

# ENVISIONING THE FUTURE

Annual Report 2022



COSMOSTEEL HOLDINGS LIMITED

NEWater

# INNOVATING



## CORPORATE OBJECTIVES



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



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



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



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

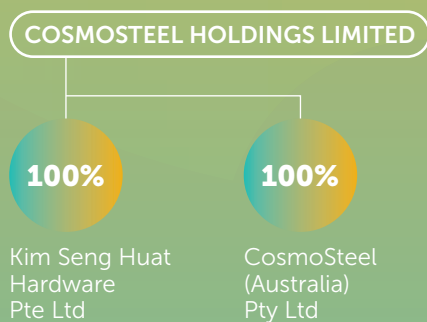


To be a people developer by promoting performance excellence through a continuous process of learning and training.

# IN THE PRESENT

Amid an evolving global landscape and increased competition, the need for businesses to innovate has never been more critical. At CosmoSteel, we are constantly innovating and sharpening our core strengths to remain steadfast and resilient to the changing operating environment. The groundwork we lay in the present strategically positions us for future opportunities that may come.

## CORPORATE STRUCTURE



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EVOLVING

# FOR TOMORROW

Climate change has been increasingly taking centre stage as the world ramps up efforts in the transition to renewable energy. The rapid expansion of the renewables sector has created new growth areas and increased demand for new solutions. As a leading inventory specialist, we are fully committed to work towards meeting these global decarbonisation goals and will continue to focus on creating long-term sustainable value for all our stakeholders.

## • OUR MISSION •

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

## CORPORATE PROFILE

SGX Mainboard-listed CosmoSteel Holdings Limited and its subsidiaries ("**CosmoSteel**" or the "**Group**") is backed by over 30 years of established track record as a service-oriented and reliable solutions provider in the sourcing and distribution of piping system components in the Energy, Marine and Other industries in Southeast Asia and other regions.

Headquartered in Singapore, the Group has over 181,361 sq feet (site area) of storage space across two warehouses. We carry a comprehensive range of high-quality products from major international manufacturers, which we can deliver just-in-time to our customers. Over the years, CosmoSteel has forged close ties with supply chain partners,

ensuring our supply chain quality and continuity. Proving our capacity and capabilities to be a leader in our field, we have a diverse base of over 400 customers.

CosmoSteel has regularly received recognition for our best practices in corporate transparency and business operations. In 2022, the Group was ranked 92<sup>nd</sup> out of 489 companies on the Singapore Governance and Transparency Index ("**SGTI**"), the leading index for assessing corporate governance practices of Singapore listed companies. In addition, we have also received numerous world-class certifications including ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 22301:2019 and bizSAFE STAR certification.

## OUR CORE VALUES

B

### BUILD TRUST

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

E

### EFFECT PROGRESS

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

S

### SURPASS EXPECTATIONS

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

T

### THINK FORWARD

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

## OUR MILESTONES

- ↓ **1984**  
Started with a shophouse in Jalan Besar, Singapore
- ↓ **1993**  
Consolidated operations to new premises at 41 Tuas Avenue 13 (42,986 sqf: warehousing and office)
- ↓ **2000**  
Achieved ISO 9002:1994 certification
- ↓ **2003**  
Achieved ISO 9001:2000 certification



- ← **2019**
  - Won the Most Transparent Company in Energy Category (Runner-up) Investors' Choice Awards
  - Ranked 79<sup>th</sup> with an overall score of 80.5 in SGTI 2019
  - Executive Director, Mr Jack Chan became CEO with the retirement of Mr Chin Sum as Executive Director
  - Achieved ISO 45001:2018 certification



## 2005

Moved to new site at 14 Lok Yang Way (111,363 sqf: warehousing and office)



## 2007

- Acquired new warehouse at 21A Neythal Road (111,751 sqf: warehousing) (Returned to JTC in November 2022)
- Listed on the Mainboard of Singapore Exchange Ltd



## 2008

Achieved ISO 9001:2008 Certification



## 2014

Acquired new warehousing facility at 36 Tuas Crescent (Returned to JTC in July 2020)



## 2009

Achieved ISO 14001:2004 and OHSAS 18001:2007 certifications



## 2016

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

## 2015

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

## 2010

Acquired new warehouse at 90 Second Lok Yang Road (69,998 sqf: warehousing)



## 2018

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

## 2012

Achieved bizSAFE STAR certification



## 2022

- Ranked 92<sup>nd</sup> with an overall score of 82 in the SGTI 2022
- Completed the partial redevelopment of the warehouse storage facilities at 14 Lok Yang Way



## 2021

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

## 2020

Ranked 70<sup>th</sup> with an overall score of 85 in the SGTI 2020



Company Award,  
at the SIAS 20<sup>th</sup>

score of 78 in the

Ong Tong Hai,  
ment of Mr Ong  
tor and CEO  
certification

# OUR PRODUCTS AND SERVICES

## OUR CUSTOMERS



ENERGY  
INDUSTRY



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



MARINE  
INDUSTRY



For shipbuilding and repairs by major shipyards



OTHERS



For the manufacturing sector and other industries



TRADERS



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



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## PRODUCTS

OVER  
**25,000**  
LINE ITEMS

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## SERVICES

Offering customisation services for specific engineering and fabrication design requirements

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With more than 25,000 line items across five main product categories, CosmoSteel has an extensive inventory of steel pipes, fittings, flanges, cables and cable management, as well as structural products that we can readily draw on to meet the requirements of our customers in a timely and efficient manner.

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

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



### PRODUCTS

#### Steel

- Pipes
- Fittings
- Flanges

#### Structural

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

#### Electrical/ Instrumentation Cable

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

### MATERIAL RANGE

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

### INTERNATIONAL STANDARDS

#### Steel and Structural Products

- API
- ANSI
- ASME
- ASTM
- EN

#### Cable Products

- IEEE
- IEC
- UL

### VALUE-ADD SERVICES

#### • Customisation

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

#### • Validation

#### • Testing

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

*Third-party Testing and Inspection*

- Hydrogen induction cracking
- Sulfide stress cracking
- RT testing

#### • Expedited delivery

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

#### • Project management

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

## A JOINT MESSAGE FROM THE CHAIRMAN AND CEO



Tan Siok Chin

Jack Ong Tong Hai

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**We foresee a challenging operating landscape due to on-going macroeconomic uncertainties. Our marketing strategy will focus on volume growth. At the same time, we will continue to upkeep prudent cost management practices and single out new markets and customers for growth.**

### DEAR SHAREHOLDERS,

On behalf of the Board of Directors of CosmoSteel, we are pleased to present our Annual Report for year ended 30 September 2022 ("FY2022"). In FY2021, the Group's sales was considerably impacted by the COVID-19 pandemic which stifled business activity. In FY2022, with the relaxation of COVID-19 restrictions across an increasing number of countries, demand for our products and services has picked up and we are seeing more normalised levels of economic activity.

Amidst this backdrop, we are pleased to report that our Group continued to be profitable in FY2022. The Group achieved a 17.1% year-on-year ("yoy") rise in revenue to \$46.1 million in FY2022 from \$39.4 million in FY2021 while gross profit increased 57.8% to \$11.0 million from \$7.0 million a year ago. At the bottom-line, we recorded a net profit of \$2.3 million in FY2022.

Our Board has proposed a final dividend of 0.5 Singapore cents per share for FY2022 as a reflection of the Group's business confidence. With the interim dividend of 0.25 Singapore cents per share that was paid out in May 2022, this brings total dividend in respect of FY2022 to 0.75 Singapore cents per share, reflecting a pay-out ratio of 92.6% of the Group's net profit, up from 61.7% a year ago. As at 30 September 2022, our dividend yield was 5.6%.

There were several corporate and operational developments in FY2022 that we would like to share. We completed the partial redevelopment of our warehouse at 14 Lok Yang Way on 26 August 2022 - ahead of the lease expiry of 21A Neythal Road on 30 November 2022.

The Group implemented digitalisation initiatives as part of our efforts to enhance our market competitiveness. One of them was the Enterprise Browser Business Management and Operation System (“EPB”), which taps on digitalisation. Since it became operational in October 2021, EPB has contributed towards more seamless and streamlined processes across divisions, leading to an overall improvement in the Group’s efficiency level. To date, we have achieved 83% digitalisation of our processes across our operations.

### Board and Management Rejuvenation

As a company that highly values corporate governance, we recognise and support the principle of Board renewal. On 1 December 2022, our Chairman and Independent Director, Mr Low Beng Tin retired after being a part of the Group for 17 years. We would like to express our deepest gratitude to Mr Low for his invaluable service and guidance during his tenure. Our Non-Executive Non-Independent Director, Ms Tan Siok Chin, has assumed the Chairman role on the same date.

We are also pleased to welcome Mr Ong Tiew Siam, Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan on board as Independent Directors of the Company on 1 December 2022. Each of them brings extensive experience and knowledge to the Group and we look forward to their guidance and counsel in future.

With this rejuvenation, our Board now comprise seven members, four of which are independent, and the Audit, Remuneration and Nominating Committees have been reconstituted accordingly.

### Envisioning the Future

There has been an acceleration in the transition to renewable energy and infrastructure as the world steps up its concerted push for sustainability. In 2021, annual renewable capacity additions broke a new record, increasing 6% to almost 295 GW. For 2022, renewable capacity is expected to further increase over 8% yoy to almost 320 GW. New global onshore wind installations in 2022 are expected to reach almost 80 GW while global offshore additions will double from 2020 levels.<sup>1</sup>

We foresee a challenging operating landscape due to on-going macroeconomic uncertainties. With mounting competition and inflation, our margins could come under pressure. To mitigate this, our marketing strategy will focus on volume growth. At the same time, we will continue to upkeep prudent cost management practices and single out new markets and customers for growth.

Sustainability continues to be an area of priority for us. We have installed solar Photovoltaic (PV) systems at our premises which can cater to 100% of the Group’s electricity usage. The installed capacity will produce an estimated 735,366 kWh of renewable energy per year and will lead to a reduction in CO<sub>2</sub> emissions of approximately 538 metric tonnes for the first year.

<sup>1</sup> IEA (2022), *Renewable Energy Market Update - May 2022*, IEA, Paris <https://www.iea.org/reports/renewable-energy-market-update-may-2022>, License: CC BY 4.0

### Appreciation

We would like to thank the management team and our staff for giving their best and making it possible for the Group to reinforce our profit track record in FY2022. We owe our success to their hard work and dedication. We are also grateful to our business and community partners whom we continue to journey with in pursuit of mutual growth. We also want to thank our shareholders for their continuous support and trust in the Group. Lastly, we want to acknowledge our fellow directors on the Board for their guidance and advice throughout the year.

We wish all of you a safe and healthy 2023.

→ **Tan Siok Chin**  
Chairman

→ **Jack Ong Tong Hai**  
Chief Executive Officer

## BOARD OF DIRECTORS



**Tan Siok Chin, 52**  
Chairman & Non-Executive  
Non-Independent Director

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

Ms Tan was appointed as the Chairman on 1 December 2022 and re-designated from an Independent Director to Non-Executive Non-Independent Director of the Company on 24 August 2020. She is an Advocate and Solicitor of the Supreme Court of Singapore and a Director of ACIES Law Corporation, a firm of advocates and solicitors, heading its corporate practice group. Ms Tan has over 20 years of experience in legal practice. Her main areas of practice are corporate finance, mergers and acquisitions, capital markets and commercial matters. Ms Tan is an Independent Director of Valuetronics Holdings Limited which is listed on the Mainboard of the SGX-ST. Ms Tan graduated from the National University of Singapore with a Bachelor of Law (Honours) degree.



**Jack Ong Tong Hai, 45**  
Chief Executive Officer  
& Executive Director

**First Appointed:**  
9 November 2005  
**Last Re-elected:**  
27 January 2021  
**Country of Principal Residence:**  
Singapore

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



**Shiro Kanaya, 63**  
Non-Executive  
Non-Independent Director

**First Appointed:**  
1 October 2021  
**Last Re-elected:**  
28 January 2022  
**Country of Principal Residence:**  
Singapore  
**Member:**  
Nominating Committee &  
Remuneration Committee

Mr Kanaya has worked for Hanwa Co., Ltd. ("Hanwa"), a steel trading company listed on the Tokyo Stock Exchange, and its group of companies for close to four decades. He is currently the General Manager for the ASEAN Group at Hanwa Singapore (Private) Limited where he is responsible for management administration and compliance. He began his career at Hanwa's Osaka office in 1983 and has held management roles in sales and internal audit across Hanwa's global branches including Tokyo, Seattle, Vancouver and Singapore, where he is currently based. Mr Kanaya graduated with a Bachelor of Engineering from Doshisha University's Faculty of Engineering and Chemical Engineering.

### Updates on status of directors:

- Mr Low Beng Tin, our Chairman and Independent Director, stepped down from his role with effect from 1 December 2022.
- Ms Tan Siok Chin, our Non-Executive Non-Independent Director, assumed the Chairman role with effect from 1 December 2022.
- Mr Ong Tiew Siam, Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan were appointed as Independent Directors of the Company with effect from 1 December 2022.

All information relating to the Directors in this section, unless otherwise mentioned, are accurate as at 22 December 2022, being the latest practicable date for the preparation of this section.



**Ong Tiew Siam, 69**  
Lead Independent Director

**First Appointed:**  
1 December 2022  
**Country of Principal Residence:**  
Singapore  
**Chairman:**  
Audit Committee  
**Member:**  
Nominating Committee

Mr Ong was appointed as Lead Independent Director of the Board on 1 December 2022 and is the Chairman of the Audit Committee. He has over 40 years of experience in finance, accounting and administration across diverse industries. Mr Ong is an Independent Director of CSC Holdings Limited, a SGX-Mainboard listed company. He holds a Bachelor of Commerce (Accountancy) (Honours) degree from the former Nanyang University, Singapore. He is also a fellow member of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.



**Hor Siew Fu, 71**  
Independent Director

**First Appointed:**  
26 October 2018  
**Last Re-elected:**  
27 January 2021  
**Country of Principal Residence:**  
Singapore  
**Member:**  
Audit Committee

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



**Lim Jun Xiong Steven 67**  
Independent Director

**First Appointed:**  
1 December 2022  
**Country of Principal Residence:**  
Singapore  
**Chairman:**  
Nominating Committee  
**Member:**  
Remuneration Committee

Mr Lim joined as an Independent Director on 1 December 2022 and is the Chairman of the Nominating Committee. With over 38 years of experience in the financial, trust and wealth management industry, he has held leading roles in financial organisations during his career including the CEO of SG Trust (Asia) Ltd, a subsidiary of Societe Generale Private Banking. Mr Lim currently provides consultancy advice in the field of global wealth solutions. He sits on the boards of SGX-listed Bund Center Investment Ltd, Hong Fok Corporation Limited, Sinarmas Land Limited, Livingstone Health Holdings Limited and Riverstone Holdings Limited as an Independent Director. Mr Lim holds a Bachelor of Commerce (Accounting and Finance) from the University of Newcastle, Australia. He is a fellow member of CPA Australia and the Institute of Singapore Chartered Accountants, as well as a member of the Society of Trust and Estate Practitioners.



**Loo Cheng Guan 59**  
Independent Director

**First Appointed:**  
1 December 2022  
**Country of Principal Residence:**  
Singapore  
**Chairman:**  
Remuneration Committee

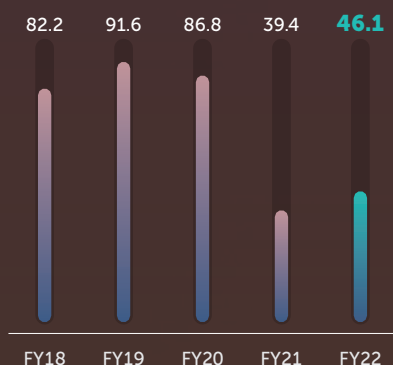
Mr Loo joined as an Independent Director on 1 December 2022 and is the Chairman of the Remuneration Committee. He is the Managing Director of King Tower Asset Management (Singapore) Pte Ltd and Director of Vermilion Gate Pte Ltd. With 30 years of experience in fund management, private equity, and corporate finance, Mr Loo has spent a significant portion of his career advising on growth strategies, mergers and acquisitions, as well as private market investments. He currently sits on the boards of SGX-listed Valuetronics Holdings Limited as Independent Director, HKSE-listed China First Capital Group Limited as Independent Director and several other private companies in Singapore. He holds a Bachelor of Economics (Honours) degree and MBA from Monash University in Melbourne.

# FINANCIAL HIGHLIGHTS

(For other key non-financial indicators, please refer to page 20 of this annual report.)

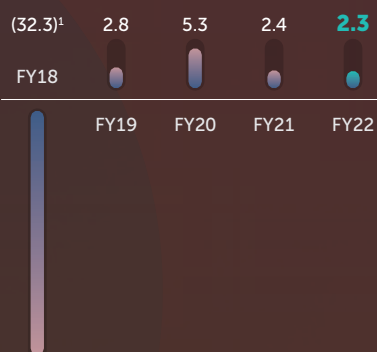
## Revenue

(\$million)



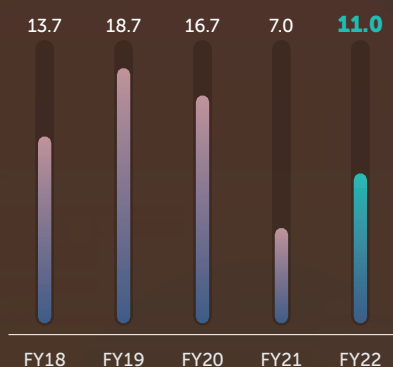
## Net Profit / (Loss) After Tax

(\$million)



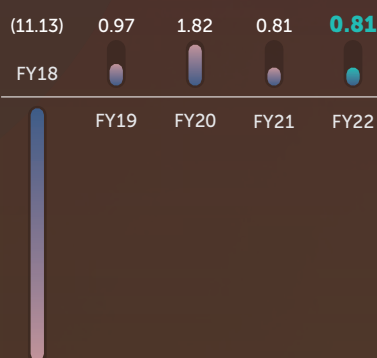
## Gross Profit

(\$million)



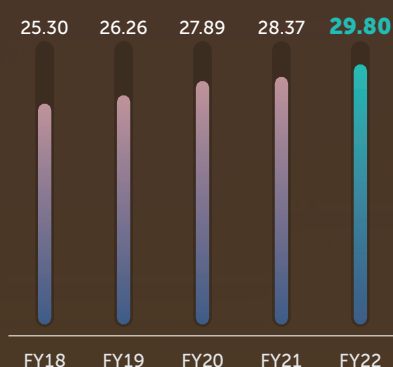
## Earnings / (Loss) Per Share

(cents)



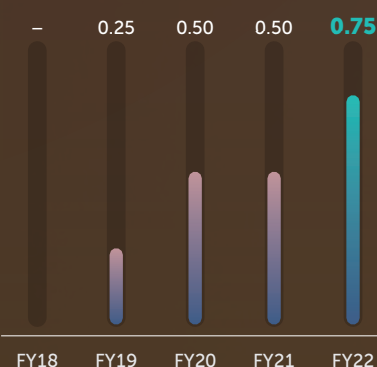
## Net Asset Value Per Share

(cents)



## Dividend Per Share

(cents)



	FY2018	FY2019	FY2020	FY2021	FY2022
Current Ratio (times)	2.61	3.67	3.84	9.55	6.57
Gearing Ratio (times)	0.52	0.38	0.38	0.24	0.26

<sup>1</sup> Includes inventories value write-down of \$30.8 million in FY2018

# OPERATING AND FINANCIAL REVIEW

## Income Statement Review

Income Statement	FY2022 \$'000	FY2021 \$'000	Change %
<b>Revenue</b>	<b>46,083</b>	<b>39,361</b>	<b>17.1</b>
Cost of sales	(35,035)	(32,361)	8.3
<b>Gross Profit</b>	<b>11,048</b>	<b>7,000</b>	<b>57.8</b>
<b>Other Items of Income</b>			
Interest income	4	–	100.0
<b>Operating Expenses</b>			
Marketing and distribution costs	(3,750)	(3,386)	10.8
Administrative expenses	(4,080)	(3,872)	5.4
Depreciation of property, plant and equipment	(2,328)	(2,256)	3.2
Depreciation of right-of-use assets	(1,385)	(1,418)	(2.3)
<b>Other Items of Expense</b>			
Finance costs	(335)	(361)	(7.2)
Other gains (net)	3,196	6,555	(51.2)
<b>Profit Before Income Tax</b>	<b>2,370</b>	<b>2,262</b>	<b>4.8</b>
Income tax (expense) / income	(91)	97	(193.8)
<b>Profit for the Year</b>	<b>2,279</b>	<b>2,359</b>	<b>(3.4)</b>

For the year ended 30 September 2022 ("FY2022"), the Group recorded a 17.1% year-on-year ("yoy") increase in revenue to \$46.1 million, as compared to \$39.4 million for the year ended 30 September 2021 ("FY2021"). The improvement was mainly driven by the higher revenue generated from its Trading segment and partially offset by a decrease in revenue from the Energy, Marine and Other segments. Other income decreased by 93.0% from \$0.7 million in FY2021 to \$46,000 in FY2022 mainly from the tapering off of government grants.

In tandem with the improved revenue, the Group's gross profit increased 57.8% yoy from \$7.0 million in FY2021 to \$11.0 million in FY2022 while gross profit margin increased by 6.2 percentage points from 17.8% in FY2021 to 24.0% in FY2022. The Group's net profit after tax remained

stable at \$2.3 million in FY2022 compared to \$2.4 million in FY2021.

The Group reported other gains of \$3.2 million in FY2022, a decline of 51.2% from \$6.6 million in FY2021. This was mainly from allowance for impairment on trade receivables of \$0.4 million and lower reversal of allowance of impairment on inventories of \$2.8 million, which was partly offset by foreign exchange gains of \$0.7 million.

Overall operating expenses increased 5.6% yoy from \$10.9 million in FY2021 to \$11.5 million in FY2022 as a result of higher business activity following the lifting of COVID-19 restrictions.

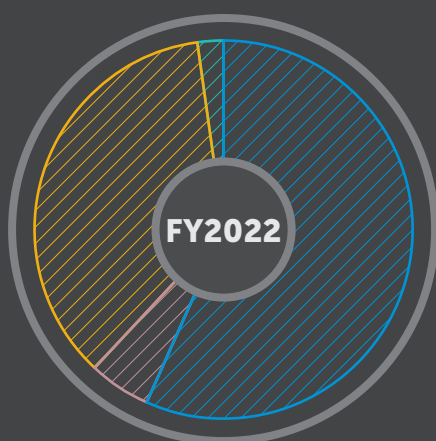
Marketing and distribution costs increased by 10.8% from \$3.4 million in FY2021 to \$3.8 million in FY2022 mainly from increase in

entertainment, overseas travelling expenses, employee benefits expense and vehicle related repair and maintenance expense. Administrative expenses also increased by 5.4% from \$3.9 million in FY2021 to \$4.1 million in FY2022 from an increase in professional and consultancy fees, and repair and maintenance expenses. Meanwhile, depreciation expenses incurred for both property, plant and equipment as well as right-of-use assets remained relatively stable at \$2.3 million and \$1.4 million respectively.

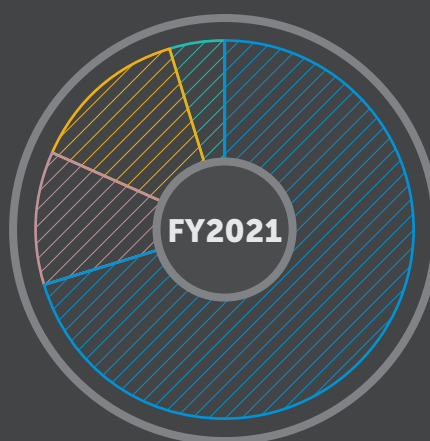
During the year, finance costs incurred by the Group decreased by 7.2% from \$0.4 million in FY2022 to \$0.3 million in FY2021 due to lower bank borrowings. At the same time, the Group's financial income increased by \$4,000 in FY2022 mainly from the interest earned on fixed deposit.

