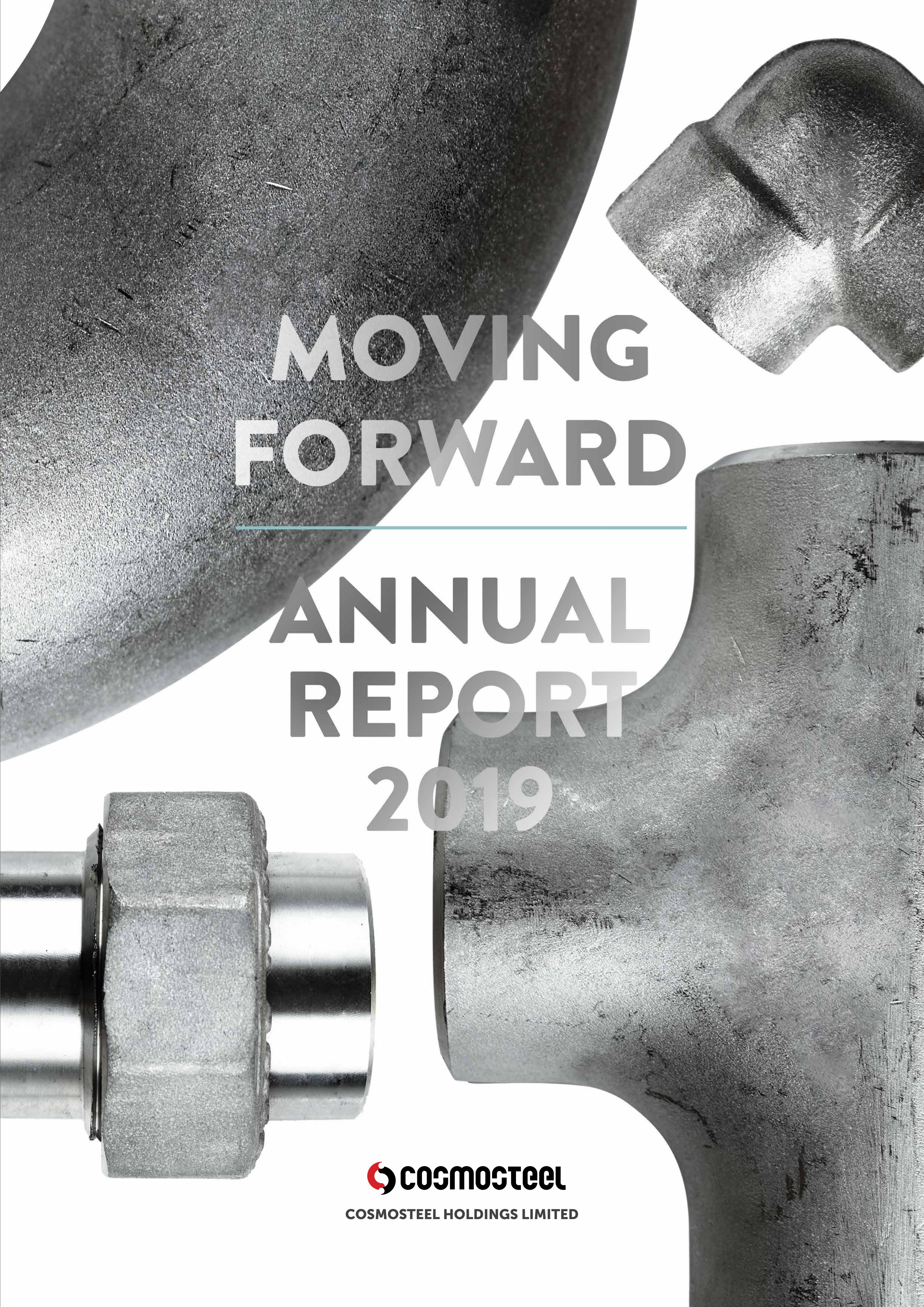


MOVING FORWARD

ANNUAL REPORT 2019

COSMOSTEEL HOLDINGS LIMITED

Contents

Our Mission

TO BE A WORLD-CLASS PROVIDER OF PIPING SYSTEMS COMPONENTS AND RELATED SERVICES THAT SURPASSES 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 Structure

COSMOSTEEL HOLDINGS LIMITED

100% — Kim Seng Huat Hardware Pte Ltd

100% — CosmoSteel (Australia) Pty Ltd

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 quality of products and to consistently provide timely services to customers.
- To focus on productivity improvements in order 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.

Corporate Profile

SGX Mainboard-listed CosmoSteel Holdings Limited and its subsidiaries (collectively "**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 411,000 sq feet (site area) of storage space across four warehouses. We carry a comprehensive range of high-quality products, sourced from major international manufacturers, which we are able to 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 2019, the Group was ranked 79th out of 578 companies on the Singapore Governance and Transparency Index ("**SGTI**"), the leading index for assessing corporate governance practices of Singapore-listed companies. We were also a runner-up for the Most Transparent Company in the Energy category at the SIAS 20th Investors' Choice Awards. In addition, we have also received numerous world-class certifications including ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 22301:2012 and bizSAFE STAR certification.

Our
Core Values

BUILD TRUST

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

EFFECT PROGRESS

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

Our
Milestones

1980's

1984
- Started with a shophouse in Jalan Besar, Singapore

1993
- Consolidated operations to new premises in 41 Tuas Avenue 13 (42,986 sqf: warehousing and office)

2000
- Achieved ISO 9002:1994 certification

2003
- Achieved ISO 9001:2000 certification

2005
- Moved to new site at 14 Lok Yang Way Singapore (111,363 sqf: warehousing and office)

2007
- Acquired new warehouse at 21A Neythal Road Singapore (111,751 sqf: warehousing)[1]
- Listed on the Mainboard of Singapore Exchange Ltd

2008
- Achieved ISO 9001:2008 certification

2009
- Achieved ISO 14001:2004 and OHSAS 18001:2007 certifications

2010
- Acquired new warehouse at 90 Second Lok Yang Road Singapore (69,998 sqf: warehousing)

[1] Lease renewed for one year wef 16 August 2019 with a further one year renewal option

SURPASS EXPECTATIONS

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

THINK FORWARD

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

2000's

2012

- Achieved bizSAFE STAR certification

2014

- Acquired new warehousing facility at 36 Tuas Crescent (118,274 sqf: warehousing)

2015

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

2016

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

2018

- Completed construction and obtained Temporary Occupation Permit for warehouse facility and workers' dormitory at 90 Second Lok Yang Road

2019

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

OUR PRODUCTS AND SERVICES

With more than 25,000 line items across four main product categories, CosmoSteel has an extensive inventory of steel pipes, fittings, flanges and 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 the size and thread dimensions of our products 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
- Plates
- Flats
- Hollow sections of different steel grades

Material Range

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

International Standards

Steel and Structural Products
- API
- ANSI
- ASME
- ASTM
- EN

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

PRODUCTS

OVER
25,000
LINE ITEMS

SERVICES

Offering customisation services for specific engineering and fabrication design requirements

OUR CUSTOMERS

01 Energy Industry
For fabricating offshore rigs, conversion and building of Floating Production Storage and Offloading (FPSO) / Floating Storage and Offloading (FSO) vessels, and fabricating onshore energy facilities

02 Marine Industry
For shipbuilding and repairs

03 Traders
Traders who on-sell our products to their customers which may include end-user customers from the Energy and Marine industries

04 Others
For the manufacturing sector and other industries

A Joint Message From The Chairman + CEO

WHILE WE ARE PROUD OF OUR FINANCIAL TURNAROUND AND CORPORATE ACHIEVEMENTS IN FY2019, WE ARE MINDFUL THAT OPERATING CONDITIONS REMAIN CHALLENGING.

Jack Ong Tong Hai

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, we are very pleased to present our annual report for the financial year ended 30 September 2019 ("**FY2019**"), a milestone year that marked the Group's return to profitability since FY2015.

The Group achieved a net profit of $2.8 million on the back of $91.6 million in revenue in FY2019, from a net loss of $32.3 million and revenue of $82.2 million for the financial year ended 30 September 2018 ("**FY2018**"). Our gross margins have also improved to 20.4% in FY2019 from 16.6% a year ago.

With this financial turnaround, we are pleased to declare a final cash dividend of 0.25 cents per share, which translates to a payout of 25.8%. We would like to thank all our shareholders for sticking with CosmoSteel through the toughest period in the company's history. Your support means a lot to us and we hope that you will continue to do so in the future as we navigate this volatile operating environment.

Year in Review

The Group's conservative and prudent approach to business and inventory management had laid the foundation for our financial recovery in FY2019. With market conditions being what they were, our focus in FY2019 remained primarily on reducing our operating costs and raising our operational efficiency in

left
Low Beng Tin
Chairman and Independent Director

right
Jack Ong Tong Hai
Chief Executive Officer and Executive Director

terms of processes and inventory. As a direct result of these measures, the Group was able to lower our overall operating costs by 4.5% in FY2019 with a higher revenue. In FY2019, revenue per employee was $1.0 million up from $0.9 million in FY2018 and $0.7 million in FY2017.

Meanwhile, the consolidation of our operations at our upgraded and larger facility at 90 Second Lok Yang Road is in progress. During this transitional phase, we have renewed our lease for 21A Neythal Road for one year, with a renewal option for a further one year, with effect from 16 August 2019, while our lease for 36 Tuas Crescent expires in April 2020. Once done, we expect to operate solely from two warehouses, allowing us to benefit from substantial rental cost savings and improved supply chain management. At the same time, we will also continue to look for lower-cost venue alternatives for our operations.

Underlining our continuous commitment to corporate governance and transparency, the Group's ranking on the Singapore Governance and Transparency Index ("**SGTI**") improved significantly to 79th with a score of 78 points in 2019 from 141st on 67 points respectively in 2018. CosmoSteel was also named Runner-up for the Most Transparent Company in the Energy Category at the 20th Securities Investors Association Singapore ("**SIAS**") Investors' Choice Awards. This award acknowledges listed companies that have done well on disclosure and transparency, elements which are vital in helping investors make informed investment decisions.

Board and Management Rejuvenation

The Board was rejuvenated in FY2019. Our founder, CEO and Executive Director Mr Ong Chin Sum, who was a vital part of this Company for 35 years, retired on 12 July 2019. It has been a privilege to have worked with him and we thank him for his dedication over the years. Following this, Executive Director Mr Jack Ong Tong Hai assumed the CEO role on 15 July 2019.

Executive Director Mr Ong Tong Yang Andy and Non-Executive Director Mr Hiroshi Ebihara stepped down from their roles on 31 March 2019 and 5 July 2019 respectively. We thank them for their service during their tenures. On 5 July 2019, we welcomed Mr Hiromasa Yamamoto to the Board as a Non-Executive Director.

Outlook and Strategies

While we are proud of our financial turnaround and corporate achievements in FY2019, we are mindful that operating conditions in the oil, gas and energy sectors remain challenging. Fundamentally, oil demand depends on the strength of the global economy[1]. Furthermore, ongoing trade tensions between major powers in addition to Brexit has clouded the current market outlook in the oil, gas and energy industries.

To better position the Group to manage this volatility, we are continually looking to improve our competitiveness in the market and strengthen our revenue generation. Our strategy includes reducing cost and improving operating efficiency while reducing our carbon footprint.

As part of our efforts to grow our revenue, we have singled out the Middle East, North and Central Asia as well as Russia as prospective energy markets to potentially tap into. The Group has commenced marketing efforts and hope to make headway in these markets in 2020.

We believe that there are opportunities for us to market our products to the region's renewable energy sector where wind energy will be our target area. Globally, total renewable energy generation capacity reached 2,351 GW at the end of 2018 – around a third of total installed electricity capacity. As the second fastest growing region for renewable energy capacity, Asia's capacity grew 11.4% to account for 61% of total new capacity installed in 2018[2].

At the same time, we intend to step up our efforts to conserve resources under our Reduce, Reuse and Recycle ("**3R**") policy. This will not only minimise our carbon footprint but also, given the strong focus of our industry on sustainability, create economic value for the Group in the longer term. Please read our Sustainability Report 2019 for details.

Appreciation

We have managed to turn the corner in FY2019 on a stronger financial footing and our deepest thanks goes out to the people who have helped us achieve this. To our fellow Board members, your wise counsel has been invaluable. To our management team and employees, you are the backbone of this Company. To our business partners, your trust means so much to us. And to our loyal shareholders, your support in the company spur us to work harder for better results each year. We sincerely and wholeheartedly thank all of you.

Low Beng Tin
Chairman and
Independent Director

Jack Ong Tong Hai
Chief Executive Officer and
Executive Director

[1] "Oil 2019 – Analysis and forecast to 2024", International Renewable Energy Agency
[2] "Renewable energy now accounts for a third of global power capacity", International Renewable Energy Agency, 2 April 2019

主席和总裁的
联合序言

> 虽然我们对2019财政年的财务好转和公司业绩相当满意，我们也意识到，石油、天然气和能源领域的经营状况仍然具有挑战性。
>
> 翁东海

左边
刘明镇
董事长兼独立董事

右边
翁东海
总裁兼执行董事

尊敬的股东们，

我们谨代表宇宙钢铁董事会，向您呈现本集团截止2019年9月30日的2019财政年度报告。而2019财政年是集团的一个重要转折点，标志着我们自2015财政年开始恢复盈利的一年。

我们在2019财政年取得的营收为9160万元，而净利润为280万元。同比之下，截至2018年9月30日财政年集团营收为8220万元而净亏损为3230万元。我们的毛利率也从一年前的16.6% 增长到2019财政年的20.4%。

随着集团财务的好转，我们非常高兴宣布每股派发现金股利0.25分，等于25.8% 的支付率。在此，我们衷心的感谢我们的股东在公司最艰难的时期继续给与我们支持并让我们渡过困境。您的支持对我们意义重大，而我们希望在未来能继续得到大家的支持。

年度回顾

集团偏保守又谨慎的商业操作于库存管理方式，使我们的财务状况在2019财政年内好转。依据市场状况，我们在2019财政年的重点仍然是降低运营成本，以及提高流程和库存方面的运营效率。通过这些措施的实行，集团在2019财政年中取得较高的营收而从中将我们的总体运营成本降低4.5%。我们

的员工人均营收也提升到1百万元每人，高于2018财政年的90万元和2017财政年的70万元。

同时，我们在第二洛阳路90号（90 Second Lok Yang Road），改造与扩大后的设施目前在进行业务整合。在此转变阶段，自2019年8月16日起生效，我们已将尼德路21A号（21A Neythal Road）的租约续租了1年，更新选项也可多续一年。而我们大士弯36号（36 Tuas Crescent）的租约将于2020年4月到期。一旦完成整合，我们预计只运用两个仓库运营，我们将能受益于大幅节省的租金成本和改进的供应链管理。同时，我们会继续寻找成本更低的仓库作为我们的备选案。

我们在新加坡治理和透明度指数（“SGTI”）的得分和排名榜上从2018年的67分和141名大幅提高至2019年的78分和79名。在第20届新加坡证券投资者协会（“SIAS”）投资者选择奖上，宇宙铁刚在《能源领域透明化程度最高公司》被评为亚军。此奖项主要公认在信息披露和透明度方面表现出色的上市公司，因这些因素对于帮助投资者做出明智的投资决策至关重要。

董事会与管理层结构更新

董事会在2019财政年再次更新。我们的创始人、总裁兼执行董事翁青山先生在本公司任职35年，于2019年7月12日退休。与翁先生共事是集团的荣幸，我们感谢他多年来的奉献与精神。随后，执行董事翁东海先生于2019年7月15日担任总裁的职责。

执行董事翁东洋先生与非执行董事海老原弘先生分别于2019年3月31日与7月5日卸任。我们同时感谢他们在任期间所做的贡献。2019年7月5日，我们欢迎山本浩雅先生入董事会，担任非执行董事职位。

未来展望与战略

虽然我们对2019财政年的财务好转和公司业绩相当满意，我们也意识到，石油、天然气和能源领域的经营状况仍然具有挑战性。从基本上而言，石油需求取决于全球经济的实力[1]。此外，除了英国退欧之外，大国之间持续的贸易紧张局势也笼罩着当前石油、天然气和能源行业的市场前景。

为了更好应付这种多变性的波动，我们不断地在提升我们在市场上的竞争力，并加强我们的创收能力。我们的战略包括降低成本和提高运营效率，同时减少碳的排放量。

随着为了增加集团的营收，我们已挑选出中东，北亚于中亚，俄罗斯列为潜在的能源市场。集团已开始营销工作，并希望在2020年里在这些市场将取得进展

我们相信，我们在亚洲区域中的可再生能源市场有业务发展与产品推销的空间，而风能将作为我们的目标市场。全球可再生能源发电总量在2018年底达到2351吉瓦，约占全球总装机容量的三分之一。作为可再生能源产能增长第二快的地区，亚洲产能在2018年增长11.4%，占比新增装机总量的61%[2]。

同时，我们打算加快我们在节约能源方面的投入，在减少，再利用与回收（“3R”）政策，加紧努力节约资源。这将不仅缩小我们的碳排放量， 而且聚焦在我们的行业可持续发展，为我们集团创造长期的经济价值。详情请浏览我们2019年可持续发展报告。

致谢

我们在2019财政年的财政基础上取得了重大进展，我们向帮助我们实现这一目标的人表示最深切的感谢。致谢董事会成员，他们的的明智建议是无价的。感谢集团的管理层和员工，他们是公司的中坚力量。也感谢我们的业务合作伙伴，他们的的信任对我们意义重大。最后，深深地感谢我们忠实的股东们，他们对公司的支持激励我们更加努力地工作，比去年获得更好的业绩和回报。我们衷心感谢大家。

刘明镇
董事长兼独立董事

翁东海
总裁兼执行董事

[1] “2019年石油—2024年分析和预测”，国际可再生能源机构
[2] “可再生能源目前占全球电力容量的三分之一”，国际可再生能源机构，2019年4月2日

Board Of Directors

LOW BENG TIN 69

CHAIRMAN & INDEPENDENT DIRECTOR

Date of First Appointment / 9 November 2005
Date of Last Re-election / 25 January 2017
Country of Principal Residence / Singapore
Member / Audit Committee, Nominating Committee & Remuneration Committee

Mr Low is an Independent Director of Lian Beng Group Ltd and Fuji Offset Plates Manufacturing Ltd which are listed on the SGX-ST. He is also an Independent Director of J.P Nelson Holdings Ltd which is listed in Taiwan. Mr Low has close to 40 years of engineering experience in the oil and gas, petrochemical, chemical and marine industries. In recognition of his contribution to the community, he was conferred the Pingat Bakti Masyarakat (The Public Service Medal) in 2004, the Bintang Bakti Masyarakat (The Public Service Star) in 2009 and the Bintang Bakti Masyarakat (Lintang) (The Public Service Star (Bar)) in 2019 by the President of Singapore. He holds a Diploma in Electrical Engineering from Singapore Polytechnic, a Diploma in Management Studies from Singapore Institute of Management and has obtained a Masters in Business Administration (Chinese Programme) from the National University of Singapore.

JACK ONG TONG HAI 42

CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR

Date of First Appointment / 9 November 2005
Date of Last Re-election / 24 January 2018
Country of Principal Residence / Singapore

Jack Ong assumed the role of Chief Executive Officer ("**CEO**") on 15 July 2019 following the retirement of Mr Ong Chin Sum as CEO and Executive Director of the Group. As CEO, he is responsible for steering the Group's corporate and business strategies as well as leading sales and marketing to major end-users and oil majors. Having first joined CosmoSteel 21 years ago in 1998, Jack Ong possesses comprehensive, well-rounded experience and deep-seated knowledge of both the Group and the steel industry. In particular, he is well-versed with the Group's logistics and operations functions as he had been driving the development and implementation of policies and procedures to enhance effectiveness and efficiency in these areas. 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. One of his key achievements is the implementation of the ERP system for CosmoSteel's subsidiary, Kim Seng Huat Hardware Pte. Ltd., which enables the Group to monitor and keep track of its inventory on a real-time basis. He holds a Bachelor of Business (Accountancy) from the Royal Melbourne Institute of Technology, Australia.

