai and State of Johor**, erected upon with a single-storey detached warehouse with an annexed three-storey office building and other ancillary buildings, bearing the postal address of **PTD 108306, Jalan Industri Saleng 3, Saleng, 81400 Senai, Johor Darul Takzim, Malaysia**.

DESCRIPTION OF THE SUBJECT OF VALUATION

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

Brief Description of the Subject of Valuation

Legal Description	: Lot No. 91239 held under GRN 568137, Mukim Senai, District of Kulai, State of Johor
Land Area	: 2.653 hectare (285,566 sq. ft.)
Tenure	: Freehold
Type of Building	: A single-storey detached warehouse with an annexed three-storey office building and other ancillary buildings
Age of Building	: Approximately 2 years from the issuance of Certificate of Completion and Compliance (CCC) bearing Certificate No. MPKU 4/2-9/2017L dated 5 April 2023 by Kulai Municipal Council (MPKu).
Gross Floor Area ("GFA")	: 4,585.27 sq. m. / 49,355 sq. ft.
State of Repair	: Good

APPENDIX VIII – VALUATION SUMMARY LETTERS



PROPOSED BUILDING EXPANSION

Based on the information provided by the Client, we noted that the Client intends to construct new buildings on the Subject of Valuation. The proposed building expansion will include one (1) unit of store and three (3) units of warehouse with a total GFA of approximately 10,651.52 sq. m. (114,652 sq. ft.).

PLANNING PROVISION

The Subject of Valuation is currently zoned for industrial use.

BASIS OF VALUATION

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

The Market Value will reflect its highest and best use. The highest and best use is the use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible. (Standard 4.3.7, MVS 2019)

METHOD OF VALUATION

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

COMPARABLES

In our Comparison Method we have taken into consideration, among others, the following comparables:-

Address	Land Area (sq. ft.)	Approx. Built-Up Area (sq. ft.)	Consideration	Date of Transaction
PTD 103223 & PTD 102021, Jalan Seelong, 81400 Senai, Johor Darul Takzim	443,441	116,268	RM 43,200,000	10 September 2024
Lot 59491, Indahpura Industrial Park, 81000 Kulai, Johor Darul Takzim	173,859	-	RM 10,953,188	31 May 2024
Lot 2592, Jalan Perindustrian 3, Taman Perindustrian Senai, 81400 Senai, Johor Darul Takzim	399,385	186,34	RM 46,000,000	11 March 2024
53, Jalan Suasas 1, Taman Industri Kulai, 81000 Kulai, Johor Darul Takzim	74,179	29,230	RM 8,500,000	5 July 2024

APPENDIX VIII – VALUATION SUMMARY LETTERS



CONCLUSION

Taking into consideration all relevant factors, we are of the opinion that the **Market Value** of the freehold interest in an industrial land, identified as **Lot 91239** held under **GRN 568137, Mukim Senai, District of Kulai and State of Johor**, erected upon with a single-storey detached warehouse with an annexed three-storey office building and other ancillary buildings, bearing the postal address of **PTD 108306, Jalan Industri Saleng 3, Saleng, 81400 Senai, Johor Darul Takzim, Malaysia**, and **ON THE ASSUMPTION AND BASIS THAT THE PROPOSED BUILDING EXPANSION HAS BEEN FULLY COMPLETED AND ISSUED WITH A CCC**, with vacant possession and free from all encumbrances as at 31 March 2025, is **RM41,860,000.00 (MALAYSIAN RINGGIT FORTY-ONE MILLION EIGHT HUNDRED AND SIXTY THOUSAND ONLY)**.

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

Yours faithfully,

JLL APPRAISAL & PROPERTY SERVICES SDN BHD

A handwritten signature in black ink, appearing to read 'St. Jamie Tan', written over a horizontal line.