# OPERATING AND FINANCIAL REVIEW

## Revenue By Customer Type (%)



Energy	56.7%
Marine	5.5%
Trading	35.7%
Others	2.1%



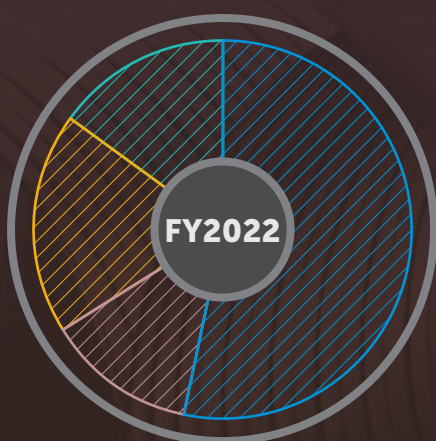
Energy	70.5%
Marine	11.2%
Trading	13.6%
Others	4.7%

	FY2022	FY2021	Change	
	\$'000	\$'000	\$'000	%
Energy	26,136	27,769	(1,633)	(5.9)
Marine	2,526	4,413	(1,887)	(42.8)
Trading	16,458	5,338	11,120	208.3
Others	963	1,841	(878)	(47.7)
<b>Total Revenue</b>	<b>46,083</b>	<b>39,361</b>	<b>6,722</b>	<b>17.1</b>

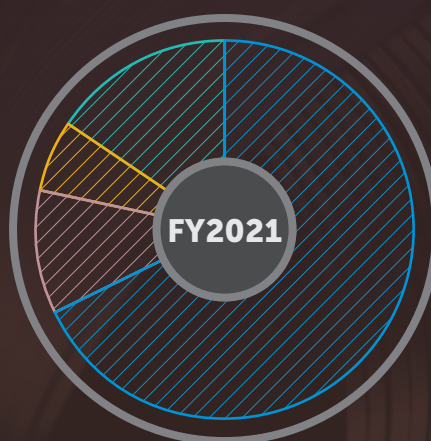
The Energy, Marine, Trading and Other sectors accounted for 56.7%, 5.5%, 35.7% and 2.1% of the Group's total revenue in FY2022 compared to 70.5%, 11.2%, 13.6% and 4.7% respectively in FY2021.



## Revenue By Geographical Market (%)



● Singapore	53.4%
● Brunei	12.9%
● Japan	18.9%
● Others	14.8%



● Singapore	67.9%
● Brunei	10.5%
● Japan	6.3%
● Others	15.3%

	FY2022	FY2021	Change	
	\$'000	\$'000	\$'000	%
Singapore	24,597	26,727	(2,130)	(8.0)
Brunei	5,926	4,132	1,794	43.4
Japan	8,727	2,498	6,229	249.4
Others	6,833	6,004	829	13.8
<b>Total Revenue</b>	<b>46,083</b>	<b>39,361</b>	<b>6,722</b>	<b>17.1</b>

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

Geographically, Singapore remains the main revenue contributor of the Group, accounting for 53.4% of overall sales in FY2022, though revenue from the country had declined 8.0% to \$24.6 million. Sales from Brunei, Japan and Others also rose significantly by 43.4%, 249.4% and 13.8% to \$5.9 million, \$8.7 million and \$6.8 million respectively. Other than Singapore, Brunei and Japan, no single country accounted for more than 10% of the Group's revenue in FY2022.

# OPERATING AND FINANCIAL REVIEW

## Financial Position Review

Statement of Financial Position	FY2022 \$'000	FY2021 \$'000	Change %
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	22,463	22,343	0.5
Right-of-use assets	2,488	3,022	(17.7)
<b>Total Non-Current Assets</b>	<b>24,951</b>	<b>25,365</b>	<b>(1.6)</b>
<b>Current Assets</b>			
Inventories	30,154	34,286	(12.1)
Trade and other receivables	17,170	9,005	90.7
Financial assets	142	130	9.2
Other non-financial assets	485	589	(17.7)
Cash and equivalents	24,895	32,549	(23.5)
<b>Total Current Assets</b>	<b>72,846</b>	<b>76,559</b>	<b>(4.8)</b>
<b>Total Assets</b>	<b>97,797</b>	<b>101,924</b>	<b>(4.0)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	56,325	56,325	–
Treasury shares	(4,238)	–	NM
Retained earnings	19,167	18,170	5.5
Other reserves	6,630	7,879	(15.9)
<b>Total Equity</b>	<b>77,884</b>	<b>82,374</b>	<b>(5.5)</b>
<b>Non-Current Liabilities</b>			
Provisions	815	783	4.1
Loans and borrowings	5,847	8,337	(29.9)
Lease liabilities	2,167	2,415	(10.3)
<b>Total Non-Current Liabilities</b>	<b>8,829</b>	<b>11,535</b>	<b>(23.5)</b>
<b>Current Liabilities</b>			
Trade and other payables	5,601	3,900	43.6
Loans and borrowings	4,767	3,008	58.5
Lease liabilities	429	687	(37.6)
Other non-financial liabilities	287	420	(31.7)
<b>Total Current Liabilities</b>	<b>11,084</b>	<b>8,015</b>	<b>38.3</b>
<b>Total Liabilities</b>	<b>19,913</b>	<b>19,550</b>	<b>1.9</b>
<b>Total Equity and Liabilities</b>	<b>97,797</b>	<b>101,924</b>	<b>(4.0)</b>

NM – Denotes “not meaningful”

## Financial Position Analysis

As at FY2022, total assets of the Group decreased by 4.0% to \$97.8 million from \$101.9 million in FY2021. Current assets decreased by 4.8% to \$72.8 million from \$76.6 million in FY2021 mainly due to a decrease in inventories by 12.1% from \$34.3 million as at FY2021 to \$30.2 million and a decrease in cash and cash equivalents by 23.5% from \$32.5 million as at FY2021 to \$24.9 million. This was partly offset by an increase in trade and other receivables and contract assets by 90.7% from \$9.0 million as at FY2021 to \$17.2 million. Non-current assets of the Group also decreased by 1.6% from \$25.4 million as at FY2021 to \$25.0 million as at FY2022. This was mainly from the revaluation of the properties at 14 Lok Yang Way and 90 Second Lok Yang Road and the depreciation charged, partly offset by the purchase of plant and equipment and the construction costs of the partial

redevelopment of 14 Lok Yang Way ("**Partial Redevelopment**") incurred in the current financial year.

Total liabilities increased by 1.9% from \$19.6 million as at FY2021 to \$19.9 million as at FY2022. Current liabilities increased by 38.3% from \$8.0 million as at FY2021 to \$11.1 million as at FY2022. This was mainly due to an increase of 43.6% in trade and other payables from \$3.9 million as at FY2021 to \$5.6 million as at FY2022 and an increase of 58.5% in loans and borrowings from \$3.0 million as at FY2021 to \$4.8 million as at FY2022. Meanwhile, the Group's non-current liabilities decreased by 23.5% from \$11.5 million as at FY2021 to \$8.8 million as at FY2022 mainly from the repayment of loan and borrowings, partly offset by the new term loan that was used to finance the Partial Redevelopment.

As of FY2022, the total equity of the Group decreased by 5.5% to \$77.9 million from \$82.4 million as

at FY2021 mainly from the purchase of treasury shares, dividend paid and the deficit on revaluation of the properties, partly offset by the profit generated in FY2022. In FY2022, 29,039,900 ordinary shares were acquired for a consideration of \$4.2 million and held as treasury shares.

In FY2022, cash from operating activities decreased by \$27.0 million from \$31.1 million in FY2021 to \$4.1 million mainly from the Group's working capital changes. Cash used in investing activities increased by \$2.3 million from \$0.6 million in FY2021 to \$2.9 million mainly from higher capital expenditure in FY2022. Meanwhile, cash used in financing activities decreased by \$5.0 million from \$13.9 million in FY2021 to \$8.9 million. This was mainly from lesser repayment of loan and borrowings, partly offset by the purchase of treasury shares, the dividend paid and decrease in new loans.

## Cashflow Analysis

	FY2022 \$'000	FY2021 \$'000
Net cash flows from operating activities	4,109	31,135
Net cash flows used in investing activities	(2,869)	(613)
Net cash flows used in financing activities	(8,894)	(13,924)
Net (decrease) / increase in cash and cash equivalents	(7,654)	16,598
Cash at end of the year	24,895	32,549

# SUSTAINABILITY HIGHLIGHTS



## Singapore Governance and Transparency Index 2022

Ranked 92<sup>nd</sup> with an overall score of 82



## Renewable Energy

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

**735,366 kWh**  
Annual Capacity



## Health and Safety

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

bizSAFE STAR



## Quality Management

ISO 9001:2015 Certified Quality Management System



## Environment

ISO 14001:2015 Certified Environment Management System



## Business Continuity

ISO 22301:2019 Certified Business Continuity Management System

# SUSTAINABILITY REPORT 2022

## About This Report

This is CosmoSteel's fifth annual Sustainability Report. This report (the "report") covers the environmental, social and governance ("ESG") performance of CosmoSteel Holdings Limited ("CosmoSteel" or the "Group") for the period 1 October 2021 to 30 September 2022 ("FY2022") in line with our financial reporting year. We report on our ESG performance for our business operations in Singapore. Since our overseas operations are not significant, they are excluded from this report unless stated otherwise.

### Reporting Framework

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards. We use the GRI Standards due to its international recognition and acceptability by stakeholders. For this report, we have transitioned to the latest version of the GRI Standards – the GRI Universal Standards 2021. The report also complies with the SGX-ST Listing Rules (711A and 711B). In addition, we have integrated the United Nations Sustainable Development Goals ("SDGs") into our materiality process to reflect CosmoSteel's contribution and commitment to achieving the SDGs.

The report includes information about our material ESG factors, policies, practices, performance, and targets for each identified ESG factor.

### Reporting Process

We follow GRI's reporting principles to identify, prioritise and validate material topics and their boundaries for reporting. The content in this report considers stakeholder expectations, an understanding of the sustainability context within which CosmoSteel operates, an analysis of ESG risks and opportunities and broad sustainability trends in our industry.

We continue to apply the GRI's principles of accuracy, balance, clarity, comparability, completeness, timeliness and verifiability to ensure report quality. Data included in the report has been extracted from primary official records for accuracy and consistency. To provide comparison over time, we have included previous years' ESG performance data. Financial figures are in Singapore dollars unless specified otherwise.

### Restatements

This report includes restated carbon emissions data for FY2020 and FY2021 due to revisions in emission factors by the Energy Market Authority, Singapore, resulting in adjustments to the Scope-2 emissions figures. However, the change is not material.

### Assurance

Our financial statements have undergone audits by our independent auditor. Our ESG performance data is reported in good faith and to the best of our knowledge. We have an internal mechanism for verifying our ESG data for accuracy and reliability.

### Availability

This report is included as part of our Annual Report and is available in PDF format for download on our website at [www.cosmosteel.com](http://www.cosmosteel.com) and the SGX website at [www.sgx.com](http://www.sgx.com).

### Feedback

Feedback, questions, comments or suggestions about our sustainability report can be submitted to [sustainability@cosmosteel.com.sg](mailto:sustainability@cosmosteel.com.sg).

# SUSTAINABILITY REPORT 2022

ESG PERFORMANCE			
ESG Factors	FY2020	FY2021	FY2022
<b>Corporate Governance</b>			
Overall SGTI score (Points)	85	88	82
Overall SGTI ranking	70	58	92
<b>Customers</b>			
Quality: Inaccuracy in sales order processing (Number) <sup>(1)</sup>	4	3	2
Efficiency: On-time deliveries (%)	96.3	97.4	93.7
Average customer satisfaction rate (Points) <sup>(2)</sup>	4.4	4.3	4.4
<b>People</b>			
Permanent employees (As at the end of FY) (Number)	81	63	61
Female employees as % of total employees (%)	34.6	41.3	39.3
Proportion of local employees (%) <sup>(3)</sup>	49.4	61.9	60.7
New hires (Number)	10	2	5
Employee attrition rate (%)	20.2	31.1	11.3
<b>Health and Safety</b>			
Medical leave per employee (Days)	0.7	0.3	0.7
Number of reportable accidents	3	5	2
<b>Environmental</b>			
Electricity consumption (kWh)	322,275	276,321	275,074
Electricity consumption per employee (kWh)	3,687	3,772	4,591
Energy consumption (GJ)	4,281	3,541	3,127
Energy intensity per S\$1 million of revenue (GJ)	49.3	90.0	67.9
Carbon emission: Scope-1 (tCO <sub>2</sub> )	211	172	144
Carbon emission: Scope-2 (tCO <sub>2</sub> )	131	112	112
Carbon emission intensity per S\$1 million of revenue (tCO <sub>2</sub> )	3.9	7.2	5.6
Water consumption (m <sup>3</sup> )	5,147	2,805	3,184
Water consumption per employee (m <sup>3</sup> )	58.9	38.3	53.1
Paper consumption per S\$1,000 of sales (Number of copies)	7	13	8
Hazardous waste (kg)	-	104	-
Non-hazardous waste (kg)	32,249	14,840	68,221
<b>Economic</b>			
Revenue (S\$'000)	86,757	39,361	46,083
Net profit after tax (S\$'000)	5,271	2,359	2,279
Employee wages and benefits (S\$'000)	5,980	4,990	5,218
Dividends on equity shares (S\$'000)	1,452	1,452	2,009
Revenue per employee (S\$'000)	992	537	769

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

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

<sup>(3)</sup> Local employees include Singapore citizens and Permanent Residents (PRs)

## Board Statement

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

The Board, supported by the Sustainability Committee, determines the material ESG factors of CosmoSteel and oversees the management of these factors through periodic performance reviews. The Board uses these ESG factors to underpin future business strategies to help achieve sustainable business growth. The Board reviews and approves the annual sustainability report, which covers CosmoSteel’s ESG performance against targets.

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

## Sustainability Governance

The Sustainability Committee, which includes key managers from major functions across the organisation, is responsible for managing and monitoring our ESG factors. The Committee ensures our ESG factors are integrated into our daily operations and that they meet our company’s objectives and targets. The Committee reports to the Board, who periodically evaluates our ESG impact and performance and our engagement with stakeholders to better understand their expectations and concerns.

The Sustainability Committee works with external sustainability experts to review our material ESG factors as well as other important factors that take account of local, regional, national and international legislation, standards, and both stakeholder and global concerns related to our overall sustainability. The Sustainability Committee helps shape the overall report content by determining the reporting priorities and defining the scope and topic boundaries for inclusion in this report.

The Board has the ultimate responsibility for approving the material ESG factors as well as the content of the sustainability report.

## Sustainability Strategy

CosmoSteel aims to be a world-class provider of piping systems components and related services. With sustainability as the bedrock of our business strategy, our priority is in maintaining high standards of social and environmental responsibility through consistent product quality, competitive pricing, timely delivery, and service excellence.

As part of our sustainability strategy, we focus on managing the economic, environmental and social impact of our business to create long-term value for all stakeholders. We use internationally recognised certifications to benchmark our sustainability commitment and initiatives. For example, we use the integrated management system ISO 14001:2015 to reduce our environmental impact, ISO 45001:2018 and bizSAFE STAR certifications to safeguard our people, ISO 9001:2015 to ensure the quality of our products and services, and ISO 22301:2019 to ensure our business continuity.

Through these management systems, we identify the key risks, opportunities and impacts related to our business activities, enabling us to establish policies and procedures to control our risks and maximise the opportunities available to us.

By using the GRI Standards to assess our material economic, environmental and social impacts, and to highlight risks and opportunities emerging from our business operations, we are able to further strengthen our sustainability strategy.

## Sustainability Targets

We closely monitor our ESG performance against established targets. The Senior Management reviews our ESG performance periodically and provides feedback to the Board. Any shortfalls are investigated and efforts are made to achieve the targets. An overview of our performance is provided throughout this report in relevant chapters.

### Management Certifications

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

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

# SUSTAINABILITY REPORT 2022

## Materiality Assessment

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

has oversight over the materiality process while the Board provides the final approval.

We use GRI's materiality principle to identify, prioritise and validate our material ESG impacts. Building on our first comprehensive materiality assessment in March 2017, we review our material topics annually with help from external sustainability experts to ensure we remain focused on the most important and most material topics. Based on our internal review in FY2022, we have determined that the material topics reported in the prior year largely remain valid for reporting this year.

MATERIAL ESG FACTORS				
Material Topics	Where Impact Occurs	CosmoSteel's Involvement	Material for CosmoSteel Subsidiaries	Management Approach
Economic Performance	We have financial impacts on the local and international markets where we source or sell our products, employ people and pay taxes	Caused by our business performance and contributed through our business partners	All	To maintain consistent financial performance and growth
Product Quality and Labelling	Our product quality and specifications impact our customers and their projects which make use of our products	Caused by our stringent quality control measures	Kim Seng Huat Hardware Pte Ltd	To provide high-quality products and services with accurate specifications and product information that exceed customer expectations
Customer Satisfaction	Customer satisfaction is the result of our ability to deliver the required quality and product specifications in a timely manner	Caused by our focus on providing high-quality products and excellent customer service	All	To provide high-quality products and services that exceed customer expectations
Attracting and Retaining Talent	Newly hired as well as existing employees	Through our HR policies and practices	All	To hire, develop and retain the most suitable talent to drive customer satisfaction
Occupational Health and Safety ("OHS")	Warehousing and workshop operations	Through our OHS policies and practices	Kim Seng Huat Hardware Pte Ltd	To strive for a zero-accident workplace
Regulatory Compliance	Warehousing and workshop operations	Through our compliance policies and governance	Kim Seng Huat Hardware Pte Ltd	To ensure compliance with applicable laws and regulations



Summary of the Group's Important ESG Factors That Are Not Deemed Material Topics but Reported Voluntarily:

NON-MATERIAL ESG FACTORS				
Other ESG Topics	Where Impact Occurs	CosmoSteel's Involvement	Material for CosmoSteel Subsidiaries	Management Approach
Indirect Energy	Warehousing and workshop operations	Caused by electricity consumption in our facilities	Kim Seng Huat Hardware Pte Ltd	To minimise energy intensity
Direct Energy	Transport and delivery operations	Caused by fuel consumption in company-owned vehicles	Kim Seng Huat Hardware Pte Ltd	To minimise energy intensity
GHG Emissions	Warehousing and workshop operations, and transport and delivery activities	Caused by energy consumption in our operations	Kim Seng Huat Hardware Pte Ltd	To minimise emissions intensity
Waste	Warehousing and workshop operations	Generated in our workshop and warehouse	Kim Seng Huat Hardware Pte Ltd	To minimise the waste intensity
Water	Warehousing and workshop operations	Caused by water use in our offices	Kim Seng Huat Hardware Pte Ltd	To save and conserve water
Human Rights: Non-discrimination, Forced Labour, Child Labour, and Freedom of Association and Collective Bargaining	All employees and in the supply chain	Through our HR policies and practices	All	To protect and uphold human rights across our operations
Diversity and Equal Opportunity	All employees	Through our HR policies and practices	All	To promote a culture of inclusivity and mutual respect at the workplace
Anti-corruption	In our dealings with various stakeholders	Through our anti-corruption policy and governance	All	To maintain a zero-tolerance stance against fraud, bribery and corruption
Employee Training	Our employees	Through our HR policies and practices	All	Provide learning opportunities to our employees

All: Includes all entities in the Group.


# SUSTAINABILITY REPORT 2022

## Contributing to Sustainable Development

We continue to integrate the SDGs into our materiality process to guide our contribution to sustainable development. The SDGs are a collection of 17 interlinked global goals designed to be a “shared blueprint for peace and prosperity for people and the planet, now and into the future”. In the table below, we provide an overview of how our material topics align with the relevant SDGs, zooming in on a target level to provide a sharper focus on the areas we can impact.

CONTRIBUTING TO THE UN SUSTAINABILITY DEVELOPMENT GOALS (SDGs)				
ESG Factors	GRI Standards	SDG Targets Supported	SDGs	
Economic Performance	GRI 201: Economic Performance 2016	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labour-intensive sectors		
Product Quality and Labelling Customer Satisfaction	GRI 417: Marketing and Labeling 2016	12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature		
Attracting and Retaining Talent Diversity and Equal Opportunity	GRI 401: Employment 2016 GRI 405: Diversity and Equal Opportunity 2016	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	 	
Employee Training and Development	GRI 404: Training and Education 2016	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training	 	
Occupational Health and Safety	GRI 403: Occupational Health and Safety 2018	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular, women migrants, and those in precarious employment		

**CONTRIBUTING TO THE UN SUSTAINABILITY DEVELOPMENT GOALS (SDGs)**

ESG Factors	GRI Standards	SDG Targets Supported	SDGs
Regulatory Compliance	GRI 2-27: Compliance with laws and regulations	16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all	
Anti-Corruption	GRI 205: Anti-Corruption 2016	16.5 Substantially reduce corruption and bribery in all their forms  16.6 Develop effective, accountable and transparent institutions at all levels	
Energy	GRI 302: Energy 2016	7.3 By 2030, double the global rate of improvement in energy efficiency  9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	 
GHG Emissions	GRI 305: Emissions 2016	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	
Waste	GRI 306: Waste 2020	12.2 By 2030, achieve the sustainable management and efficient use of natural resources  12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	
Water	GRI 303: Water and Effluents 2018	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	
Human Rights	GRI 406: Non-discrimination 2016  GRI 407: Freedom of Association and Collective Bargaining 2016  GRI 408: Child Labour 2016  GRI 409: Forced or Compulsory Labour 2016	5.1 End all forms of discrimination against all women and girls everywhere  8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment  8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	 

# SUSTAINABILITY REPORT 2022

## STAKEHOLDERS

CosmoSteel is committed to building trusted relationships with stakeholders.

Our stakeholders include customers, employees, suppliers and sub-contractors, the communities in which we work, the general public, shareholders and investors.

We determine stakeholder groups based on our impact on them or their potential to affect our business strategy. Our ongoing interactions and dialogue with our stakeholders provide us with critical insights into their concerns and expectations, enabling us to make more informed business decisions. For the preparation of this report, we have relied on external stakeholder insight to determine the material ESG topics.

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

Key Stakeholders	How We Engage with Them	Stakeholders' Expectations and Concerns	How We Respond to Their Expectations	Frequency of Engagement
<b>Customers</b>	<ul style="list-style-type: none"> <li>– Customer surveys;</li> <li>– Face-to-face meetings and video conference;</li> <li>– Sales services team;</li> <li>– Annual reports;</li> <li>– Company website; and</li> <li>– Product certifications (mill certifications) of compliance with orders delivered.</li> </ul>	<ul style="list-style-type: none"> <li>– Provide high quality products and services;</li> <li>– Meet the product specification standards required by our customers;</li> <li>– Complete timely delivery of goods and services; and</li> <li>– Provide good value for money to our customers.</li> </ul>	<p>We adhere to the ISO 9001 quality management system for our products and services. We monitor and review any non-conformances to ensure they do not reoccur, and we provide clear and transparent product information.</p> <p>To provide value for money, we actively seek ways to reduce our operational costs and pass on these savings to our customers.</p> <p>We also engage with our suppliers to negotiate economies of scale and competitive pricing options.</p>	<p>Our customer survey is completed annually with all customers whose sales value is more than \$5,000 and/or who have more than 5 non-conformances raised.</p> <p>We meet regularly with our customers to discuss their needs.</p> <p>Our sales service team is available to customers daily and product certifications are included with all orders that specify this requirement.</p>
<b>Employees</b>	<ul style="list-style-type: none"> <li>– Orientation training for new hires;</li> <li>– Annual appraisal reviews;</li> <li>– Development training;</li> <li>– Emails;</li> <li>– Health day;</li> <li>– Posters; and</li> <li>– Annual reports.</li> </ul>	<ul style="list-style-type: none"> <li>– Provide employees with the ability to grow and develop within the Group;</li> <li>– Provide a safe, healthy and decent working environment;</li> <li>– Provide staff benefits that help their welfare over their working career at the Group; and</li> <li>– Prepare them for retirement at the end of their career.</li> </ul>	<p>We adopt a fair employment policy and provide a Code of Conduct for our employees to adopt.</p> <p>We provide a safe working environment in line with our ISO 45001 management system.</p> <p>We value our employees and provide them with regular training programmes, and development opportunities; rest and welfare facilities, and regular medical and dental care options.</p>	<p>Employees are provided orientation training at the start of their employment and receive ongoing training as required.</p> <p>Appraisals of all staff are completed annually.</p> <p>Health, welfare, and benefits are available as per company policy.</p> <p>Posters are updated as required to address sustainability issues, and further details are made available via monthly performance emails and our annual report.</p>

Key Stakeholders	How We Engage with Them	Stakeholders' Expectations and Concerns	How We Respond to Their Expectations	Frequency of Engagement
<b>Suppliers and Sub-contractors</b>	<ul style="list-style-type: none"> <li>– Performance evaluations;</li> <li>– Face-to-face meetings and video conferences;</li> <li>– Site-visits;</li> <li>– Requests for proposals;</li> <li>– Tenders; and</li> <li>– Tele-communication.</li> </ul>	<ul style="list-style-type: none"> <li>– Provide clear specifications for products and services;</li> <li>– Have fair terms and conditions and robust internal systems to allow timely payments;</li> <li>– Ethical business practices; and</li> <li>– Honour our contractual obligations.</li> </ul>	<p>We have implemented a fair supplier evaluation process based on pre-set evaluation criteria.</p> <p>We involve suppliers in customer engagement meetings to assist in understanding product specifications.</p> <p>We have robust financial processes to ensure timely payments, and provide clear contracts outlining supplier obligations and the Code of Conduct we expect from them, including ethical business practices.</p>	<p>Our supplier evaluations are completed annually and include the top 10% of our suppliers in terms of the purchase value and/or with more than 5 non-conformances raised and all sub-contractors.</p> <p>All suppliers are involved in customer orders as and when required.</p> <p>Our Purchasing and Finance teams are engaged throughout the procurement and payment process, including contract negotiations.</p>
<b>Public and Community</b>	<ul style="list-style-type: none"> <li>– Donations;</li> <li>– Website; and</li> <li>– Sustainability report.</li> </ul>	<ul style="list-style-type: none"> <li>– To be a good corporate citizen;</li> <li>– Provide local employment; and</li> <li>– Support the local community.</li> </ul>	<p>Our Code of Conduct outlines the standards we expect of our employees when engaging with the public.</p> <p>We manage our operations and vehicles fleet to ensure there is a limited impact on the surrounding communities.</p>	<p>We engage with charity and voluntary organisations when approached for donations.</p>
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>– Annual General Meetings;</li> <li>– Annual reports;</li> <li>– Announcements;</li> <li>– Briefings; and</li> <li>– Emails to our investors.</li> </ul>	<ul style="list-style-type: none"> <li>– Present transparent and timely information on Company performance, profitability and status; and</li> <li>– Deliver good economic performance for our investors.</li> </ul>	<p>We have an experienced and competent Board and management team.</p> <p>We ensure good governance of risks and opportunities, transparency and honest disclosures, and strive to deliver sustainable growth.</p>	<p>We provide financial and sustainability reports annually, periodic briefings and announcements as significant changes arise, half-yearly financial results, and respond to any shareholder queries as they arise during general meetings.</p>

# SUSTAINABILITY REPORT 2022

## Membership of Associations

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

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



## MARKETPLACE

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



Maintaining the trust of our stakeholders is paramount, and we strive to be open and honest and operate with integrity in all of our business endeavours. We conduct our business in compliance with all applicable laws, and endeavour to exceed stakeholder expectations through the implementation of our integrated management systems and ongoing feedback and review processes.