OSAMU MURAI 49

EXECUTIVE DIRECTOR

Date of First Appointment / 1 June 2018
Date of Re-election / 28 January 2019
Country of Principal Residence / Singapore

Mr Murai has more than 20 years of experience in global metals trading with Hanwa Co., Ltd. ("**Hanwa**"), a steel trading company listed on the Tokyo Stock Exchange. He began his career at Hanwa's Tokyo office in 1995 and was posted to London in 2008 before returning to the Tokyo office in 2015. He is the primary communications facilitator between the Group and Hanwa and leads the expansion of CosmoSteel's international sales network and its Japanese customer base in Singapore through collaboration with Hanwa's global network. He also assists and advises the CEO in the development of CosmoSteel's procurement and sales functions. Mr Murai graduated with a Bachelor of Arts from Sophia University's Faculty of Science and Technology.

HIROMASA YAMAMOTO 59

NON-EXECUTIVE DIRECTOR

Date of First Appointment / 5 July 2019
Country of Principal Residence / Japan
Member / Remuneration Committee & Nominating Committee

Mr Yamamoto first joined Hanwa in 1983. Over the years, he worked his way up the ranks to his current position as the Senior Managing Executive Officer and General Representative for Asia (ASEAN, India, and the Middle East), gaining in-depth steel industry and management know-how in the process. He has approximately 36 years of experience in the steel trading business in Japan and Asia including five years holding directorships at Hanwa. Mr Yamamoto graduated with a Bachelor of Laws degree from Kansai University.

HOR SIEW FU 68

INDEPENDENT DIRECTOR

Date of First Appointment / 26 October 2018
Date of Re-election / 28 January 2019
Country of Principal Residence / Singapore
Chairman / Audit Committee
Member / Nominating Committee & Remuneration Committee

Mr Hor brings with him over 40 years of experience in accounting, finance, human resources, administration, legal and commercial matters having worked for various organisations including government-linked companies, multinational corporations, public-listed companies, small-medium enterprises as well as in the public sector. He is an Independent Director of Edition Ltd and Plastoform Holdings Limited, which are listed on the SGX-ST. Mr Hor is a Fellow of the Institute of Singapore Chartered Accountants (FCA) and the Association of Chartered Certified Accountants, UK (FCCA) and a Professional 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.

TAN SIOK CHIN 49

INDEPENDENT DIRECTOR

Date of First Appointment / 28 March 2007
Date of Re-election / 25 January 2017
Country of Principal Residence / Singapore
Chairman / Remuneration Committee & Nominating Committee
Member / Audit Committee

Ms Tan 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 also the Non-Executive Chairman and Independent Director of Design Studio Group Ltd and an Independent Director of Valuetronics Holdings Limited, both of which are listed on the Mainboard of the SGX-ST. Ms Tan graduated from the National University of Singapore with a Bachelor of Law (Honours) degree.

Note:
- Mr Ong Chin Sum retired as CEO and Executive Director on 12 July 2019.
- Mr Ong Tong Yang Andy stepped down as an Executive Director on 31 March 2019 due to health reasons.
- Mr Hiroshi Ebihara resigned as a Non-Executive Director on 5 July 2019 due to his retirement from Hanwa Co., Ltd.
- Mr Hiromasa Yamamoto was appointed as a Non-Executive Director on 5 July 2019 following Mr Ebihara's resignation.

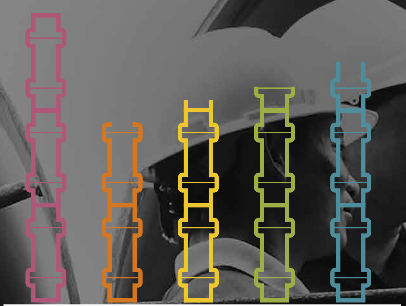
All information relating to the Directors in this Report, unless otherwise mentioned, are accurate as at 12 December 2019, being the latest practicable date for the preparation of this Report.

FINANCIAL HIGHLIGHTS

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

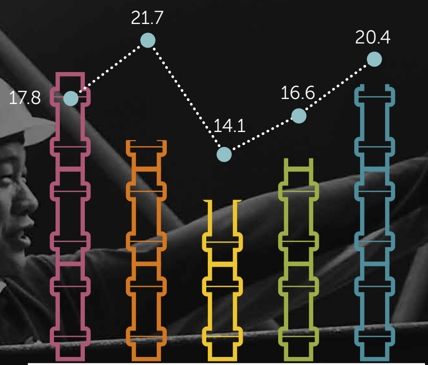
Key Financial Indicators

Revenue
(S$m)



FY2015	FY2016	FY2017	FY2018	**FY2019**
109.9	68.8	76.9	82.2	**91.6**

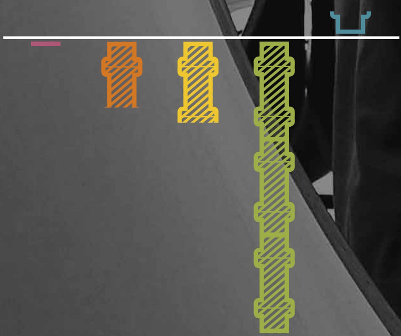
Gross Profit
(S$m)



FY2015	FY2016	FY2017	FY2018	**FY2019**
19.6	14.9	10.9	13.7	**18.7**

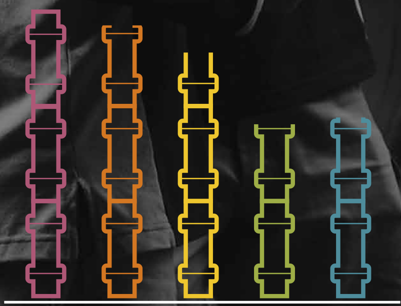
Gross Profit Margin (%)

Net Profit / (Loss) After Tax
(S$m)



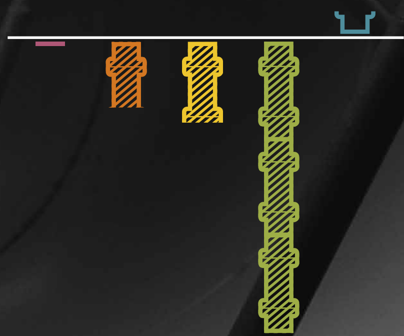
FY2015	FY2016	FY2017	FY2018	**FY2019**
(0.9)	(7.6)	(9.4)	(32.3)[1]	**2.8**

Net Asset Value Per Share
(cents)



FY2015	FY2016	FY2017	FY2018	**FY2019**
42.23	39.68	35.69	25.30	**26.26**

Earnings / (Loss) Per Share
(cents)



FY2015	FY2016	FY2017	FY2018	**FY2019**
(0.32)	(2.61)	(3.23)	(11.13)	**0.97**

	FY2015	FY2016	FY2017	FY2018	FY2019
Current Ratio (times)	3.00	4.71	3.22	2.61	3.67
Gearing Ratio (times)	0.47	0.26	0.39	0.52	0.38

[1] Includes inventories value write-down of $30.8 million in FY2018

Operating And Financial Review

For the year ended 30 September 2019 ("**FY2019**"), the Group recorded an 11.3% increase in revenue to $91.6 million, compared to $82.2 million for the year ended 30 September 2018 ("**FY2018**"), due to improved revenues from its Energy and Trading segments. The Group returned to profitability in FY2019 with a net profit of $2.8 million after tax compared to a net loss after tax of $32.3 million in FY2018.

In FY2019, the Group reported other gains of $0.4 million, reversing from other losses of $31.0 million in FY2018 when it made a provision for slow moving inventories. Earnings before interest, tax, depreciation and inventory allowance also improved by 186.3% to $7.4 million in FY2019 compared to $2.6 million in FY2018.

In line with revenue growth, the Group's gross profit increased by 36.8% to $18.7 million in FY2019, from $13.7 million in FY2018 while gross profit margin increased by 3.8 percentage points to 20.4% from 16.6% over the same period.

Overall operating expenses in FY2019 was down 4.5% year-on-year due to stringent and sustained cost cutting measures by the Group. Distribution costs decreased by 2.8% to $4.7 million in FY2019 from $4.8 million in FY2018 mainly from decreases in entertainment expenses and overseas travelling expenses, partly offset by an increase in warehouse rental. Depreciation expenses incurred by the Group also decreased by 18.6% to $4.2 million in FY2019 from $5.2 million in FY2018 mainly from lower depreciation on properties such as the one on 90 Second Lok Yang Road. Meanwhile, administrative expenses in FY2019 increased by 6.4% to $6.5 million from $6.1 million in FY2018 mainly from professional and consultancy fees and property tax mainly for 90 Second Lok Yang Road.

During the year, the Group saw its financial income decrease by 82.8% to approximately $17,000 in FY2019 from approximately $99,000 in FY2018. This was mainly from interest earned on an equity-linked structured investment in FY2018. At the same time, financial expense increased by 37.2% to $0.9 million in FY2019 from $0.6 million in FY2018 mainly due to higher interest rates.

Income Statement Review

INCOME STATEMENT	Group FY2019 S$'000	Group FY2018 S$'000	Change %
Revenue	**91,582**	**82,249**	**11.3**
Cost of sales	(72,895)	(68,590)	6.3
Gross Profit	**18,687**	**13,659**	**36.8**
Other Items of Income			
Interest income	17	99	(82.8)
Operating Expenses			
Marketing and Distribution costs	(4,700)	(4,837)	(2.8)
Administrative expenses	(6,457)	(6,071)	6.4
Depreciation expense	(4,247)	(5,220)	(18.6)
Other Items of Expense			
Finance costs	(860)	(627)	37.2
Other gains/(losses)	373	(31,026)	n.m.
Profit/(Loss) Before Income Tax	**2,813**	**(34,023)**	**n.m.**
Income tax (expense)/income	(5)	1,706	(100.3)
Profit/(Loss) for the Year	**2,808**	**(32,317)**	**n.m.**
Earnings Before Interest, Tax, Depreciation and Inventory Allowance (EBITDIA)	**7,406**	**2,587**	**186.3**

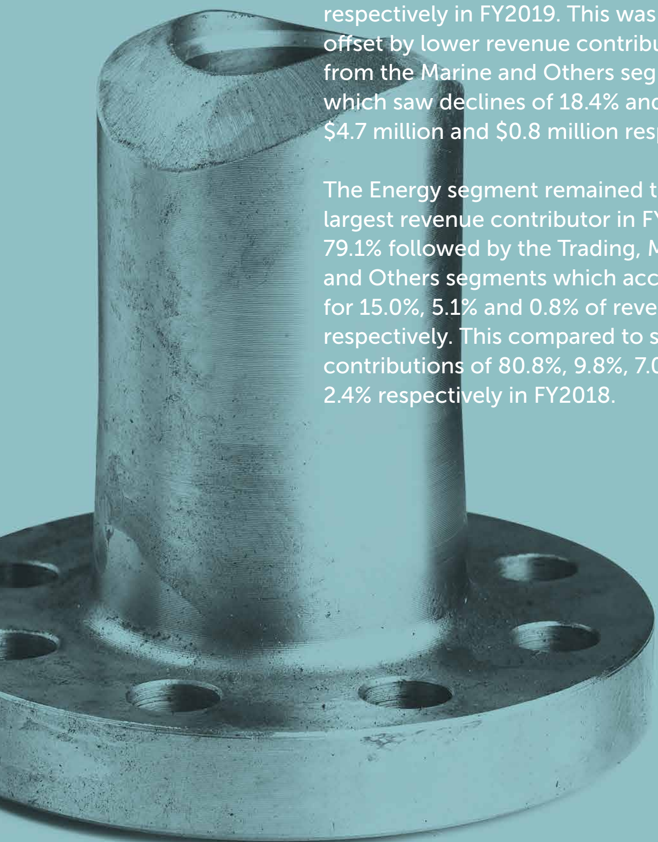
n.m. – Denotes "not meaningful"

Operating And Financial Review

REVENUE ANALYSIS BY CUSTOMER TYPE

Revenue Breakdown By Customer Type

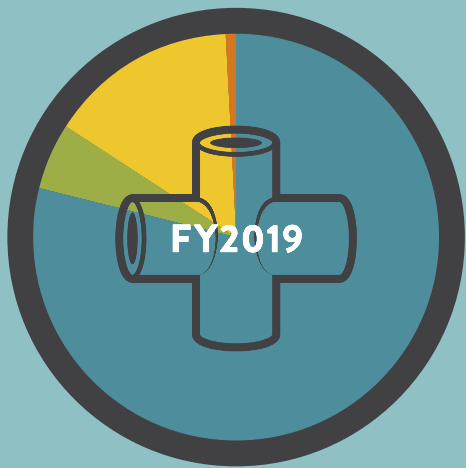
	FY2019 S$'000	FY2018 S$'000	CHANGE S$'000	 %
Energy	72,409	66,457	5,952	9.0
Marine	4,685	5,742	(1,057)	(18.4)
Trading	13,726	8,059	5,667	70.3
Others	762	1,991	(1,229)	(61.7)
Total Revenue	**91,582**	**82,249**	**9,333**	**11.3**



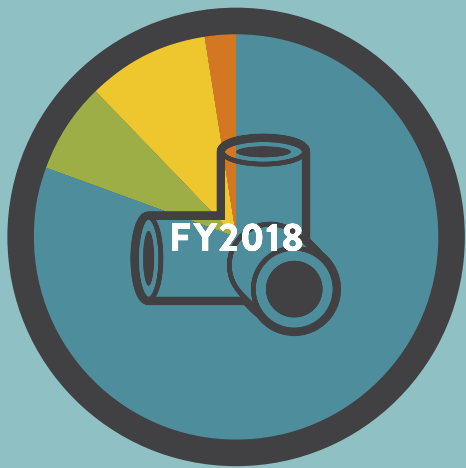
Revenue from the Group's Energy and Trading segments improved by 9.0% and 70.3% to $72.4 million and $13.7 million respectively in FY2019. This was partially offset by lower revenue contributions from the Marine and Others segments, which saw declines of 18.4% and 61.7% to $4.7 million and $0.8 million respectively.

The Energy segment remained the largest revenue contributor in FY2019 at 79.1% followed by the Trading, Marine and Others segments which accounted for 15.0%, 5.1% and 0.8% of revenue respectively. This compared to segment contributions of 80.8%, 9.8%, 7.0% and 2.4% respectively in FY2018.

Revenue Breakdown By Customer Type (%)



79.1	5.1	15.0	0.8
Energy	Marine	Trading	Others



80.8	7.0	9.8	2.4
Energy	Marine	Trading	Others

REVENUE ANALYSIS BY GEOGRAPHICAL MARKET

Revenue Breakdown By Geographical Market

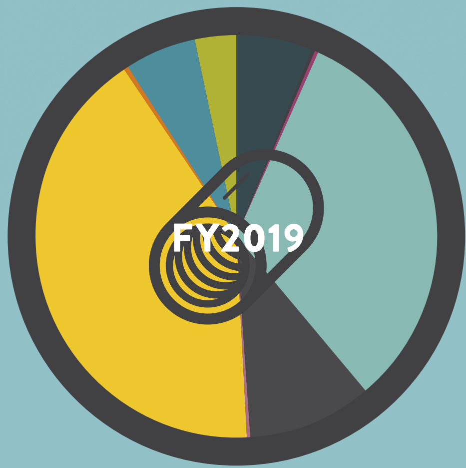
	FY2019 S$'000	FY2018 S$'000	CHANGE S$'000	%
Brunei	5,658	3,525	2,133	60.5
Europe	343	177	166	93.8
Indonesia	284	761	(477)	(62.7)
Japan	29,322	21,478	7,844	36.5
Malaysia	9,385	5,059	4,326	85.5
Middle East	234	111	123	110.8
Singapore	37,930	28,698	9,232	32.2
Thailand	241	1,662	(1,421)	(85.5)
Vietnam	5,370	18,429	(13,059)	(70.9)
Others	2,815	2,349	466	19.8
Total Revenue	**91,582**	**82,249**	**9,333**	**11.3**

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.

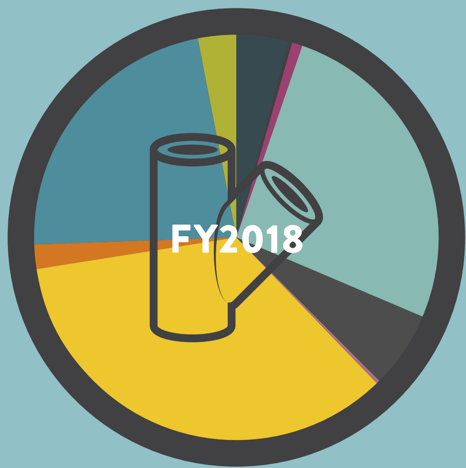
Revenue from all markets increased in FY2019 except for Thailand, Vietnam and Indonesia. For the period under review, revenues from Singapore and Japan, our two largest geographical markets, increased by 32.2% and 36.5% to $37.9 million and $29.3 million respectively. Sales from Malaysia and Brunei also rose significantly by 85.5% and 60.5% to $9.4 million and $5.7 million respectively. The uptick was mainly due to more robust oil and gas sentiments in FY2019. Meanwhile, sales from Thailand, Vietnam and Indonesia declined by 85.5%, 70.9% and 62.7% to $0.2 million, $5.4 million and $0.3 million respectively.

In FY2019, our key markets by revenue were Singapore, Japan and Malaysia which accounted for 41.4%, 32.0% and 10.2% of revenue.

Revenue Breakdown By Geographical Market (%)



Brunei **6.2** · Europe **0.4** · Indonesia **0.3** · Japan **32.0** · Malaysia **10.2** · Middle East **0.2** · Singapore **41.4** · Thailand **0.3** · Vietnam **5.9** · Others **3.1**



Brunei **4.3** · Europe **0.2** · Indonesia **0.9** · Japan **26.1** · Malaysia **6.2** · Middle East **0.1** · Singapore **34.9** · Thailand **2.0** · Vietnam **22.4** · Others **2.9**

Others include customers from Australia, China and the Philippines

Operating And Financial Review

FINANCIAL POSITION REVIEW

STATEMENT OF FINANCIAL POSITION	Group FY2019 S$'000	Group FY2018 S$'000	Change %
ASSETS			
Non-Current Assets			
Property, plant and equipment	26,778	29,119	(8.0)
Total Non-Current Assets	**26,778**	**29,119**	**(8.0)**
Current Assets			
Inventories	37,426	41,317	(9.4)
Trade and other receivables	31,977	26,903	18.9
Financial assets at fair value through profit or loss	107	199	(46.2)
Other assets	370	319	16.0
Cash and cash equivalents	8,583	14,150	(39.3)
Total Current Assets	**78,463**	**82,888**	**(5.3)**
Total Assets	**105,241**	**112,007**	**(6.0)**
EQUITY AND LIABILITIES			
Equity			
Share capital	56,325	56,325	-
Retained earnings	10,847	7,060	53.6
Other reserves	9,100	10,072	(9.7)
Total Equity	**76,272**	**73,457**	**3.8**
Non-Current Liabilities			
Provisions	1,650	40	n.m.
Other financial liabilities	5,933	6,781	(12.5)
Total Non-Current Liabilities	**7,583**	**6,821**	**11.2**
Current Liabilities			
Trade and other payables	9,039	9,088	(0.5)
Other financial liabilities	11,870	22,331	(46.8)
Other non-financial liabilities	477	310	53.9
Total Current Liabilities	**21,386**	**31,729**	**(32.6)**
Total Liabilities	**28,969**	**38,550**	**(24.9)**
Total Equity and Liabilities	**105,241**	**112,007**	**(6.0)**

n.m. – Denotes "not meaningful"

Financial Position Analysis

As at FY2019, total assets of the Group decreased by 6.0% to $105.2 million compared to $112.0 million as at FY2018. The Group's inventories decreased by 9.4% to $37.4 million and cash and cash equivalents decreased by 39.3% to $8.6 million as at FY2019, from $41.3 million and $14.2 million respectively as at FY2018. This was partially offset by an 18.9% increase in trade and other receivables to $32.0 million from $26.9 million a year ago. As a result of the above, current assets decreased by 5.3% to $78.5 million as at FY2019, from $82.9 million a year ago. At the same time, non-current assets decreased by 8.0% to $26.8 million as at FY2019 from $29.1 million a year ago. This was mainly due to the depreciation charged in the current financial year, partly offset by increase in provision for reinstatement cost relating to leased properties.