ST. JAMIE TAN, MRICS MRISM
Chartered Surveyor
BSc (Hons) Estate Management
Registered Valuer V0612
Managing Director

APPENDIX VIII – VALUATION SUMMARY LETTERS



- ✓ Chartered Surveyors
- ✓ Valuers of:
 - Plants & Machinery
 - Real Estate
 - Businesses
 - Fine Arts & Antiques
- ✓ Auctioneers & Agents
- ✓ Facilities & Project Managers
- ✓ Capital Allowance Claims Consultants

VALUATION CERTIFICATE

P&M/4399/2505/RK/WN/JWG/LB

4 June 2025

Kim Seng Huat Hardware Pte Ltd
(Subsidiary of CosmoSteel Holdings Ltd)
14 Lok Yang Way
Singapore 628633

Attention: The Board of Directors

Dear Sirs

In accordance with your instruction, we attended PTD 108306, Jalan Industri Saleng 3, Saleng, 81400 Senai, Johor, Malaysia on 29 May 2025, and 14 Lok Yang Way Singapore 628633 on 2 June 2025, to inspect and value the inventory of piping systems components, which we understand to be the property of Kim Seng Huat Hardware Pte Ltd or held by them under finance agreements.

We confirm that we have physically inspected the inventory, made relevant inquiries and obtained such further information as was available, in providing our opinion on the market value of the inventory as of the valuation date, 31 March 2025.

We are of the opinion that there is no material difference between the valuation as at 31 March 2025 and a valuation as at the current date.

This valuation certificate has been prepared in relation to the voluntary conditional cash offer by Evolve Capital Advisory Private Limited, for and on behalf of 3HA Capital Private Limited to acquire all the issued and paid-up ordinary shares in the share capital of CosmoSteel Holdings.

We have done a conflict-of-interest check and to our best knowledge, we are not conflicted to undertake the assignment for you.

As a result, we are of the opinion that the Market Value in Continued Use with Assumed Earnings of the inventory (as detailed in the accompanying schedule) are as follows as at **31 March 2025**:-

Robert Khan & Co Pte Ltd (Co. Reg. No.: 199305890G)
简有為国际商业资产及机械咨询公司
261 Waterloo Street, #04-24 Waterloo Centre, Singapore 180261
T: +65 6333 5668 F: +65 6333 5670 W: robertkhanco.com E: info@robertkhanco.com

Australia · China · Hong Kong · India · Indonesia · Laos · Malaysia · Myanmar · Philippines · South Africa · South Korea · Taiwan · United Kingdom · USA



APPENDIX VIII – VALUATION SUMMARY LETTERS



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4 June 2025
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**Market Value
In Continued Use with
Assumed Earnings
as at 31 March 2025
(S\$)**

Inventory (Piping Systems Components)

Category 1 Inventory	18,623,836
Category 2 Inventory	13,708,377

TOTAL **32,332,213**

**MARKET VALUE
IN CONTINUED USE WITH
ASSUMED EARNINGS
AS AT 31 MARCH 2025**

**: SINGAPORE DOLLARS THIRTY-TWO MILLION
THREE HUNDRED THIRTY-TWO THOUSAND
TWO HUNDRED AND THIRTEEN ONLY**

APPENDIX VIII – VALUATION SUMMARY LETTERS



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Kindly note the following points in connection with our valuation:

1. Goods and Services Tax (if any) has not been taken into account.
2. In arriving at the valuation no deduction has been made in respect of any grant either available or received, neither has any adjustment been made for any outstanding amounts owing under financing agreements.
3. The valuation has been prepared in accordance with the standards issued by the International Valuation Standards Council (IVSC), the Royal Institution of Chartered Surveyors (RICS), the American Society of Appraisers (ASA), and the Singapore Institute of Surveyors and Valuers (SISV).

We confirmed that we have acted with independence, integrity and objectivity with no pecuniary interest in the said inventory, past, present or prospective and the opinion is expressed free of any bias.