## Delighting Customers

As a world-class provider of piping systems components and related services, we place our customers at the core of our business decisions. Our goal is to surpass our customers' expectations through high and consistent product quality, excellent value, unbeatable service, and punctual delivery, while upholding our strong commitment to sustainability.

To monitor our performance in these areas, we send out an annual survey to customers with sales value of more than \$5,000 and/or customers with more than five non-conformance incidents. The survey also helps us identify potential areas for improvement. In FY2022, the survey was sent to 86 customers, with a response rate of 30%. Our average customer satisfaction score was 4.4 out of 5 points. Any survey results with lower scores are investigated by the respective department to find out what improvements can be made for the future.

## TARGET AND PERFORMANCE

ESG Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Customer Satisfaction	<ul style="list-style-type: none"> <li>• <math>\geq 3</math> score by 100% customers in satisfaction survey</li> </ul>	4.4	<ul style="list-style-type: none"> <li>• <math>\geq 3</math> score by 100% customers in satisfaction survey</li> </ul>
	<ul style="list-style-type: none"> <li>• Less than 5 non-conformances (non-product related)</li> </ul>	2	<ul style="list-style-type: none"> <li>• Less than 5 non-conformances (non-product related)</li> </ul>

## CUSTOMER PERFORMANCE INDICATORS

Indicator	FY2020	FY2021	FY2022
Quality: Inaccuracy in sales order processing (Number)	4	3	2
Efficiency: On-time deliveries (%)	96.3	97.4	93.7
Average customer satisfaction rate (Points)	4.4	4.3	4.4

## Certification for Safety-Critical Products

Our management approach is to provide high-quality products and services that exceed customer expectations. We have implemented an ISO 9001 quality management system to ensure our products and services consistently meet our clients' specified requirements. Our systems are audited internally and externally verified and undergo periodic reviews for continual improvement.

While there are no legal requirements for us to provide safety information on our products to customers, we choose to provide both source and quality information, giving our customers a total solutions package. This includes information on the rigorous testing that our products undergo.

## Suppliers

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

Our suppliers provide a range of products, including pipes, butt weld fittings, forged fittings, and flanges. Over the years, we have built strategic alliances with international suppliers to ensure on-time delivery and material grades that are difficult to source locally. We continuously engage with our suppliers and business partners to ensure a consistent and reliable supply of high-quality goods, which enable us to meet our customers' expectations.

To ensure our suppliers meet our high standards, we have implemented a supplier and contractor performance evaluation system, whereby we grade our suppliers and contractors on a range of criteria.

In FY2022, we had 107 active suppliers, of which 18.2% were based in Singapore. Total purchases from our suppliers in FY2022 amounted to \$26.5 million.

## Anti-Corruption

We adopt a zero-tolerance policy towards fraud, corruption and bribery. Any ethical breach is deemed a material risk to our business operations. Our risk management approach to anti-corruption helps us maintain our integrity, governance, and responsible business practices. This management approach was developed in compliance with the Singapore Prevention of Corruption Act, and is outlined in our **Employee Code of Conduct**, which all employees are required to abide by. The approach prohibits the following activities:

- Use of Company funds or assets for any unlawful purpose or to influence others through bribes;
- Making facilitation or 'grease payments' which are intended to service or speed up routine legal government actions such as issuing permits or releasing goods held in customs; and
- Rewards, gifts or favours bestowed or promised with the view of perverting the judgment or corrupting the conduct of a person in a position of trust.



## TARGET AND PERFORMANCE

ESG Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Anti-Corruption	Report on the number of incidents of corruption and actions taken, if any	There were no incidents of corruption in FY2022	Report on the number of incidents of corruption and actions taken, if any

# SUSTAINABILITY REPORT 2022

## Code of Conduct

All employees must read, sign and adhere to our employment Code of Conduct upon employment at CosmoSteel. The Code comprises internal corporate governance practices, policy statements and standards and acts as a guide to all its employees and officers for both legal compliance and appropriate ethical conduct.

The Code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity, including when dealing with fellow employees, customers, competitors, suppliers, government agencies and officials, and the community. Among others, key areas covered include workplace health and safety, workplace and business conduct, safeguarding of assets of the Group and other parties, handling of confidential information and trading policy, conflict of interest, personal data obligations, and compliance with laws, including a whistleblowing policy.

The Code is available to employees via the Company HR portal and is reviewed periodically by the Management and updated where necessary according to changes in legislation and/or corporate strategy. The Code is also accessible to Board members as well as the Group's agents, representatives and consultants.

During FY2022, there were no reported incidents of corruption or bribery.

## Whistleblowing Policy

The Company's whistleblowing policy provides a means of handling complaints, concerns or issues relating to the activities or affairs of the business, customers, suppliers, partners or associates, activities or affairs of the Group, or conduct of any employee, officer or Management of the Group. The policy is approved by the Audit Committee and adopted by the Board.

Staff can raise concerns anonymously about possible improprieties in any such corporate matters by sending an email or a letter to the Company Secretary, who will re-direct and/or send the information to the Audit Committee (in the event such concerns relate to any of the Directors or the Chief Financial Officer/Financial Controller of the Company) or to the whistleblowing committee (for all other concerns).



During FY2022, there were no complaints, concerns or issues received relating to corruption, bribery, fraud or ethical breaches.

## Regulatory Compliance

Legal compliance forms the foundation of our ethical standards. With that as the backbone, CosmoSteel is committed to conducting business in compliance with all applicable laws and regulations. The Group's Code of Conduct includes comprehensive principles and measures to ensure compliance with the laws.

As part of our responsible business practices, we are committed to complying with all applicable environmental regulations. In accordance with our ISO 14001 certification, our management systems are reviewed annually by Management and also when significant changes to our business operations or stakeholder expectations occur. Any conformance issues raised are promptly rectified within the required time.

In FY2022, there was no incidence of non-compliance to any socio-economic or environmental legislation that applies to the Group.

## TARGET AND PERFORMANCE

ESG Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Regulatory Compliance	Report on incidents of significant non-compliance with socio-economic and environmental laws and regulations, if any	There were no incidents of non-compliance with socio-economic and environmental laws and regulations	Report on incidents of significant non-compliance with socio-economic and environmental laws and regulations, if any



## PEOPLE

CosmoSteel is committed to nurturing an inclusive workplace where employees are highly valued, motivated, engaged and empowered to realise their full potential.



Promoting excellence, innovation, productivity and safety within our operations form the foundation of our people-centred approach. By providing a safe, fair, and rewarding workplace, our employees are empowered to do their best. A happy, healthy and engaged workforce also helps us attract and retain the best talent to drive our business objectives. Our Human Resources (“HR”) policies promote teamwork, collaboration, inclusivity, mutual trust and ongoing learning and development. We evaluate the effectiveness of these policies by reviewing our performance against several indicators and targets. The Senior Management reviews our HR policies regularly to ensure they remain relevant and effective.

## Ensuring the Well-Being of Employees

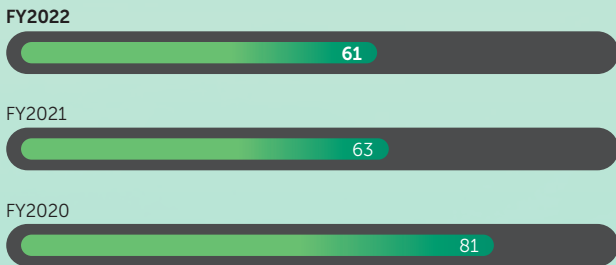
Even as COVID-19 becomes an endemic with most social restrictions lifted, we continue to exercise vigilance and implement measures to ensure the well-being of our employees are taken care of. We closely monitor the effects of the pandemic and uphold a safe workplace environment by employing high standards of hygiene and cleanliness at our workplaces.

## Employment

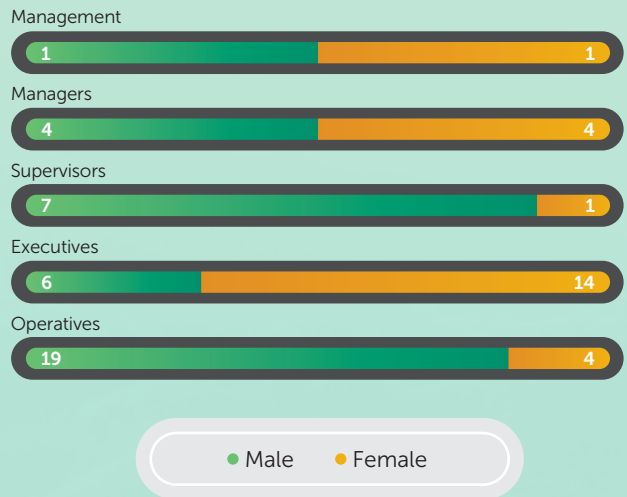
We employed 61 people across our Singapore operations as at the end of FY2022. All our employees work full-time with 92% being permanent employees and 8% on fixed-term contracts.

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

### Number of Full-Time Employees



### Number of Employees by Employment Category: FY2022



## Promoting Workplace Diversity

We consider the diversity of our people an organisational strength.

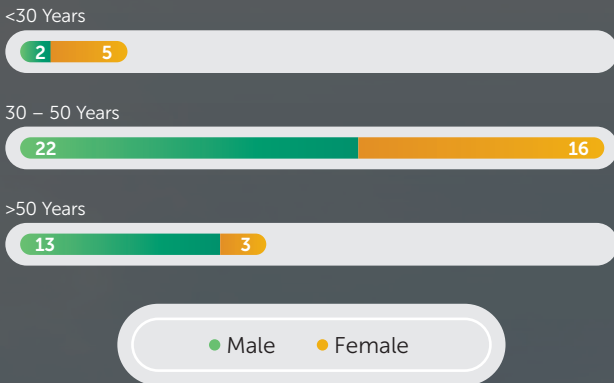
By cultivating and embracing a diverse workplace, we can benefit from a myriad of insights, skills and different approaches to tackling challenges. Our HR policy advocates for inclusivity, and our workforce reflects a

reasonable balance of gender, age and racial diversity.

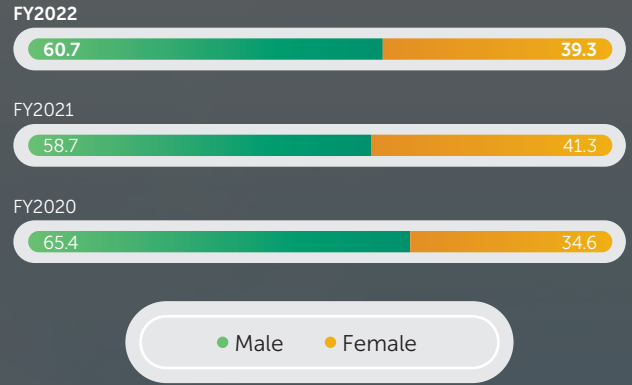
Although our operational roles, which mainly include warehousing, machining and logistics, are typically taken up by men, women represented 39.3% of our workforce at the end of FY2022. Women’s share in key management was 40%. Out of the five new hires in FY2022, one was female.

# SUSTAINABILITY REPORT 2022

## Employees by Age and Gender: FY2022 (Number of Employees)



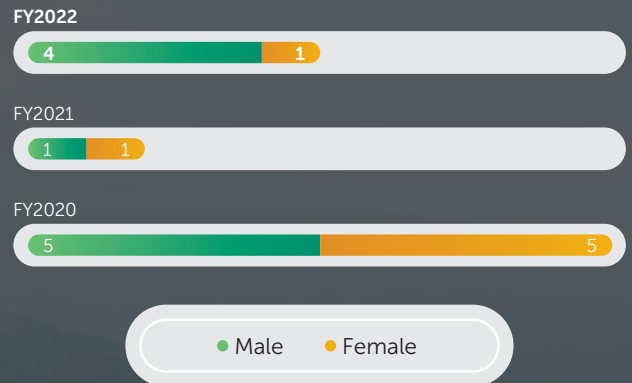
## Gender Diversity (%)



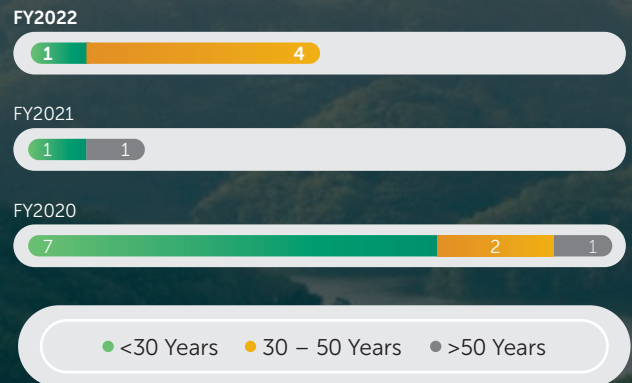
## Key Management by Gender: FY2022 (%)



## New Hiring by Gender (Number of Employees)



## New Hiring by Age Group (Number of Employees)



## Caring For Employees

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

## Promoting Workplace Health And Safety

Ensuring workplace safety is of paramount importance to us, particularly in our machining and warehouse operations where more stringent safety measures are required due to heavy machinery operation.

To ensure we follow the highest standards in workplace safety, we maintain ISO 45001 and bizSAFE STAR compliant systems for all our Singapore operations. Our health and safety management system involves an assessment process to first identify risks at the workplace. We then implement appropriate mitigation practices to eliminate or control all identified health and safety risks.

We have a dedicated Work, Safety and Health (“WSH”) and Emergency Response Committee to oversee the implementation of the policies and programmes. Chaired by the CEO, the committee comprises representatives from the key sites and functions. It includes a designated WSH Manager, WSH Officer, WSH Coordinator, WSH Executives, Emergency Wardens, First Aiders and Emergency Response Teams, each with clear roles and responsibilities to deal with potential safety and health risks and incidents.

To ensure we remain aligned with international best practice on health and safety, our Management and Board review our health and safety policy, practices and performance regularly.

## Workplace Health And Safety Policy

All operators are required to wear appropriate personal protective equipment (“PPE”) such as safety boots, hard hats, gloves, goggles and facemasks that are relevant to the task at hand. Appropriate hearing protective devices are provided to all staff in machining operations to safeguard them from excessive noise. Employees are responsible for ensuring all assigned PPE is in good condition before the commencement of work every day. PPE Cleaning Day is observed quarterly, whereby all assigned PPE is thoroughly cleaned and its safety verified.

Our heavy lifting operations are performed using mechanical or powered systems. Our forklifts have seat belts, warning lights, and load indicators. All machinery, equipment and vehicles are maintained regularly and undergo daily checks before use.

Daily briefings, periodic toolbox talks, and training sessions with our warehouse employees are regular features of our workplace health and safety awareness efforts. We also encourage employees to raise health and safety concerns promptly to prevent potential incidents.

All external parties are required to have a permit to work before commencing on-site activities. We monitor our health and safety incident rates monthly and review our safety performance against targets. Our goal is to have zero reportable accidents. In FY2022, no major incidents occurred.

## TARGET AND PERFORMANCE

Material Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Occupational Health and Safety	Zero reportable accidents	2	Zero reportable accidents

Health and Safety Performance Summary			
Indicator	FY2020	FY2021	FY2022
Medical leave per employee (Days)	0.7	0.3	0.7
Number of reportable accidents	3	5	2

# SUSTAINABILITY REPORT 2022

## Driving Performance

We are committed to rewarding the performance of our employees and driving continuous learning and development, which ultimately improves organisational performance. All employees who have been in employment for more than three months take part in an annual performance assessment. Performance is evaluated in a fair manner and any areas of further learning and development are identified.

## Retaining Talent

Building employee loyalty and retaining talent is a key pillar in our HR policy. Employee retention is crucial for maintaining consistent organisational performance and productivity. To this end, we promote teamwork, trust and open communication. We also offer competitive wages and numerous benefits, as outlined earlier in this report.

We monitor our employee attrition rates to understand the patterns and benchmark against industry trends. The annual attrition rate at CosmoSteel was 11.3% in FY2022 compared with 31.1% in FY2021. The higher turnover in FY2021 was due to some employees returning to their home countries while others found new job opportunities.

## TARGET AND PERFORMANCE

<b>ESG Factor</b>	Attracting and Retaining Talent
<b>FY2022 Target</b>	Employee turnover rate $\leq$ 20%
<b>FY2022 Performance</b>	11.3%
<b>FY2023 Target</b>	Employee turnover rate $\leq$ 20%

### Employee Attrition Rate (%)

(%)

FY2022

11.3

FY2021

31.1

FY2020

20.2

### Employee Attrition Rate by Gender (%)

(%)

FY2022

10.8

12.0

FY2021

45.7

11.5

FY2020

8.9

39.4

● Male ● Female

### Employee Attrition Rate by Age Group (%)

(%)

FY2022

25.0

12.8

FY2021

77.8

20.5

26.7

FY2020

43.8

14.3

25.0

● <30 Years ● 30 – 50 Years ● >50 Years

## Developing Employees

We understand the value of upskilling our workforce to ensure they have the most up to date knowledge to undertake their roles, and further developing their knowledge and skills to help them progress in their careers. Our annual training calendar provides a roadmap for employee development. We provide ongoing learning opportunities through on-site training, mentoring and briefings that help our employees build job-related competencies and support individual career development goals. Our training activities and priorities include:

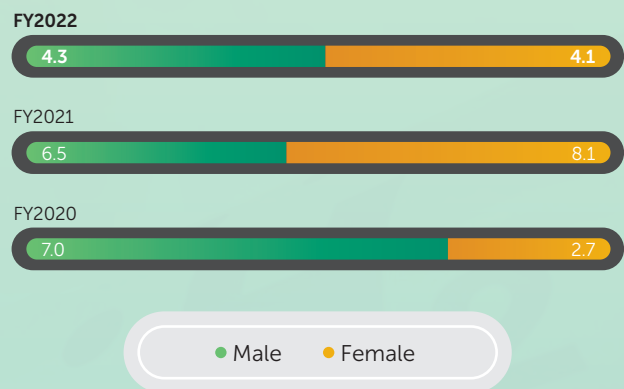
- An orientation programme to integrate all new employees into the organisation and help them commence their jobs productively.
- Compulsory safety training to obtain the mandated courses and certifications for those employees working in roles that require them.
- Building and developing organisational skills and expertise to meet our business goals.

In FY2022, our average hours of training per employee was 4.2 hours, compared with 7.1 hours in the preceding year. The average training was 4.3 hours and 4.1 hours for male and female employees respectively.

### Average Training Hours per Employee



### Average Training Hours by Gender



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

- (MSOC) Apply Workplace Safety and Health in Metal Work (English)
- (QEHS) Company Accredited Standards Refresher Training 2022
- ACRA-SGX-SID Audit Committee Seminar 2022
- Chemical Spillage Drill 2021
- Chemical Spillage Drill 2022
- Company Accredited Standards Training 2022
- EPB Mobile Scanner (Stock Take) Training (Practical)
- EPB Mobile Scanner (Stock Take) Training (Theory)
- EPB System Training (System Administration)
- ERP System – Mill Cert Data Input/Attachment Exercise (System Training)
- Fire Evacuation Drill 2021
- GST Rate Change
- IOGP JIP33 Procurement Specifications for Oil & Gas Industry

- Key Considerations in Managing Tax Compliance Requirements Challenges
- LED – Environmental, Social and Governance Essentials (Core)
- Operation of German Marking Machine
- Operation of German Marking Machine (Refresher)
- Operation of Heavy Forklift
- Recovery of Expenses (In Tandem to GST Rate Change)
- Safety Orientation Course (Metalworking) – Recertification
- Safety Orientation Course (Metalworking) – Recertification (Chinese)
- SGSecure @ Workplaces – Crisis Communications and Leadership
- Singapore Budget 2022 Webinar – Key Budget Highlights and Impact on Businesses
- Singapore Governance and Transparency Forum 2022
- Sustainability Reporting and Climate Change
- Tabletop Exercise 2022
- Ultrasonic Thickness Gauge Training

## TARGET AND PERFORMANCE

ESG Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Human Rights	Report on the incidents of non-compliance with human rights policies, if any	Zero incidents of non-compliance	Report on the incidents of non-compliance with human rights policies, if any

# SUSTAINABILITY REPORT 2022

## Protecting Human Rights

We uphold nationally and internationally accepted human rights principles and values. All employees are required to abide by our Code of Conduct that bars discrimination, child labour and forced labour. Our HR policy prohibits any discrimination based on nationality, age, race, religion, language, gender or marital status.

In our assessment, the risk of child labour and forced labour is extremely low in our own operations. We do not assess these risks in our supply chain as we do not have much control or influence in those areas. We are, however, committed to staying vigilant when dealing with suppliers, and we operate a performance rating system whereby our suppliers are periodically assessed.

CosmoSteel is a signatory to the Fair Consideration Framework (FCF), which sets out requirements for all employers in Singapore to consider the workforce fairly for job opportunities and states that employers should not discriminate on characteristics that are not related to the job, such as age, gender, nationality or race. As a signatory, we follow the tripartite guidelines on fair employment practices and adhere to applicable labour laws. We have also implemented a whistleblowing policy, as outlined earlier, which empowers employees to raise concerns anonymously.

There were no instances of discrimination, child labour or forced labour in FY2022.

## Upholding Freedom of Association

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



## ENVIRONMENT

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



As a trading business, our direct impact on the environment is not considered material. However, we take steps to minimise our environmental footprint wherever possible. We have implemented a precautionary principle approach to managing our environmental impact proactively. As part of this approach, we have maintained an ISO 14001-certified Environmental Management System ("EMS") since 2009. The EMS provides a framework to promote environmental conservation and protection and to minimise or prevent pollution by managing the risks and opportunities arising from our operations.

Our key environmental goals within our Singapore operations are to reduce our carbon emissions, largely by reducing our energy use and improving resource efficiency, and to minimise the waste we generate. We have established specific targets in these areas, and carefully monitor our performance. Monthly performance reports are reviewed by Management and corrective actions are implemented where required.

Reducing our use of energy, water and paper requires full collaboration from all employees. An annual refresher training provides our employees with oversight of our environmental commitment and helps them understand their role in achieving our targets.

## Environmental Policy

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

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

## Action on Climate Change

We recognise that urgent, global action is required to curb the rise in temperatures and mitigate the risks of climate change. To this end, we fully support the Paris Climate Agreement goal of limiting the global temperature rise to 2°C compared with pre-industrial levels, and ideally restricting it to no more than a 1.5°C increase.