The Group's total liabilities decreased by 24.9% to $29.0 million as at FY2019 from $38.6 million a year ago. Current liabilities decreased by 32.6% to $21.4 million as at FY2019, from $31.7 million as at FY2018, mainly from a 46.8% decrease in other financial liabilities to $11.9 million in FY2019 from $22.3 million a year ago. Meanwhile, non-current liabilities increased by 11.2% to $7.6 million as at FY2019 from $6.8 million as at FY2018. This mainly arose from an increase in provision for reinstatement cost relating to leased properties and partly offset by repayment of bank borrowings.

As a result of the Group's profitability in FY2019, total equity improved 3.8% to $76.3 million from $73.5 million as at FY2018.

Cashflow Analysis

	FY2019 S$'000	FY2018 S$'000
Net cash flows from operating activities	**6,952**	4,244
Net cash flows used in investing activities	**(350)**	(7,737)
Net cash flows used in financing activities	**(10,855)**	(5,028)
Net decrease in cash and cash equivalents	**(4,253)**	(8,521)
Cash at end of the year*	**8,525**	12,778

*Excluding cash restricted in use over three months

In FY2019, cash from operating activities increased by $2.8 million to $7.0 million, from $4.2 million in FY2018, mainly from an increase in profit before tax and working capital changes. Cash used in investing activities decreased by $7.3 million to $0.4 million in FY2019, from $7.7 million in FY2018, mainly due to lower capital expenditure in FY2019. At the same time, cash used by the Group in financing activities increased by $5.9 million to $10.9 million in FY2019, from $5.0 million in FY2018, mainly from increase in repayment of bank borrowings and decrease in new bank borrowings.

KEY OBJECTIVES of our STAKEHOLDERS ENGAGEMENT

Employees

To provide a safe and healthy workplace

To create an engaging and holistic environment with ample opportunities for capabilities and career development

Environment

To reduce resource consumption per employee

To expand recycling initiatives

Community

To improve the lives of people in the communities around us

Business Partners

To build long-term relationships with our suppliers, customers and other business partners based on integrity and trust

To deliver high quality products and services to our customers on a consistent basis

Shareholders

To deliver sustainable returns to shareholders

To provide accurate and transparent information to shareholders on a timely basis

Sustainability Report 2019

About this Report

This is CosmoSteel's second annual Sustainability Report (the "**report**") to present our environmental, social and governance ("**ESG**") performance. This report covers our ESG performance for the period from 1 October 2018 to 30 September 2019 ("**FY2019**"). We have chosen to report annually and in line with our financial reporting year of October to September.

This report includes ESG performance for our business operations in Singapore and, as our overseas operations are not significant, excludes that aspect of operations unless stated otherwise.

Reporting Framework

This report has been prepared in accordance with the Global Reporting Initiative ("**GRI**") standards: Core option and in compliance with the SGX-ST Listing Rules (711A and 711B), Sustainability Reporting Guide. We have also aligned our reporting to the United Nations Sustainable Development Goals ("**SDGs**") to indicate CosmoSteel's contribution in achieving the SDGs.

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

Reporting Process

We have followed GRI's reporting principles to identify, prioritise and validate material topics and their boundaries for reporting. The content in this report has been determined on the basis of materiality assessment, stakeholder expectations, an understanding of the sustainability context within which CosmoSteel operates its business, analysis of ESG risks and opportunities and broad sustainability trends in our industry.

We have applied the GRI's principles for defining report quality that include the principles of accuracy, balance, clarity, comparability, reliability and timeliness.

Data presented in the report has been derived from primary official records to ensure reasonable accuracy and consistency. We have used internationally accepted measurement units for presenting ESG data for comparability, and we have implemented an internal verification mechanism to ensure data reliability. Financial figures are in Singapore dollars unless specified otherwise.

Board Statement

The Board of Directors of CosmoSteel (the "**Board**") considers sustainability issues as part of strategic formulation and endorses the material ESG factors presented in this report. The Board also provides oversight of the management and monitoring of these material ESG factors through periodic review of the key performance indicators.

Restatements

There are no restatements or changes to our sustainability report except for a minor adjustment in carbon emissions figures from purchased electricity resulting from revisions in emission factors by the Energy Market Authority. Energy figures in gigajoules ("**GJ**") have been restated due to a minor revision in the formula to calculate the energy content of petrol and diesel.

Assurance

Our financial statements have undergone audits by our independent auditor to provide a true and fair view of our financial statements. Our ESG performance data is reported in good faith and to the best of our knowledge. ESG data is verified using an internal mechanism and checks to ensure accuracy and reliability.

Availability

This report is a part of our Annual Report and is available in the printed version as well as in PDF form for download on our website at www.cosmosteel.com.

Feedback

Please contact us at *sustainability@cosmosteel.com.sg* if you have any feedback, questions, comments or suggestions in relation to our sustainability report.

Sustainability Report
2019

ESG PERFORMANCE			
ESG FACTORS	**FY2017**	**FY2018**	**FY2019**
CORPORATE GOVERNANCE			
Overall SGTI score (Points)	72	67	78
Overall SGTI ranking	67	141	79
CUSTOMERS			
Quality: Inaccuracy in sales order processing (%)[1]	2.8	5.5	5.8
Efficiency: On-time deliveries (%)	99.8	99.9	98.5
Average customer satisfaction rate (%)[2]	3.4	3.3	4.3
PEOPLE			
Permanent employees (As at end of FY) (Number)	97	92	88
Female employees as % of total employees (%)	41.2	39.1	40.9
Proportion of local employees (%)[3]	61.9	59.8	56.8
New hires (Number)	8	23	16
Employee attrition rate (%)	35.1	30.4	23.9
HEALTH AND SAFETY			
Medical leave per employee (Days)	0.6	0.5	0.5
Number of reportable accidents	1	1	1
ENVIRONMENTAL			
Electricity consumption (kWh)	290,157	302,212	347,032
Electricity consumption per employee (kWh)	2,658	3,315	3,772
Energy consumption (GJ)	4,649	4,679	4,567
Energy intensity per S$1 million of revenue (GJ)	60	57	50
Carbon emission: Scope-1 (tCO_2)	243	242	224
Carbon emission: Scope-2 (tCO_2)	122	127	145
Carbon emission intensity per S$1 million of revenue ($tCO_2$)	4.7	4.5	4.0
Water consumption (m^3)	2,768	2,420	3,130
Water consumption per employee (m^3)	25	27	34
Paper consumption per S$1,000 of sales (Number of copies)	12	11	9
Non-hazardous waste (kg)	26,235	31,924	42,336
Hazardous waste (kg)	–	329	143
ECONOMIC			
Revenue (S$'000)	76,922	82,249	91,582
Net (loss)/profit after tax (S$'000)	(9,379)	(32,317)	2,808
Employee wages and benefits (S$'000)	7,629	6,876	6,973
Dividends on equity shares	–	–	726
Revenue per employee (S$'000)	705	902	995

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

2 Based on annual surveys of our clients on 22 key areas including quality and efficiency; Rating system: 4 = excellent, 3 = good, 2 = fair and 1 = poor; Rating system with effect from 2019: 5 = excellent, 4 = good, 3 = average, 2 = fair and 1 = poor

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

Sustainability Governance

Our sustainability strategy is guided by the Board who determines the material ESG factors taking into consideration the Group's overarching business strategy. The Board provides overall direction for the Company's sustainability strategy and determining material ESG factors in the preparation of the Sustainability Report.

Our Board is assisted by a Sustainability Committee, which includes key managers from major functions across the organisation to periodically evaluate our business activities and our ESG impact in addition to engaging with stakeholders to identify their expectations and interest in us. The Sustainability Committee implements management and monitoring practices for our ESG factors, ensuring they are integrated into our day to day operations, meet our company objectives and targets, and provide feedback to the Board to help guide the sustainability strategy for the Group.

Assisted by external sustainability experts, the Sustainability Committee reviews our material ESG factors as well as other important factors that take account of local, regional, national and international legislations, standards, and both stakeholder and global concerns related to our overall sustainability. The Sustainability Committee actively participates in shaping the report content, reporting priorities, and defining the scope and topic boundaries for inclusion in our report.

Sustainability Strategy

Our sustainability strategy is to manage the economic, environmental and social impact of our business with the aim to create value for all stakeholders. Sustainability has always been an integral part of our business activities. CosmoSteel uses the integrated management system ISO 14001:2015 to reduce 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 22301:2012 to ensure our business continuity.

Through our management systems, we have identified the key risks, opportunities and impact related to our business activities and have policies and procedures in place to control our significant risks and maximise the opportunities available to us. This process is further strengthened by an assessment of material economic, environmental and social impact, risks and opportunities emerging from our business operations.

Certifications

We have a number of certifications to manage our business more efficiently and sustainably. Our key certifications include:

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- ISO 22301:2012
- BizSAFE STAR

Materiality Assessment

We have continued to report on the material topics we identified in March 2017 in a materiality assessment workshop facilitated by sustainability experts from a sustainability consultancy firm which was attended by members of the Sustainability Committee.

The material topics were selected based on our assessment of the impact of our business activities on the economy, the environment and society and their potential influence on the opinions of key stakeholders. The participants also identified potential challenges to CosmoSteel, especially relating to the energy, marine, and trading sectors where it has business interests. The participants determined their key stakeholders and their engagement mechanisms to meet their expectations.

Further consultation with the internal stakeholders, which included the Sustainability Committee and the Board, was carried out to prepare a list of material topics for sustainability reporting.

Additionally, guidance from SGX Sustainability Guide and the GRI Standards was used to determine material factors and topics. Broader industry trends in sustainability reporting by peers were taken into account.

In FY2019, we reviewed the material factors and have determined that they remain valid for reporting this year.

Sustainability Report
2019

A summary of our material ESG impact, CosmoSteel's involvement, and where they are material is provided below.

An Overview of the Group's Material ESG Impact, Where the Impact Occurs and our Involvement:

Material ESG Factors			
Material Topics	**Where Impact Occurs**	**CosmoSteel's Involvement**	**Material for CosmoSteel Subsidiaries**
Economic Performance	All	Direct and Indirect	All
Marketing and Labelling	All	Direct	Kim Seng Huat Hardware Pte Ltd
Customer Satisfaction	All	Direct	All
Employment	All	Direct	All
Attracting and Retaining Talent	All	Direct	All
Employee Training and Development	All	Direct	All
Occupational Health and Safety	Warehousing and workshop operations	Direct	Kim Seng Huat Hardware Pte Ltd
Environmental Compliance	Warehousing and workshop operations	Direct	Kim Seng Huat Hardware Pte Ltd

All: Includes all entities in the Group

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

Important ESG Factors			
Other ESG Topics	**Where Impact Occurs**	**CosmoSteel's Involvement**	**Material for CosmoSteel Subsidiaries**
Indirect Energy	Warehousing and workshop operations	Direct	Kim Seng Huat Hardware Pte Ltd
Direct Energy	Warehousing and workshop operations	Direct	Kim Seng Huat Hardware Pte Ltd
GHG Emissions	Warehousing and workshop operations	Direct	Kim Seng Huat Hardware Pte Ltd
Waste	Warehousing and workshop operations	Direct	Kim Seng Huat Hardware Pte Ltd
Water	Warehousing and workshop operations	Direct	Kim Seng Huat Hardware Pte Ltd
Human Rights: Non-discrimination Forced Labour Child Labour Freedom of Association and Collective Bargaining	All	Direct	All
Diversity and Equal Opportunity	All	Direct	All
Anti-corruption	All	Direct	All

All: Includes all entities in the Group

Supporting The SDGs

In the course of reviewing our material ESG factors during FY2019, we considered the SDGs for a possible alignment as the first step. Provided here is an overview of how we can contribute to the SDGs. We plan to progressively integrate the SDGs into our sustainability reporting to better reflect our contribution to the global target of achieving the SDGs by 2030.

Contributing to the UN Sustainable Development Goals (SDGs)

Material Factors	SDGs Supported
Energy Consumption, GHG Emissions	13 CLIMATE ACTION
Waste, Water, Marketing and Labelling, Customer Satisfaction, Environmental Compliance	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Employment, Attracting and Retaining Talent, Occupational Health and Safety, Employee Turnover, Human Rights, Diversity and Equal Opportunity, Economic Performance, Training	8 DECENT WORK AND ECONOMIC GROWTH; 5 GENDER EQUALITY; 4 QUALITY EDUCATION
Anti-corruption	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

ESG Goals And Targets

We closely monitor our ESG performance against established targets. The senior management reviews ESG performance periodically. Any shortfalls are investigated and efforts are made to achieve the targets. A description of our performance is provided throughout this report in relevant chapters. A summary of our key goals and targets and how we performed against these in FY2019 is presented below.

ESG Factors	Goals and Targets (Short to medium term)	Performance in FY2019
Customer Satisfaction	3 or greater score by 100% of customers in satisfaction survey.	4.3 (FY2018: 3.3)
	Less than 5 non-conformances (non-product related) raised.	Average of 5.8 cases of non-conformance (FY2018: 5.5 cases)
Product Quality	Zero non-conformances raised against our products and services.	Average of 3 cases of non-conformance (FY2018: 1.8 cases)
Socio-economic Compliance	Compliance with applicable laws and regulations.	There were no incidents of non-compliance with laws
Employment	To adhere to national policies and regulations on hiring.	Lower annual attrition rate of 23.9% in FY2019 (FY2018: 30.4%)
	To ensure attrition rate is in line with national or sector trends.	
Employee Training and Education	To ensure all our employees have the competency and skills to meet the requirements of their employment and future career aspirations.	Continued ongoing training
Occupational Health and Safety	To have no reportable accidents (2019 benchmark).	1 reportable accident (FY2018: 1 reportable accident).
Anti-corruption	To have no incidence of corruption.	There were no incidents of corruption
Diversity and Equal Opportunity	To employ a diverse workforce, within the legal boundaries of the mandates of the Ministry of Manpower and provide equal opportunities to all our employees.	Proportion of female employees increased in FY2019 to 40.9%, up from 39.1% in FY2018

Sustainability Report
2019

ESG Factors	Goals and Targets (Short to medium term)	Performance in FY2019
Human Rights (Non-discrimination, Freedom of Association and Collective Bargaining, Forced Labour, and Child Labour)	To have no incidence of discrimination.	There was no incidence of violations of our human rights policies
	In line with legislation, to prevent the employment of forced, or compulsory labour.	
	In line with legislation, to prevent the employment of child labour.	
Electricity Consumption	To maintain our monthly electricity consumption at 220.0 kWh per employee.	Higher consumption of 315.0 kWh per employee monthly (FY2018: 276.2 kWh)
Water	To maintain our monthly water consumption at 2.0 m^3 per employee.	Higher consumption of 2.8 m^3 per employee monthly (FY2018: 2.2 m^3)
Waste	To minimise our paper waste through introduction of a paper management system.	Waste intensity was 0.5 tonne/million dollar of sales in FY2019 against 0.4 tonne in FY2018. Paper use was lower at 9 sheets/$1,000 sales against the target of <=13. Waste data by type is reported in the Environment chapter
	To segregate our metal, paper, and plastic waste onsite for periodic collections for recycling offsite.	

STAKEHOLDERS

CosmoSteel is committed to building trusted relationships with stakeholders.

We actively engage with a range of stakeholders to understand their expectations and concerns. We define stakeholders as groups who may be affected by our business operations or who may have the potential to affect our business through their opinions and actions. Our priority stakeholders include those groups whose opinions and trust are vital for our business success. Our primary stakeholders include customers, employees, suppliers and sub-contractors, public and community and shareholders and investors.

We aim to be a world-class provider of industrial hardware and related services, ensuring we surpass the expectations of our customers by providing timely delivery, quality products and service excellence, competitive prices, and maintain our environmental and social responsibility.

We did not carry out stakeholder engagement specifically for preparing this report as we rely on insights gained from ongoing interactions and communication with our stakeholders.

Our methods of engagement with our stakeholders, including our response to their topics and concerns are outlined below:

Key Stakeholders	How We Engage with Them	Stakeholders' Expectations and Concerns	How We Respond to Their Expectations	Frequency of Engagement
Customers	– Customer surveys; – Face-to-face meetings; – Sales services team; – Annual reports; – Company website; and – Product certifications (mill certifications) of compliance with orders delivered.	– Provide high quality products and services; – Meet the product specification standards required by our customers; – Complete timely delivery of goods and services, and; – Provide good value for money to our customers.	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 occur again, and we provide clear and transparent product information. To provide value for money, we actively seek ways to reduce our operational costs and pass on these savings to our customers. We also engage with our suppliers to negotiate economies of scale and competitive pricing options.	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, we meet regularly with our customers to discuss their needs, our sales service team is available to customers daily, and product certifications are included with all orders that specify this requirement.
Employees	– Orientation training for new hires; – Annual appraisal reviews; – Development training; – Emails; – Health day; – Posters; and – Annual reports.	– Provide employees with the ability to grow and develop within the Group; – Provide a safe, healthy and decent working environment; – Provide benefits to staff that help their welfare over their working career at the Group; and – Prepare them for retirement at the end of their career.	We adopt a fair employment policy and provide a Code of Conduct for our employees to adopt. We provide a safe working environment in line with our ISO 45001 management system. 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.	Employees are provided orientation training at the start of their employment and receive ongoing training as required. Appraisals of all staff are completed annually. Health, welfare, and benefits are available as per company policy. Posters are updated as required to address sustainability issues, and further details are made available via monthly performance emails and our annual report.

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Key Stakeholders	How We Engage with Them	Stakeholders' Expectations and Concerns	How We Respond to Their Expectations	Frequency of Engagement
Suppliers and Sub-contractors	– Performance evaluations; – Face-to-face meetings; – Site-visits; – Requests for proposals; – Tenders; and – Tele-communications	– Provide clear specifications for products and services; – Have fair terms and conditions and robust internal systems to allow timely payments; – Ethical business practices; and – Honour our contractual obligations.	We have implemented a fair supplier evaluation process based on pre-set evaluation criteria. We involve suppliers in customer engagement meetings to assist in understanding product specifications. 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.	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. All suppliers are involved in customer orders as and when required. Our Purchasing and Finance teams are engaged throughout the procurement and payment process, including contract negotiations.
Public and Community	– Donations; – Website; and – Sustainability report	– To be a good corporate citizen; – Provide local employment; and – Support the local community.	Our Code of Conduct outlines the standards we expect of our employees when engaging with the public. We manage our operations and fleet vehicles to ensure there is a limited impact on the surrounding communities.	We engage with charity and voluntary organisations when approached for donations.
Shareholders and Investors	– Annual General Meetings; – Annual reports; – Announcements; – Briefings; and – Emails to our investors.	– Presentation of transparent and timely information on Company performance, profitability and status. – Deliver a good economic performance for our investors.	We have an experienced and competent Board and management team. We ensure good governance of risks and opportunities, transparency and honest disclosures, and strive to deliver sustainable growth.	We provide financial and sustainability reports annually, periodic briefings and announcements as significant changes arise, quarterly financial reports, and respond to any shareholder queries as they arise during general meetings.