4. "Market Value" is defined in [30.1] of IVS 104 Bases of Value, International Valuation Standards 2022 Edition, published by the IVSC as follows:

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

When Market Value is established on the premise of continued use with assumed earnings, it is an opinion, expressed in terms of money, at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts, as of a specific date and assuming that the business earnings support the value reported, without verification.



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5. Valuation Methodology

In arriving at the value of the inventory, we have considered the three principal approaches as defined in IVS 105 Valuation Approaches and Methods, International Valuation Standards 2022 Edition, published by IVSC. The approaches are namely:

5.1 Market Approach

"The Market Approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available."

The market approach should be applied and afforded significant weight under the following circumstances:

- (a) when the subject asset has recently been sold in a transaction appropriate for consideration under the basis of value,
- (b) the subject asset or substantially similar assets are actively publicly traded, and/or
- (c) there are frequent and/or recent observable transactions in substantially similar assets

Due to a lack of market comparables for the inventory, we are of the view that this approach is not appropriate.

5.2. Income Approach

"The Income Approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset."

The income approach may be considered where specific cash flows can be directly attributed to the inventory. However, in this case, the inventory does not generate independent cash flows, and its contribution to income is closely interrelated with other tangible and intangible assets. As such, it is not possible to reliably isolate the cash flows attributable to the inventory alone. Accordingly, the income approach is not considered appropriate for this valuation.



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5. Valuation Methodology (Cont'd)

5.3. Cost Approach

"The Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence."

"Generally, Replacement Cost is the cost that is relevant to determining the price that a participant would pay as it is based on replicating the utility of the asset, not the exact physical properties of the asset. Usually, replacement cost is adjusted for physical deterioration and all relevant forms of obsolescence. After such adjustments, this can be referred to as depreciated replacement cost."

The "Depreciated Replacement Cost" ("DRC") is defined in 'Part 2: Glossary' of RICS Valuation – Global Standards 2020 Edition published by RICS as *"The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization."*

We are of the view that this approach is considered most appropriate and has been adopted in the valuation.

6. We carried out a sampling inspection of the inventory located in warehouses in Singapore and Malaysia. Based on our observations, the inventory generally appeared to be in good physical condition and stored in good warehouse condition. We have not undertaken, nor commissioned, any technical testing or detailed condition assessment. No counting, measurement and weighing have been carried out.

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7. Inventory List

We were provided with the inventory list dated 31 March 2025. We are given to understand that each of the stocks, comes with their respective mill certificates or material testing certificates. We did not verify the mill certificates and had assumed these are good for the stocks.

The inventory has been categorised broadly into two categories:

- (A) Category 1 Inventory: Stocks identified as slow-moving, with holding periods ranging from 4 to more than 12 years.
- (B) Category 2 Inventory: Specialised stocks identified as slow-moving, with holding periods ranging from 3 to more than 12 years.

- (A) Category 1 Inventory consists of the following stocks:

S/No.	Type	Description
1	CS PIPE	Carbon Steel Pipe
2	CS TUBING	Carbon Steel Tubing
3	CS BWF	Carbon Steel Butt-Weld Fitting
4	CS FLG	Carbon Steel Flange
5	CS FF	Carbon Steel Forged Fitting
6	GI FF	Galvanized Iron Forged Fitting
7	AS SBOLTS	Alloy Steel Stud Bolts
8	HT PLATE	High Temperature Plate
9	CS PLATE	Carbon Steel Plate
10	SS316 FF	Stainless Steel 316 Forged Fitting
11	SS FF	Stainless Steel Forged Fitting
12	SS304 PLATE	Stainless Steel 304 Plate
13	SS310 PLATE	Stainless Steel 310 Plate
14	SS PLATE	Stainless Steel Plate
15	SS410 PLATE	Stainless Steel 410 Plate
16	SS304 MISC	Stainless Steel 304 Misc.
17	SS316 TRAYS	Stainless Steel 316 Trays
18	SS304 PIPE	Stainless Steel 304 Pipe
19	SS304 BWF	Stainless Steel Butt-Weld Fitting
20	SS304 FLG	Stainless Steel 304 Flange
21	SS304 FF	Stainless Steel 304 Forged Fitting
22	SS316 PIPE	Stainless Steel 316 Pipe
23	SS316 BWF	Stainless Steel 316 Butt-Weld Fitting
24	SS316 FLG	Stainless Steel 316 Flange