Our main operations are situated in Singapore, a small island state which is particularly vulnerable to the potential effects of climate change, which could include:

- Rising sea level and the resulting flooding in low-level areas
- Rising temperatures and increased frequency and duration of severe weather events leading to:
  - droughts and flooding
  - adverse effects on biodiversity and ecosystems
  - increased risk of vector-borne disease transmission
  - heat stress (especially for vulnerable groups)
  - urban heat island effects which further increase energy demands for cooling, resulting in more greenhouse gas emissions
  - risk of food security arising from droughts and floods disrupting or destroying crop harvests in supplier countries

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

## Reducing GHG Emissions

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

We seek to reduce our energy use and subsequent emissions by implementing our ISO 14001 Environment Management System. We evaluate our performance against our reduction targets through monthly reporting. The results are shared across the organisation for awareness.

### Greenhouse Gas Emissions

(tCO<sub>2</sub>)

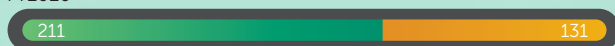
FY2022



FY2021



FY2020



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

### Greenhouse Gas Emission Intensity

(tCO<sub>2</sub>/S\$1 Million Revenue)

FY2022



FY2021



FY2020



# SUSTAINABILITY REPORT 2022

## Minimising Energy Consumption

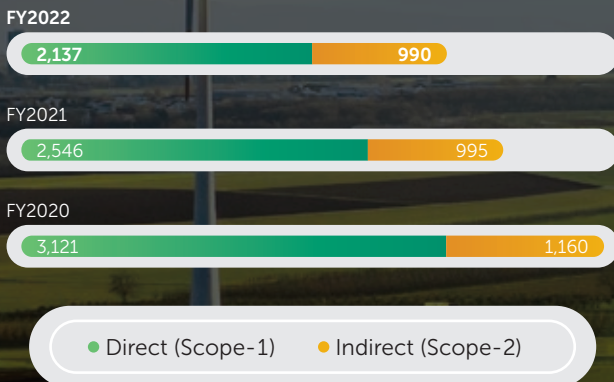
As part of our energy reduction efforts, we have been retrofitting traditional lighting in our buildings with LED lighting, which is proven to reduce energy consumption by approximately 50% to 70% as compared to older technologies. Employees are encouraged to conserve energy by switching off lighting and machinery when not in use. We place 'Switch off' posters around the facility as a reminder to conserve energy and our monthly energy performance data is circulated to raise awareness. The air conditioning is set to a fixed temperature and undergoes regular maintenance to ensure optimal performance, and our pantry is equipped with energy-saving appliances. A dedicated team of energy champions conducts checks to ensure machines and office printers are switched off to reduce energy wastage.

As a result of our increased focus on energy-saving measures, our absolute carbon emissions have

decreased by 38% in FY2022 compared with the base year of FY2016. Our carbon emission intensity, measured in a tonne of CO<sub>2</sub> ("tCO<sub>2</sub>") emission per million dollars in revenue, decreased by 7% in the same period. In FY2022, our carbon emission intensity was 5.6 tCO<sub>2</sub> per million dollars in revenue, lower than 7.2 tCO<sub>2</sub> per million dollars in revenue for FY2021 on account of an increase in revenue and lower consumption of diesel. Our energy intensity was 67.9 gigajoules ("GJ") per million dollars in revenue for FY2022, 10% lower than the base year of FY2016.

Our monthly electricity use per employee was 383 kilowatt hours ("kWh") in FY2022, compared with 314 kWh in the prior year, falling short of our aspirational target of 300 kWh. We continue to review our consumption patterns to explore new avenues to meet our target. For example, we are in the process of installing solar PV systems on the roof of the office building and the warehouse building at 14 Lok Yang Way. The combined installed capacity will produce an estimated 735,366 kWh a year and can cater to 100% of the Group's electricity usage.

### Energy Consumption (GJ)



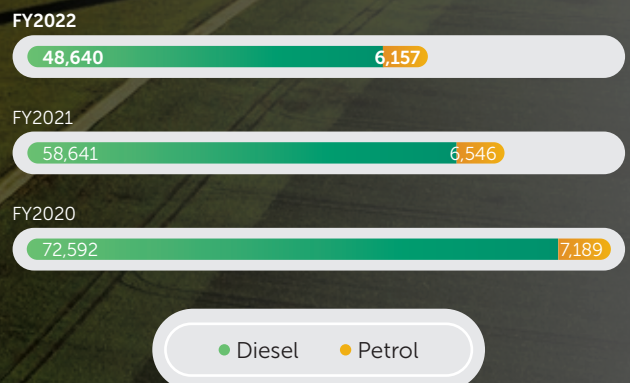
### Energy Intensity (GJ/\$\$1 Million Revenue)



### Electricity Consumption (kWh)



### Fuel Consumption (Litres)





## Reducing Waste

We adopt the 'Three R's Approach' (Reduce, Reuse and Recycle) to guide our policies on managing waste. By improving our resource efficiency, we continue to minimise our waste. Regular monitoring of hazardous and non-hazardous waste is a part of our Environmental Management System, and we have a system in place to collect, segregate, recycle and safely dispose waste from our facilities.

The waste we generate mainly includes metal scrap, paper, plastic, electronics and chemicals. Metal scrap constitutes the bulk of our waste, resulting from our metal works. Metal scrap is recyclable and therefore we sell it to licensed scrap metal dealers. For the rest of our waste, we employ the services of licensed waste management contractors and send our plastic and paper waste for recycling.

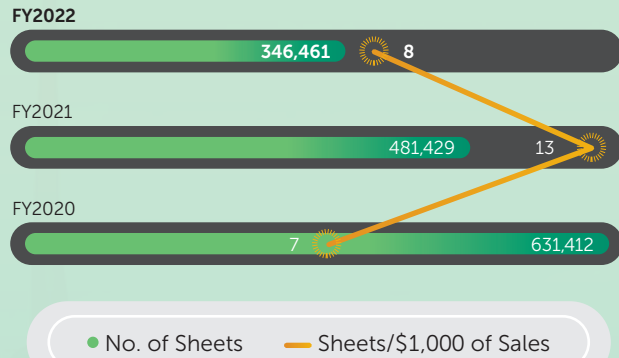
Our non-hazardous waste amounted to 68.2 tonnes in FY2022, an increase from 14.8 tonnes in FY2021. The increase was due to the decommissioning and disposal of an overhead crane runway beam that was dismantled from the redeveloped warehouse that resulted in an additional one-off 54.5 tonnes of metal waste. Due to the one-off occurrence of the beam disposal, the non-hazardous waste data is not comparable with previous years. Excluding the beam scrap, our non-hazardous waste was 13.7 tonnes, a reduction of 7.6% compared to FY2021.

## Paper Use and Recycling

In our offices, we use certified, sustainably produced paper to reduce our environmental impact further. Additionally, we minimise the use of paper by using double-sided printing and engaging locked printer settings to ensure we only print what is required. Our new Enterprise Resource Planning ("ERP") system and the e-invoicing initiative in FY2022 also helped reduce paper use.

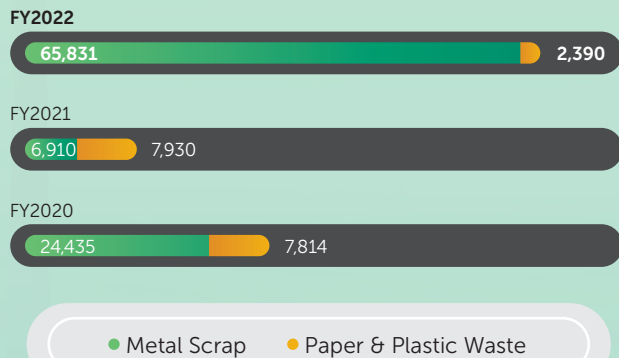
In FY2022, we used an average of eight sheets of paper per \$1,000 in revenue, a significant reduction in paper use compared with FY2021 when the figure was 13 sheets per \$1,000 in revenue.

### Office Paper Use and Intensity



### Non-hazardous Waste

(Kg)



### Non-hazardous Waste Intensity

(Kg/\$1 Million of Revenue)



# SUSTAINABILITY REPORT 2022

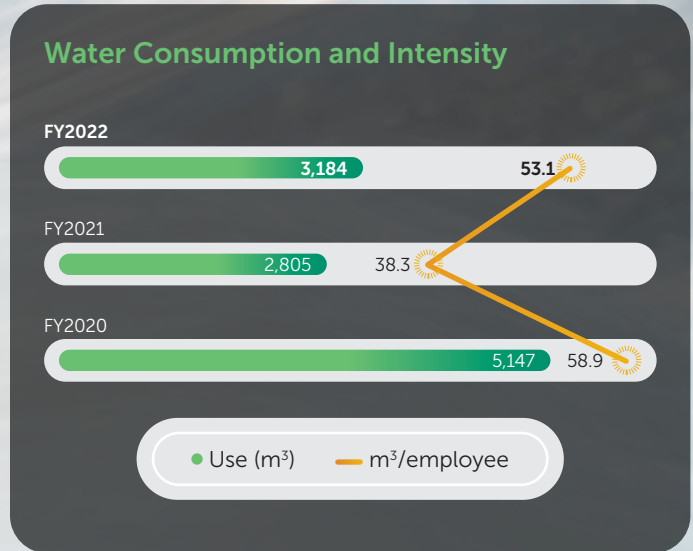
## Conserving Water

Water is not considered a material topic for our business as our use is limited to domestic services such as washing and cleaning. However, we view water as a vital planetary resource and do our best to conserve its use. Our conservation efforts include awareness campaigns to minimise unnecessary shower time, daily checks of washrooms for leaks, and using water-efficient equipment such as spray hoses and taps to minimise consumption. We monitor our water use monthly, and the Management reviews our water conservation initiatives annually.

Our entire water need is met by supplies from the Public Utilities Board (“PUB”), Singapore’s national water agency. Our sewage water is discharged into the city sewage system and is also managed by PUB. PUB has established a technologically advanced sewage treatment system to treat and reuse sewage water.

In FY2022, our monthly water utilisation was 4.4 m<sup>3</sup> per employee against our target of 3.0 m<sup>3</sup>. The water use was higher due to the construction of a warehouse

at our premises. We will continue monitoring our water use while seeking further ways to reduce our water consumption.



## ECONOMIC PERFORMANCE

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

### Economic Value Created

As an SGX Mainboard-listed company, CosmoSteel publishes its audited financial statements in its Annual Report. In line with the GRI disclosure requirements, a summary of our economic performance is presented below. The information

has been extracted from our annual reports, which the Board has approved. For more detailed information about the Group’s financial performance, please refer to this report’s Financial Review and Financial Report sections.

### Supporting Communities

As a responsible corporate citizen, we find it important to support local community causes. We have contributed approximately \$22,000 to various beneficiaries and charity drives in the last three financial years.

Summary of Economic Performance (S\$'000)			
Economic Performance Indicators	FY2020	FY2021	FY2022
Revenue	86,757	39,361	46,083
Net profit after tax	5,271	2,359	2,279
Operating expenses	13,301	10,932	11,543
Employee wages and benefits	5,980	4,990	5,218
Income tax benefit/(expense)	54	97	(91)
Dividends on equity shares	1,452	1,452	2,009

## TARGET AND PERFORMANCE

ESG Factor	FY2022 Target	FY2022 Performance	FY2023 Target
Economic Performance	Maintain consistent financial performance and growth	Please refer to the Financial Report section of this report	Maintain consistent financial performance and growth

## GOVERNANCE

### Corporate Governance and Transparency



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

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

A further measure of our commitment to strong corporate governance can be seen through the Singapore Governance and Transparency Index (“SGTI”), which assesses the corporate governance practices of Singapore-listed companies. CosmoSteel ranked 92<sup>nd</sup> out of 489 listed companies in the 2022 Index.

### Risk Management Strategy

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

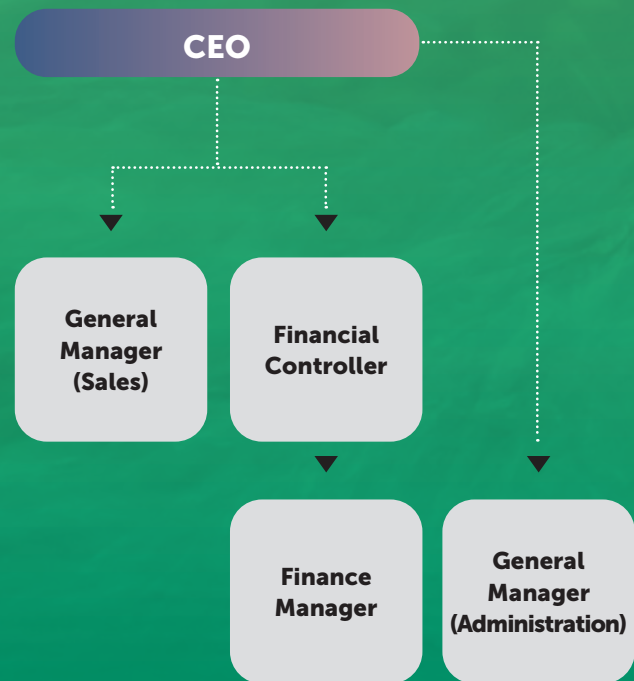
### Risk Management Team

The ERM is administered by a Risk Management Team comprising members from the Management. This Team is responsible for the effective implementation of the Group’s risk management strategy, policies and processes. The Team sets the direction of corporate risk management and monitors the implementation of risk management policies

and procedures. The Risk Management Team provides quarterly update to the Audit Committee and to the Board on any areas of concern that may have arisen during that period in relation to the Group’s key risk factors.

Furthermore, the Group has requested its internal auditors, CLA Global TS Advisory Pte Ltd. (formerly known as Nexia TS Advisory Pte Ltd), to take such risk factors into consideration when drawing up the annual internal audit plan, in order to review and monitor the identified risk areas.

In the event that we intend to enter into any new markets, business ventures or business sectors, the Group may also appoint external professional parties to review or advise on additional areas of risk factors to consider in connection with such forays.



### KEY ELEMENTS OF ERM

- 1 Identification of key business and operations risk factors
- 2 Categorisation of risks factors within broad compliance, financial and operational risks
- 3 Secondary categorisation of risk factors within 15 defined categories of key areas
- 4 Ranking of risk factors in terms of their relative importance of implications for the Group should such risks materialise
- 5 Risk mitigating practices, where applicable, that are in place to address such risks

# SUSTAINABILITY REPORT 2022

## Key Identified Risks

We have identified various compliance, operational and financial risks for the Group, as listed in the following table. Key compliance risks for CosmoSteel have been identified as corporate governance and geopolitical risks. Key operational

risks have been identified as supply chain management risks and sales, marketing and communications risks. Key financial risks have been identified as cash flow management, or liquidity risk, and the ability to obtain adequate funding for operations and investments. We manage these and the other risks listed in the table on an ongoing basis.

RISK REGISTER		
Compliance	Operational	Financial
Corporate Governance	Supply Chain Management	Finance (Internal)
Geopolitical	Sales, Marketing & Communications	Finance (External factors)
Audit Quality	Corporate Assets	
Ethics	Corporate Social Responsibility & Sustainability	
Health & Welfare Benefits	Human Resources	
Laws & Regulation	Information Technology	
	Legal	

## COMPLIANCE RISKS

### Corporate Governance

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

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

### Geopolitical

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

### Health & Welfare Benefits

The Group's policies are aligned with regulations and industry standards. As part of our human resource practices, we ensure employee benefits are in place, and healthcare insurance is arranged for eligible employees. Our overall compensation and benefits structure aligns closely with the basic requirements at the Ministry of

Manpower ("MOM"), and the Group keeps itself up to date through regular updates from MOM.

### Laws & Regulation

The Group is ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified. To ensure compliance with Environmental, Health and Safety laws and regulations, we subscribe to quarterly updates with BSI Group Singapore Pte Ltd and undergo surveillance audits by Bureau Veritas Singapore Pte Ltd annually, with recertification audits taking place every three years. The last audit of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 was in August 2022.

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

## OPERATIONAL RISKS

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

### Supply Chain Management

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

management planning of our inventory stock and costs. These steps include monthly management monitoring of inventory balance, correspondences with suppliers and tapping into available market information.

The Group further mitigates its supply chain risks by being ISO 22301:2019-certified for Business Continuity Management (“BCM”). As part of this certification, the Group commits to identifying potential operational

risks which threaten business processes and to building integrated mitigating procedures that will increase our resilience and ensure rapid recovery of critical business functions. This helps prepare us for handling adverse scenarios and enables us to safeguard the interests of our key stakeholders, reputation and brand. In meeting this commitment, the Group complies with all applicable legal and regulatory requirements and seeks continual improvements to its BCM system.

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

## Sales, Marketing and Communications

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

We conduct regular customer satisfaction surveys to monitor the overall quality of work and the services we provide. For details on our customer satisfaction surveys, please refer to the sub-section on Customers on page 28 of this annual report.

## Corporate Social Responsibility & Sustainability

CosmoSteel actively seeks to reduce our operational impact on the environment and has stringent corporate responsibility and sustainability practices to manage industrial waste by recycling and reusing where possible and engaging licensed waste collectors. For details on our environmental programmes, please refer to the section on Environment on pages 36 to 40 of this annual report.

## Human Resources

As part of our human resource efforts to attract top talent to our workforce and retain valued employees, the Group has formulated training and development programmes that reach beyond the scope required by authorities. We have also implemented rigorous health and safety management programmes. For details on our training and education programmes, please refer to the section on People on page 35 of this annual report.

## Information Technology (IT)

For continuous operability, it is imperative that our IT systems are reliable and optimised. We partially outsource

our IT infrastructure to professional vendors and install stringent security measures to prevent information leaks or data losses. In addition, our inventories are protected by adequate insurance covering all industrial risks as well as our utilisation of on-site security devices.

## FINANCIAL RISKS

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

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

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

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

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

# SUSTAINABILITY REPORT 2022

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

GRI Standard	Disclosures	Page Number(s)/ Location
<b>GRI 2: GENERAL DISCLOSURES 2021</b>		
<b>Organisational Details and Reporting Practices</b>		
GRI 2-1	Organisational details	1, 3
GRI 2-2	Entities included in the organisation's sustainability reporting	19
GRI 2-3	Reporting period, frequency and contact point	19
GRI 2-4	Restatements of information	19
GRI 2-5	External assurance	19
<b>Activities and workers</b>		
GRI 2-1	Activities, value chain and other business relationships	7
GRI 2-2	Employees	31-32
GRI 2-3	Workers who are not employees	31
<b>Governance</b>		
GRI 2-9	Governance structure and composition	9-11, 58-63
GRI 2-10	Nomination and selection of the highest governance body	54-57
GRI 2-11	Chair of the highest governance body	9, 53
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	21, 48
GRI 2-13	Delegation of responsibility for managing impacts	21, 41
GRI 2-14	Role of the highest governance body in sustainability reporting	21, 48
GRI 2-15	Conflicts of interest	50
GRI 2-16	Communication of critical concerns	30, 49-50, 66
GRI 2-17	Collective knowledge of the highest governance body	49
GRI 2-18	Evaluation of the performance of the highest governance body	55-56
GRI 2-19	Remuneration policies	58-63
GRI 2-20	Process to determine remuneration	58-63
GRI 2-21	Annual total compensation ratio	Information is not disclosed due to commercial sensitivity
<b>Strategies, Policies and Practices</b>		
GRI 2-22	Statement on sustainable development strategy	9
GRI 2-23	Policy commitments	21, 29-30, 36
GRI 2-24	Embedding policy commitments	21, 29-30, 49
GRI 2-25	Processes to remediate negative impacts	30, 66
GRI 2-26	Mechanisms for seeking advice and raising concerns	30, 66
GRI 2-27	Compliance with laws and regulations	30
GRI 2-28	Membership associations	28

GRI Standard	Disclosures	Page Number(s)/ Location
<b>Stakeholder Engagement</b>		
GRI 2-29	Approach to stakeholder engagement	26-27
GRI 2-30	Collective bargaining agreements	36
<b>Material Topics</b>		
GRI 3-1	Process to determine material topics	22
GRI 3-2	List of material topics	22
<b>ECONOMIC PERFORMANCE</b>		
<b>Economic Performance</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 24, 40
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	40
<b>Anti-corruption</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 25, 29
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	29
	205-3 Confirmed incidents of corruption and actions taken	29
<b>ENVIRONMENTAL PERFORMANCE</b>		
<b>Energy</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 25, 38
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	38
	302-3 Energy intensity	38
<b>Water</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 25, 40
Management Approach Disclosures 2018	303-1 Interactions with water as a shared resource	40
	303-2 Management of water discharge-related impacts	Not Applicable as no wastewater discharge
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	40
<b>Emissions</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 25, 37
GRI 305: Emissions 2016	305-1 Direct (Scope-1) GHG emissions	37
	305-2 Energy indirect (Scope-2) GHG emissions	37
	305-4 GHG emission intensity	37
<b>Waste</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 25, 39
Management Approach Disclosures 2020	306-1 Waste generation and significant waste-related impacts	39
	306-2 Management of significant waste-related impacts	39
GRI 306: Waste 2020	306-3 Waste generated	39
<b>SOCIAL</b>		
<b>Employment</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 24, 32, 34
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	32, 34

# SUSTAINABILITY REPORT 2022

GRI Standard	Disclosures	Page Number(s)/ Location
<b>Occupational Health and Safety</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 24, 33
Management Approach Disclosures 2018	403-1 Occupational health and safety management system	33
	403-2 Hazard identification, risk assessment, and incident investigation	33
	403-3 Occupational health services	33
	403-4 Worker participation, consultation, and communication on occupational health and safety	33
	403-5 Worker training on occupational health and safety	33
	403-6 Promotion of worker health	33
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	33
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	33
	403-9 Work-related injuries	33
<b>Diversity and Equal Opportunities</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 24, 31-32
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	31-32
<b>Non-Discrimination</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 25, 36
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	36
<b>Freedom of Association and Collective Bargaining</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 25, 33
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	33
<b>Child Labour</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 25, 36
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	36
<b>Forced, or Compulsory Labour</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	23, 25, 36
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	36
<b>Marketing and Labelling</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 24, 29
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	29
	417-2 Incidents of non-compliance concerning product and service information and labelling	29



# CORPORATE INFORMATION

## Board of Directors

**Tan Siok Chin\***

(Chairman and Non-Executive Non-Independent Director)

**Jack Ong Tong Hai**

(Chief Executive Officer and Executive Director)

**Shiro Kanaya**

(Non-Executive Non-Independent Director)

**Ong Tiew Siam\***

(Lead Independent Director)

**Hor Siew Fu**

(Independent Director)

**Lim Jun Xiong Steven\***

(Independent Director)

**Loo Cheng Guan\***

(Independent Director)

## Audit Committee

**Ong Tiew Siam**

(Chairman)

**Hor Siew Fu**

(Member)

**Tan Siok Chin**

(Member)

## Nominating Committee

**Lim Jun Xiong Steven**

(Chairman)

**Ong Tiew Siam**

(Member)

**Shiro Kanaya**

(Member)

## Remuneration Committee

**Loo Cheng Guan**

(Chairman)

**Lim Jun Xiong Steven**

(Member)

**Shiro Kanaya**

(Member)

## Company Secretary

**Lee Pih Peng** MBA, LLB

**Tan Bee Kheng**, CA (Singapore)

## Registered Office & Principal Place of Business

14 Lok Yang Way Singapore 628633

## Share Registrar

**Boardroom Corporate & Advisory Services Pte Ltd**

1 Harbourfront Avenue

Keppel Bay Tower #14-07

Singapore 098632

## Auditors

**RSM Chio Lim LLP**

8 Wilkie Road

#03-08 Wilkie Edge

Singapore 228095

Partner in-Charge: Chow Khen Seng (a member of the Institute of Singapore Chartered Accountants)

## Investor Relations

**CosmoSteel Holdings Limited**

ir@cosmosteel.com.sg

**August Consulting**

Silvia Heng

silviaheng@august.com.sg

## Website

www.cosmosteel.com

\* Updates on status of directors:

- Mr Low Beng Tin, our Chairman and Independent Director, stepped down from his role with effect from 1 December 2022.
- Ms Tan Siok Chin, our Non-Executive Non-Independent Director, assumed the Chairman role with effect from 1 December 2022.
- Mr Ong Tiew Siam, Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan were appointed as Independent Directors of the Company with effect from 1 December 2022.

# CORPORATE GOVERNANCE STATEMENT

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

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

This statement outlines the policies adopted and practised by the Group during FY2022 with specific reference to the relevant principles and provisions of the Code. The Company has generally adopted principles and practices of corporate governance in line with the recommendations of the Code, save as highlighted and explained in this report.