Communities

We are committed to operate our business as a responsible corporate citizen and support the local community causes where possible. We have contributed approximately $53,000 to various beneficiaries and charity drives in the last three financial years.

Corporate Governance And Transparency

Our Board and the management are committed to nurturing a strong corporate governance culture and best practices in corporate transparency. For the Singapore Governance and Transparency Index 2019, the Group was ranked 79th out of the 578 listed companies assessed, a significant improvement over our rank of 141st in 2018. We were also a runner-up for the Most Transparent Company in the Energy Category at the 20th Investors Choice Awards organised by Securities Investors Association (Singapore).

Membership Of Associations

Our active engagement with industry associations allows us to learn about trends and address common challenges. Some of our important 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 are committed to conducting our business with integrity and aligned with our corporate core values of building trust, surpassing expectations, passion for progress and forward-thinking.

Supported by our business values, we strive to be open and honest, and operate with integrity to maintain the trust of our stakeholders. Our management approach is to operate

our business in compliance with all applicable laws and to meet stakeholder expectations through the implementation of our integrated management systems and continuous feedback and review.

Customers

CosmoSteel is a world-class provider of piping systems components and related services that surpasses our customers' expectations through consistent product quality and value, punctuality and service excellence while maintaining our commitment to social and environmental responsibilities.

We actively engage with customers through our annual survey to understand their expectations and concerns. The annual customer survey covers all of our customers whose sales value is more than $5,000 and/or customers with more than five non-conformance incidents.

In the FY2019 survey sent out to 107 customers, the response rate was 46%. Survey results with lower scores are investigated by the respective department. A suitable response is then developed and reviewed by management before implementation.

Our average customer satisfaction score was 4.3 out of the total possible score of 5 points.

Customer Performance Indicators

Indicator	FY2017	FY2018	FY2019
Quality: Inaccuracy in sales order processing (%)	2.8	5.5	5.8
Efficiency: On-time deliveries (%)	99.8	99.9	98.5
Average customer satisfaction rate (%)	3.4	3.3	4.3

Sustainability Report
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Certification For Safety Critical Products

Our management approach is to provide high-quality products and services that will surpass 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 review for continual improvement.

Our rigorous testing and subsequent product information provided to our customers is one of our unique selling points, offering a total client solutions package. None of our products require safety information to be supplied. However we are required by our customers to provide both source and quality information about our products.

No significant compliance issues were raised during the reporting period and all minor non-compliance issues were addressed through our sales service teams and passed on to the relevant departments for investigation and further action.

Suppliers

Our policy is to build trusted relationships with suppliers. We rely on suppliers for the supply of a range of products which mainly include pipes, butt weld fittings, forged fittings, and flanges.

Our strategic alliances with international suppliers ensure on-time delivery and material grades that are difficult to source.

We actively engage with suppliers to ensure a consistent and reliable supply of high-quality goods to meet our customers' expectations. We have also implemented a supplier and contractor performance evaluation system, which involves grading our suppliers and contractors on a range of criteria.

In FY2019, we had 131 active suppliers of which 10.7% were based in Singapore. Our total purchase from our suppliers in FY2019 amounted to $65.2 million.

Anti-Corruption

- **Code of Conduct (the "Code")**

Through our risk management process, CosmoSteel considers an ethical breach as a material risk to our business operations. To maintain our integrity, governance, and responsible business practices, CosmoSteel prohibits corrupt practices. Our management approach to anti-corruption, outlined in our Employee Code of Conduct prohibits the following activities in compliance with the Singapore Prevention of Corruption Act:

- 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 speedup 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.

All employees must read and sign our employment Code of Conduct upon employment and adhere to its rules. Comprising internal corporate governance practices, policy statements and standards, the Code serves as a guide to all its employees and officers for both legal compliance and appropriate ethical conduct. The Code is accessible to Board members and employees of the Group as well as its agents, representatives and consultants. The principles and standards in the Code are intended to enhance investor confidence and rapport, and to ensure that decision-making is ethically and properly carried out in the best interests of the Group.

The Code sets out principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with fellow employees; customers; competitors; suppliers; government agencies and officials; and the community in general. Among others, key areas covered by the Code 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 all employees via the Company intranet and is reviewed periodically by management in line with changes to legislation and corporate strategy. The corporate governance section in the annual report details our code of practice, dealing with conflicts of interest, and our whistleblowing policy.

During FY2019, there were no reported incidents of corruption.

- **Whistle Blowing Policy**

The Company 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 employee, officer or Management of the Group. Staff of the Group have access to the Company Secretary and may, in confidence and on an anonymous basis, 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 relate to any of the Directors or the Chief Financial Officer/Financial Controller of the Company) or the whistleblowing committee (for all other concerns), as the case may be.

During FY2019, there were no complaints, concerns or issues received.

Regulatory Compliance

CosmoSteel is committed to conducting business in compliance with applicable laws and regulations. Legal compliance is the foundation on which the Company's ethical standards are built. The Group's Code of Conduct includes comprehensive principles and measures to ensure compliance with laws.

During FY2019, there was no incidence of non-compliance to any socio-economic legislation that we are required to uphold.

PEOPLE

CosmoSteel is committed to nurturing a high performing workplace where employees are motivated, engaged and empowered to realise their full potential.

Our people are our greatest asset in our pursuit for excellence, innovation, greater efficiencies, and to be profitable and sustainable. Our approach is to hire and retain the best people by providing a safe, fair, and rewarding workplace. We invest in developing our people by offering them opportunities to acquire new skills and enhance knowledge to be more productive.

Our Human Resources ("**HR**") policies are aimed at ensuring fairness, starting from the recruitment of an employee to their development and rewards. Our HR policies promote an inclusive workplace based on trust and teamwork. Ensuring the safety and wellbeing of our employees remains one of the top priorities.

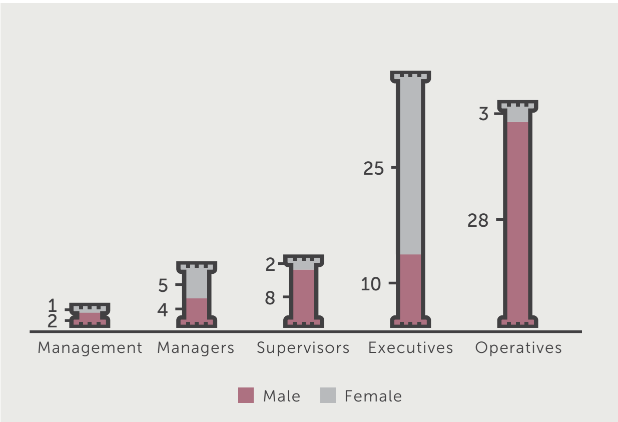
We track the effectiveness of our HR policies by monitoring and reporting relevant metrics. Our senior management reviews our HR policies regularly to ensure they remain relevant and effective.

Employment

We employed 88 people across our Singapore operations as at the end of FY2019, all of whom are permanent full-time employees. The average age of our employees was 39.0 years. Local employees constituted 56.8% of our people profile.

We hired 16 new employees in FY2019. In addition, we re-hired seven retiring employees in Singapore that included two female employees.

Employees by Employment Category
(Number of employees)



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Diversity

At CosmoSteel, diversity is considered an organisational strength. Our workforce is reflective of a healthy balance of gender, age and racial diversity. Warehousing, machining and logistics are a substantial part of our business operations, and in line with industry and cultural trends, these operations tend to be perceived as less attractive to women. Even with these constraints, women represented 40.9% of our workforce. Out of the 16 new hires FY2019, nine were female.

Employee Benefits

CosmoSteel offers competitive remuneration, perks and benefits to our full-time employees. Some of the benefits and welfare schemes our full-time employees enjoy include, annual leave, sick leave, insurance cover, medical and dental care, maternity leave, paternity leave, and childcare leave.

Occupational Health And Safety

Employee safety, health and wellbeing are one of the top priorities for us. To safeguard our employee's health and safety, we maintain ISO 45001 and BizSAFE STAR compliant systems for all of our Singapore operations. Our health and safety policy, practices and performance are regularly reviewed by the management and the Board.

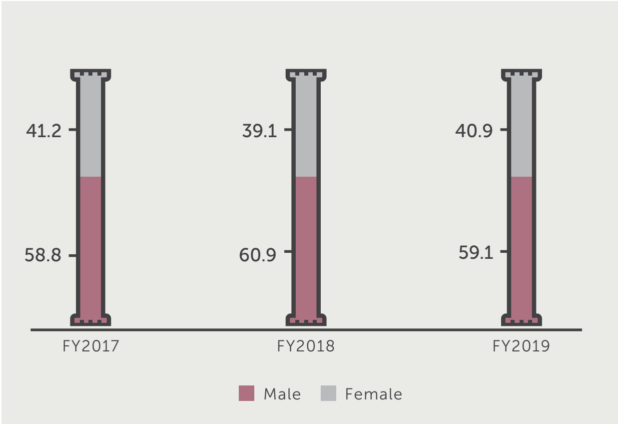
We use an established risk assessment process to identify risks and take measures to eliminate or control the risks our business activities pose to our employees.

We have appropriate mitigation practices in place to mitigate all identified health and safety risks.

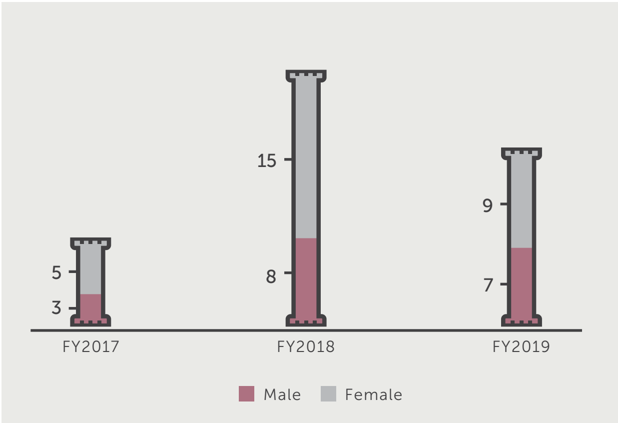
Our heavy lifting operations are performed using mechanical or powered systems. Our forklifts have seat belts, warning lights, and load indicators. All machinery, equipment and vehicles are maintained regularly and undergo daily checks before the operation.

All operators must wear appropriate personal protective equipment ("**PPE**") including safety boots,

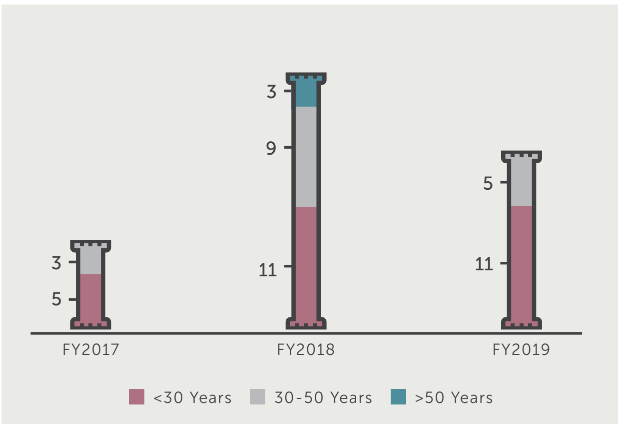
Gender Diversity
(%)



New Hiring by Gender
(Number Of Employees)



New Hiring by Age
(Number Of Employees)



hard hats, gloves, goggles and facemasks that are relevant to the task at hand, ear defenders and noise barriers are supplied for our machining operations. All warehouse employees are responsible for ensuring all assigned PPE is in good condition before the commencement of work daily. In addition, PPE Cleaning Day is observed quarterly when all warehouse employees are required to layout all assigned PPE for cleaning and verification of their working condition.

All external parties are required to have a permit to work before commencing on-site activities. To avoid complacency and maintain employee competency, we perform daily briefings, periodic toolbox talks, and training sessions with our warehouse employees.

All employees are encouraged to raise health and safety concerns as soon as possible to prevent possible incidents.

Work, Safety And Health ("WSH") And Emergency Response Committee

Our WSH and Emergency Response Committee, chaired by our CEO, is responsible for overseeing the implementation of workplace safety and health policies and programmes. This committee has representatives from the key sites and functions.

Our comprehensive WSH organisation structure includes designated WSH Chairman, 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.

Our health and safety incident rates are monitored monthly, and our systems regularly reviewed against our performance targets and modes of operation. Our overall objective is to have zero reportable accidents. During FY2019, no major incidents occurred.

Health and Safety Performance Summary

Indicator	FY2017	FY2018	FY2019
Medical leave per employee (Days)	0.6	0.5	0.5
Number of reportable accidents	1	1	1

Performance Management

Our performance management policy aims to drive continuous learning and development, organisational performance and ensure fair rewards. Our Performance Appraisal Policy covers all employees employed under our group of companies.

At the end of each calendar year, we complete annual performance assessments for all staff who have been in employment longer than three months to assess their performance over the reporting period. Performance feedback is given to assist with employee development, and, in cases of exceptional performance, increments, rewards or promotions are awarded.

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Employee Attrition

Employee retention is important for maintaining a consistent organisational performance. Our HR policies and management practices are aimed at attracting and retaining talent. We promote a climate of open communication to encourage feedback from employees. Annual Performance Appraisals are also used to understand employees' concerns for appropriate management action.

We monitor our employee attrition rates to understand the patterns and benchmark against industry trends. The annual attrition rate at CosmoSteel was 23.9% in FY2019 as compared with 30.4% in FY2018.

Training

At CosmoSteel, all employees have access to a range of training opportunities, on-the-job training as well as external training, to build job-related competencies and to support individual career development goals.

Ongoing employee development is one of the key focus areas of our people management. We have a training policy to ensure the organisation continues to build skills and expertise to meet our business goals. A training calendar based on the organisational needs and individual development provides a roadmap for employee training. New hires undergo an orientation programme which includes a range of topics to help employees start their jobs productively.

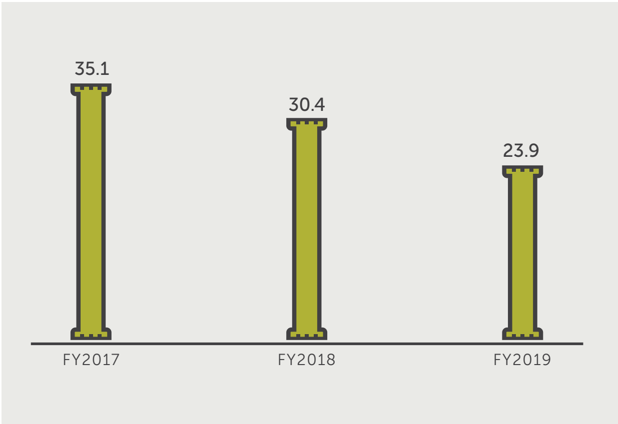
Human Rights

The Group's Code of Conduct outlines our management approach to create an inclusive workplace that is not discriminatory, celebrates diversity, and provides equal opportunities for all.

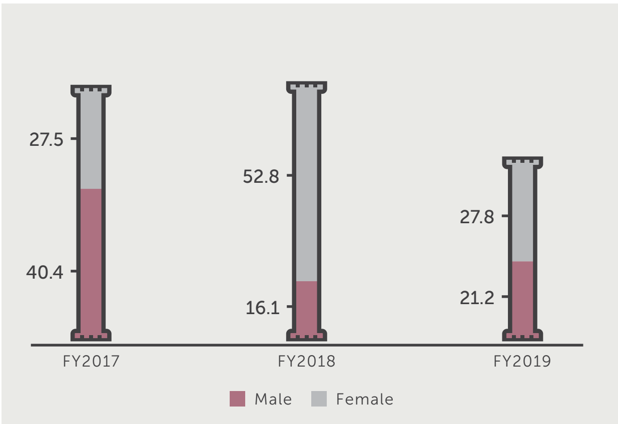
Although our assessment process identified the employment of a child or use of forced or compulsory labour as low risk, the Code recognises our responsibility to prevent child, forced or compulsory labour, and to be ever vigilant when dealing with others.

Our recruitment process observes the fair consideration framework and tripartite guidelines on fair employment practices and follows local and international labour law. Our HR policy prohibits any

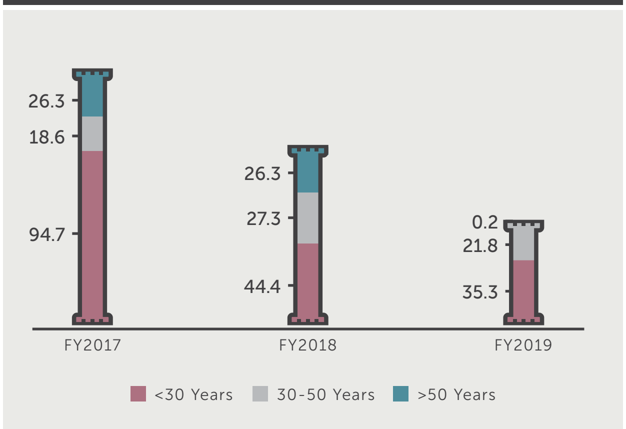
Employee Attrition Rate
(%)



Employee Attrition Rate By Gender
(%)



Employee Attrition Rate By Age Group
(%)



discrimination on the basis of nationality, age, race, religion, language, gender or marital status.

All new and existing employees are required to comply with our Code of Conduct, and our performance management systems use pre-set criteria for assessment to ensure fairness and transparency to guarantee we reward employees based on performance and merit alone.

Employees can raise concerns using our anonymous whistleblowing process, which has alternative mechanisms of escalation to ensure issues are dealt with fairly.

There were no instances of discrimination, child labour or forced labour in FY2019.

Freedom Of Association

We acknowledge and respect our employee's right to freedom of association and collective bargaining in accordance with local laws. Currently, we do not have a collective bargaining agreement.

ENVIRONMENT

CosmoSteel is committed to managing our business in a manner that minimises our impact on the environment.

The Group implements a precautionary principle approach to environmental management by proactively addressing the environmental impact of our business operations. Our environmental initiatives are aimed at reducing our carbon emissions and improve resource efficiency and recycling. Our focus is on the reduction of our energy use, emissions to air, waste, and water use within our significant Singapore operations.

CosmoSteel has maintained an ISO 14001-certified Environmental Management System ("**EMS**") since 2009 to promote environmental conservation, protection and prevention of pollution and to manage the risks and opportunities resulting from our business activities and impact.

We carefully monitor our environmental performance against established targets. Monthly performance reports are submitted to the management and corrective actions are taken where required.

Our employees play an important role in the Group's conservation initiatives. An annual refresher training enables our employees to understand our environmental commitment and to learn how they can contribute to a reduction in the use of energy, water and paper.

Environmental Policy

CosmoSteel is committed to conducting the Group's business in an environmentally responsible manner. Our Environmental policies form part of an integrated policy covering Quality, Environmental and Occupational Health and Safety ("**QEHS**") to manage the issues of sustainability and social responsibility within our operations and guide the way we conduct our business.

Our environmental policy commits us to:

- Comply with all applicable laws and regulations and other requirements to which the organisation subscribes that relates 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 of 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.