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7. Inventory List (Cont'd)

(B) Category 2 Inventory as follows:

S/No.	Type	Description
1	CS PIPE	Carbon Steel Pipe
2	CS BWF	Carbon Steel Butt-Weld Fitting
3	CS FLG	Carbon Steel Flange
4	CS FF	Carbon Steel Forged Fitting
5	AS PIPE	Alloy Steel Pipe
6	AS BWF	Alloy Steel Butt-Weld Fitting
7	AS FLG	Alloy Steel Flange
8	AS FF	Alloy Steel Forged Fitting
9	AS PLATE	Alloy Steel Plate
10	SDSS PIPE	Super Duplex Stainless Steel Pipe
11	SDSS BWF	Super Duplex Stainless Steel Butt-Weld Fitting
12	SDSS FLG	Super Duplex Stainless Steel Flange
13	SDSS FF	Super Duplex Stainless Steel Forged Fitting
14	AL PIPE	Aluminium Pipe
15	LTCS FLG	Low Temperature Carbon Steel Flange
16	LTCS PIPE	Low Temperature Carbon Steel Pipe
17	LTCS BWF	Low Temperature Carbon Steel Butt-Weld Fitting
18	LTCS FF	Low Temperature Carbon Steel Forged Fitting
19	Ni Alloy	Nickel Alloy
20	SS304 FF	Stainless Steel 304 Forged Fitting
21	SS304 PIPE	Stainless Steel 304 Pipe
22	SS304 BWF	Stainless Steel 304 Butt-Weld Fitting
23	SS304 FLG	Stainless Steel 304 Flange
24	SS PIPE	Stainless Steel Pipe
25	SS BWF	Stainless Steel Butt-Weld Fitting
26	SS FLG	Stainless Steel Flange
27	SS FF	Stainless Steel Forged Fitting
28	SS316 FF	Stainless Steel 316 Forged Fitting
29	HY BWF	High Yield Butt-Weld Fitting
30	HY FLG	High Yield Flange
31	HY PIPE	High Yield Pipe
32	HY FF	High Yield Forged Fitting



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8. Obsolescences

In the course of our valuation, we have considered the potential impact of obsolescence on the inventory, specifically in relation to physical, functional, and economic factors. These considerations affect the extent to which the stocks retain their commercial utility and market value. Our assessment of each form of obsolescence, based on information provided by the client and our inspection, is set out below.

(a) Physical Obsolescence

We understand from the client that rusted, dented, or damaged stocks are scrapped and excluded from inventory. Based on our sampling inspection, the inventory generally appeared to be in good physical condition. We have therefore assumed that the stocks are usable and suitable for their intended commercial purpose. As the stocks are not installed in piping systems or used, no useful life has been ascribed. Accordingly, no adjustment for Physical Obsolescence has been made in the valuation.

(b) Functional Obsolescence

The client has indicated that the inventory is not affected by technological changes. Based on this, we consider Functional Obsolescence to be not applicable in the valuation.

This conclusion is supported by our interview with the client and our verification of the technical specifications of the inventory. The items are manufactured to recognised industry standards such as:

- ASTM (American Society for Testing and Materials)
- API (American Petroleum Institute)
- NACE (National Association of Corrosion Engineers)
- ASME (American Society of Mechanical Engineers)
- MESCC (Materials and Equipment Standards and Code)
- DEP (Design Engineering Practices)
- ISO (International Organization for Standardization)

These standards are currently in use and widely accepted across the oil and gas industry, which constitutes the core customer base of the client. There is no indication that the specifications have been superseded or rendered obsolete due to changes in technology or operational requirements.