## BOARD MATTERS

### Principle 1: Board's Conduct of its Affairs

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

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

#### **Provision 1.1**

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

The Board's principal functions include:–

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

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

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## *Continuous Training for Directors and Orientation for Incoming Directors*

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

**Provision 1.2  
and  
Provision 4.5**

Mr Shiro Kanaya was appointed to the Board on 1 October 2021. As Mr Shiro Kanaya did not have prior experience as a director of a company listed on the SGX-ST at the time of his appointment to the Board, Mr Shiro Kanaya had attended and completed the relevant training on 15 March 2022, as prescribed by Practice Note 2.3 of the SGX-ST Listing Manual. Mr Ong Tiew Siam, Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan were appointed to the Board on 1 December 2022. Mr Ong Tiew Siam, Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan are currently independent directors of other companies listed on the SGX-ST.

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

In FY2022, the Directors attended various briefings, updates and training as part of their continuing professional development, including, *inter alia*, the "SID Environmental, Social and Governance Essentials" as required by the Singapore Exchange Regulation.

## *Matters Requiring Board Approval*

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

**Provision 1.3**

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

## *Delegation of Authority to Board Committees*

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

**Provision 1.4**

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## Meetings of Board and Board Committees

The Board and Board Committees meet regularly throughout the year. Ad hoc meetings and/or discussions (including via email correspondences) are convened when circumstances require. Details relating to the number of Board and Board Committee meetings held in respect of FY2022 and the attendance of the Directors are set out below:

### Provision 1.5

Name	Number of Meetings <sup>2,3</sup>									
	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		General Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Siok Chin	11	11	4	4	1	1 <sup>1</sup>	1	1 <sup>1</sup>	1	1
Jack Ong Tong Hai	11	11	4	4 <sup>1</sup>	1	1 <sup>1</sup>	1	1 <sup>1</sup>	1	1
Shiro Kanaya <sup>4</sup>	11	11	4	4 <sup>1</sup>	1	1	1	1	1	1
Ong Tiew Siam <sup>5</sup>	11	0	4	0	1	0	1	0	1	0
Hor Siew Fu	11	11	4	4	1	1	1	1	1	1
Lim Jun Xiong Steven <sup>5</sup>	11	0	4	0	1	0	1	0	1	0
Loo Cheng Guan <sup>5</sup>	11	0	4	0	1	0	1	0	1	0
Low Beng Tin <sup>6</sup>	11	11	4	4	1	1	1	1	1	1

#### Notes:

- <sup>1</sup> The Directors are not members of the respective Committees but have attended the meetings by invitation.
- <sup>2</sup> Regular Board and Committee meetings comprise four Board meetings, four Audit Committee meetings, one Nominating Committee meeting and one Remuneration Committee meeting. Notwithstanding that the Company is not required to release its financial statements on a half yearly basis with effect from 7 February 2020, the Board and the Audit Committee continues to meet at least four times a year.
- <sup>3</sup> Due to the COVID-19 restriction orders in Singapore, all of the Board and Board Committee meetings, save for the Company's fourth quarter meetings which were held in person, held in respect of FY2022 were conducted by way of video conference.
- <sup>4</sup> Mr Shiro Kanaya was appointed to the Board on 1 October 2021.
- <sup>5</sup> Mr Ong Tiew Siam, Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan were appointed to the Board on 1 December 2022.
- <sup>6</sup> Mr Low Beng Tin has resigned from the Board and ceased to be a Director on 1 December 2022.

## Multiple Board Representations

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

## Provision of Information to the Board and Board Committees

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

### Provision 1.6

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

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

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## *Access to Management, Company Secretary and Independent Professional Advice*

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

**Provision 1.7**

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

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

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

## **Principle 2: Board Composition and Guidance**

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

## *Board Composition and Degree of Independence of the Board*

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

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

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

Name of Director	Role undertaken	Board Committee Membership	Date of First Appointment	Date of last Re-appointment	Present directorships and chairmanships in other listed companies and other principal commitments	Directorships and chairmanships in other listed companies and other principal commitments over the preceding 3 years
Tan Siok Chin	Chairman & Non-Executive Non-Independent Director	Audit Committee	28 March 2007	28 January 2022	Valuetronics Holding Limited ACIES Law Corporation	Design Studio Group Ltd
Jack Ong Tong Hai	Chief Executive Officer & Executive Director	–	9 November 2005	27 January 2021	Nil	Nil
Shiro Kanaya	Non- Executive Non-Independent Director	Nominating Committee Remuneration Committee	1 October 2021	28 January 2022	Nil	Nil
Ong Tiew Siam	Lead Independent Director	Audit Committee (Chairman) Nominating Committee	1 December 2022	–	CSC Holdings Limited	Design Studio Group Ltd Valuetronics Holdings Limited
Hor Siew Fu	Independent Director	Audit Committee	26 October 2018	27 January 2021	Edition Limited Memiontec Holdings Limited	Plastoform Holdings Limited Q Industries & Trade Pte Ltd
Lim Jun Xiong Steven	Independent Director	Nominating Committee (Chairman) Remuneration Committee	1 December 2022	–	Bund Center Investment Ltd Hong Fok Corporation Limited Sinarmas Land Limited Livingstone Health Holdings Limited Riverstone Holdings Limited	Mirach Energy Limited Keong Hong Holdings Limited Emerging Towns & Cities Ltd
Loo Cheng Guan	Independent Director	Remuneration Committee (Chairman)	1 December 2022	–	Valuetronics Holdings Limited China First Capital Group Limited Vermilion Gate Pte Ltd King Tower Asset Management (S) Pte Ltd	Mirach Energy Limited Datapulse Technology Limited

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## *Alternate Directors*

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

## *Composition and Size of the Board*

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

**Provision 2.4**

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

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

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

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

The Directors' profiles are set out in pages 10 to 11 of this Report.

## *Meetings without the presence of Management*

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

**Provision 2.5**

## **Principle 3: Chairman and Chief Executive Officer**

### *Roles and Responsibilities of Chairman and CEO*

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

**Provision 3.1**

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

**Provision 3.2**

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

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## *Lead Independent Director*

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

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

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

## **Principle 4: Board Membership**

### *Composition and Terms of Reference of Nominating Committee*

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

**Provision 4.1**

- (a) determining annually, and as and when circumstances require, whether a Director is independent, and providing its views to the Board in relation thereto for the Board's consideration;
- (b) reviewing the independence of any director who has served on the Board for more than nine (9) years from the date of his first appointment and the reasons for considering him as independent;
- (c) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments;
- (d) where the appointment of an alternate Director to a Director is proposed, determining whether the alternate Director is familiar with the Company's affairs, appropriately qualified and (in the case of an alternate Director to an independent) whether the alternate Director would similarly qualify as an independent Director, and providing its views to the Board in relation thereto for the Board's consideration;
- (e) making recommendations to the Board on relevant matters relating to:
  - (i) the review of board succession plans for directors, in particular, the Chairman and for the CEO;
  - (ii) the development of a process and criteria for evaluation of the performance of the Board, its board committees and directors;
  - (iii) the review of training and professional development programs for the Board; and
  - (iv) the appointment and re-appointment of directors (including alternate directors, if applicable).

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

**Provision 4.2**

Mr Lim Jun Xiong Steven     Chairman  
Mr Ong Tiew Siam  
Mr Shiro Kanaya

Ms Tan Siok Chin had stepped down from the Nominating Committee on 22 December 2021.

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

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

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



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## *Evaluation of the Board*

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

### **Provision 4.3**

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

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

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

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

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

## *Determining Directors' Independence*

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

### **Provision 4.4**

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

The Nominating Committee carried out the review on the independence of each Independent Director in November 2022 taking into account the respective Directors' self-declarations and their actual performance on the Board and Board Committees, and is satisfied that the Independent Directors are able to act with independent judgment.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## *Commitments of Directors Sitting on Multiple Boards*

Pursuant to the Board's policy on the maximum number of listed company board representations which any Director may hold, Directors should not have more than six (6) listed company board representations. The listed company directorships and principal commitments of each Director is set out above in page 52 of this Report. The Nominating Committee has reviewed each Director's other directorships and their principal commitments. Despite the multiple directorships of some Directors, the Nominating Committee was satisfied that such Directors spent adequate time on the Company's affairs and have carried out their responsibilities and duties as a director of the Company.

**Provision 4.5**

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

## **Principle 5: Board Performance**

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

**Provision 5.1**

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

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

**Provision 5.2**

Each of the Directors has completed a Board Performance Evaluation Checklist, giving their individual assessment and evaluation of the Board's ability and Committees' ability to meet the relevant criteria stated in the Board Performance Evaluation Checklist. In addition, each of the Directors has completed an Individual Directors' Evaluation Checklist, giving their assessment and review of other Directors' performance and, in the case of Independent Directors who have served more than nine years, to consider their continued independence despite the tenure of their office.

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

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

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## Principle 6: Procedures for Developing Remuneration Policies

### *Composition and Terms of Reference of Remuneration Committee*

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

**Provision 6.1  
and  
Provision 6.3**

- (a) reviewing and recommending to the Board, a general framework of remuneration for the Directors and key management personnel;
- (b) reviewing and recommending annually to the Board, the specific remuneration packages for each Director as well as for the key management personnel;
- (c) reviewing all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind;
- (d) reviewing annually the remuneration of employees who are substantial shareholders, immediate family members of a Director or the CEO or a substantial shareholder whose remuneration exceeds S\$100,000 during the year;
- (e) reviewing the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such arrangements are fair and reasonable and not overly generous;
- (f) ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- (g) administering the employee share option scheme, share-incentive or award scheme from time to time established or implemented by the Company (collectively the "**Schemes**") with powers to determine, *inter alia*, the following:–
  - (i) persons to be granted options, share incentives, awards and other benefits under the Schemes;
  - (ii) number of options, share incentives, awards and other benefits under the Schemes to be offered;
  - (iii) terms of such options, share incentives, awards and other benefits under the Schemes to be offered, including exercise price and vesting periods;
  - (iv) recommendations for modifications to the Schemes;
  - (v) generally, perform such other functions and duties as may be required by the relevant laws or provisions of the SGX-ST Listing Manual and the Code (as may be amended from time to time); and
- (h) reviewing whether Executive directors, Non-executive and Independent Directors and key management personnel should be eligible for options, share incentives, awards and other benefits under the Schemes.

There are currently no Schemes applicable to the Company.

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

**Provision 6.2**

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

Mr Loo Cheng Guan                      Chairman  
Mr Lim Jun Xiong Steven  
Mr Shiro Kanaya

Ms Tan Siok Chin had stepped down from the Remuneration Committee on 22 December 2021.

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

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

## *Access to Remuneration Consultants*

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

**Provision 6.4**

No remuneration consultants were engaged by the Company in FY2022.

## **Principle 7: Level and Mix of Remuneration**

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

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

## *Remuneration Structure of Executive Directors*

The remuneration for the Executive Directors is based on the terms of their respective service contracts entered into with the Company. Part of the remuneration for the Executive Directors under the terms of their service contracts applicable for FY2022 included a discretionary annual bonus payable as may be determined and granted by the Remuneration Committee and the Board.

**Provision 7.1**

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

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

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

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

Further details on the remuneration of the Executive Directors are further disclosed below in page 61 of this Report.

### *Remuneration Structure of Key Management Personnel*

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

### *Contractual Provisions Protecting the Company's Interests*

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

### *Remuneration Structure of Independent Directors and Non-Executive Non-Independent Directors*

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

### **Provision 7.2**

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

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

Fee Structure for Independent Directors and Non-Executive Non-Independent Directors for FY2022:

	\$
Basic board fee	45,000
Board chair	25,000
AC chair	20,000
RC and NC chair	10,000
AC member	10,000
RC and NC member	5,000
Attendance fee <sup>1</sup>	1,500

<sup>1</sup> The attendance fee is applicable for attendance at Board and Board Committee meetings other than the regular Board and Board Committee meetings comprising four (4) Board meetings, four (4) Audit Committee meetings, one (1) Nominating Committee and one (1) Remuneration Committee meeting annually.

Fee Structure for Independent Directors and Non-Executive Non-Independent Directors for FY2023<sup>2</sup>:

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

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

<sup>2</sup> The Fee Structure for Independent Directors and Non-Executive Non-Independent Directors has been revised with effect from FY2023, *inter alia*, following changes to the composition of the Board on 1 December 2022.

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

### Remuneration Framework

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

### Provision 7.3

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## Principle 8: Disclosure of Remuneration

### Remuneration of Directors and Key Management Personnel

Details of the remuneration paid to the Directors for FY2022 are as follows:

**Provision 8.1  
and  
Provision 8.3**

Remuneration of Directors	Directors' Fees (%)	Salary <sup>2</sup> (%)	Bonus <sup>1,2</sup> (%)	Allowances and Others (%)	Total Compensation (S\$)
<b>Executive Directors</b>					
Mr Jack Ong Tong Hai	–	71.3	11.9	16.8	504,666
<b>Non-Executive Non-Independent Directors</b>					
Ms Tan Siok Chin	100.0	–	–	–	55,000
Mr Shiro Kanaya	100.0	–	–	–	55,000
<b>Independent Directors</b>					
Mr Low Beng Tin <sup>3</sup>	100.0	–	–	–	95,000
Mr Hor Siew Fu	100.0	–	–	–	80,000

#### Notes:

<sup>1</sup> There was no Incentive Bonus payable to Mr Jack Ong Tong Hai for FY2022.

<sup>2</sup> Salary and bonus excludes Central Provident Fund Contributions which is included under Allowances and Others.

<sup>3</sup> Mr Low Beng Tin has resigned from the Board and ceased to be a Director on 1 December 2022.

For the financial year ended 30 September 2022, the top four key management personnel (who are not also Directors) of the Group are Mr Andy Ong Tong Yang, Ms Chong Siew Kuen, Mr Lim Kim Seng, and Ms Tan Bee Kheng.

### Provision 8.1 and Provision 8.3

A breakdown of the remuneration of the top four key management personnel of the Group for the financial year ended 30 September 2022 is set out below:

Remuneration of Top Four Key Management Personnel <sup>2</sup>	Salary <sup>1</sup> (%)	Bonus <sup>1</sup> (%)	Allowances and Others (%)	Total Compensation (%)
<b>Below S\$250,000</b>				
Mr Andy Ong Tong Yang <sup>3</sup>	58.9	27.0	14.1	100.0
Ms Chong Siew Kuen	64.0	13.4	22.6	100.0
Mr Lim Kim Seng	64.2	14.4	21.4	100.0
Ms Tan Bee Kheng	69.6	19.9	10.5	100.0

#### Notes:

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

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

<sup>3</sup> Mr Andy Ong Tong Yang was appointed as Head of Business Development and Strategy Planning on 20 May 2022.

The annual aggregate remuneration paid to the top four key management personnel of the Group (who are not directors or the CEO) for FY2022 is S\$729,468.

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

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

Mr Andy Ong Tong Yang, a substantial shareholder of the Company and the brother of Mr Jack Ong Tong Hai, the CEO of the Company, is an employee of the Group whose remuneration was more than S\$200,000 but less than S\$300,000 for FY2022. Further details of Mr Andy Ong Tong Yang's remuneration further disclosed above in page 61 of this Report.

**Provision 8.2**

## *Employee Share Schemes*

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

**Provision 8.3**

## **Principle 9: Risk Management and Internal Controls**

### *Risk Management System*

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

**Provision 9.1**

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

### *Assistance from Internal Auditors*

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

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



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## *Assurance from CEO and Chief Financial Officer/Financial Controller*

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

**Provision 9.2**

- (i) the financial statements of the Company for FY2022 give a true, accurate and complete view of the Group and the Company's operations and finances as at 30 September 2022;
- (ii) the accounting and other records required by the Act to be kept by the Company have been maintained in accordance with the provisions of the Act; and
- (iii) the Company and the Group have put in place and will continue to maintain an effective, and adequate system of risk management and internal controls (addressing financial, operational, compliance and information technology risks).

## *Board's Opinion on Internal Controls*

Based on the internal controls established and maintained by the Group, work performed by external auditors and internal auditors and reviews performed by Management, the various Board Committees and the Board, the Audit Committee and the Board are of the opinion, pursuant to Rule 1207(10) of the SGX-ST Listing Manual, that the Group's internal controls, (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 30 September 2022.

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

In addition, based, *inter alia*, on the current nature and scope of business and operations of the Group, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems to address and mitigate any sanctions-related risks, were adequate and effective as at 30 September 2022 and there has been no material change in the Company's risk of being subject to any sanctions-related laws or regulations since 30 September 2022.

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

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

## **Principle 10: Audit Committee**

### *Composition and Terms of Reference of Audit Committee*

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

**Provision 10.1**

- (a) reviewing the audit plan of the external auditors, including the nature and scope of the audit, before the audit commences;
- (b) reviewing the results of external audit, in particular:
  - (i) their audit report; and
  - (ii) their management letter and Management's response thereto;
- (c) reviewing the co-operation given by the Company's officers to the external auditors;

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

- (d) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and the Group and any announcements relating to the Company's financial performance. The Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts. In this regard, the Committee should focus particularly in: –
- (i) major judgmental areas; and
  - (ii) significant adjustments resulting from audit;
- and give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- (e) reviewing the independence of the external auditors annually and where the external auditors also provide a substantial volume of non-audit services to the Company, keep the nature and extent of such service under review, seeking to maintain objectivity;
- (f) making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of the engagement of the external auditors;
- (g) reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters (whistle-blowing policy);
- (h) reviewing and reporting to the Board at least annually, the adequacy and effectiveness of the Company's internal controls and risk management systems. Review of the Company's internal controls and risk management systems can be carried out with the assistance of externally appointed professionals;
- (i) reviewing and monitoring the Group's possible exposure or nexus (if applicable) to sanctions-related risks (including being subject to sanctions-related laws or regulations and/or financing or engaging in any sanctioned activity and/or having dealings with sanctioned subjects) and, where necessary, to consider obtaining independent legal advice or appointing a compliance adviser in relation to the sanctions-related risks applicable to the Company and continuous monitoring of the validity of the information provided to shareholders and SGX.
- (j) monitoring the establishment, appointments, staffing, qualifications and experience of the Company's internal audit function, including approval of the appointment and compensation terms of the head of the internal audit function, review of whether the internal audit function is adequately resourced, is independent of the activities it audits, and has appropriate standing within the Company. The internal audit function can either be in-house, outsourced to a reputable accounting/auditing firm, or performed by a major shareholder, holding company, parent company or controlling enterprise with an internal audit staff;
- (k) reviewing, at least annually, the adequacy and effectiveness of the Company's internal audit function;
- (l) meeting with (a) the external auditors, and (b) the internal auditors, if deemed necessary, without the presence of Management, at least annually;
- (m) to discuss problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);
- (n) reviewing the assurance from the CEO and Chief Financial Officer/Financial Controller on the financial records and financial statements of the Company;
- (o) commissioning and reviewing the findings of internal investigations into matters where there is suspicion of fraud or irregularity or failure of internal controls or infringement of any Singapore law, rule or regulation, which has or is likely to have a material impact on the Company and the Group's operating results and/or financial position;

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

- (p) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on; and
- (q) generally, performing such other functions and duties as may be required by the relevant laws or provisions of the SGX-ST Listing Manual and the Code (as may be amended from time to time).

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

- (a) review, at least annually, any interested person transactions;
- (b) monitor that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the SGX-ST Listing Manual and accounting and financial reporting standards, are complied with;
- (c) monitor that the guidelines and procedures established to monitor interested person transactions have been complied with; and
- (d) review, from time to time, such guidelines and procedures established to monitor interested person transactions to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Company and interested persons are conducted at arm's length and on normal commercial terms.

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

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

### *Continuing Development of the Audit Committee*

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

### *External Audit Function*

The Group's existing external auditors, Messrs RSM Chio Lim LLP, an audit firm registered with the Accounting and Corporate Regulatory Authority ("**ACRA**"), have been the auditors of the Group since 30 September 2006 and Mr Chow Khen Seng is the current audit partner in charge for the financial year ended 30 September 2022.

The Audit Committee has been briefed on the key audit matters of the Company for FY2022 and has reviewed, and is satisfied with, the measures taken by the Company to address such key audit matters.

The aggregate amount of fees paid to the external auditors of the Company for FY2022 is S\$153,000, of which S\$141,000 is paid for audit services and S\$12,000 is paid for non-audit services. The Audit Committee, having reviewed the range and value of non-audit services performed by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

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

### *Whistle Blowing Policy*

The Company has put in place a whistle blowing policy and has implemented relevant procedures, as approved by the Audit Committee and adopted by the Board, for the purposes of handling complaints, concerns or issues relating to activities or affairs relating to the business, customers, suppliers, partners or associates, activities or affairs of the Group or conduct of any officer, Management or employee of the Group. Staff of the Group have access to the Company Secretary and may, in confidence, raise concerns about possible improprieties in any such corporate matters by sending an email or a letter in writing to the Company Secretary, who would re-direct and/or send such email or letter in writing to the Audit Committee (in the event such concerns relates to any of the Directors or the Chief Financial Officer/Financial Controller of the Company) or the whistle blowing committee (for all other concerns), as the case may be. During FY2022, there were no complaints, concerns or issues received.

The Audit Committee comprises three (3) Directors, all of whom are non-executive and two (2) of whom are Independent Directors. As at the date of this Report, the Audit Committee members are:

**Provision 10.2**

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

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

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

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

**Provision 10.3**

### *Internal Audit Function*

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

**Provision 10.4**

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

The IA performs the internal audit functions which are in line with standards set by internationally and locally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The IA carries out its internal audit functions based on a work plan agreed with the Audit Committee, where different aspects of internal controls are reviewed for each year, and also take into consideration key risk factors identified under the Risk Register. The IA have submitted a report dated 10 May 2022 to the Audit Committee, reporting, *inter alia*, that (i) having performed the system review procedures of the Company's internal controls and (ii) save for certain matters highlighted to the Company which have been duly noted by Management, based on their review of the adequacy and effectiveness of the Company's system of internal controls and measures, according to the approved work plan, there were no significant deficiencies nor non-compliance to established controls and measures implemented by Management.

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

## *Meeting with External and Internal Auditors*

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

**Provision 10.5**

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

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

## **Principle 11: Shareholder Rights and Conduct of General Meetings**

### *Provision of Information to Shareholders*

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

**Provision 11.1**

### *Proxies*

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

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

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## *Procedure of General Meetings*

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

**Provision 11.2**

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

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of FY2022, will be convened and held by physical means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements ("**Alternative Meeting Arrangements**") relating to, *inter alia*, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM will be put in place for the forthcoming AGM.

## *Attendees at General Meetings*

The Board and Management are present at these meetings to address any questions that shareholders may have. The entire Board, including the Chairman, was present at the AGM of the Company on 28 January 2022.

**Provision 11.3**

## *Voting in Absentia*

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

**Provision 11.4**

## *Minutes of General Meetings*

Minutes of general meetings (including minutes of AGM), which include substantial comments or queries from shareholders and responses from the Board, are available to shareholders upon written request.

**Provision 11.5**

In accordance with the Alternative Meeting Arrangements, the minutes of the forthcoming AGM will be published on the Company's website at [www.cosmosteel.com](http://www.cosmosteel.com) and via SGXNET within one (1) month from the date of the AGM.

## *Dividend Policy*

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

**Provision 11.6**

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

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

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

To show the Company's appreciation for its shareholders' long term support, the Board is recommending a final dividend payout of S\$0.005 per share for FY2022, to be approved by shareholders in the forthcoming AGM.

## Principle 12: Engagement with Shareholders

### *Communication with Shareholders*

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

**Provision 12.1**

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

Shareholders may also provide any feedback they may have about the Company to the Company's email at [ir@cosmosteel.com.sg](mailto:ir@cosmosteel.com.sg).

### *Investor Relations Policy*

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

**Provision 12.2  
and  
Provision 12.3**

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

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

## Principle 13: Engagement with Stakeholders

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

**Provision 13.1  
and  
Provision 13.2**

The Company maintains a corporate website at [www.cosmosteel.com](http://www.cosmosteel.com) to communicate and engage stakeholders.

**Provision 13.3**

# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## DEALINGS IN SECURITIES

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

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

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

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

## MATERIAL CONTRACTS

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

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

## INTERESTED PERSON TRANSACTIONS

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

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

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

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

(collectively, the "Mandated Interested Person Transactions")

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



# CORPORATE GOVERNANCE STATEMENT (CONT'D)

## Guidelines and Review Procedures for the Mandated Interested Person Transactions

### (a) Review Procedures

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

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

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

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

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

## CORPORATE GOVERNANCE STATEMENT (CONT'D)

(b) Approval Threshold

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

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

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

Disclosure according to Rule 907 of the SGX-ST Listing Manual in respect of interested person transactions for FY2022 are stated in the following table:

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920 of the SGX-ST Listing Manual) S\$'000	Aggregate value of all interested person transactions during the financial year conducted under shareholder's mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000) S\$'000
Hanwa Co., Ltd <sup>1</sup>	Controlling Shareholder	–	7,368

Note:

<sup>1</sup> Hanwa Co., Ltd and its subsidiaries, and (where applicable) its associated companies.