Climate Change

The Group recognises climate change is one of the biggest global environmental issues of modern times. In Singapore, the potential effects of climate change could be:

- Sea level rises resulting in flooding low-level areas
- Temperature increases 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 to vulnerable groups)
  - Urban heat island effects – further increase energy demands for cooling (more GHG emissions)
  - Risk of food security arising from droughts and floods to supplier countries

We recognise the risks of climate change and have a business continuity management system according to ISO 22301 standards in place to help us to mitigate the effects of this and other potential risks to our business.

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GHG Emissions

The primary sources of our Greenhouse Gas ("**GHG**") emissions are from our energy use; direct emissions (Scope-1) from fuel consumption by our business fleet; and indirect emissions (Scope-2) from the purchase of electricity used in our offices and warehouses. Through the implementation of our ISO 14001 Environment Management System, we seek to reduce our energy use and subsequent emissions. Our performance against targets for reduction is evaluated monthly and distributed throughout the organisation to raise awareness.

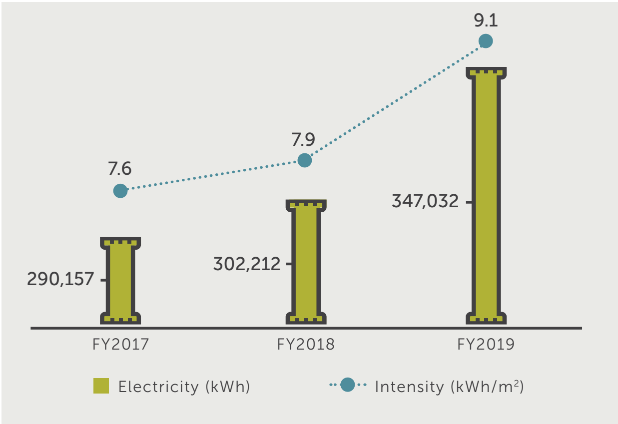
Energy

To reduce our electricity consumption, our warehouse at 90 Second Lok Yang Road has been rebuilt to include retrofitting of LED lighting. 'Switch off' posters encourage employees to be more energy-efficient and monthly performance data is circulated to raise awareness of energy use. The air conditioning is set to a fixed temperature and is regularly maintained to ensure optimal performance. The older systems will undergo phased upgrades to improve energy efficiency. In addition, energy-saving appliances have been procured for the pantry areas, and the office printers and a dedicated team of energy champions check appliances are switched off in designated common areas and at the end of the day.

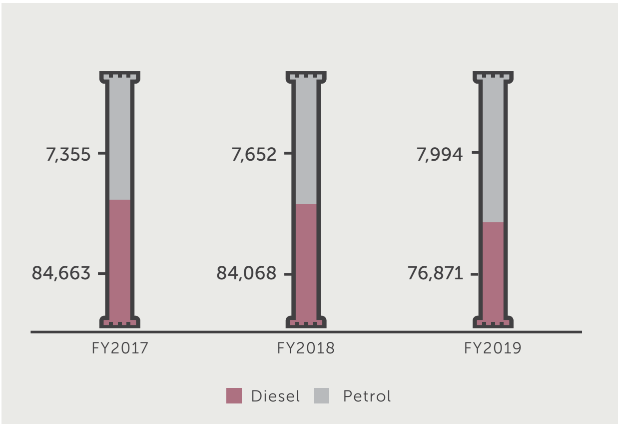
In FY2019, our absolute carbon emissions have decreased by 10% compared with the base year of FY2016. Electricity use per square meter in FY2019 was 9.1 kWh as compared with 8.0 kWh in FY2016. Our monthly electricity use per employee was 315 kWh in FY2019 against our target of 220.0 kWh. We will review our consumption patterns to explore avenues to meet our target.

Our energy intensity measured in joules was 50 GJ per million dollars in revenue for FY2019, 35% lower than base year FY2016.

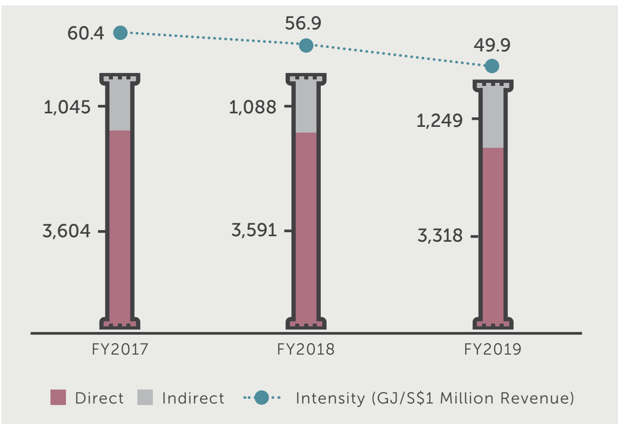
Electricity Consumption (kWh) and Intensity



Fuel Consumption (litres)



Energy Consumption (GJ) and Intensity



Waste

Our approach is to minimise waste and adopt recycling as much as possible. Our waste management practices are aimed at improving resource efficiency. We closely monitor both hazardous and non-hazardous waste as part of our environmental management system. Main types of waste from our operations include metal scrap, paper, plastic, electronics and chemicals. We segregate waste by type and send for recycling through licensed waste management contractors.

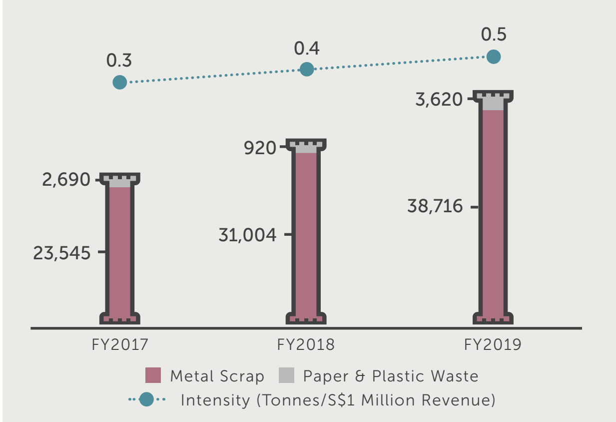
We minimise the use of paper in our offices by using double-sided printing and printers with locked printing settings to ensure we only print what is required.

We procure certified sustainably-produced paper to avoid additional paper usage.

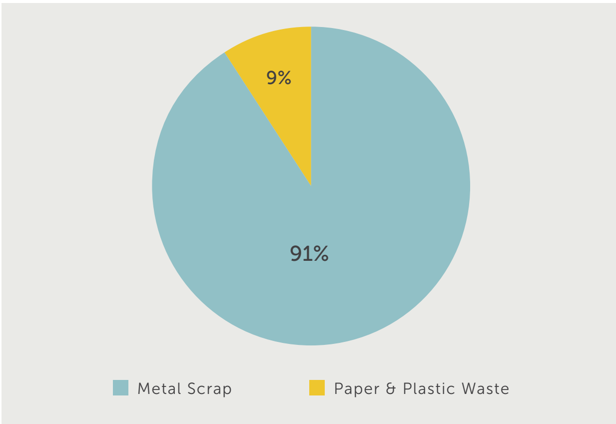
The offices and warehouses segregate waste to ensure it can be reused, recycled, or recovered more readily by our waste contractors. Materials sent for recycling include metals, plastics and paper.

Our non-hazardous waste currently stands at 42.3 tonnes, increased by 32% compared to 32.0 tonnes in base year FY2016.

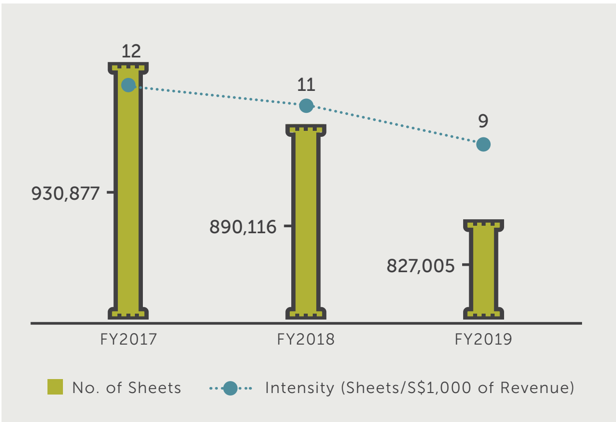
Non-hazardous Waste (kg) and Intensity



Non-Hazardous Waste (Composition)



Office Paper Use (Number of Sheets) and Intensity



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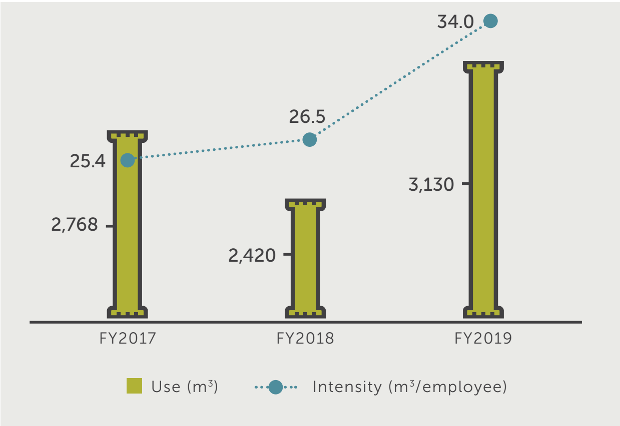
Water

Although we use water predominantly for domestic-style services, CosmoSteel does our part to conserve this vital natural resource. We have implemented awareness campaigns to minimise unnecessary shower time, conduct daily checks of washrooms for leaks, and installed water-efficient equipment (spray hoses and taps) to minimise our consumption. We monitor our water use on a monthly basis and annually review our water conservation initiatives.

Our water total use has dropped by 20% compared with base year FY2016. In FY2019, our monthly water utilisation was 2.8 m^3 per employee as against our target of 2.0 m^3. We intend to examine the water use pattern to identify opportunities that meet our water intensity target.

Water Consumption (M^3) and Intensity



Environmental Compliance

During FY2019, there were no reportable environmental breaches, incidents, or major non-conformance issues. All minor conformance issues raised were rectified within the required time allocation. In accordance with our ISO 14001 certification, our management systems are reviewed annually by the management and when significant changes to our business operations or stakeholder expectations occur.

ECONOMIC PERFORMANCE

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

Economic Value

A summary of our economic performance is presented below in line with GRI requirements. This has been extracted from our annual reports, which have been approved by the Board. To find out more about the Group's financial performance, please refer to the Financial Review and Financial Report sections of this report.

Summary Of Economic Performance (S$'000)			
Economic Performance Indicators	**FY2017**	**FY2018**	**FY2019**
Revenue	76,922	82,249	91,582
Net (loss)/profit after tax	(9,379)	(32,317)	2,808
Operating expenses	17,993	16,128	15,404
Employee wages and benefits	7,629	6,876	6,973
Dividends on equity shares	-	-	726

GOVERNANCE

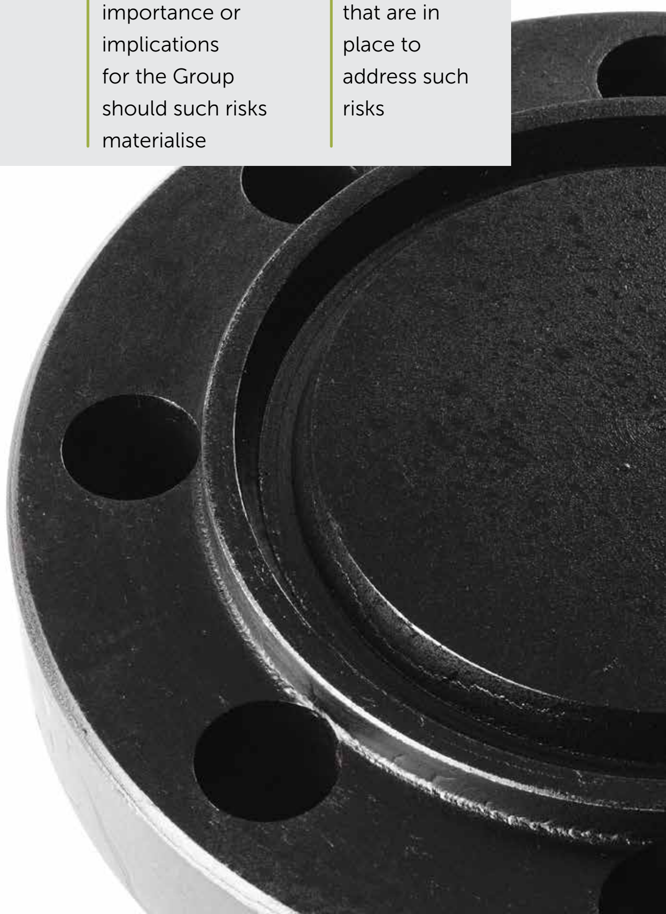
Risk Management Strategy

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 the risk factors in terms of their relative importance or implications for the Group should such risks materialise
5. Risk mitigating practices, where applicable, that are in place to address such risks

Our Enterprise Risk Management ("**ERM**") Framework ensures that a rigorous procedure is in place to adequately and effectively manage risks faced by the Group and its business divisions during the course of daily operations and long-term business planning. This is done by assessing its existing key systems, policies and processes to identify potential risk areas and to set out mitigating best practices.

The ERM is administered by a Risk Management Team comprising members from Management. This Team is responsible for the effective implementation of the Group's risk management strategy, policies and processes which includes setting the direction of corporate risk management and monitoring the implementation of risk management policies and procedures. On a quarterly basis, the Risk Management Team provides updates to the Audit Committee and the Board on areas of concern, if any, that may arise in relation to the Group's key risks factors.

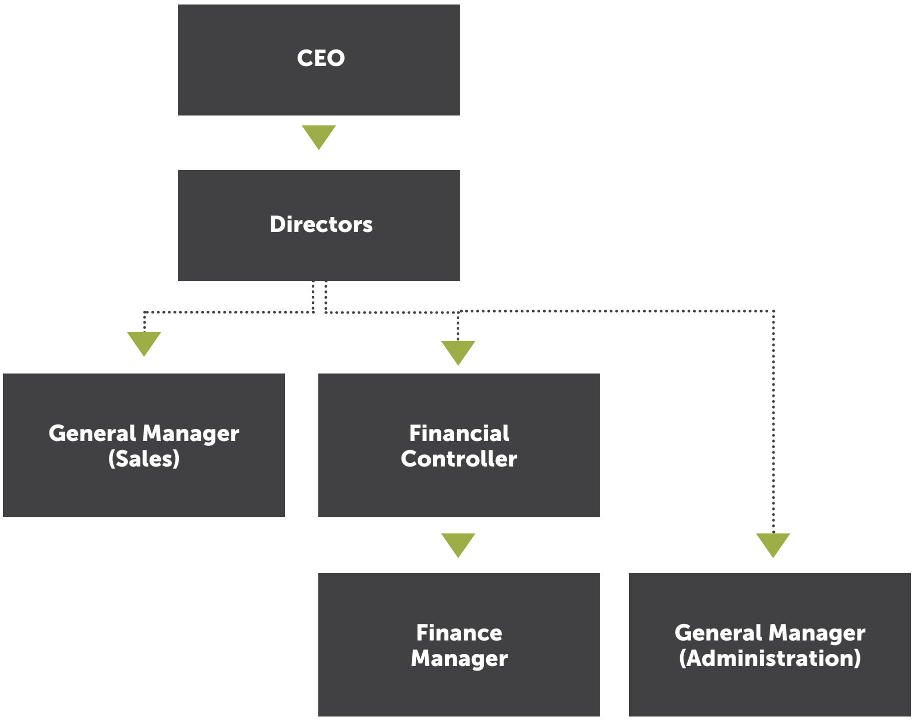


Sustainability Report 2019

Risk Management Team

In addition, the Group has also requested its internal auditors, Nexia TS Advisory Pte Ltd, to take such risk factors into consideration in 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 venture or business sector, 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.



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

The two key compliance risks for the Group relate to corporate governance and geopolitical risks. We manage these and other compliance risks on an ongoing basis.

For corporate governance, we are vulnerable to risk oversight in the form a lack of an established and consistent risk assessment framework to guide decision-making across the organisation. To better manage risk oversight, we have a set up a framework for guiding decision-making across the organisation as well as guidelines for matters requiring Board approval. At the same time, our Audit Committee has requested our internal auditors to 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 its external auditors provide changes in accounting standards to management for their consideration.

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

The Group's Employees Health and Welfare benefits 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 taken out for eligible employees. Overall compensation and benefits structure also follows closely to the basic requirements at the Ministry of Manpower ("**MOM**"), and the Group keeps itself abreast through regular updates from MOM.

The Group is 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 Silver Safety Pte Ltd and undergo surveillance audits by Bureau Veritas Singapore Pte Ltd annually and recertification audits every three years. The last recertification of ISO 14001:2015 and ISO 45001:2018 was in May 2019 and August 2019 respectively.

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.

In addition, as part of its ISO 9001 policy, a customer satisfaction survey is done annually to determine customers' level of satisfaction with the Group's services.

Operational Risks

Supply chain management and sales marketing and communications have been identified as the Group's two key operational risks. We manage these and other operational risks on an on-going basis.

Supply chain management risk for the Group entails two aspects, planning and sourcing. Planning relates to our inability to determine and maintain optimum safety stock, inaccurate capacity planning and inaccurate demand and supply forecast, while sourcing pertains to our inability to procure goods/raw materials cost effectively and constrain volatile material costs. To mitigate this, 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 is ISO 22301:2012-certified for Business Continuity Management ("**BCM**"). As part of our BCM System ("**BCMS**"), the Group has committed to identifying potential operational risks which threaten its business processes and build integrated mitigating procedures that will increase its resilience and ensure rapid recovery of critical business functions. This will prepare the Group to handle adverse scenarios and safeguard the interests of its key stakeholders, reputation and brand. In meeting this commitment, the Group shall comply with all applicable legal and regulatory requirements and seek continual improvements to its BCMS.

Key Elements Of The BCMS

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

Sales, marketing and communications risk pertains to the inability of the Group to implement an appropriate sales strategy to meet its sales target. We have a robust sales, marketing and communication strategy in place to ensure our message to stakeholders are aligned and 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 overall level of quality work and services. For details on our customer satisfaction surveys, please refer to the sub-section on Customers on page 27 of this annual report.

As part of our human resource efforts to add quality people to our workforce and retain valued employees, the Group ensures it has training and development programmes beyond the scope required by authorities and has implemented rigorous health and safety management programmes. For details on our training and education programmes, please refer to the section on People on page 32 of this annual report.

To safeguard our legal interests, CosmoSteel hires professionals such as lawyers and accountants who are able to provide their professional advice in relation to operational risks. For continuous operationality, the Group's IT infrastructure is partially outsourced to professional vendors, ensuring reliability of its IT systems with stringent security measures installed to prevent information leaks or losses. In addition, our inventories are protected by adequate insurance covering all industrial risks in addition to our utilisation of on-site security devices.

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 33 to 36 of this annual report.

Financial Risks

The Group has identified cash flow management and ability to obtain adequate funding for operations and investments as two of its key financial risks. On an on-going basis, the Group also manages other financial risks related to its business.

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To mitigate liquidity risk, we employ a tight capital management system to ensure that we have sufficient working capital to meet debt obligations and pays close attention to 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 its 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 stay close to our customers through regular visits and tracking of their purchasing patterns. This is to ensure that CosmoSteel continues to stock inventory that 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.

The Group runs several initiatives to enhance its corporate governance. This includes attaining a "premium" status for the Inland Revenue Authority of Singapore's ("**IRAS**") GST Assisted Compliance Assurance Programme ("**ACAP**") in 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.