(c) Economic Obsolescence

We understand that the inventory consists of slow-moving stocks with holding periods ranging from 3 to more than 12 years. A discount has therefore been applied to reflect Economic Obsolescence in the valuation as follows:

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8. Obsolescences (Cont'd)

(A) Category 1 Inventory

S/No.	Type	Description	% Discount Due to Economic Obsolescence
1	CS PIPE	Carbon Steel Pipe	20%
2	CS TUBING	Carbon Steel Tubing	30%
3	CS BWF	Carbon Steel Butt-Weld Fitting	30%
4	CS FLG	Carbon Steel Flange	30%
5	CS FF	Carbon Steel Forged Fitting	30%
6	GI FF	Galvanized Iron Forged Fitting	30%
7	AS SBOLTS	Alloy Steel Stud Bolts	30%
8	HT PLATE	High Temperature Plate	30%
9	CS PLATE	Carbon Steel Plate	20%
10	SS316 FF	Stainless Steel 316 Forged Fitting	30%
11	SS FF	Stainless Steel Forged Fitting	30%
12	SS304 PLATE	Stainless Steel 304 Plate	30%
13	SS310 PLATE	Stainless Steel 310 Plate	30%
14	SS PLATE	Stainless Steel Plate	30%
15	SS410 PLATE	Stainless Steel 410 Plate	30%
16	SS304 MISC	Stainless Steel 304 Misc.	30%
17	SS316 TRAYS	Stainless Steel 316 Trays	30%
18	SS304 PIPE	Stainless Steel 304 Pipe	30%
19	SS304 BWF	Stainless Steel Butt-Weld Fitting	30%
20	SS304 FLG	Stainless Steel 304 Flange	30%
21	SS304 FF	Stainless Steel 304 Forged Fitting	30%
22	SS316 PIPE	Stainless Steel 316 Pipe	30%
23	SS316 BWF	Stainless Steel 316 Butt-Weld Fitting	30%
24	SS316 FLG	Stainless Steel 316 Flange	30%

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8. Obsolescences (Cont'd)

(B) Category 2 Inventory

S/No	Type	Description	% Discount Due to Economic Obsolescenc
1	CS PIPE	Carbon Steel Pipe	20%
2	CS BWF	Carbon Steel Butt-Weld Fitting	30%
3	CS FLG	Carbon Steel Flange	30%
4	CS FF	Carbon Steel Forged Fitting	30%
5	AS PIPE	Alloy Steel Pipe	30%
6	AS BWF	Alloy Steel Butt-Weld Fitting	30%
7	AS FLG	Alloy Steel Flange	30%
8	AS FF	Alloy Steel Forged Fitting	30%
9	AS PLATE	Alloy Steel Plate	30%
10	SDSS PIPE	Super Duplex Stainless Steel Pipe	30%
11	SDSS	Super Duplex Stainless Steel Butt-Weld	30%
12	SDSS FLG	Super Duplex Stainless Steel Flange	30%
13	SDSS FF	Super Duplex Stainless Steel Forged Fitting	30%
14	AL PIPE	Aluminium Pipe	30%
15	LTCS FLG	Low Temperature Carbon Steel Flange	30%
16	LTCS PIPE	Low Temperature Carbon Steel Pipe	30%
17	LTCS	Low Temperature Carbon Steel Butt-Weld	30%
18	LTCS FF	Low Temperature Carbon Steel Forged	30%
19	Ni Alloy	Nickel Alloy	30%
20	SS304 FF	Stainless Steel 304 Forged Fitting	30%
21	SS304	Stainless Steel 304 Pipe	30%
22	SS304	Stainless Steel 304 Butt-Weld Fitting	30%
23	SS304	Stainless Steel 304 Flange	30%
24	SS PIPE	Stainless Steel Pipe	30%
25	SS BWF	Stainless Steel Butt-Weld Fitting	30%
26	SS FLG	Stainless Steel Flange	30%
27	SS FF	Stainless Steel Forged Fitting	30%
28	SS316 FF	Stainless Steel 316 Forged Fitting	30%
29	HY BWF	High Yield Butt-Weld Fitting	30%
30	HY FLG	High Yield Flange	30%
31	HY PIPE	High Yield Pipe	30%
32	HY FF	High Yield Forged Fitting	30%