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# STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 30 September 2022.

## 1. OPINIONS OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; 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	
Shiro Kanaya	
Ong Tiew Siam	(Appointed on 1 December 2022)
Hor Siew Fu	
Lim Jun Xiong Steven	(Appointed on 1 December 2022)
Loo Cheng Guan	(Appointed on 1 December 2022)

## 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

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

The directors' interests as at 21 October 2022 were the same as those at the end of the reporting year.

## STATEMENT BY DIRECTORS (CONT'D)

### 4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE 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 Chio Lim LLP has expressed willingness to accept re-appointment.

### 7. REPORT OF AUDIT COMMITTEE

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

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

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

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

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

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

## **STATEMENT BY DIRECTORS** (CONT'D)

### **8. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS**

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

### **9. SUBSEQUENT DEVELOPMENTS**

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 21 November 2022 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

20 December 2022

**Ong Tong Hai**  
Director

# 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 2022, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

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 2022 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 company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

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

##### *Assessment of net realisable value of inventories*

Please refer to Note 2A on the relevant accounting policy, Note 2C on critical judgements, assumptions and estimation uncertainties, and Notes 6 and 15 on inventories.

The group has inventories measured at the lower of cost (weighted average method) and estimated net realisable value. The carrying amount was \$30,154,000, representing 31% of the group's total assets. During the reporting year ended 30 September 2022, the group made a reversal of write-down of inventories amounting to \$2,788,000.

The assessment of net realisable value of inventories involves a significant degree of management's judgement. To this end, management took into consideration a number of factors, including physical deterioration, functional and economic obsolescence, business environment and market demand.



# INDEPENDENT AUDITOR'S REPORT (CONT'D)

## TO THE MEMBERS OF COSMOSTEEL HOLDINGS LIMITED

### Key audit matters (cont'd)

#### *Assessment of net realisable value of inventories (cont'd)*

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

- We reviewed the group's policy for inventories write-downs and write backs and performed procedures to understand management's methodology and process 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 determination of the net realisable value of inventories;
- We reviewed and tested the reliability of the inventories ageing report which management had used as a basis to identify slow-moving and obsolete items;
- We tested management's computation of the amount of inventories written-down and written-back;
- We compared the carrying value of inventories to recent sales invoices; and
- We assessed the adequacy of disclosures made in the financial statements.

#### *Assessment of impairment of trade receivables*

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

As set out in Note 16 to the financial statements, trade receivables amounted to \$15,932,000 as at 30 September 2022 representing 16% of the group's total assets. The allowance for impairment of trade receivables is estimated by management through the application of judgement and use of subjective assumptions.

The expected credit losses ("ECLs") are recognised from initial recognition of the trade receivables. It is based on the lifetime ECL for trade receivables. The assessment require management to develop methodologies involving the use of significant judgements. In estimating ECLs, the group developed a matrix that look into account historical credit loss experience for the trade receivables and, where relevant, incorporated forward-looking information that reflect management's view of potential future economic conditions. For certain material long overdue 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 reviewed the allowance methodologies developed by the group and assessed management's assumptions and estimates, in particular, the historical default rates of trade receivables group based on the shared credit risk characteristics and those relating to forward-looking information (if any);
- We assessed the facts and circumstances surrounding the outstanding material receivables including obtaining advice from the company's external legal advisers if there is any dispute with the debtors. We also reviewed evidence of collection by way of receipts from debtors after year end;
- We evaluated the reasonableness of management's estimate of the future payments by the debtors, by taking into consideration the debtors' past payment history and taking into consideration the latest available financial position and results of the debtors (from available published information); and
- We assessed the adequacy of the ECL allowance recorded as at end of the reporting year and the disclosures made in the financial statements.

# **INDEPENDENT AUDITOR'S REPORT** (CONT'D) **TO THE MEMBERS OF COSMOSTEEL HOLDINGS LIMITED**

## **Other information**

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

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

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

## **Responsibilities of management and directors for the financial statements**

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

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

# **INDEPENDENT AUDITOR'S REPORT** (CONT'D) TO THE MEMBERS OF COSMOSTEEL HOLDINGS LIMITED

## **Auditor's responsibilities for the audit of the financial statements (cont'd)**

- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

The engagement partner on the audit resulting in this independent auditor's report is Chow Khen Seng.

**RSM Chio Lim LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

20 December 2022

Engagement partner – effective from year ended 30 September 2018

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2022

	Notes	Group	
		2022 \$'000	2021 \$'000
<b>Revenue</b>	5	<b>46,083</b>	39,361
Cost of sales		<b>(35,035)</b>	(32,361)
<b>Gross profit</b>		<b>11,048</b>	7,000
Interest income		4	–
Other gains	6	<b>3,600</b>	6,853
Depreciation of property, plant and equipment	13	<b>(2,328)</b>	(2,256)
Depreciation of right-of-use assets	25	<b>(1,385)</b>	(1,418)
Marketing and distribution costs	7	<b>(3,750)</b>	(3,386)
Administrative expenses	7	<b>(4,080)</b>	(3,872)
Finance costs	8	<b>(335)</b>	(361)
Other losses	6	<b>(404)</b>	(298)
<b>Profit before tax</b>		<b>2,370</b>	2,262
Income tax (expense)/ benefit	10	<b>(91)</b>	97
<b>Profit for the year</b>		<b>2,279</b>	2,359
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
(Losses)/ Gains on property revaluation, net of tax	21	<b>(444)</b>	471
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations, net of tax	21	<b>67</b>	–
<b>Other comprehensive (loss)/ income for the year</b>		<b>(377)</b>	471
<b>Total comprehensive income for the year</b>		<b>1,902</b>	2,830
<b>Earnings per share</b>			
		<b>Cents</b>	<b>Cents</b>
Basic and diluted	11	<b>0.81</b>	0.81

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Notes	Group		Company	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	22,463	22,343	–	–
Right-of-use assets	25	2,488	3,022	–	–
Investments in subsidiaries	14	–	–	60,107	60,107
<b>Total non-current assets</b>		<b>24,951</b>	<b>25,365</b>	<b>60,107</b>	<b>60,107</b>
<b>Current assets</b>					
Inventories	15	30,154	34,286	–	–
Trade and other receivables	16	17,170	9,005	345	2,733
Financial assets	17	142	130	–	–
Other non-financial assets	18	485	589	28	28
Cash and cash equivalents	19	24,895	32,549	1,979	959
<b>Total current assets</b>		<b>72,846</b>	<b>76,559</b>	<b>2,352</b>	<b>3,720</b>
<b>Total assets</b>		<b>97,797</b>	<b>101,924</b>	<b>62,459</b>	<b>63,827</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	20	56,325	56,325	56,325	56,325
Treasury shares	20	(4,238)	–	(4,238)	–
Retained earnings		19,167	18,170	10,084	7,257
Other reserves	21	6,630	7,879	–	–
<b>Total equity</b>		<b>77,884</b>	<b>82,374</b>	<b>62,171</b>	<b>63,582</b>
<b>Non-current liabilities</b>					
Provisions	22	815	783	–	–
Loans and borrowings	24	5,847	8,337	–	–
Lease liabilities	25	2,167	2,415	–	–
<b>Total non-current liabilities</b>		<b>8,829</b>	<b>11,535</b>	<b>–</b>	<b>–</b>
<b>Current liabilities</b>					
Trade and other payables	23	5,601	3,900	288	245
Loans and borrowings	24	4,767	3,008	–	–
Lease liabilities	25	429	687	–	–
Other non-financial liabilities	26	287	420	–	–
<b>Total current liabilities</b>		<b>11,084</b>	<b>8,015</b>	<b>288</b>	<b>245</b>
<b>Total liabilities</b>		<b>19,913</b>	<b>19,550</b>	<b>288</b>	<b>245</b>
<b>Total equity and liabilities</b>		<b>97,797</b>	<b>101,924</b>	<b>62,459</b>	<b>63,827</b>

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

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2022

Group	Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Revaluation reserve \$'000	Translation reserve \$'000
<b>Current year</b>						
Opening balance at 1 October 2021	82,374	56,325	–	18,170	7,604	275
<b>Changes in equity</b>						
Total comprehensive income for the year	1,902	–	–	2,279	(444)	67
Dividends paid (Note 12)	(2,154)	–	–	(2,154)	–	–
Purchase of treasury shares (Note 20)	(4,238)	–	(4,238)	–	–	–
Transfers to retained earnings of difference between depreciation on revalued carrying amount and depreciation based on original cost	–	–	–	872	(872)	–
<b>Closing balance at 30 September 2022</b>	<b>77,884</b>	<b>56,325</b>	<b>(4,238)</b>	<b>19,167</b>	<b>6,288</b>	<b>342</b>
<b>Previous year</b>						
Opening balance at 1 October 2020	80,996	56,325	–	16,368	8,028	275
<b>Changes in equity</b>						
Total comprehensive income for the year	2,830	–	–	2,359	471	–
Dividends paid (Note 12)	(1,452)	–	–	(1,452)	–	–
Transfers to retained earnings of difference between depreciation on revalued carrying amount and depreciation based on original cost	–	–	–	895	(895)	–
<b>Closing balance at 30 September 2021</b>	<b>82,374</b>	<b>56,325</b>	<b>–</b>	<b>18,170</b>	<b>7,604</b>	<b>275</b>
<b>Company</b>						
			Total equity \$'000	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000
<b>Current year</b>						
Opening balance at 1 October 2021			63,582	56,325	–	7,257
<b>Changes in equity</b>						
Total comprehensive income for the year			4,981	–	–	4,981
Dividends paid (Note 12)			(2,154)	–	–	(2,154)
Purchase of treasury shares (Note 20)			(4,238)	–	(4,238)	–
<b>Closing balance at 30 September 2022</b>			<b>62,171</b>	<b>56,325</b>	<b>(4,238)</b>	<b>10,084</b>
<b>Previous year</b>						
Opening balance at 1 October 2020			63,291	56,325	–	6,966
<b>Changes in equity</b>						
Total comprehensive income for the year			1,743	–	–	1,743
Dividends paid (Note 12)			(1,452)	–	–	(1,452)
<b>Closing balance at 30 September 2021</b>			<b>63,582</b>	<b>56,325</b>	<b>–</b>	<b>7,257</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 30 SEPTEMBER 2022

	Group	
	2022	2021
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,370	2,262
Adjustments for:		
Interest income	(4)	–
Interest expense	335	361
Depreciation of property, plant and equipment	2,328	2,256
Depreciation of right-of-use assets	1,385	1,418
Gain on disposal of plant and equipment	–	(23)
Operating cash flows before changes in working capital	6,414	6,274
Inventories	4,132	5,970
Trade and other receivables	(8,097)	18,610
Financial assets	(12)	(11)
Other non-financial assets	104	(187)
Trade and other payables	1,701	59
Other non-financial liabilities	(133)	420
Net cash flows from operating activities	4,109	31,135
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,873)	(650)
Proceeds from disposal of plant and equipment	–	37
Interest received	4	–
Net cash flows used in investing activities	(2,869)	(613)
<b>Cash flows from financing activities</b>		
Decrease in loan and borrowings	(2,780)	(15,728)
New borrowings	2,049	5,000
Payment of lease liabilities (principal portion)	(1,358)	(1,383)
Payment of lease liabilities (interest portion)	(88)	(97)
Provisions, non-current	(78)	–
Purchase of treasury shares	(4,238)	–
Dividends paid	(2,154)	(1,452)
Interest paid	(247)	(264)
Net cash flows used in financing activities	(8,894)	(13,924)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(7,654)</b>	<b>16,598</b>
Cash and cash equivalents at beginning of the year	32,549	15,951
<b>Cash and cash equivalents at end of the year (Note 19)</b>	<b>24,895</b>	<b>32,549</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2022

## 1. GENERAL

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as “parent”) and the subsidiaries.

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

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

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

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

### Uncertainties relating to the current economic conditions

Management has considered the current economic conditions arising from the Covid-19 pandemic and the war in Ukraine and how they affect customers, supply chains, staffing and the countries in which the group operates in. There does not currently appear to be either any material impact upon the financial statements or any material uncertainties with respect to events or conditions that may impact the reporting entity unfavourably as at the reporting date or subsequently because of the current economic conditions.

### Statement of compliance with financial reporting standards

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

### Accounting convention

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

### Basis of preparation of the financial statements

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

### Basis of presentation

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 1. GENERAL (CONT'D)

### Basis of presentation (cont'd)

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

### 2A. Significant accounting policies

#### Revenue and income recognition

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

#### Sale of goods

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

#### Other income

Interest income is recognised using the effective interest method.

#### Employee benefits

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

#### Borrowing costs

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### 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 an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

#### Income tax

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Property, plant and equipment

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

Leasehold properties	–	Over the terms of lease ranging from 6 months to 13 years
Leasehold improvements	–	7.7% to 66.7%
Plant and equipment	–	10% to 33.3%

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

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

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

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Right-of-use assets

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

Leasehold land and buildings	–	Over the terms of lease ranging from 6 months to 13 years
Plant and equipment	–	32.4%

#### Leases of lessee

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

#### Subsidiaries

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

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

#### Business combinations

There were no business combinations during the reporting year.

#### Inventories

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Carrying amounts of non-financial assets

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

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

#### Financial instruments

##### Recognition and de-recognition of financial instruments

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

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

##### Classification and measurement of financial assets

1. 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 fair value through profit or loss ("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.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("FVTOCI"): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2A. Significant accounting policies (cont'd)

#### Financial instruments (cont'd)

##### Classification and measurement of financial liabilities

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

#### Cash and cash equivalents

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

#### Fair value measurement

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

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie 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 period during which the change occurred.

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2B. Other explanatory information

#### Provisions

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

#### Treasury shares

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

#### Segment reporting

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

### 2C. Critical judgements, assumptions and estimation uncertainties

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

#### Assessment of net realisable value of inventories

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONT'D)

### 2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

#### Assessment of impairment of trade receivables

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

#### Estimation of customers' claims

In the normal course of the group's business, customers may, from time to time, make claims on the basis of alleged discrepancies in the quantity and/or quality of the products sold by the entity or the alleged non-compliance to contractual requirements. The merits and settlement of any claims brought by customers are subject to, inter alia, physical surveys performed, verification to agreed contractual terms and consideration of other relevant circumstances and events. In making its judgment as to whether it is probable that any such claim may result in a liability and whether any such liability can be measured reliably, management relies on past experience such as the facts related to each case, claims awarded in similar cases and, if necessary, the opinion of legal and technical expertise. No disclosures are made if the probability of a claim is remote.

#### Estimating income tax amounts

The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the Note on income tax.

#### Estimating of useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges of property, plant and equipment is based on commercial and other factors that could change significantly as a result of innovations and in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific assets at the end of the reporting year affected by the assumption is \$22,463,000.

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

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



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

### 3A. Related party transactions

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

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

#### Significant related party transactions

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

	Group	
	2022	2021
	\$'000	\$'000
<u>Other related parties</u>		
Revenue from sales of goods to controlling shareholder and its subsidiaries <sup>(a)</sup>	(8,604)	(2,454)
Purchases of goods and services from controlling shareholder and its subsidiaries <sup>(a)</sup>	973	2,150
Revenue from sale of goods	(585)	(1,042)
Purchases of goods and services	462	66
Legal expenses	229	168

<sup>(a)</sup> Hanwa Co., Ltd is the controlling shareholder of the company. It has significant influence over the company.

### 3B. Key management compensation

	Group	
	2022	2021
	\$'000	\$'000
Salaries and other short-term employee benefits	1,524	1,509

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

	Group	
	2022	2021
	\$'000	\$'000
Remuneration of directors of the company	505	713
Fees to directors of the company	285	295
Fees to a director of the company from a subsidiary	5	5

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

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

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

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

The main industries of the customers are as follows:

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

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

### 4B. Profit or loss and reconciliation

	Energy \$'000	Marine \$'000	Trading \$'000	Others \$'000	Group \$'000
<b>2022</b>					
<b>Revenue by segment</b>					
Total revenue	26,136	2,526	16,458	963	46,083
Segment results	6,555	694	3,957	(158)	11,048
Unallocated expenses					(11,543)
Loss from operations					(495)
Interest income					4
Finance costs					(335)
Other gains (net)					3,196
Profit before tax					2,370
Income tax expense					(91)
<b>Profit for the year</b>					<b>2,279</b>
<b>2021</b>					
<b>Revenue by segment</b>					
Total revenue	27,769	4,413	5,338	1,841	39,361
Segment results	5,934	1,278	1,478	(1,690)	7,000
Unallocated expenses					(10,932)
Loss from operations					(3,932)
Interest income					–
Finance costs					(361)
Other gains (net)					6,555
Profit before tax					2,262
Income tax benefit					97
<b>Profit for the year</b>					<b>2,359</b>

### 4C. Assets, liabilities and reconciliations

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

### 4D. Other material items and reconciliation

	Group	
	2022	2021
	\$'000	\$'000
Expenditures for non-current assets	(2,873)	(650)
Allowance for impairment of trade receivables – (loss)/ reversal	(404)	999
Bad debts recovered on trade receivables (net)	113	113
Gains on disposal of plant and equipment	–	23
Reversal of write-down of inventories	2,788	5,707

### 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	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Singapore	24,597	26,727	24,919	25,291
Brunei	5,926	4,132	–	–
Japan	8,727	2,498	–	–
Other countries	6,833	6,004	32	74
	<b>46,083</b>	39,361	<b>24,951</b>	25,365

Other than Singapore, Brunei and Japan (FY2021: Singapore and Brunei), no single country accounted for 10% or more of the Group's revenue.

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

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

### 4F. Information about major customers

	Group	
	2022	2021
	\$'000	\$'000
Top 1 customer in Trading segment (2021: Energy)	8,604	5,791
Top 2 customers in Energy segment (2021: Energy)	13,597	11,757
Top 3 customers in Energy segment (2021: Marine)	18,079	16,153

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 5. REVENUE

	Group	
	2022	2021
	\$'000	\$'000
Sale of goods	46,037	38,708
Other	46	653
	<b>46,083</b>	<b>39,361</b>

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

Other revenue mainly consists of government grants of \$46,000 (2021: \$647,000).

## 6. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2022	2021
	\$'000	\$'000
Allowance for impairment of trade receivables – (loss)/ reversal (Note 16)	(404)	999
Bad debts recovered on trade receivables (net)	113	113
Fair value gain on financial assets at FVTPL (Note 28C)	12	11
Foreign exchange gains/ (losses)	687	(298)
Gains on disposal of plant and equipment	–	23
Reversal of write-down of inventories (Note 15)	2,788	5,707
	<b>3,196</b>	<b>6,555</b>
Presented in profit or loss as:		
Other gains	3,600	6,853
Other losses	(404)	(298)
	<b>3,196</b>	<b>6,555</b>

## 7. MARKETING AND DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES

The major components and other selected components include the following:

	Group	
	2022	2021
	\$'000	\$'000
<u>Marketing and distribution costs</u>		
Employee benefits expense (Note 9)	3,330	3,143
<u>Administrative expenses</u>		
Employee benefits expense (Note 9)	1,888	1,847

## 8. FINANCE COSTS

	Group	
	2022	2021
	\$'000	\$'000
Interest expense	247	264
Interest on lease liabilities	88	97
Total finance costs	<b>335</b>	<b>361</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2022	2021
	\$'000	\$'000
Short term employee benefits expense	4,766	4,607
Contributions to defined contribution plan	382	341
Other benefits	70	42
	<b>5,218</b>	<b>4,990</b>

Employee benefits expense is charged as follows:

Marketing and distribution costs (Note 7)	3,330	3,143
Administrative expenses (Note 7)	1,888	1,847
	<b>5,218</b>	<b>4,990</b>

## 10. INCOME TAX

### 10A. Components of tax (benefit)/ expense recognised in profit or loss

	Group	
	2022	2021
	\$'000	\$'000
Current tax		
Current tax expense	-	-
Subtotal	-	-
Deferred tax		
Deferred tax expense/ (benefit)	150	(31)
Adjustments in respect of prior years	(59)	(66)
Subtotal	91	(97)
Total income tax expense/ (benefit)	<b>91</b>	<b>(97)</b>

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2021: 17%) to profit or loss before tax as a result of the following differences:

	Group	
	2022	2021
	\$'000	\$'000
Profit before tax	<b>2,370</b>	<b>2,262</b>
Income tax at the above rate	403	385
Expenses not deductible for tax purposes	124	69
Deferred tax asset not recognised	(392)	(468)
Adjustments in respect of prior years	(59)	(66)
Effect of different tax rates in different countries	(25)	(17)
Translation differences	40	-
	<b>91</b>	<b>(97)</b>

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 10. INCOME TAX (CONT'D)

### 10B. Deferred tax recognised in profit or loss

	Group	
	2022	2021
	\$'000	\$'000
Excess of net book value over tax value of plant and equipment	(68)	(38)
Depreciation on revalued properties	(179)	(183)
Donations carried forward	7	(7)
Tax losses carried forward	1,051	441
Other timing differences	(328)	158
Deferred tax asset not recognised	(392)	(468)
	<b>91</b>	<b>(97)</b>

### 10C. Tax expense in other comprehensive income

	Group	
	2022	2021
	\$'000	\$'000
(Losses)/ Gains on property revaluation	(91)	97

### 10D. Deferred tax in statement of financial position

	Group	
	2022	2021
	\$'000	\$'000
<u>Deferred tax liabilities</u>		
Amount on revalued depreciable assets	(4,579)	(4,670)
Depreciation on revalued properties	2,780	2,601
	<b>(1,799)</b>	<b>(2,069)</b>
<u>Deferred tax assets</u>		
Excess of net book value of plant and equipment over tax value	313	245
Productivity and innovation credit carried forward	166	166
Donations carried forward	19	26
Tax losses carried forward	2,157	3,208
Other timing differences	524	196
Deferred tax assets not recognised	(1,380)	(1,772)
	<b>1,799</b>	<b>2,069</b>
	-	-

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 year.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 11. EARNINGS PER SHARE

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

	Group	
	2022 \$'000	2021 \$'000
Profit for the year attributable to equity holders of the company	<b>2,279</b>	2,359
Weighted average number of ordinary shares	<b>280,653,987</b>	290,399,997
Earnings per share (cents)	<b>0.81</b>	0.81

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

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

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

## 12. DIVIDENDS

	Rate per share – cents		Group	
	2022	2021	2022 \$'000	2021 \$'000
Interim tax exempt (1-1.tier) dividend paid	<b>0.25</b>	–	<b>702</b>	–
Final tax exempt (1-1.tier) dividend paid	<b>0.50</b>	0.50	<b>1,452</b>	1,452
	<b>0.75</b>	0.50	<b>2,154</b>	1,452

In respect of the current year, the directors propose that a final dividend of 0.5 cents per share with a total of \$1,307,000 be paid. There are no income tax consequences. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed final dividend for the reporting year ended 30 September 2022 is payable in respect of all ordinary shares in issue at the end of the reporting year and including the new qualifying shares issued up to the date the dividend becomes payable.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties and improvements \$'000	Plant and equipment \$'000	Work in progress \$'000	Total \$'000
<u>Cost or valuation</u>				
At 1 October 2020	23,249	7,102	–	30,351
Additions	–	259	391	650
Disposals	–	(63)	–	(63)
Revaluation	(1,400)	–	–	(1,400)
At 30 September 2021	21,849	7,298	391	29,538
Foreign exchange adjustments	–	(5)	–	(5)
Additions	–	343	2,530	2,873
Transfer in/ (out)	2,746	175	(2,921)	–
Adjustment to provision (Note 22)	110	–	–	110
Revaluation	(2,346)	–	–	(2,346)
<b>At 30 September 2022</b>	<b>22,359</b>	<b>7,811</b>	<b>–</b>	<b>30,170</b>
<u>Represented by</u>				
Cost	–	7,811	–	7,811
Valuation	22,359	–	–	22,359
	<b>22,359</b>	<b>7,811</b>	<b>–</b>	<b>30,170</b>
<u>Accumulated depreciation and impairment losses</u>				
At 1 October 2020	1,015	5,941	–	6,956
Depreciation for the year	1,949	307	–	2,256
Disposals	–	(49)	–	(49)
Elimination of depreciation on revaluation	(1,968)	–	–	(1,968)
At 30 September 2021	996	6,199	–	7,195
Foreign exchange adjustments	–	(4)	–	(4)
Depreciation for the year	1,950	378	–	2,328
Elimination of depreciation on revaluation	(1,812)	–	–	(1,812)
<b>At 30 September 2022</b>	<b>1,134</b>	<b>6,573</b>	<b>–</b>	<b>7,707</b>
<u>Carrying value</u>				
At 1 October 2020	22,234	1,161	–	23,395
At 30 September 2021	20,853	1,099	391	22,343
<b>At 30 September 2022</b>	<b>21,225</b>	<b>1,238</b>	<b>–</b>	<b>22,463</b>

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	
	2022 \$'000	2021 \$'000
<u>Leasehold properties and improvements</u>		
Cost	17,646	14,790
Net book value	10,793	8,850

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

There are provisions for dismantling as disclosed in Note 22 for the leasehold properties and improvements at 14 Lok Yang Way, 90 Second Lok Yang Road and 21A Neythal Road.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The fair value of leasehold properties and improvements located at 14 Lok Yang Way and 90 Second Lok Yang Road were measured in September 2022 and 2021 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The fair value was based on full valuations made by Jones Lang LaSalle Property Consultants Pte Ltd, a firm of independent valuers on a systematic basis. The full valuation and desktop valuation will be done yearly on an alternate year 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 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 \$444,000 (2021: surplus of \$471,000) has been debited to asset revaluation reserve in other comprehensive income.