GRI Content Index 'In accordance' – Core		
GRI Standard	**Disclosure**	**Page Number(s) and/or URL(s)**
GRI 101: Foundation 2016 (GRI 101 does not include any standards)		
	General Disclosures	
GRI 102: General Disclosures 2016	**Organisational Profile**	
	102-1 Name of the organisation	1
	102-2 Activities, brands, products, and services	4-5
	102-3 Location of headquarters	1
	102-4 Location of operations	1
	102-5 Ownership and legal form	1, 132-133
	102-6 Markets served	1, 5
	102-7 Scale of the organisation	12, 20, 29
	102-8 Information on employees and other workers	20, 29
	102-9 Supply chain	28
	102-10 Significant changes to the organisation and its supply chain	None
	102-11 Precautionary Principle or approach	33
	102-12 External initiatives	3, 19, 21
	102-13 Membership of associations	27
	Strategy	
	102-14 Statement from senior decision-maker	6-7
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behaviour	2, 3, 19, 21
	Governance	
	102-18 Governance structure	45-46, 48-52
	102-19 Delegating authority	21
	102-20 Executive-level responsibility for economic, environmental, and social topics	21
	102-21 Consulting stakeholders on economic, environmental, and social topics	21

GRI Standard	Disclosure	Page Number(s) and/or URL(s)
	General Disclosures	
	102-22 Composition of the highest governance body and its committees	46-50
	102-23 Chair of the highest governance body	52
	102-24 Nominating and selecting the highest governance body	52-53
	102-25 Conflicts of interest	45
	102-26 Role of highest governance body in setting purpose, values, and strategy	45
	102-27 Collective knowledge of highest governance body	46
	102-28 Evaluating the highest governance body's performance	55-56
	102-29 Identifying and managing economic, environmental, and social impacts	19, 21
	102-30 Effectiveness of risk management processes	37-40, 62-63
	102-31 Review of economic, environmental, and social topics	19, 21
	102-32 Highest governance body's role in sustainability reporting	19, 21
	102-33 Communicating critical concerns	64, 66
	102-34 Nature and total number of critical concerns	66
	Stakeholder Engagement	
	102-40 List of stakeholder groups	24-26
	102-41 Collective bargaining agreements	33
	102-42 Identifying and selecting stakeholders	24-26
	102-43 Approach to stakeholder engagement	24-26
	102-44 Key topics and concerns raised	24-26
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	111
	102-46 Defining report content and topic Boundaries	19, 21-22
	102-47 List of material topics	21-22
	102-48 Restatement of information	19
	102-49 Changes in reporting	19
	102-50 Reporting period	19
	102-51 Date of most recent report	December 2018
	102-52 Reporting cycle	19
	102-53 Contact point for questions regarding the report	19
	102-54 Claims of reporting in accordance with the GRI Standards	19
	102-55 GRI content index	40-43
	102-56 External assurance	19
	Economic Performance	
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 37
	103-2 The management approach and its components	12-17, 37
	103-3 Evaluation of the management approach	12-17, 20, 37
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	12-17, 20, 37
	Anti-Corruption	
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 28-29
	103-2 The management approach and its components	22-24, 28-29
	103-3 Evaluation of the management approach	20, 23-24, 28-29
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	28-29
	205-3 Confirmed incidents of corruption and actions taken	28-29
	Energy	
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 33-34
	103-2 The management approach and its components	22-24, 33-34
	103-3 Evaluation of the management approach	20, 23-24, 33-34
GRI 302: Energy	302-1 Energy consumption within the organisation	34
	302-3 Energy intensity	34

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GRI Standard	Disclosure	Page Number(s) and/or URL(s)
Water		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 36
	103-2 The management approach and its components	22-24, 36
	103-3 Evaluation of the management approach	20, 23-24, 36
GRI 303: Water	303-1 Water withdrawal by source	36
Emissions		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 33-34
	103-2 The management approach and its components	22-24, 33-34
	103-3 Evaluation of the management approach	20, 23-24, 33-34
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	34
	305-2 Energy indirect (Scope 2) GHG emissions	34
	305-4 GHG emission intensity	34
Waste		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 35
	103-2 The management approach and its components	22-24, 35
	103-3 Evaluation of the management approach	20, 23-24, 35
GRI 306: Effluents and Waste	306-2 Waste by type and disposal methods	35
Environmental Compliance		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 36
	103-2 The management approach and its components	22-24, 36
	103-3 Evaluation of the management approach	20, 23-24, 36
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations.	36
Employment		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 30, 32
	103-2 The management approach and its components	22-24, 30, 32
	103-3 Evaluation of the management approach	20, 23-24, 30, 32
GRI 401: Employment	401-1 New Employee hires and employee turnover	29, 32
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	30
Occupational Health and Safety		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 30-31
	103-2 The management approach and its components	22-24, 30-31
	103-3 Evaluation of the management approach	20, 23-24, 30-31
GRI 403: Occupational Health and Safety	403-1 Workers representation in formal joint management-worker health and safety committees	30-31
	403-2 Types of injury and rate of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities.	30-31
Training and Education		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 31-32
	103-2 The management approach and its components	22-24, 31-32
	103-3 Evaluation of the management approach	20, 23-24, 31-32
GRI 404: Training and Education	404-2 Programmes for upgrading employee skills and transition assistance programmes	32
	404-3 Percentage of employees receiving regular performance and career development reviews	31

GRI Standard	Disclosure	Page Number(s) and/or URL(s)
Diversity and Equal Opportunities		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24
	103-2 The management approach and its components	22-24, 29-30
	103-3 Evaluation of the management approach	20, 23-24, 29-30
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	10-11, 29-30
Non-Discrimination		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 32-33
	103-2 The management approach and its components	22-24, 32-33
	103-3 Evaluation of the management approach	20, 23-24, 32-33
GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	32-33
Freedom of Association and Collective Bargaining		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 32-33
	103-2 The management approach and its components	22-24, 32-33
	103-3 Evaluation of the management approach	20, 23-24, 32-33
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	32-33
Child Labour		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 32-33
	103-2 The management approach and its components	22-24, 32-33
	103-3 Evaluation of the management approach	20, 23-24, 32-33
GRI 408: Child Labour	408-1 Operations and supplier at significant risk for incidence of Child Labour	32-33
Forced, or Compulsory Labour		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 32-33
	103-2 The management approach and its components	22-24, 32-33
	103-3 Evaluation of the management approach	20, 23-24, 32-33
GRI 409: Forced or Compulsory Labour	409-1 Operations and supplier at significant risk for incidence of forced or compulsory labour	32-33
Marketing and Labelling		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 27-28
	103-2 The management approach and its components	22-24, 27-28
	103-3 Evaluation of the management approach	20, 23-24, 27-28
GRI 417: Marketing and Labelling	417-1 Requirements for product and service information and labelling	27-28
	417-2 Incidents of non-compliance concerning product and service information and labelling	28
Socio-Economic Compliance		
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundaries	22-24, 29
	103-2 The management approach and its components	22-24, 29
	103-3 Evaluation of the management approach	20, 23-24, 29
GRI 419: Marketing and Labelling	419-1 Non-compliance with laws and regulations in the social and economic area	29

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Corporate Information

Board of Directors

Low Beng Tin, Chairman & Independent Director
Jack Ong Tong Hai, Chief Executive Officer & Executive Director
Osamu Murai, Executive Director
Hiromasa Yamamoto, Non-Executive Director
Hor Siew Fu, Independent Director
Tan Siok Chin, Independent Director

Audit Committee

Hor Siew Fu (Chairman)
Low Beng Tin (Member)
Tan Siok Chin (Member)

Nominating Committee

Tan Siok Chin (Chairman)
Hiromasa Yamamoto (Member)
Low Beng Tin (Member)
Hor Siew Fu (Member)

Remuneration Committee

Tan Siok Chin (Chairman)
Hiromasa Yamamoto (Member)
Low Beng Tin (Member)
Hor Siew Fu (Member)

Company Secretary

Lee Pih Peng MBA, LLB

Registered Office & Principal Place of Business

14 Lok Yang Way Singapore 628633

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01 Singapore Land Tower
Singapore 048623

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

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Silvia Heng
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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 FY2019 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

Provision 1.2 and Provision 4.5

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

Mr Hiromasa Yamamoto was appointed to the Board on 5 July 2019. Mr Hiromasa Yamamoto does not have prior experience as a director of a company listed on the SGX-ST and will be attending the relevant training courses conducted by such institutions in due course.

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 FY2019, various members of the Board had attended a briefing given by the Company Secretary on the changes to the requirements in the SGX-ST Listing Manual, the Code and the relevant legislation. The Directors also attend various briefings, updates and training as part of their continuing professional development, including, *inter alia*, in the case of Ms Tan Siok Chin, the "SID Corporate Governance Round Up 2019" course and the "Being a Board Director in the Age of Social Media" course, and in the case of Mr Jack Ong Tong Hai, the "Global Corporate Governance Conference".

Matters Requiring Board Approval

Provision 1.3

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:

(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 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

Provision 1.4

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.

Corporate
Governance Statement (cont'd)

Meetings of Board and Board Committees

Provision 1.5

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 FY2019 and the attendance of the Directors are set out below:

	Number of Meetings[2]									
	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings		General Meetings	
Name	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Low Beng Tin[3]	6	6	4	4	2	2[1]	2	2	1	1
Ong Chin Sum[4]	6	3	4	2[1]	2	0	2	0	1	1
Jack Ong Tong Hai	6	6	4	4[1]	2	1[1]	2	2[1]	1	1
Andy Ong Tong Yang[5]	6	2	4	1[1]	2	0	2	0	1	1
Osamu Murai	6	6	4	4[1]	2	0	2	0	1	1
Hiroshi Ebihara[6]	6	4	4	2[1]	2	0	2	0	1	1
Hiromasa Yamamoto[7]	6	1	4	1[1]	2	0	2	0	1	0
Hor Siew Fu	6	6	4	4	2	2	2	2	1	1
Tan Siok Chin	6	6	4	4	2	2	2	2	1	1

Note:

1 The Directors are not members of the respective Committees but have attended the meetings by invitation.

2 Regular Board and Committee meetings comprise four Board meetings, four Audit Committee meetings, one Nominating Committee meeting and one Remuneration Committee meeting.

3 Mr Low Beng Tin was appointed as Member of the Nominating Committee and Remuneration Committee on 5 July 2019 and had attended the Nominating Committee meeting on 10 May 2019 by invitation.

4 Mr Ong Chin Sum resigned from the Board and ceased to be a Director on 12 July 2019 and hence was not a Director at the time of the meetings on 6 August 2019 and 14 November 2019. As the agenda of the Board meeting on 29 April 2019 involved Mr Ong Chin Sum's retirement as CEO, Mr Ong Chin Sum had recused himself from that meeting.

5 Mr Andy Ong Tong Yang resigned from the Board and ceased to be a Director on 31 March 2019 and hence was not a Director at the time of the meetings on 29 April 2019, 10 May 2019, 6 August 2019 and 14 November 2019.

6 Mr Hiroshi Ebihara resigned from the Board and ceased to be a Director on 5 July 2019 and hence was not a Director at the time of the meetings on 6 August 2019 and 14 November 2019. As the agenda of the Nominating Committee meeting on 10 May 2019 involved a proposed change of Hanwa's nominees to the Board, Mr Hiroshi Ebihara had recused himself from that meeting.

7 Mr Hiromasa Yamamoto was appointed to the Board on 5 July 2019 and was not a Director at the time of the meetings on 2 November 2018, 28 January 2019, 8 February 2019, and 10 May 2019.

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 NC will review the multiple board representations held by the Directors on an annual basis to ensure that sufficient time and attention is given to the affairs of the Group.

Corporate Governance Statement (cont'd)

Provision of Information to the Board and Board Committees

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

Access to Management, Company Secretary and Independent Professional Advice

The Board, the Board Committees and the Directors have separate and independent access to Management of the Company 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 six Directors, three of whom are independent directors ("**Independent Directors**"), one of whom is a non-executive director ("**Non-Executive Director**") and the remainder are executive directors ("**Executive 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
Low Beng Tin	Chairman & Independent Director	Audit Committee Nominating Committee Remuneration Committee	9 November 2005	25 January 2017	Lian Beng Group Ltd Fuji Offset Plates Manufacturing Ltd AA Vehicle Inspection Centre Pte. Ltd Agropak Engineering (S) Pte Ltd Assimilated Technologies (S) Pte Ltd Autoswift Recovery Pte Ltd SMF Centre For Corporate Learning Pte. Ltd Singapore Innovation and Productivity Institute Pte Ltd JP Nelson Holdings	Datapulse Technology Limited

Corporate Governance Statement (cont'd)

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
Jack Ong Tong Hai	Chief Executive Officer & Executive Director	–	9 November 2005	24 January 2018	Nil	Nil
Osamu Murai	Executive Director	–	1 June 2018	28 January 2019	Nil	Nil
Hiromasa Yamamoto	Non-Executive Director	Nominating Committee Remuneration Committee	5 July 2019	–	Hanwa Singapore (Pte) Ltd Nippon EGalv Steel Sdn Bhd Hanwa Steel Centre (M) Sdn Bhd	Hanwa Co., Ltd.
Hor Siew Fu	Independent Director	Audit Committee (Chairman) Remuneration Committee Nominating Committee	26 October 2018	28 January 2019	Plastoform Holdings Limited Edition Limited Q Industries & Trade Pte Ltd	Nil
Tan Siok Chin	Independent Director	Audit Committee Remuneration Committee (Chairman) Nominating Committee (Chairman)	28 March 2007	25 January 2017	Design Studio Group Ltd Valuetronics Holding Limited ACIES Law Corporation	Nil

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

Provision 2.4

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.

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 six 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

Provision 2.5

Non-Executive Directors and Independent Directors meet regularly without the presence of Management, in the meetings with the external 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.

Corporate Governance Statement (cont'd)

Principle 3: Chairman and Chief Executive Officer

Roles and Responsibilities of Chairman and CEO

The Independent Chairman and the Chief Executive Officer of the Company are separate individuals. ***Provision 3.1***

As the most senior executive in the Company, 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, Mr Low Beng Tin 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 Directors, ensures effective communication with shareholders and endeavours to promote a high standard of corporate governance. The Chairman also ensures that Board meetings are held regularly and on an ad hoc basis where required and, when necessary, sets the Board meeting agendas in consultation with the Management and the Company Secretary. The Chairman presides over each Board meeting and ensures full discussion of agenda items. Management staff, as well as external experts who can provide additional insights into the matters to be discussed, are invited when necessary, to attend at the relevant time during the Board meetings.

Lead Independent Director

The Company did not appoint a lead independent director in FY2019 as the Chairman is an Independent Director and the Chairman and the CEO are not immediate family members. ***Provision 3.3 and Rule 1207(10A) of the SGX-ST Listing Manual***

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;

Corporate
Governance Statement (cont'd)

(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).

Provision 4.2

The Nominating Committee comprises four Directors, three of which, including its Chairman, are Independent Directors. As at the date of this Report, the members of the Nominating Committee are:

Ms Tan Siok Chin	Chairman
Mr Hor Siew Fu	
Mr Low Beng Tin	
Mr Hiromasa Yamamoto	

Evaluation of the Board

Provision 4.3

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.

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.

Corporate Governance Statement (cont'd)

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 the Management 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/her 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 2019 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.

Independence of Directors who have served more than nine years

While the Nominating Committee and the Board recognises that Independent Directors who may have served in such office for an aggregate period of more than nine years (whether before or after the listing of the Company) may have developed relationships *inter alia*, with the Company and/or Management, such Independent Directors would also have developed significant insights into the Group's businesses and operations and may be able to continue providing significant and valuable contributions to the Board. Where there are such Directors, the Nominating Committee and the Board will review vigorously their continuing contributions and independence and may exercise its discretion to extend the tenure of these Directors where appropriate.

Two of our Independent Directors, namely Mr Low Beng Tin, and Ms Tan Siok Chin, having been first appointed to the Board on 9 November 2005 and 28 March 2007 respectively, have all served on the Board for more than nine years.

In view of this, the other Directors have been asked to particularly review and assess the continued independence of Mr Low Beng Tin and Ms Tan Siok Chin.

Corporate Governance Statement (cont'd)

After due consideration and with the recommendation of the Nominating Committee (with Ms Tan Siok Chin and Mr Low Beng Tin abstaining), the Board continues to regard Mr Low Beng Tin and Ms Tan Siok Chin as independent notwithstanding the length of tenure of their service, after taking into consideration, *inter alia*, the guidelines for independence as provided for under the Code, the absence of potential conflicts of interest for the Independent Directors which may arise through, *inter alia*, a shareholding interest in the Company and/or business dealings directly or indirectly with the Group, and as they have demonstrated independence in character and judgment, through, *inter alia*, their contributions to Board discussions and deliberations and ability and preparedness to exercise independent business judgment and/or decisions with the view to the best interests of the Company, without undue reliance, influence or consideration of the Group's interested parties such as the CEO, the other non-independent Directors, controlling shareholders and/or their associates.

The Board notes that, with effect from 1 January 2022, Ms Tan Siok Chin and Mr Low Beng Tin would have to comply with the requirements of Rule 720(5)(d)(iii) of the SGX-ST Listing Manual, for purposes of continuing to be designated as Independent Directors and the Company will take the necessary steps, where appropriate, to comply with such requirements.

Commitments of Directors Sitting on Multiple Boards

Provision 4.5

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 listed company board representations. The listed company directorships and principle commitments of each Director is set out above in pages 49 to 50 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.

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

Provision 5.1

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.

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.

Corporate Governance Statement (cont'd)

Provision 5.2

During FY2019, a peer to peer review was adopted by the Board 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.

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 9 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 Chairman will act on the results of the performance evaluation, and, in consultation with the Nominating Committee, proposed, where appropriate, new members to be appointed to the Board or seek the resignation of Directors.

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

Principle 6: Procedures for Developing Remuneration Policies

Composition and Terms of Reference of Remuneration Committee

Provision 6.1 and Provision 6.3

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

(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;

Corporate
Governance Statement (cont'd)

(f) ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;

(g) administering the employee share option scheme, share-incentive or award scheme from time to time established or implemented by the Company (collectively the "**Schemes**") with powers to determine, *inter alia*, the following:-

  (i) persons to be granted options, share incentives, awards and other benefits under the Schemes;

  (ii) number of options, share incentives, awards and other benefits under the Schemes to be offered;

  (iii) terms of such options, share incentives, awards and other benefits under the Schemes to be offered, including exercise price and vesting periods;

  (iv) recommendations for modifications to the Schemes;

  (v) generally, perform such other functions and duties as may be required by the relevant laws or provisions of the SGX-ST Listing Manual and the Code (as may be amended from time to time); and

(h) reviewing whether 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.

The Company has established a Remuneration Committee which comprises four Directors, all of whom are non-executive and three of which, including the Chairman, are Independent Directors. ***Provision 6.2***

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

Ms Tan Siok Chin	Chairman
Mr Hor Siew Fu	
Mr Low Beng Tin	
Mr Hiromasa Yamamoto	

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 FY2019.

Corporate Governance Statement (cont'd)

Principle 7: Level and Mix of Remuneration

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

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

Remuneration Structure of Executive Directors

Provision 7.1

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 FY2019 included a profit-sharing arrangement. However, despite the Company turning profitable in FY2019, no remuneration by way of profit sharing was paid to any of the Executive Directors in FY 2019, due, *inter alia*, to some changes in the offices of the Executive Directors during the year, and the restructuring of the terms of their service contracts in connection therewith, as further elaborated below.

During the year, Mr Andy Ong Tong Yang and Mr Ong Chin Sum, the former CEO of the Company, resigned as Executive Directors, and Mr Jack Ong Tong Hai was appointed as the new CEO of the Company with effect from 15 July 2019. Further details on the remuneration of Mr Jack Ong Tong Hai is further disclosed below in page 60 of this Report.