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4 June 2025
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9. Cost Approach Analysis

Under the cost approach, we have relied on replacement cost data provided by the client. Independent research was conducted to verify the reasonableness of these costs, and we are satisfied that the information is appropriate for use in the valuation.

The valuation was carried out by first establishing the replacement cost of the various stock types. As outlined in the preceding Point [8] Obsolescences, no adjustments were made for Physical or Functional Obsolescences. The inventory is generally in good condition and not impacted by technological changes. A discount was then applied to reflect Economic Obsolescence, as detailed in Point [8], to arrive at the estimated market value of the inventory.

10. The following items have been excluded from the valuation:

- (a) land improvements, real property and buildings;
- (b) stocks not listed in the asset register provided to us;
- (c) registered trademarks, patents and goodwill;
- (d) drawings, designs and technical records;
- (e) office furniture & equipment; and
- (f) motor vehicles

11. In the course of our investigation, we have not verified the title or any liabilities against the inventory. We did not investigate any financial data pertaining to the present or prospective earning capacity of the operation in which the inventory is used. It was assumed that prospective earnings would provide a reasonable return on the market value of the appraised inventory, plus the value of any assets not included in the valuation, and adequate net working capital.

12. We have relied on the inventory list provided to us by the client, describing the inventory to be appraised and their tonnage etc. We have relied to a very considerable extent on such information in arriving at our opinion of value. In the valuation, we have assumed that the inventory is in usable condition and fit for its intended commercial purpose. We have also assumed that there are no latent or hidden conditions that would materially affect the value of the inventory.

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13. We did not carry out any investigations for any industrial safety environmental and health related regulations in association with the inventory. It is assumed that all-necessary license, procedures and measures were implemented in accordance with the Government legislation and guidance.
14. Confidentiality
 - 14.1 Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. We disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.
 - 14.2 Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees. These fees are exclusive of GST & expenses (including the cost of re-addressing the report). Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
 - 14.3 Where we consent to reliance on our report by another party or other parties, we do so on the basis that these limiting conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these limiting conditions.
 - 14.4 Where you provide a copy of and/or permit another party or parties to rely upon our valuation report without obtaining our express written consent (in accordance with clauses 14.2 and 14.3 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the valuation report by any such unauthorised person or entity.
 - 14.5 Save where we have consented to another party or other parties relying on the valuation report in accordance with clauses 14.2 and 14.3, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our maximum liability which arises from their use and/or reliance on the valuation report.

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15. In accordance with our usual practice, this Report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or part of its contents.
16. The Report has been prepared on the basis that full disclosure of all information and facts which may affect the valuation has been made to ourselves and we cannot accept any liability or responsibility, in any event, unless such full disclosure has been made.
17. We reserve the right to review all calculations, recommendations and valuations in the light of any information which subsequently becomes known to us during the tenure of our appointment.
18. We should point out that neither the whole, nor any part of this Report or any reference thereto, may be included in any document, circular or statement without our approval of the form and context in which it will appear.
19. The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefor.
20. Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to the fees paid for engaging our services. Under no circumstances will we be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of their possible existence.

Yours faithfully
on behalf of **ROBERT KHAN & CO PTE LTD**

A handwritten signature in black ink, appearing to read 'Robert Khan'.

Robert Khan
Director
MRICS, ICVS, MSISV, MAPFM

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A small handwritten signature in black ink, appearing to be a mark or initials.