### Valuation policies and procedures

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

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

<b>Asset</b>	<b>Leasehold property at 14 Lok Yang Way</b>
Fair value and fair value hierarchy – Level	\$9,500,000 (2021: \$8,800,000). Level 2 (2021: 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. \$939 – \$2,004 (2021: \$1,492 – \$1,718)
Relationship of unobservable inputs to fair value	NA
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$950,000; higher by \$950,000.

<b>Asset</b>	<b>Leasehold property at 90 Second Lok Yang Road</b>
Fair value and fair value hierarchy – Level	\$11,000,000 (2021: \$11,300,000). Level 2 (2021: 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. \$939 – \$2,004 (2021: \$1,492 – \$1,718).
Relationship of unobservable inputs to fair value	NA
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by \$1,100,000; higher by \$1,100,000.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 \$'000	2021 \$'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
	<b>60,107</b>	<b>60,107</b>
Net book value of subsidiaries	<b>74,175</b>	<b>77,379</b>

The subsidiaries held by the company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost in books of group		Effective percentage of equity held by group	
	2022 \$'000	2021 \$'000	2022 %	2021 %
	Kim Seng Huat Hardware Pte Ltd <sup>(a)</sup> 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
Cosmosteel (Australia) Pty Ltd <sup>(b)</sup> 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

<sup>(a)</sup> Audited by RSM Chio Lim LLP in Singapore.

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

## 15. INVENTORIES

	Group	
	2022 \$'000	2021 \$'000
Goods for resale	30,154	34,286
Inventories are stated after allowance. Movements in allowance are as follows:		
Balance at beginning of the year	34,607	40,313
Reversed to profit or loss included in other gains (Note 6)	(2,788)	(5,707)
Foreign exchange adjustments	(11)	1
Balance at end of the year	<b>31,808</b>	<b>34,607</b>
Amount of inventories included in cost of sales	<b>33,472</b>	<b>29,887</b>

The inventories write-down represent write-down (impairment allowance) in the book value of inventories only and they are not meant to indicate that the inventories have been scrapped or written-off.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Trade receivables</u>				
Outside parties	13,590	5,721	-	-
Less allowance for impairment	(404)	-	-	-
Contract assets #	-	1,127	-	-
Other related parties (Note 3)	2,746	1,229	-	-
Subsidiaries (Note 3)	-	-	345	733
	<b>15,932</b>	<b>8,077</b>	<b>345</b>	<b>733</b>
<u>Other receivables</u>				
Advances to suppliers	1,234	928	-	-
Other receivables	4	-	-	-
Dividend receivables	-	-	-	2,000
	<b>1,238</b>	<b>928</b>	<b>-</b>	<b>2,000</b>
	<b>17,170</b>	<b>9,005</b>	<b>345</b>	<b>2,733</b>
<u>Movements in above allowance</u>				
Balance at beginning of the year	-	999	-	-
Charge/ (Reversed) to profit or loss included in (other gains)/ other losses (Note 6)	404	(999)	-	-
	<b>404</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

The ECL on the above trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the ECL. The allowance matrix is based on the historical observed default rates (over a period of 12 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined as follows:

Group	2022		2021	
	Gross amount \$'000	Loss allowance \$'000	Gross amount \$'000	Loss allowance \$'000
Current	10,176	-	4,540	-
1 to 30 days past due	2,768	-	1,206	-
31 to 60 days past due	1,074	-	281	-
61 to 90 days past due	740	-	244	-
Over 90 days past due	1,578	(404)	679	-
	<b>16,336</b>	<b>(404)</b>	<b>6,950</b>	<b>-</b>

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

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is between 30 to 120 days (2021: 30 to 120 days). However, certain customers may take a longer period to settle the amounts.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 16. TRADE AND OTHER RECEIVABLES (CONT'D)

Concentration of trade receivable customers at end of reporting year:

	2022 \$'000	2021 \$'000
Top 1 customer	2,640	946
Top 2 customers	5,142	1,860
Top 3 customers	7,308	2,655

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.

## 17. FINANCIAL ASSETS

	Group	
	2022 \$'000	2021 \$'000
Key men insurance	142	130

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

## 18. OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Deposits to secure services	300	394	–	–
Prepayments	185	195	28	28
	485	589	28	28

## 19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Not restricted in use	24,895	32,549	1,979	959

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 19. CASH AND CASH EQUIVALENTS (CONT'D)

### 19A. Reconciliation of liabilities arising from financing activities

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

Group	2020 \$'000	Cash flows \$'000	Non-cash changes \$'000	2021 \$'000
Loans and borrowings, current	16,887	(10,728)	(3,151) <sup>(b)</sup>	3,008
Loans and borrowings, non-current	5,186	–	3,151 <sup>(b)</sup>	8,337
Lease liabilities, current	1,237	(1,383)	833 <sup>(a)</sup>	687
Lease liabilities, non-current	2,619	–	(204) <sup>(b)</sup>	2,415
	<b>25,929</b>	<b>(12,111)</b>	<b>629</b>	<b>14,447</b>

<sup>(a)</sup> Acquisition and reclassification from non-current to current.

<sup>(b)</sup> Reclassification from non-current to current.

## 20. SHARE CAPITAL

	Number of shares issued	Company		Total \$'000
		Share capital \$'000	Treasury shares \$'000	
Balance at 1 October 2020 and 30 September 2021	290,399,997	56,325	–	56,325
Treasury shares purchased <sup>(a)</sup>	(29,039,900)	–	(4,238)	(4,238)
<b>Balance at 30 September 2022</b>	<b>261,360,097</b>	<b>56,325</b>	<b>(4,238)</b>	<b>52,087</b>

<sup>(a)</sup> Under the mandate approved at the last annual general meeting, 29,039,900 ordinary shares were acquired during the reporting year on the Singapore Stock Exchange for a consideration of \$4,238,000 and held as treasury shares.

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 20. SHARE CAPITAL (CONT'D)

### 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	
	2022	2021
	\$'000	\$'000
<u>Net debt</u>		
All current and non-current borrowings including finance leases	13,210	14,447
Less cash and cash equivalents	(24,895)	(32,549)
	<b>(11,685)</b>	<b>(18,102)</b>
<u>Adjusted capital</u>		
Equity	77,884	82,374
	<b>77,884</b>	<b>82,374</b>
Debt-to-adjusted capital ratio	*	*

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

## 21. OTHER RESERVES

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

The translation reserve accumulates all foreign exchange differences.

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

## 22. PROVISIONS

	Group	
	2022	2021
	\$'000	\$'000
<u>Provision, non-current</u>		
Provision for dismantling, removing items and restoring sites relating to leased properties	815	783
<u>Movements in above provision</u>		
Balance at beginning of the year	783	783
Additions (Note 13)	110	–
Utilised	(78)	–
Balance at end of the year	<b>815</b>	<b>783</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 22. PROVISIONS (CONT'D)

The provision is based on the present value of costs to be incurred to remove the leasehold improvements from the leased properties. The estimate is based on quotations from external contractors. The unexpired terms ranges from 1 to 13 years.

## 23. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<u>Trade payables</u>				
Outside parties and accrued liabilities	4,953	2,365	288	245
Other related parties (Note 3)	485	1,498	–	–
	<b>5,438</b>	<b>3,863</b>	<b>288</b>	<b>245</b>
<u>Other payables</u>				
Outside parties	163	37	–	–
	<b>163</b>	<b>37</b>	<b>–</b>	<b>–</b>
	<b>5,601</b>	<b>3,900</b>	<b>288</b>	<b>245</b>

## 24. LOANS AND BORROWINGS

	Group	
	2022 \$'000	2021 \$'000
<u>Non-current</u>		
<u>Financial instruments with floating interest rates</u>		
Bank loans (secured)	5,263	4,445
<u>Financial instruments with fixed interest rates</u>		
Bank loans (secured)	584	3,892
	<b>5,847</b>	<b>8,337</b>
<u>Current</u>		
<u>Financial instruments with floating interest rates</u>		
Bank loans (secured)	1,247	742
<u>Financial instruments with fixed interest rates</u>		
Bank loans (secured)	1,280	1,108
Trust receipts and bills payable to banks (secured)	2,240	1,158
	<b>4,767</b>	<b>3,008</b>
	<b>10,614</b>	<b>11,345</b>
The non-current portion is payable as follows:		
Due within 2 to 5 years	5,277	6,989
After 5 years	570	1,348
	<b>5,847</b>	<b>8,337</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 24. LOANS AND BORROWINGS (CONT'D)

	Group	
	2022	2021
	% p.a.	% p.a.
The range of floating interest rates paid were as follows:		
Bank loans (secured)	<b>3.43 – 4.32</b>	1.66 – 1.70
The range of fixed interest rates paid were as follows:		
Bank loans (secured)	<b>2.25</b>	2.25
Trust receipts and bills payable to banks (secured)	<b>3.61 – 4.41</b>	1.52 – 1.92

All borrowings are interest bearing.

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

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

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

## 25. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

Group	2022	2021
	\$'000	\$'000
Lease liabilities, current	<b>429</b>	687
Lease liabilities, non-current	<b>2,167</b>	2,415
	<b>2,596</b>	3,102

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

The leasehold property at 21A Neythal Road expired on 15 August 2019. Ownership was transferred back to Jurong Town Corporation ("JTC") and the asset was derecognised. Subsequently, there was a short term lease of the property entered with JTC. The short term lease expired on 30 November 2022.

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 2022 are shown in the statement of cash flows.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 25. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS (CONT'D)

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

Group	Leasehold land and building \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost or valuation</u>			
At 1 October 2020	5,170	97	5,267
Additions	630	–	630
Disposals	(2,198)	–	(2,198)
At 30 September 2021	3,602	97	3,699
Foreign exchange adjustments	(3)	–	(3)
Additions	852	–	852
Disposals	(1,076)	–	(1,076)
<b>At 30 September 2022</b>	<b>3,375</b>	<b>97</b>	<b>3,472</b>
<u>Accumulated depreciation</u>			
At 1 October 2020	1,425	31	1,456
Foreign currency adjustments	1	–	1
Depreciation for the year	1,386	32	1,418
Disposals	(2,198)	–	(2,198)
At 30 September 2021	614	63	677
Foreign exchange adjustments	(2)	–	(2)
Depreciation for the year	1,353	32	1,385
Disposals	(1,076)	–	(1,076)
<b>At 30 September 2022</b>	<b>889</b>	<b>95</b>	<b>984</b>
<u>Carrying value</u>			
At 1 October 2020	3,745	66	3,811
At 30 September 2021	2,988	34	3,022
<b>At 30 September 2022</b>	<b>2,486</b>	<b>2</b>	<b>2,488</b>

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

## 26. OTHER NON-FINANCIAL LIABILITIES

	Group	
	2022 \$'000	2021 \$'000
Advance billings	287	420

## 27. CAPITAL COMMITMENTS

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

	Group	
	2022 \$'000	2021 \$'000
Commitments to purchase plant and equipment	424	2,868

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK

### 28A. Categories of financial assets and liabilities

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

	Group	
	2022	2021
	\$'000	\$'000
<hr/>		
<u>Financial assets</u>		
Financial assets at amortised cost	40,831	40,626
Financial assets at fair value through profit or loss	142	130
	<b>40,973</b>	40,756
<hr/>		
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	18,811	18,347
	<b>18,811</b>	18,347
<hr/>		
	Company	
	2022	2021
	\$'000	\$'000
<hr/>		
<u>Financial assets</u>		
Financial assets at amortised cost	2,324	3,692
	<b>2,324</b>	3,692
<hr/>		
<u>Financial liabilities</u>		
Financial liabilities at amortised cost	288	245
	<b>288</b>	245
<hr/>		

Further quantitative disclosures are included throughout these financial statements.

### 28B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate and currency risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. 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 (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONT'D)

### 28C. Fair value of financial instruments

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

	Group Level 3	
	2022 \$'000	2021 \$'000
Financial assets at fair value through profit or loss	142	130
	<b>142</b>	<b>130</b>

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

	Group	
	2022 \$'000	2021 \$'000
Balance at beginning of the year	130	119
Gains recognised in profit or loss under other gains (Note 6)	12	11
Balance at end of the year	<b>142</b>	<b>130</b>

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

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
<b>2022</b>			
Unquoted other investment reflected in profit or loss. 10% change	142	14	(14)
<b>2021</b>			
Unquoted other investment reflected in profit or loss. 10% change	130	13	(13)

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONT'D)

### 28D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For ECL on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-one loss is recorded equal to the 12-month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as trade receivables. For credit risk on trade receivables, contract assets and other financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment 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 19 discloses the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

### 28E. Liquidity risk – financial liabilities maturity analysis

Liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 120 days (2021: 30 to 120 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is 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
<b>2022</b>				
Trade and other payables	5,601	–	–	5,601
Gross loans and borrowings	5,032	5,735	578	11,345
Gross lease liabilities	501	1,133	1,345	2,979
	<b>11,134</b>	<b>6,868</b>	<b>1,923</b>	<b>19,925</b>
<b>2021</b>				
Trade and other payables	3,900	–	–	3,900
Gross loans and borrowings	3,191	7,323	1,368	11,882
Gross lease liabilities	771	1,170	1,628	3,569
	<b>7,862</b>	<b>8,493</b>	<b>2,996</b>	<b>19,351</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONT'D)

### 28E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Company	Less than 1 year \$'000	Total \$'000
<b>2022</b>		
Trade and other payables	288	288
	<b>288</b>	<b>288</b>
<b>2021</b>		
Trade and other payables	245	245
	245	245

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. 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	
	2022 \$'000	2021 \$'000
Corporate guarantee in favour of subsidiary	4,800	6,700
Bank facilities		
	Group	
	2022 \$'000	2021 \$'000
Used performance guarantees	–	543
Undrawn borrowing facilities	35,983	44,959

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.

### 28F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position and on some financial instruments not recognised in the statement of financial position. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group	
	2022 \$'000	2021 \$'000
Financial liabilities with interest:		
Fixed rates	6,700	9,260
Floating rates	6,510	5,187
	<b>13,210</b>	<b>14,447</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONT'D)

### 28F. Interest rate risk (cont'd)

The interest rates are disclosed in the respective notes.

#### Sensitivity analysis

	Group	
	2022	2021
	\$'000	\$'000
<u>Financial liabilities</u>		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have a decrease in pre-tax profit for the year by:	65	52

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.

### 28G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currency:

Group	USD \$'000	Others # \$'000	Total \$'000
<b>2022</b>			
<u>Financial assets</u>			
Cash	12,240	2,106	14,346
Trade and other receivables	9,649	189	9,838
Total financial assets	21,889	2,295	24,184
<u>Financial liabilities</u>			
Trade and other payables	2,931	50	2,981
Total financial liabilities	2,931	50	2,981
	18,958	2,245	21,203
<b>2021</b>			
<u>Financial assets</u>			
Cash	16,318	2,224	18,542
Trade and other receivables	5,087	23	5,110
Total financial assets	21,405	2,247	23,652
<u>Financial liabilities</u>			
Trade and other payables	1,901	(35)	1,866
Total financial liabilities	1,901	(35)	1,866
	19,504	2,282	21,786

# Others – These are non-functional currency smaller amounts of the total denominated in non-functional currency.

There is exposure to foreign currency risk as part of its normal business.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (CONT'D)

### 28G. Foreign currency risks (cont'd)

#### Sensitivity analysis

	Group	
	2022	2021
	\$'000	\$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the USD with all other variables held constant would have an adverse effect on pre-tax profit of:	(1,723)	(1,773)
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against other currencies with all other variables held constant would have an adverse effect on pre-tax profit of:	(204)	(207)

The above table shows sensitivity to a hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out without taking into consideration hedged transactions.

## 29. ITEMS IN PROFIT OR LOSS

In addition to the profit and loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2022	2021
	\$'000	\$'000
Audit fees to independent auditor of the company	141	131
Audit fees to other independent auditors	8	10
Other fees to independent auditor of the company	12	53
Other fees to other independent auditors	12	19

## 30. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS (I) No.	Title
SFRS (I) 1-16 Various	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to Annual Improvements to SFRS (I)s 2018-2020 – Amendments to SFRS(I) 1 First-time Adoption of SFRS(I); IFRS 9 Financial Instruments; SFRS(I) 16 Leases, and ;SFRS(I) 1-41 Agriculture

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

YEAR ENDED 30 SEPTEMBER 2022

## 31. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the company for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following 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 reporting entity's financial statements in the period of initial application.

<b>SFRS (I) No.</b>	<b>Title</b>	<b>Effective date for periods beginning on or after</b>
SFRS (I) 1-1	Presentation of Financial Statements – amendment relating to Classification of Liabilities as Current or Non-current	1 January 2023
SFRS (I) 1-1	Disclosure of Accounting Policies – Amendments to SFRS (I) 1-1 and SFRS (I) Practice Statement 2 Making Materiality Judgements	1 January 2023
SFRS (I) 1-8	Definition of Accounting Estimates – Amendments to	1 January 2023



# SHAREHOLDERS' INFORMATION

AS AT 13 DECEMBER 2022

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Number of issued shares	:	290,399,997
Number of issued shares (excluding treasury shares)	:	261,360,097
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share
Number and percentage of subsidiary holdings held	:	Nil

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	% <sup>1</sup>
1 – 99	26	2.12	1,127	0.00
100 – 1,000	117	9.53	58,147	0.02
1,001 – 10,000	382	31.11	1,830,848	0.70
10,001 – 1,000,000	683	55.61	57,251,691	21.91
1,000,001 AND ABOVE	20	1.63	202,218,284	77.37
<b>Total</b>	<b>1,228</b>	<b>100.00</b>	<b>261,360,097</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% <sup>1</sup>
1	Daiwa Capital Markets Singapore Limited <sup>2</sup>	82,617,982	31.61
2	Ong Tong Hai (Weng Donghai)	35,142,096	13.45
3	Ong Tong Yang (Weng Dongyang)	19,954,396	7.63
4	Goh Guan Siong (Wu Yuanxiang)	8,629,100	3.30
5	DBS Nominees (Private) Limited	7,644,768	2.92
6	ABN AMRO Clearing Bank N.V.	6,505,562	2.49
7	Ho Su Chin	6,502,041	2.49
8	Chow Kok Kee	6,124,991	2.34
9	Phillip Securities Pte Ltd	5,798,148	2.22
10	Ong Chin Sum	5,313,100	2.03
11	Teo Ching Ching (Zhao Qianqian)	4,080,698	1.56
12	Chan Hock Lye	2,529,700	0.97
13	Seah Chye Ann (Xie Cai'an)	2,060,000	0.79
14	Lau Kin Hong	1,682,000	0.64
15	iFAST Financial Pte. Ltd.	1,487,100	0.57
16	Est of Teo Chin Whatt, Dec'd	1,411,502	0.54
17	Ng Beng Thong	1,315,400	0.50
18	See Beng Lian Janice	1,223,100	0.47
19	Lim Kah Kee	1,142,000	0.44
20	Joey Chua	1,054,600	0.40
<b>Total</b>		<b>202,218,284</b>	<b>77.36</b>

Note:

<sup>1</sup> The shareholding percentage is calculated based on the number of issued ordinary shares of the Company excluding treasury shares.

<sup>2</sup> Held through Daiwa Capital Markets Singapore Limited.

# SHAREHOLDERS' INFORMATION (CONT'D)

AS AT 13 DECEMBER 2022

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Shareholders	Number of Shares	Direct Interest %	Deemed Interest %
Hanwa Co, Ltd <sup>1</sup>	82,617,982	31.61	–
Ong Tong Hai (Weng Donghai) <sup>2</sup>	35,142,096	13.45	–
Ong Tong Yang (Weng Dongyang) <sup>3</sup>	19,954,396	7.63	–

Note:

1 Held through Daiwa Capital Markets Singapore Limited.

2 Mr Ong Tong Hai is the brother of Mr Ong Tong Yang, a substantial shareholder of the Company.

3 Mr Ong Tong Yang is the brother of Mr Ong Tong Hai, the CEO and Executive Director of the Company and the Director of Kim Seng Huat Hardware Pte Ltd, the Company's principal subsidiary.

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 13 December 2022, approximately 47% of the Company's shares were held by the public. Accordingly, the Company is in compliance with Rule 723 of the SGX-ST Listing Manual.

## TREASURY SHARES

As at 13 December 2022, the total number of ordinary shares held in treasury is 29,039,900. The percentage of such holding against the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) is 11.11%.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of CosmoSteel Holdings Limited (the "**Company**") will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404, on Tuesday, 31 January 2023 at 9.30 a.m. to transact the following business: –

## ORDINARY BUSINESS

### AS ORDINARY RESOLUTIONS

1. To receive and adopt the Statement By Directors, the Independent Auditors' Report and the Audited Financial Statements of the Company for the financial year ended 30 September 2022. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of S\$0.005 per share for the financial year ended 30 September 2022. **(Resolution 2)**
3. To approve the payment of S\$12,000 as additional Directors' Fees for the financial year ended 30 September 2022. **(Resolution 3)**
4. To approve the payment of S\$330,000 as Directors' Fees for the financial year ending 30 September 2023. **(Resolution 4)**
5. To re-elect Mr Jack Ong Tong Hai, the Director retiring by rotation pursuant to Article 117 of the Constitution of the Company. **(Resolution 5)**
6. To re-elect Mr Hor Siew Fu, the Director retiring by rotation pursuant to Article 117 of the Constitution of the Company. **(Resolution 6)**
7. To re-elect Mr Ong Tiew Siam, the Director retiring pursuant to Article 122 of the Constitution of the Company. **(Resolution 7)**
8. To re-elect Mr Lim Jun Xiong Steven, the Director retiring pursuant to Article 122 of the Constitution of the Company. **(Resolution 8)**
9. To re-elect Mr Loo Cheng Guan, the Director retiring pursuant to Article 122 of the Constitution of the Company. **(Resolution 9)**
10. To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 10)**

## SPECIAL BUSINESS

### AS ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications: –

#### 11. Authority to issue and allot shares pursuant to Share Issue Mandate

That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the SGX-ST, authority be and is hereby given to the directors of the Company ("**Directors**") (the "**Share Issue Mandate**") to:

- (A) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (iii) notwithstanding that such authority conferred by this Resolution may have ceased to be in force at the time the Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (B) issue Shares in pursuance of any Instrument made or granted by the Directors pursuant to (A)(ii) and/or (A)(iii) above, notwithstanding that such authority may have ceased to be in force at the time the Shares are to be issued,

provided that:

- (I) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty percent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (II) below);
- (II) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (I) above, the percentage of issued Shares shall be based on the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any convertible securities;
  - (b) new Shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (III) in exercising such authority, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (IV) unless revoked or varied by the Company in general meeting by ordinary resolution, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Companies Act 1967 and every other legislation for the time being in force concerning companies and affecting the Company, whichever is the earliest.

**(Resolution 11)**

### 12. Renewal of IPT Mandate

That:

- (a) authority be and is hereby given for the Company, its subsidiaries and associated companies (if any) which fall within the definition of "entities at risk" under Chapter 9 of the Listing Manual of the SGX-ST or any of them to enter into any transaction falling within the categories of interested person transactions set out in the addendum to this notice of annual general meeting ("**Addendum**"), with any party who is of the class or classes of interested persons described in the Addendum, provided that such transaction is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Addendum (such shareholders' general mandate hereinafter called the "**IPT Mandate**");

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST, which may be prescribed by the SGX-ST from time to time; and
- (d) the directors of the Company and each of them be and are hereby authorised, empowered to complete and do and execute all such things and acts as they or he may consider necessary or appropriate to give effect to these resolutions and the IPT Mandate, with such modifications thereto (if any) as they or he may think fit in the interests of the Company.