The discretionary bonus payable to the eligible Executive Directors is generally awarded based on a certain number of months of their basic monthly salary, and will only be given if recommended by the Remuneration Committee and approved by the Board. 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.

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.

Corporate Governance Statement (cont'd)

Remuneration Structure of Independent Directors and Non-Executive Directors

The Independent Directors and Non-Executive Director 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 Director is at a level that will not compromise the independence of the Directors.

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

Fee Structure for Non-Executive Directors

	$
Basic fee	45,000
Board chairmanship	25,000
AC chairmanship	20,000
Other committee chairmanship	10,000
AC membership	10,000
Other committee membership	5,000
Attendance fee[1]	1,500

[1] The attendance fee is applicable for attendance at Board and Board Committee meetings other than the regular Board and Board Committee meetings comprising four Board meetings, four Audit Committee meetings, one Nominating Committee and one Remuneration Committee meeting annually.

The payment of Directors' fees is subject to the approval of shareholders, and the Board will recommend the remuneration of the Non-Executive Directors for approval by shareholders at the Annual General Meeting of the Company ("**AGM**"). The Executive Directors do not receive directors' fees.

Remuneration Framework

The Board is of the view that the current remuneration structure for the Executive Directors, Non-Executive 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 FY2019 are as follows.

Provision 8.1 and Provision 8.3

Remuneration of Directors	Directors' Fees (%)	Salary[2] (%)	Bonus[1,2] (%)	Allowances and Others (%)	Total Compensation (S$)
Executive Directors					
Mr Ong Chin Sum[3]	–	87.9	–	12.1	450,765
Mr Andy Ong Tong Yang[4]	–	88.5	–	11.5	366,120
Mr Jack Ong Tong Hai	–	78.8	7.1	14.1	421,016
Mr Osamu Murai	–	85.9	4.5	9.6	377,000
Non-Executive Director					
Mr Hiroshi Ebihara[5]	100.0	–	–	–	30,500
Mr Hiromasa Yamamoto[6]	100.0	–	–	–	27,500
Independent Directors					
Mr Low Beng Tin	100.0	–	–	–	88,000
Mr Hor Siew Fu	100.0	–	–	–	78,000
Ms Tan Siok Chin	100.0	–	–	–	78,000

Note:

1 There was no Incentive Bonus payable to the Executive Directors for FY2019.

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

3 Mr Ong Chin Sum ceased to be the CEO and Executive Director of the Company on 12 July 2019.

4 Mr Andy Ong Tong Yang ceased to be a Executive Director of the Company on 31 March 2019.

5 Mr Hiroshi Ebihara ceased to be a Non-Executive Director of the Company on 5 July 2019.

6 Mr Hiromasa Yamamoto was appointed to the Board on 5 July 2019.

Corporate Governance Statement (cont'd)

For the financial year ended 30 September 2019, the top three key management personnel (who are not also Directors) of the Group are Mr Lim Kim Seng, Ms Tan Bee Kheng, and Ms Chong Siew Kuen. ***Provision 8.1 and Provision 8.3***

A breakdown of the remuneration of the top three key management personnel of the Group for the financial year ended 30 September 2019 is set out below:

Remuneration of Top Three Key Management Personnel[2]	Salary[1] (%)	Bonus[1] (%)	Allowances and Others (%)	Total Compensation (%)
Below S$250,000				
Mr Lim Kim Seng	69.4	7.0	23.6	100.0
Ms Chong Siew Kuen	67.7	6.9	25.4	100.0
Ms Tan Bee Kheng	78.2	11.2	10.6	100.0

Note:

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

2 The Company only has three key management personnel (who are not directors nor the CEO).

The annual aggregate remuneration paid to the top three key management personnel of the Group (who are not directors or the CEO) for FY2019 is S$465,456. As all of the top three key management personnel of the Group, drew remuneration of below S$250,000, and given the disclosure of the annual aggregate remuneration of the Company as aforesaid, the Company has accordingly not disclosed the specific remuneration of each of the top three key management personnel for confidentiality reasons.

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

Mr Ong Chin Sum is the father of Mr Andy Ong Tong Yang and Mr Jack Ong Tong Hai. Mr Ong Chin Sum and Mr Andy Ong Tong Yang were Executive Directors of the Company during FY2019 and Mr Jack Ong Tong Hai is the CEO. Ms Teoh Bee Choo, the spouse of Mr Ong Chin Sum and the mother of Mr Andy Ong Tong Yang and Mr Jack Ong Tong Hai, is an employee of the Company whose remuneration was more than S$100,000 but below S$200,000 for FY2019. Further details of Ms Teoh's remuneration are set out below: ***Provision 8.2***

	Salary[1] (%)	Bonus[1] (%)	Allowances and Others (%)	Total Compensation (%)
Ms Teoh Bee Choo	87.3	8.3	4.4	100.0

Note:

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

Corporate Governance Statement (cont'd)

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; (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.

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 FY2019 give a true, accurate and complete view of the Group and the Company's operations and finances as at 30 September 2019;

(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).

Corporate Governance Statement (cont'd)

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 2019. ***Rule 1207(10) of the SGX-ST Listing Manual***

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

Principle 10: Audit Committee

Composition and Terms of Reference of Audit Committee

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

(a) reviewing the audit plan of the external auditors, including the nature and scope of the audit, before the audit commences;

(b) reviewing the results of external audit, in particular:

  (i) their audit report; and

  (ii) their management letter and Management's response thereto;

(c) reviewing the co-operation given by the Company's officers to the external auditors;

(d) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and the Group and any announcements relating to the Company's financial performance. The 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 on: -

  (i) in major judgmental areas; and

  (ii) in 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;

Corporate Governance Statement (cont'd)

(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) 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;

(j) reviewing, at least annually, the adequacy and effectiveness of the Company's internal audit function;

(k) meeting with (a) the external auditors, and (b) the internal auditors, if deemed necessary, without the presence of Management, at least annually;

(l) 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);

(m) reviewing the assurance from the CEO and Chief Financial Officer/Financial Controller on the financial records and financial statements of the Company;

(n) 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;

(o) 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

(n) 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).

Corporate Governance Statement (cont'd)

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 2019.

The Audit Committee has been briefed on the key audit matters of the Company for FY2019 and has reviewed, and is satisfied with, the measures taken by the Company and the external auditors of the Company to address such key audit matters.

The aggregate amount of fees paid to the external auditors of the Company for FY2019 is S$179,000, of which S$133,000 is paid for audit services and S$46,000 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 has 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 FY2019, there were no complaints, concerns or issues received.

The Audit Committee comprises three Directors, all of whom, including its Chairman, are Independent Directors. As at the date of this Report, the Audit Committee members are: ***Provision 10.2***

Mr Hor Siew Fu	Chairman
Ms Tan Siok Chin	
Mr Low Beng Tin	

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 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 15 March 2019 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, they did not identify any significant deficiencies or non-compliance of controls or measures implemented by Management under such procedures and systems.

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 quarterly 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.

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.

Provision 11.2

Separate resolutions on each distinct issue are tabled at general meetings. Shareholders of the Company will be given the opportunity to pose queries in relation to the resolution tabled before the resolution is proposed and seconded. All resolutions are conducted by poll (by way of poll voting slips collected after all resolutions have been proposed and seconded, in the presence of independent scrutineers. The results of the poll showing the number of votes cast for and against each resolution and the respective percentages are shown to shareholders of the Company at the meeting after all the resolutions have been put to the poll, and will be published on SGXNET thereafter.

Attendees at General Meetings

Provision 11.3

The Board and Management are present at these meetings to address any questions that shareholders may have. Save for Mr Hiromasa Yamamoto, who was appointed to the Board on 5 July 2019, the entire Board, including the Chairman, was present at the AGM of the Company on 28 January 2019, External auditors are also present to assist the Board in addressing queries by shareholders.

Voting in Absentia

Provision 11.4

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.

Minutes of General Meetings

Provision 11.5

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. The Company currently does not publish minutes of general meetings on its corporate website but will review the feasibility of having such arrangements when appropriate.

Dividend Policy

Provision 11.6

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.

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.

Corporate Governance Statement (cont'd)

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

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

A dividend payout of S$0.0025 per share is recommended for the financial year ended 30 September 2019, in view of the Company returning to profitability in the financial year ended 30 September 2019 and to thank shareholders for their support for the Company.

Principle 12: Engagement with Shareholders

Communication with Shareholders

Provision 12.1

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 quarterly basis. Financial results announcements and annual reports are announced or issued within the mandatory period prescribed. All shareholders of the Company with an address in Singapore will be able to receive a copy of the Company's annual report and notices of general meetings.

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 quarterly financial results announcements.

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

Investor Relations Policy

Provision 12.2 and Provision 12.3

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.

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.

Corporate Governance Statement (cont'd)

Principle 13: Engagement with Stakeholders

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

Provision 13.1 and Provision 13.2

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

Provision 13.3

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 two weeks before the announcement of the Company's financial statements for the first and third quarters of its financial year and 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**")

Corporate
Governance Statement (cont'd)

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**").

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.

Corporate Governance Statement (cont'd)

(iii) In relation to the engagement or utilisation of an Interested Person as a procurement source to procure materials, products and services on behalf of the Group:-

(aa) subject to and in accordance with Paragraph (a)(i) above, the mark-up or fee (where applicable) payable by the Group to the Interested Person shall be determined by at least one of the Executive Directors of the Company with no interest, direct or indirect, in the proposed Mandated Interested Person Transaction; and

(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.

Corporate
Governance Statement (cont'd)

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.

(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 FY2019 are stated in the following table:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920 of the SGX-ST Listing Manual) S$'000	Aggregate value of all interested person transactions during the financial year conducted under shareholder's mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S$100,000) S$'000
Hanwa Co., Ltd[1]	–	9,277

Note:

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

FINANCIAL CONTENTS

Contents

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 2019.

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:

Low Beng Tin
Ong Tong Hai
Osamu Murai
Hiromasa Yamamoto (Appointed on 5 July 2019)
Hor Siew Fu
Tan Siok Chin

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 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, Chapter 50 (the "Act") except as follows:

Name of directors and companies in which interests are held	At beginning of the reporting year	At end of the reporting year
CosmoSteel Holdings Limited	**Number of shares of no par value**	
Ong Tong Hai	28,411,996	35,142,096
Tan Siok Chin	125,000	125,000

The directors' interests as at 21 October 2019 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:

Hor Siew Fu	(Chairman of audit committee and Independent Director)
Low Beng Tin	(Independent Director)
Tan Siok Chin	(Independent Director)

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

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

Statement By Directors (cont'd)

7. REPORT OF AUDIT COMMITTEE (cont'd)

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

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

8. DIRECTORS' OPINION ON THE ADEQUACY OF INTERNAL CONTROLS

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

9. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 14 November 2019 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

Low Beng Tin
Chairman and Independent Director

Ong Tong Hai
Chief Executive Officer and Executive Director

12 December 2019

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 2019, 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, Chapter 50 (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 2019 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 and estimated net realisable value. During the reporting year ended 30 September 2019, the group made a net reversal of write-down of inventories amounting to $514,000 and, as at that date, the carrying amount was $37,426,000, representing 36% of the group's total assets.

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

To the members of CosmoSteel Holdings Limited (cont'd)

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 have reviewed the group's policy for inventories written-down and written-back and performed procedures to understand management's methodology and process of assessing write-down and write back of inventories;

- We have performed procedures, including the use of audit data analytics techniques, to assess management's rationale and determination of the net realisable value of inventories;

- We have 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 have tested management's computation of the amount of inventories written-down and written-back;

- We have compared the carrying value of inventories to recent sales invoices; and

- We have assessed the adequacy of disclosures made in the financial statements.

Impairment of trade receivables

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

As set out in note 16 to the financial statements, trade receivables amounted to $28,794,000 as at 30 September 2019, representing 27% 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.

On 1 October 2018, the group adopted SFRS(I) 9 Financial Instruments. Under the new impairment model set out in SFRS(I) 9, credit losses are recognised on an expected credit loss ("ECL") basis.

The ECLs are recognised from initial recognition of the trade receivables and, accordingly, requires management to develop new methodologies involving the use of significant judgements. In estimating the ECLs, the group developed a matrix that took into account historical credit loss experience for the trade receivables and, where relevant, incorporated forward-looking information that reflect management's view of potential future economic conditions.

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

- We have reviewed the allowance matrix developed by the group and assessed management's assumptions and estimates, in particular, the historical observed default rates of trade receivables grouped based on shared credit risk characteristics and those relating to forward-looking information (if any).

- In addition, we have also assessed the adequacy of the loss allowance recorded as at end of the reporting year and the disclosures made in the financial statements.

Independent Auditor's Report

To the members of CosmoSteel Holdings Limited (cont'd)

OTHER INFORMATION

Management is responsible for the other information. The other information comprises 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 the financial reporting standards, 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.

Independent Auditor's Report

To the members of CosmoSteel Holdings Limited (cont'd)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

(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.

(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.

Independent Auditor's Report

To the members of CosmoSteel Holdings Limited (cont'd)

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

12 December 2019

Engagement partner – effective from year ended 30 September 2018

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

Year Ended 30 September 2019

	Notes	Group 2019 $'000	Group 2018 $'000
Revenue	5	**91,582**	82,249
Cost of sales		**(72,895)**	(68,590)
Gross profit		**18,687**	13,659
Interest income		**17**	99
Other gains	6	**539**	–
Depreciation expenses	13	**(4,247)**	(5,220)
Marketing and distribution costs	9	**(4,700)**	(4,837)
Administrative expenses	7	**(6,457)**	(6,071)
Finance costs	8	**(860)**	(627)
Other losses	6	**(166)**	(31,026)
Profit (loss) before tax from continuing operations		**2,813**	(34,023)
Income tax (expense) income	10	**(5)**	1,706
Profit (loss) from continuing operations, net of tax		**2,808**	(32,317)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
(Losses) gains on property revaluation, net of tax	21	**(60)**	2,055
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	21	**67**	78
Other comprehensive income for the year, net of tax		**7**	2,133
Total comprehensive income (loss) for the year		**2,815**	(30,184)
Earnings (loss) per share			
Earnings (loss) per share currency unit		**Cents**	**Cents**
Basic and diluted			
Continuing operations	11	**0.97**	(11.13)

Statements Of Financial Position

As at 30 September 2019

	Notes	Group 30.09.2019 $'000	Group 30.09.2018 $'000	Group 01.10.2017 $'000	Company 30.09.2019 $'000	Company 30.09.2018 $'000	Company 01.10.2017 $'000
ASSETS							
Non-current assets							
Property, plant and equipment	13	**26,778**	29,119	24,008	**–**	–	–
Investments in subsidiaries	14	**–**	–	–	**60,107**	60,107	60,107
Trade and other receivables	16	**–**	–	301	**–**	–	–
Total non-current assets		**26,778**	29,119	24,309	**60,107**	60,107	60,107
Current assets							
Inventories	15	**37,426**	41,317	68,871	**–**	–	–
Trade and other receivables	16	**31,977**	26,903	27,041	**2,467**	1,561	1,324
Financial assets at fair value through profit or loss	17	**107**	199	1,574	**–**	–	–
Other assets	18	**370**	319	483	**48**	32	32
Cash and cash equivalents	19	**8,583**	14,150	21,326	**177**	177	269
Total current assets		**78,463**	82,888	119,295	**2,692**	1,770	1,625
Total assets		**105,241**	112,007	143,604	**62,799**	61,877	61,732
EQUITY AND LIABILITIES							
Equity							
Share capital	20	**56,325**	56,325	56,325	**56,325**	56,325	56,325
Retained earnings		**10,847**	7,060	37,192	**6,219**	5,312	5,224
Other reserves	21	**9,100**	10,072	10,124	**–**	–	–
Total equity		**76,272**	73,457	103,641	**62,544**	61,637	61,549
Non-current liabilities							
Provisions	22	**1,650**	40	20	**–**	–	–
Deferred tax liabilities	10	**–**	–	1,293	**–**	–	–
Other financial liabilities	24	**5,933**	6,781	1,563	**–**	–	–
Total non-current liabilities		**7,583**	6,821	2,876	**–**	–	–
Current liabilities							
Income tax payable		**–**	–	–	**–**	7	4
Trade and other payables	23	**9,039**	9,088	5,203	**255**	233	179
Other financial liabilities	24	**11,870**	22,331	30,605	**–**	–	–
Other non-financial liabilities	25	**477**	310	1,279	**–**	–	–
Total current liabilities		**21,386**	31,729	37,087	**255**	240	183
Total liabilities		**28,969**	38,550	39,963	**255**	240	183
Total equity and liabilities		**105,241**	112,007	143,604	**62,799**	61,877	61,732

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

Statements Of Changes In Equity

Year Ended 30 September 2019

Group	Total equity $'000	Share capital $'000	Retained earnings $'000	Revaluation reserve $'000	Translation reserve $'000
Current year:					
Opening balance at 1 October 2018	73,457	56,325	7,060	9,800	272
Changes in equity:					
Total comprehensive income for the year	2,815	–	2,808	(60)	67
Transfer to retained earnings of difference between depreciation on carrying revalued amount and depreciation based on original cost	–	–	979	(979)	–
Closing balance at 30 September 2019	76,272	56,325	10,847	8,761	339
Previous year:					
Opening balance at 1 October 2017	103,641	56,325	37,192	9,930	194
Changes in equity:					
Total comprehensive loss for the year	(30,184)	–	(32,317)	2,055	78
Transfer to retained earnings of difference between depreciation on carrying revalued amount and depreciation based on original cost	–	–	2,185	(2,185)	–
Closing balance at 30 September 2018	73,457	56,325	7,060	9,800	272

Company	Total equity $'000	Share capital $'000	Retained earnings $'000
Current year:			
Opening balance at 1 October 2018	61,637	56,325	5,312
Changes in equity:			
Total comprehensive income for the year	907	–	907
Closing balance at 30 September 2019	62,544	56,325	6,219
Previous year:			
Opening balance at 1 October 2017	61,549	56,325	5,224
Changes in equity:			
Total comprehensive income for the year	88	–	88
Closing balance at 30 September 2018	61,637	56,325	5,312

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

Consolidated Statement Of Cash Flows

Year Ended 30 September 2019

	Group	
	2019	2018
	$'000	$'000
Cash flows from operating activities		
Profit (loss) before tax	**2,813**	(34,023)
Adjustments for:		
Interest income	**(17)**	(99)
Interest expense	**860**	627
Depreciation of plant and equipment	**4,247**	5,220
Gains on disposal of plant and equipment	**(1)**	–
Operating cash flows before changes in working capital	**7,902**	(28,275)
Inventories	**3,891**	27,554
Trade and other receivables	**(5,010)**	282
Financial assets at fair value through profit or loss	**92**	1,375
Other assets	**(51)**	164
Trade and other payables	**(49)**	3,885
Other non-financial liabilities	**167**	(969)
Net cash flows from operations	**6,942**	4,016
Income taxes refunded	**10**	228
Net cash flows from operating activities	**6,952**	4,244
Cash flows from investing activities		
Purchase of property, plant and equipment	**(370)**	(7,836)
Proceeds from disposal of property, plant and equipment	**3**	–
Interest received	**17**	99
Net cash flows used in investing activities	**(350)**	(7,737)
Cash flows from financing activities		
Cash restricted in use over 3 months	**1,314**	(1,345)
Decrease in other financial liabilities	**(11,400)**	(10,856)
Increase in borrowings	**223**	8,000
Finance lease repayments	**(140)**	(212)
Interest paid	**(852)**	(615)
Net cash flows used in financing activities	**(10,855)**	(5,028)
Net decrease in cash and cash equivalents in continuing operations	**(4,253)**	(8,521)
Cash and cash equivalents, statement of cash flows, beginning balance of the year	**12,778**	21,299
Cash and cash equivalents, statement of cash flows, ending balance of the year (Note 19A)	**8,525**	12,778

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

Notes To The Financial Statements

30 September 2019

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 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 14 Lok Yang Way Singapore 628633. The company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") 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, Chapter 50 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Accounting convention

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

Basis of preparation of the financial statements

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

Notes To The Financial Statements (cont'd)

30 September 2019

1. GENERAL (cont'd)

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 and cease when the reporting entity loses control of the investee.