(Resolution 12)

### 13. Renewal of Share Buyback Mandate

That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) market purchases (each a "**Market Purchase**") on the SGX-ST transacted through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
  - (ii) off-market purchases (each an "**Off-Market Purchase**") otherwise than on a securities exchange, in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual of the SGX-ST,

on the terms set out in the Addendum, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earlier of:
  - (i) the conclusion of the next annual general meeting of the Company or the date on which such annual general meeting of the Company is required by law to be held; or
  - (ii) the date on which the share buy-backs have been carried out to the full extent of the Share Buyback Mandate;

- (c) in this resolution:

**"Average Closing Price"** means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, before the day on which Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five day period; and

**"date of the making of the offer"** means the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

**"Maximum Percentage"** means that number of issued Shares representing ten percent (10%) of the total number of issued Shares as at the date of the passing of this resolution (excluding any treasury shares and subsidiary holdings as at that date); and

**"Maximum Price"** in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a Market Purchase: 105% of the Average Closing Price of the Shares; and
  - (ii) in the case of an Off-Market Purchase: 105% of the Average Closing Price of the Shares; and
- (d) the Directors and each of them be and is hereby authorised to do such acts and things (including without limitation, executing such documents as may be required, approving any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient to give effect to the transactions contemplated and/or authorised by this resolution.

**(Resolution 13)**

14. To transact any other ordinary business of an Annual General Meeting.

BY ORDER OF THE BOARD

Lee Pih Peng  
Joint Company Secretary  
9 January 2023  
Singapore

### **EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES TO BE TRANSACTED:—**

#### Ordinary Business

- (i) Ordinary Resolution 3, if passed, will allow the Company to pay additional Directors' fees to Directors in respect of the financial year ended 30 September 2022 in relation to additional meetings held during the course of the financial year ended 30 September 2022. This amount is in excess of the Directors' fees (S\$285,000) in respect of FY2022, which was approved at the last annual general meeting of the Company.
- (ii) Ordinary Resolution 4, if passed, will allow the Company to pay Directors' Fees to Directors (on a quarterly basis in arrears) as services are rendered by Directors for the financial year ending 30 September 2023. This will facilitate Directors' compensation for services rendered in a timely manner. In the event of unforeseen circumstances, such as the appointment of an additional Director, additional unscheduled Board and Board Committee meetings and the formation of additional Board Committees, resulting in the amount proposed being insufficient, approval will be sought at the next Annual General Meeting for payments to meet the shortfall.
- (iii) Ordinary Resolution 5, if passed, will re-appoint Mr Jack Ong Tong Hai as Director of the Company. Mr Jack Ong Tong Hai is an Executive Director and Chief Executive Officer of the Company. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Mr Jack Ong Tong Hai is set out in pages 128 to 139 of the Company's annual report.
- (iv) Ordinary Resolution 6, if passed, will re-appoint Mr Hor Siew Fu as Director of the Company. Mr Hor Siew Fu is an Independent Director of the Company, and member of the Audit Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Mr Hor Siew Fu is set out in pages 128 to 139 of the Company's annual report.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (v) Ordinary Resolution 7, if passed, will re-appoint Mr Ong Tiew Siam as Director of the Company, following his appointment as Director on 1 December 2022. Mr Ong Tiew Siam is Lead Independent Director of the Company, Chairman of the Audit Committee and member of the Nominating Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Mr Ong Tiew Siam is set out in pages 128 to 139 of the Company's annual report.
- (vi) Ordinary Resolution 8, if passed, will re-appoint Mr Lim Jun Xiong Steven as Director of the Company, following his appointment as Director on 1 December 2022. Mr Lim Jun Xiong Steven is an Independent Director of the Company, Chairman of the Nominating Committee and member of the Remuneration Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Lim Jun Xiong Steven is set out in pages 128 to 139 of the Company's annual report.
- (vii) Ordinary Resolution 9, if passed, will re-appoint Mr Loo Cheng Guan as Director of the Company, following his appointment as Director on 1 December 2022. Mr Loo Cheng Guan is an Independent Director of the Company and Chairman of the Remuneration Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Mr Loo Cheng Guan is set out in pages 128 to 139 of the Company's annual report.

### Special Business

- (viii) Ordinary Resolution 11, if passed, will empower the Directors of the Company to, from the date of the above Annual General Meeting of the Company until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Companies Act 1967, and every other legislation for the time being in force concerning companies and affecting the Company, whichever is the earliest, allot and issue Shares, to make or grant Instruments, and to issue Shares in pursuance of such Instruments for such purposes as they consider in the interests of the Company.

The aggregate number of Shares that the Directors may allot and issue under this Resolution (including Shares to be issued in pursuance of Instruments made or granted) shall not exceed fifty percent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of Shares to be issued other than on a pro rata basis shall not exceed twenty percent (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution), to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

- (1) new Shares arising from the conversion or exercise of any convertible securities;
  - (2) new Shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (3) any subsequent bonus issue, consolidation or sub-division of Shares.
- (ix) Ordinary Resolution 12, if passed, will renew the IPT Mandate first given by the Shareholders at the Company's extraordinary general meeting held on 3 March 2015 ("EGM") to allow the Company, and its subsidiaries and associated companies or any of them to enter into interested person transactions (details of which are set out in the Addendum).

The Company's Audit Committee has confirmed (pursuant to Rule 920(1) of the Listing Manual of the SGX-ST) that the methods or review procedures set out in the Addendum for determining the transaction prices in respect of the interested person transactions have not changed since the Shareholders' approval at the EGM.

- (x) Ordinary Resolution 13, if passed, will empower the Company to purchase or otherwise acquire issued Shares by way of Market Purchases or Off-Market Purchases, in accordance with the terms and conditions set out in the Addendum.

Please refer to the Addendum for additional information in relation to the proposed renewal of the Share Buyback Mandate.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## NOTE:

1. The Annual General Meeting ("AGM") will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404 on Tuesday, 31 January 2023 at 9.30 a.m.. **There will be no option for Shareholders to participate virtually.**
2. Printed copies of this Notice of AGM, the Proxy Form and the Annual Report for the financial year ended 30 September 2022 (the "Annual Report 2022") will not be sent to Shareholders. This Notice of AGM, the Proxy Form and the Annual Report 2022 may be accessed at the Company's website at [www.cosmosteel.com](http://www.cosmosteel.com). This Notice of AGM, the Proxy Form and the Annual Report 2022 are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

3. **A Shareholder (whether individual or corporate) may vote live at the AGM or may appoint a proxy, including the Chairman of the AGM, to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM.** The Proxy Form for the AGM may be accessed at the Company's website at [www.cosmosteel.com](http://www.cosmosteel.com) and is also available on SGXNET at <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of proxy for that resolution will be treated as invalid. In addition, if no specific direction as to voting is given for the individual(s) named above, the proxy/ proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM or at any adjournment thereof.

Only Shareholders of the Company or their appointed proxy(ies) who have been successfully verified will be entitled to attend the AGM.

4. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
5. A member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. Where a relevant intermediary appoints more than 2 proxies, separate Proxy Forms should be used.
6. "Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.
7. CPF / SRS investors who wish to exercise their votes should approach the CPF Agent Bank or SRS Agent Bank (as the case may be) to submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 18 January 2023) in order to allow sufficient time for their respective relevant intermediaries to submit a Proxy Form to vote on their behalf by the cut-off date.
8. Shareholders or their appointed proxy (other than the Chairman of the AGM) of the Company may speak and raise questions at the AGM. Shareholders of the Company may also submit questions relating to the resolutions tabled for approval at the AGM, together with their full name (as per CDP/CPF/SRS/Scrip-based records), identification number (e.g. NRIC/Passport/Company Registration Number), shareholding type (e.g. CDP/CPF/SRS/Scrip-based), email address and contact number to enable the Company (or its agents or service providers) to authenticate their status as Shareholders of the Company, in the following manner:
  - (a) if sent personally or by post, be received at the Company's registered address at 14 Lok Yang Way, Singapore 628633; or
  - (b) if submitted by email, be sent as a clearly readable image via email to the Company at [ir@cosmosteel.com.sg](mailto:ir@cosmosteel.com.sg),

in either case, by 9.30 a.m. (Singapore Time), on 17 January 2023. The Company will endeavour to address all substantial and relevant questions (determined by the Company in its sole discretion) received by 9.30 a.m. (Singapore Time), on 25 January 2023 (that is, at least 72 hours prior to the closing date and time for the lodgement of the Proxy Forms).

9. A proxy, including the Chairman of the AGM, need not be a Shareholder of the Company.



## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

10. The Proxy Form must be submitted to the Company in the following manner:

- (a) if sent personally or by post, be received at the Company's registered address at 14 Lok Yang Way; or
- (b) if submitted by email, be sent as a clearly readable image via email to the Company at [ir@cosmosteel.com.sg](mailto:ir@cosmosteel.com.sg),

in any case, by 9.30 a.m. on 28 January 2023 at (that is, not less than 72 hours before the time fixed for holding the AGM). A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means.**

### IMPORTANT REMINDERS:

Due to the constantly evolving COVID-19 situation, the Company may be required to change its AGM arrangements at short notice. Members are advised to regularly check the Company's website or announcements released on SGXNET for updates on the AGM. Further, in view of the current COVID-19 measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

### PERSONAL DATA PRIVACY:

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

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

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

## ADDITIONAL INFORMATION

### ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Mr Jack Ong Tong Hai, Mr Hor Siew Fu, Mr Ong Tiew Siam, Mr Lim Jun Xiong Steven and Mr Loo Cheng Guan are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 31 January 2023 ("AGM") under Ordinary Resolutions 5, 6, 7, 8, and 9 as set out in the Notice of AGM dated 9 January 2023 (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the SGX Listing Rules, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the SGX Listing Rules is set out below:

Name of Director	Jack Ong Tong Hai	Hor Siew Fu
Date of Appointment	9 November 2005	26 October 2018
Date of Last Re-Appointment	27 January 2021	27 January 2021
Age	45	71
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	N.A.	N.A.
Whether appointment is executive, and if so, the area of responsibility	Yes  Mr Jack Ong Tong Hai is the Chief Executive Officer and Executive Director of the Group and is responsible for steering the Group's corporate and business strategies.	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer / Executive Director	Independent Director  Audit Committee Member

## ADDITIONAL INFORMATION (CONT'D)

Ong Tiew Siam	Lim Jun Xiong Steven	Loo Cheng Guan
1 December 2022	1 December 2022	1 December 2022
–	–	–
69	67	59
Singapore	Singapore	Singapore
N.A.	N.A.	N.A.
No	No	No
Lead Independent Director	Independent Director	Independent Director
Audit Committee Chairman	Nominating Committee Chairman	Remuneration Committee Chairman
Nominating Committee Member	Remuneration Committee Member	

## ADDITIONAL INFORMATION (CONT'D)

Name of Director	Jack Ong Tong Hai	Hor Siew Fu
Working experience and occupation(s) during the past 10 years	2005 – Current Executive Director Cosmosteel Holdings Limited	2007 – 2013 Chief Financial Officer Cosmosteel Holdings Limited
	2000 – Current Director of Kim Seng Huat Hardware Pte Ltd	2014 – 2016 Chief Financial Officer Albedo Limited
		2016 – Current Independent Director Edition Limited
		2018 – Current Independent Director Cosmosteel Holdings Limited
		2019 – Current Independent Director Memiontec Holdings Ltd.

Shareholding interest in the listed issuer and its subsidiaries

35,142,096

Nil

## ADDITIONAL INFORMATION (CONT'D)

Ong Tiew Siam	Lim Jun Xiong Steven	Loo Cheng Guan
2003 – 2013 Independent Director China Flexible Packaging Limited	2010 – 2014 Chief Executive Officer Societe Generale Private Banking, SG Trust (Asia) Ltd	2011 – 2015 Executive Director/Group President C&G Environment Protection Holdings Ltd.
2004 – 2014 Independent Director Ace Achieve Infocom Limited	2013 – 2017 Non-Executive and Independent Chairman of Sapphire Corporation Limited	2014 – 2015 Non-Independent Non-Executive Director Grandblue Environment Co., Ltd
2005 – 2015 Independent Director Lizhong Wheel Group Ltd.	2009 – 2021 Independent Director Mirach Energy Limited	2015 – 2016 Independent Director Advance SCT Limited
2004 – 2017 Independent Director Fung Choi Media Group Ltd	2011 – 2021 Independent Director Keong Hong Holdings Limited	2018 – 2020 Independent Director Datapulse Technology Limited
1999 – 2009 Executive Director Tat Hong Holdings Ltd	2018 – 2021 Independent Director Emerging Towns & Cities Ltd	2018 – 2021 Independent Director Mirach Energy Limited
2009 – 2012 Non-Independent Director Tat Hong Holdings Ltd	2015 – 2017 Non-Executive Director Ranken Holding Company Limited (f.k.a Ranken Infrastructure Limited)	2016 – Current Director Vermilion Gate Pte Ltd
2012 – 2018 Independent Director Tat Hong Holdings Ltd	2016 – 2017 Non-Executive Director Mancala Holdings Limited	2020 – Current Managing Director King Tower Asset Management (S) Pte Ltd
2007 – 2019 Independent Director Design Studio Group Ltd	2016 – 2017 Non-Executive Director Mancala Pty Ltd	2015 – Current Independent Director Valuetronics Holdings Limited
2014 – 2022 Independent Director Valuetronics Limited	2009 – Current Independent Director Bund Center Investment Ltd	2020 – Current Independent Director China First Capital Group Limited
2018 – Current Independent Director of CSC Holdings Limited	2014 – Current Independent Director Hong Fok Corporation Limited	
	2020 – Current Independent Director Sinarmas Land Limited	
	2021 – Current Independent Director Livingstone Health Holdings Limited	
	2021 – Current Independent Director Riverstone Holdings Limited	
Nil	Nil	Nil

## ADDITIONAL INFORMATION (CONT'D)

Name of Director	Jack Ong Tong Hai	Hor Siew Fu
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Jack Ong Tong Hai is the brother of Mr Andy Ong Tong Yang, a substantial shareholder of the Company	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in <u>Appendix 7.7</u> ) under <u>Rule 720(1)</u> has been submitted to the listed issuer	Yes	Yes
Past Directorships or Principal Commitments (for the last 5 years)	Nil	Director of Q Industries & Trade Pte Ltd  Independent Director of Plastoform Holdings Limited
Present Directorships or Principal Commitments	Chief Executive Officer and Executive Director of Cosmosteel Holdings Limited  Managing Director of Kim Seng Huat Hardware Pte Ltd	Independent Director of Edition Limited  Independent Director of Memiontec Holdings Limited  Independent Director of Cosmosteel Holdings Limited

## ADDITIONAL INFORMATION (CONT'D)

Ong Tiew Siam	Lim Jun Xiong Steven	Loo Cheng Guan
Nil	Nil	Nil
Nil	Nil	Nil
Yes	Yes	Yes
Executive Director of Tat Hong Holdings Ltd	Non-Executive and Independent Chairman of Sapphire Corporation Limited	Independent Director Mirach Energy Limited
Independent Director of Design Studio Group Ltd	Independent Director of Mirach Energy Limited	Independent Director Datapulse Technology Limited
Independent Director of Valuetronics Holdings Limited	Independent Director of Keong Hong Holdings Limited	
	Independent Director of Emerging Towns & Cities Ltd	
	Non-Executive Director of Ranken Holding Company Limited	
	Non-Executive Director of Mancala Holdings Limited	
	Non-Executive Director of Mancala Pty Ltd	
Independent Director of CSC Holdings Limited	Independent Director of Bund Center Investment Ltd	Managing Director King Tower Asset Management (S) Pte Ltd
Independent Director of Cosmosteel Holdings Limited	Independent Director of Hong Fok Corporation Limited	Director Vermillion Gate Pte Ltd
	Independent Director of Sinarmas Land Limited	Independent Director Valuetronics Holdings Limited
	Independent Director of Livingstone Health Holdings Limited	Independent Director China First Capital Group Limited
	Independent Director of Riverstone Holdings Limited	Independent Director of Cosmosteel Holdings Limited
	Independent Director of Cosmosteel Holdings Limited	

## ADDITIONAL INFORMATION (CONT'D)

Name of Director	Jack Ong Tong Hai	Hor Siew Fu
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No



## ADDITIONAL INFORMATION (CONT'D)

Ong Tiew Siam	Lim Jun Xiong Steven	Loo Cheng Guan
No	No	No
<p>Mr Ong was an Independent Non-Executive Director of Fung Choi Media Group Limited ("<b>FCM</b>"), a Bermuda incorporated company which was previously listed on the mainboard of the SGX-ST. He was not in-charge of the day-to-day operations of FCM. On 20 March 2015, a winding up petition on the grounds of insolvency was made by BCA Best Business Service Limited (the "<b>Bondholder</b>") with the Supreme Court of Bermuda ("<b>Bermuda Court</b>") in relation to an outstanding debt of US\$43,939,101 due from FCM to the Bondholder. On 25 November 2015, the Bermuda Court heard the winding up petition and made an offer for FCM to be wound up and accordingly, FCM delisted from the mainboard of the SGX-ST on 24 July 2017.</p>	No	No
No	No	No
No	No	No
No	No	No

## ADDITIONAL INFORMATION (CONT'D)

Name of Director	Jack Ong Tong Hai	Hor Siew Fu
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No

# ADDITIONAL INFORMATION (CONT'D)

Ong Tiew Siam	Lim Jun Xiong Steven	Loo Cheng Guan
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No

## ADDITIONAL INFORMATION (CONT'D)

Name of Director	Jack Ong Tong Hai	Hor Siew Fu
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere	No	No
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes  Cosmosteel Holdings Limited	Yes  Edition Limited  Cosmosteel Holdings Limited  Plastoform Holdings Limited  Memiontec Holdings Ltd

## ADDITIONAL INFORMATION (CONT'D)

Ong Tiew Siam	Lim Jun Xiong Steven	Loo Cheng Guan
No	No	No
No	No	No
Yes	Yes	Yes
Cosmosteel Holdings Limited	Cosmosteel Holdings Limited	Cosmosteel Holdings Limited
Valuetronics Holdings Limited	Bund Center Investment Limited	Valuetronics Holdings Limited
CSC Holdings Limited	Hong Fok Corporation Limited	Mirach Energy Limited
Design Studio Group Ltd	Sinarmas Land Limited	Datapulse Technology Limited
Lizhong Wheel Group Ltd.	Livingstone Health Holdings Limited	Advanced SCT Limited
Tat Hong Holdings Ltd	Riverstone Holdings Limited	C&G Environment Protection Holdings Ltd
China Flexible Packaging Limited	Emerging Towns & Cities Ltd	Grandblue Environment Co., Ltd
Fung Choi Media Group Ltd	Keong Hong Holdings Limited	China First Capital Group Limited (a company listed on HKEX)
Ace Achieve Infocom Limited	Mirach Energy Limited	
	Sapphire Holdings Limited	
	Passion Holdings Limited	
	MAP Technology Holdings Limited	

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# ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

This proxy form has been made available on SGXNET and the Company's website at [www.cosmosteel.com](http://www.cosmosteel.com). A printed copy of this proxy form will **NOT** be despatched to members.

## IMPORTANT

This Proxy Form is not valid for use by investors who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act) including CPF/SRS Investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including CPF/SRS Investors), if they wish to vote, should contact their respective relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS Investors should approach their respective CPF Agent Bank or SRS Agent Bank (as the case may be) at least 7 working days before the Meeting (i.e by 5.00 p.m. on 18 January 2023) to specify voting instructions.

I/We, \_\_\_\_\_ NRIC/Passport/Company Registration No. \_\_\_\_\_

of \_\_\_\_\_ (Address)

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

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404 on 31 January 2023 at 9.30 a.m. and at any adjournment thereof.

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

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

No.	Ordinary Resolution	For	Against	Abstain
1	To adopt Statement By Directors, Independent Auditors' Report and Audited Financial Statements			
2	To declare a final one-tier tax exempt dividend			
3	To approve the payment of additional Directors' Fees for the financial year ended 30 September 2022.			
4	To approve Directors' fees for the financial year ending 30 September 2023			
5	To re-elect Mr Jack Ong Tong Hai as Director of the Company			
6	To re-elect Mr Hor Siew Fu as Director of the Company			
7	To re-elect Mr Ong Tiew Siam as Director of the Company			
8	To re-elect Mr Lim Jun Xiong Steven as Director of the Company			
9	To re-elect Mr Loo Cheng Guan as Director of the Company			
10	To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration			
11	To authorise the Directors to allot and issue shares			
12	To authorise the Directors to enter into interested person transactions pursuant to the Interested Person Transactions Mandate			
13	To authorise the Directors to buy back ordinary shares in the capital of the Company pursuant to the Share Buyback Mandate			

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

\*Delete where inapplicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Total number of Shares in	Number of Shares
CDP Register	

\_\_\_\_\_  
Signature(s) of Member(s) /  
Common Seal of Corporate shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

#### Notes:

1. The Annual General Meeting ("AGM") will be held at Raffles Marina, 10 Tuas West Drive, Singapore 638404 on Tuesday, 31 January 2023 at 9.30 a.m.. **There will be no option for Shareholders to participate virtually.**
2. Printed copies of the Notice of AGM, this Proxy Form and the Annual Report for the financial year ended 30 September 2022 (the "Annual Report 2022") will not be sent to Shareholders. The Notice of AGM, this Proxy Form and the Annual Report 2022 may be accessed at the Company's website at [www.cosmosteel.com](http://www.cosmosteel.com). The Notice of AGM, this Proxy Form and the Annual Report 2022 are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
4. A Shareholder (whether individual or corporate) may vote live at the AGM or may appoint a proxy, including the Chairman of the AGM, to attend, speak and vote on his/her/its behalf at the AGM if such Shareholder wishes to exercise his/her/its voting rights at the AGM. The Proxy Form for the AGM may be accessed at the Company's website at [www.cosmosteel.com](http://www.cosmosteel.com) and is also available on SGXNET at <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of proxy for that resolution will be treated as invalid. In addition, if no specific direction as to voting is given for the individual(s) named above, the proxy/ proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM or at any adjournment thereof.  
Only Shareholders of the Company or their appointed proxy(ies) who have been successfully verified will be entitled to attend the AGM.
5. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such member's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
6. A member who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. Where a relevant intermediary appoints more than 2 proxies, separate Proxy Forms should be used.
7. "Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.
8. CPF / SRS investors who wish to exercise their votes should approach the CPF Agent Bank or SRS Agent Bank (as the case may be) to submit their votes at least seven (7) working days before the AGM (i.e. by 5.00 p.m. on 18 January 2023) in order to allow sufficient time for their respective relevant intermediaries to submit a Proxy Form to vote on their behalf by the cut-off date.
9. Shareholders or their appointed proxy (other than the Chairman of the AGM) of the Company may speak and raise questions at the AGM. Shareholders of the Company may also submit questions relating to the resolutions tabled for approval at the AGM, together with their full name (as per CDP/CPF/SRS/Scrip-based records), identification number (e.g. NRIC/Passport/Company Registration Number), shareholding type (e.g. CDP/CPF/SRS/Scrip-based), email address and contact number to enable the Company (or its agents or service providers) to authenticate their status as Shareholders of the Company, in the following manner:
  - (a) if sent personally or by post, be received at the Company's registered address at 14 Lok Yang Way, Singapore 628633; or
  - (b) if submitted by email, be sent as a clearly readable image via email to the Company at [ir@cosmosteel.com.sg](mailto:ir@cosmosteel.com.sg),in either case, by 9.30 a.m. (Singapore Time), on 17 January 2023. The Company will endeavour to address all substantial and relevant questions (determined by the Company in its sole discretion) received by 9.30 a.m. (Singapore Time), on 25 January 2023 (that is, at least 72 hours prior to the closing date and time for the lodgement of the Proxy Forms).
10. A proxy, including the Chairman of the AGM, need not be a Shareholder of the Company.
11. The Proxy Form must be submitted to the Company in the following manner:
  - (a) if sent personally or by post, be received at the Company's registered address at 14 Lok Yang Way, Singapore 628633; or
  - (b) if submitted by email, be sent as a clearly readable image via email to the Company at [ir@cosmosteel.com.sg](mailto:ir@cosmosteel.com.sg),in any case, by 9.30 a.m. on 28 January 2023 at (that is, not less than 72 hours before the time fixed for holding the AGM). A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means.**
12. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
13. Where the Proxy Form is executed under the hand of an attorney duly authorised, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

## PERSONAL DATA PRIVACY

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



COSMOSTEEL HOLDINGS LIMITED

ENVISIONING THE FUTURE

ANNUAL REPORT 2022



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