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, Chapter 50, 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 recognition

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

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

Other income

Interest income is recognised using the effective interest method.

Notes To The Financial Statements (cont'd)

30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised. The grant related to assets is deducted in calculating the carrying amount of the asset and therefore the grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

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. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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.

Notes To The Financial Statements (cont'd)

30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

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 income) 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)

30 September 2019

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 that are from 1 year to 13 years
Leasehold properties improvements	–	7.7% to 66.7%
Plant and equipment	–	10% to 33.3%
Construction work in progress	–	Not depreciated

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 derecognition 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.

Notes To The Financial Statements (cont'd)

30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

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.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

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.

Notes To The Financial Statements (cont'd)

30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Impairment 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.

Notes To The Financial Statements (cont'd)

30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments

Recognition and derecognition 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 fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.

#4. Financial asset classified as measured at fair value through profit or loss (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.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (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.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

2A. Significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Other financial assets and financial liabilities at fair value through profit or loss 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 (eg 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.

Notes To The Financial Statements (cont'd)

30 September 2019

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. Changes in estimates are reflected in profit or loss in the reporting year they occur.

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.

Net realisable value of inventories:

A review is made on inventory for excess inventory 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 Note 15 on inventories.

Notes To The Financial Statements (cont'd)

30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (cont'd)

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

Allowance of trade receivables:

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are 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 expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of certain 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 accordingly. 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 Note 16 on trade and other receivables.

Deferred tax: recovery of underlying assets:

The deferred tax relating to an asset is dependent on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model for investment property or when the revaluation model is required or permitted by a financial reporting standard for a non-financial asset. Management has taken the view that as there is clear evidence that the entity will consume the relevant asset's economic benefits throughout its economic life. The amount is in the Note on income tax. Management has taken the view that as there is no clear evidence that the entity will consume the relevant asset's economic benefits throughout its economic life and it has measured the deferred tax amount on the assumption that the carrying amount of the underlying asset will be recovered entirely by sale (see the Note 10 on income tax).

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and other factors which 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 $26,778,000.

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (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)

30 September 2019

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.

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

Significant related party transactions:

	Group	
Other related parties	**2019**	**2018**
	$'000	**$'000**
Revenue from sales of goods to a substantial shareholder and its subsidiaries [(a)]	**(8,811)**	(2,231)
Purchases of goods and services from a substantial shareholder and its subsidiaries [(a)]	**7,150**	14,332
Legal expenses	**15**	3

[(a)] Hanwa Co., Ltd is a substantial shareholder of the company. It has significant influence over the company.

3B. Key management compensation:

	Group	
	2019	**2018**
	$'000	**$'000**
Salaries and other short-term employee benefits	**2,066**	2,066

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

	Group	
	2019	**2018**
	$'000	**$'000**
Remuneration of directors of the company	**1,615**	1,647
Fees to directors of the company	**302**	271
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.

Notes To The Financial Statements (cont'd)

30 September 2019

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (cont'd)

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

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

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

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

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

Revenue generated is derived from the sale, supply and machining of flanges, steel fittings, tubings 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 who 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, property, plant and equipment, other financial liabilities, trade and other payables, 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 income. It is not meaningful to allocate these amounts by business segments.

Notes To The Financial Statements (cont'd)

30 September 2019

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (cont'd)

4B. Profit or loss from continuing operations and reconciliations

	Energy $'000	Marine $'000	Trading $'000	Others $'000	Group $'000
Continuing operations 2019					
Revenue by segment					
Total revenue	72,409	4,685	13,726	762	91,582
Segment results	13,509	1,364	3,517	297	18,687
Unallocated expenses					(15,404)
Profit from operations					3,283
Interest income					17
Finance costs					(860)
Other gains (net)					373
Profit before income tax					2,813
Income tax expense					(5)
Profit from continuing operations					2,808
Continuing operations 2018					
Revenue by segment					
Total revenue	66,457	5,742	8,059	1,991	82,249
Segment results	10,298	1,395	1,578	388	13,659
Unallocated expenses					(16,128)
Loss from operations					(2,469)
Interest income					99
Finance costs					(627)
Other losses (net)					(31,026)
Loss before income tax					(34,023)
Income tax income					1,706
Loss from continuing operations					(32,317)

4C. Assets, liabilities and reconciliations

Assets and liabilities of the group are considered as unallocatable.

4D. Other material items and reconciliations

	Group	
	2019 $'000	**2018 $'000**
Expenditures for non-current assets	**370**	7,836
(Reversal of) impairment allowance on inventories	**(514)**	30,763

Notes To The Financial Statements (cont'd)

30 September 2019

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (cont'd)

4E. Geographical information

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

	Revenue		Non-current assets		
	2019 $'000	2018 $'000	30.09.2019 $'000	30.09.2018 $'000	01.10.2017 $'000
Brunei	**5,658**	3,525	**–**	–	–
Europe	**343**	177	**–**	–	–
Indonesia	**284**	761	**–**	–	–
Japan	**29,322**	21,478	**–**	–	37
Malaysia	**9,385**	5,059	**–**	–	–
Middle East	**234**	111	**–**	–	–
Singapore	**37,930**	28,698	**26,772**	29,107	23,990
Thailand	**241**	1,662	**–**	–	–
Vietnam	**5,370**	18,429	**–**	–	–
Others [(1)]	**2,815**	2,349	**6**	12	282
	91,582	82,249	**26,778**	29,119	24,309

(1) Customers in others are primarily located in Australia, China and Philippines. Non-current assets in others are located in Australia and China.

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	
	2019 $'000	2018 $'000
Revenue from:		
Top 1 customer in Energy segment (2018: Energy)	**12,858**	16,943
Top 2 customers in Energy segment (2018: Energy)	**24,836**	33,459
Top 3 customers in Energy segment (2018: Energy)	**33,183**	41,576

Notes To The Financial Statements (cont'd)

30 September 2019

5. REVENUE

	Group	
	2019	**2018**
	$'000	**$'000**
Sale of goods	**91,249**	82,010
Other	**333**	239
Total revenue	**91,582**	82,249

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 overseas.

6. OTHER GAINS AND (OTHER LOSSES)

	Group	
	2019	**2018**
	$'000	**$'000**
Allowance for impairment on trade receivables – reversal (loss) (Note 16)	**4**	(19)
Bad debts written off on trade receivables (net)	**(16)**	(1)
Fair value gains (losses) on financial assets at fair value through profit or loss (Note 28C)	**20**	(34)
Foreign exchange adjustments losses	**(150)**	(209)
Gains on disposal of plant and equipment	**1**	–
Inventories value written-back (written-down) (Note 15)	**514**	(30,763)
Net	**373**	(31,026)
Presented in profit or loss as:		
Other gains	**539**	–
Other losses	**(166)**	(31,026)
Net	**373**	(31,026)

7. ADMINISTRATIVE EXPENSES

The major components and other selected components include the following:

	Group	
	2019	**2018**
	$'000	**$'000**
Employee benefits expense (Note 9)	**3,195**	3,117
Rental expense	**690**	720

Notes To The Financial Statements (cont'd)

30 September 2019

8. FINANCE COSTS

	Group 2019 $'000	Group 2018 $'000
Interest expense	**860**	627

9. EMPLOYEE BENEFITS EXPENSE

	Group 2019 $'000	Group 2018 $'000
Short term employee benefits expense	**6,373**	6,254
Contributions to defined contribution plan	**436**	445
Other benefits	**164**	177
Total employee benefits expense	**6,973**	6,876
The employee benefits expense is charged as follows:		
Marketing and distribution costs	**3,778**	3,759
Administrative expenses (Note 7)	**3,195**	3,117
Total employee benefits expense	**6,973**	6,876

10. INCOME TAX

10A. Components of tax expense (income) recognised in profit or loss include:

	Group 2019 $'000	Group 2018 $'000
<u>Current tax (income) expense</u>		
Current tax expense	**–**	7
(Over) under adjustments in respect of prior periods	**(7)**	–*
Subtotal	**(7)**	7
<u>Deferred tax expense (income)</u>		
Deferred tax expense (income)	**254**	(1,767)
(Over) under adjustments in respect of prior periods	**(242)**	54
Subtotal	**12**	(1,713)
Total income tax expense (income)	**5**	(1,706)

* Less than $500.

Notes To The Financial Statements (cont'd)

30 September 2019

10. INCOME TAX (cont'd)

10A. Components of tax expense (income) recognised in profit or loss include: (cont'd)

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% (2018: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2019	**2018**
	$'000	**$'000**
Profit (loss) before tax	**2,813**	(34,023)
Income tax expense (income) at the above rate	**478**	(5,784)
Expenses not deductible for tax purposes	**442**	927
Tax exemptions	**–**	(11)
Deferred tax asset not recognised	**(621)**	3,149
(Over) under adjustments to tax in respect of prior periods	**(249)**	54
Effect of different tax rates in different countries	**(45)**	(43)
Translation differences	**–**	2
Total income tax expense (income)	**5**	(1,706)

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

10B. Deferred tax expense (income) recognised in profit or loss includes:

	Group	
	2019	**2018**
	$'000	**$'000**
Excess of net book value of plant and equipment over tax values	**(86)**	(61)
Amount on revalued depreciable assets	**(522)**	–
Depreciation on revalued properties	**333**	(460)
Capital allowance carryforwards	**4**	(4)
Productivity and innovation credit carryforwards	**(221)**	–
Donations carryforwards	**(3)**	(9)
Tax losses carryforwards	**1,219**	(4,787)
Other timing differences	**(91)**	140
Deferred tax asset not recognised	**(621)**	3,468
Total deferred income tax expense (income) recognised in profit or loss	**12**	(1,713)

Notes To The Financial Statements (cont'd)

30 September 2019

10. INCOME TAX (cont'd)

10C. Tax expense recognised in other comprehensive income includes:

	Group	
	2019	**2018**
	$'000	**$'000**
Deferred tax:		
Gains on property revaluation	**(12)**	421
Total deferred tax (expense) income recognised in other comprehensive income	**(12)**	421

10D. Deferred tax balance in the statement of financial position:

		Group	
	30.09.2019	**30.09.2018**	**01.10.2017**
	$'000	**$'000**	**$'000**
Deferred tax liabilities:			
Excess of net book value of plant and equipment over tax values	**101**	15	(46)
Amount on revalued depreciable assets	**(4,633)**	(5,167)	(4,746)
Depreciation on revalued properties	**2,328**	2,661	2,201
Capital allowance carryforwards	**–**	4	–
Productivity and innovation credit carryforwards	**221**	–	–
Donations carryforwards	**19**	16	7
Tax losses carryforwards	**5,372**	6,591	1,804
Other timing differences	**(75)**	(166)	(26)
Deferred tax asset not recognised	**(3,333)**	(3,954)	(487)
Net balance	**–**	–	(1,293)

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.

No deferred tax asset has been recognised as the future profit streams for the subsidiaries are not probable. The realisation of the future income tax benefits from tax loss carryforwards 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.

Notes To The Financial Statements (cont'd)

30 September 2019

11. EARNINGS (LOSS) PER SHARE

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

	Group	
	2019 $'000	2018 $'000
The calculation of the earnings per share is based on the following:		
Profit (loss) for the year attributable to the equity holders of the company for the purposes of basic and diluted earnings per share	**2,808**	(32,317)

	Group	
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**290,399,997**	290,399,997
Profit (loss) figures are calculated as follows:		
Earnings (loss) per share – cents	**0.97**	(11.13)

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

12. DIVIDENDS ON EQUITY SHARES

In respect of the current year, the directors propose that a final dividend of 0.25 cents per share with a total of $726,000 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 2019 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)

30 September 2019

13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties and improvements $'000	Plant and equipment $'000	Work in progress $'000	Total $'000
Cost or valuation:				
At 1 October 2017	21,467	6,387	2,213	30,067
Foreign exchange adjustments	–	(9)	–	(9)
Additions	246	371	7,219	7,836
Disposals	–	(3)	–	(3)
Adjustment to provision (Note 22)	20	–	–	20
Transfer (from) to leasehold properties	9,432	–	(9,432)	–
Revaluation decrease	(2,422)	–	–	(2,422)
At 30 September 2018	28,743	6,746	–	35,489
Foreign exchange adjustments	–	(5)	–	(5)
Additions	90	280	–	370
Disposals	(520)	(20)	–	(540)
Adjustment to provision (Note 22)	1,610	–	–	1,610
Revaluation decrease	(3,200)	–	–	(3,200)
At 30 September 2019	26,723	7,001	–	33,724
Represented by:				
Cost	–	7,001	–	7,001
Valuation	26,723	–	–	26,723
Total	26,723	7,001	–	33,724
Accumulated depreciation and impairment losses:				
At 1 October 2017	1,125	4,934	–	6,059
Foreign exchange adjustments	–	(8)	–	(8)
Depreciation for the year	4,797	423	–	5,220
Disposals	–	(3)	–	(3)
Elimination of depreciation on revaluation	(4,898)	–	–	(4,898)
At 30 September 2018	1,024	5,346	–	6,370
Foreign exchange adjustments	–	(6)	–	(6)
Depreciation for the year	3,857	390	–	4,247
Disposals	(520)	(18)	–	(538)
Elimination of depreciation on revaluation	(3,127)	–	–	(3,127)
At 30 September 2019	1,234	5,712	–	6,946
Carrying value:				
At 1 October 2017	20,342	1,453	2,213	24,008
At 30 September 2018	27,719	1,400	–	29,119
At 30 September 2019	25,489	1,289	–	26,778

Notes To The Financial Statements (cont'd)

30 September 2019

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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		
	30.09.2019 $'000	**30.09.2018 $'000**	**01.10.2017 $'000**
Leasehold properties and improvements:			
Cost	**22,564**	24,864	15,167
Net book value	**12,120**	13,028	5,433

Borrowing costs included in the cost of qualifying assets are as follows:

	Group	
	2019	**2018**
Capitalisation rates	–	2.52% to 3.05%

	Group	
	2019 $'000	**2018 $'000**
Borrowing costs capitalised included in additions during the year	–	80

Certain items are under finance lease agreements. See Note 24A.

The leasehold properties are mortgaged as security for the bank facilities. See Note 24.

There were provisions for dismantling taken up by a subsidiary as shown in Note 22, due to the reinstatement conditions required at the end of the leasehold tenure for the properties at 14 Lok Yang Way, 90 Second Lok Yang Road, 21A Neythal Road and 36 Tuas Crescent.

On 29 May 2014, a subsidiary accepted a letter of offer issued by JTC Corporation ("JTC") to extend the lease term for one of the leasehold properties for a further term of 13 years and 3 months from 16 March 2019. Temporary Occupation Permit was obtained on 19 June 2018. During the financial year, the subsidiary successfully obtained the extension of the leasehold properties for a further term of 13 years and 3 months from 16 March 2019.

The leasehold property at 21A Neythal Road expired on 15 August 2019. Ownership was transferred back to JTC Corporation and the asset was derecognised in the books. Subsequently, there was a short term lease of the property for one year, expiring on 15 August 2020 with an option to renew for one year.

Notes To The Financial Statements (cont'd)

30 September 2019

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The fair value of leasehold properties located at 14 Lok Yang Way, 90 Second Lok Yang Road and 36 Tuas Crescent was measured in August 2019 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 valuations and desktop valuations 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 catergorised 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 $60,000 (30.09.2018: surplus of $2,055,000) has been credited 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:

Asset:	Leasehold property at 14 Lok Yang Way
Fair Value $'000 and Fair value hierarchy – Level:	$10,000 (30.09.2018: $11,000). Level 2 (30.09.2018: 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 (weighted average):	Price per square metre. $886 – $1,473 ($1,258) (30.09.2018: $1,252 – $1,523 ($1,401)).
Relationship of unobservable inputs to fair value:	NA
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by $1,000,000; higher by $1,000,000.

Notes To The Financial Statements (cont'd)

30 September 2019

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Asset:	Leasehold property at 21A Neythal Road
Fair Value $'000 and Fair value hierarchy – Level:	$Nil (30.09.2018: $520, Level 2).
Valuation technique for recurring fair value measurements:	Comparison with market evidence of the gross rental income less the necessary expenses then capitalised at an appropriate yield rate for the remaining period of lease.
Significant observable inputs and range (weighted average):	Gross rental income less necessary expenses and capitalised at appropriate yield rate, $Nil (30.09.2018: $45,217) per month.
Relationship of unobservable inputs to fair value:	NA
Sensitivity on management's estimates – 10% variation from estimate	NA

Asset:	Leasehold property at 90 Second Lok Yang Road
Fair Value $'000 and Fair value hierarchy – Level:	$13,000 (30.09.2018: $14,000). Level 2 (30.09.2018: 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 (weighted average):	Price per square metre. $886 - $1,473 ($1,258) (30.09.2018: $1,252 - $1,523 ($1,401)).
Relationship of unobservable inputs to fair value:	NA
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by $1,300,000; higher by $1,300,000.

Asset:	Leasehold property at 36 Tuas Crescent
Fair Value $'000 and Fair value hierarchy – Level:	$1,000 (30.09.2018: $2,200). Level 2 (30.09.2018: Level 2).
Valuation technique for recurring fair value measurements:	Comparison with market evidence of the gross rental income less the necessary expenses then capitalised at an appropriate yield rate for the remaining period of lease.
Significant observable inputs and range (weighted average):	Gross rental income less necessary expenses and capitalised at appropriate yield rate, $125,000 (30.09.2018: $110,000) per month.
Relationship of unobservable inputs to fair value:	NA
Sensitivity on management's estimates – 10% variation from estimate	Impact – lower by $100,000; higher by $100,000.

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

Notes To The Financial Statements (cont'd)

30 September 2019

14. INVESTMENTS IN SUBSIDIARIES

	Company		
	30.09.2019	**30.09.2018**	**01.10.2017**
	$'000	**$'000**	**$'000**
Movements during the year. At cost:			
Balance at beginning and end of the year	**60,107**	60,107	60,107
Carrying value in the books of company comprising:			
Unquoted equity shares at cost	**58,789**	58,789	58,789
Less allowance for impairment	**(1,422)**	(1,422)	(1,422)
Capitalised income from fair value of corporate guarantee	**2,740**	2,740	2,740
Balance at end of the year	**60,107**	60,107	60,107
Net book value of subsidiaries	**72,509**	70,879	101,393

The subsidiaries held by the company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	**Cost in books of group**			**Effective percentage of equity held by group**		
	30.09.2019	**30.09.2018**	**01.10.2017**	**30.09.2019**	**30.09.2018**	**01.10.2017**
	$'000	**$'000**	**$'000**	**%**	**%**	**%**
Kim Seng Huat Hardware Pte Ltd [(a)] Singapore Sales, supply and machining of flanges, steel fittings, tubings and pipes for the shipbuilding and repairing industry, manufacturing, petrochemical industry and power plants	**60,107**	60,107	60,107	**100**	100	100
Cosmosteel (Australia) Pty Ltd [(b)] Australia Sales, supply and machining of flanges, steel fittings, tubings and pipes for the shipbuilding and repairing industry, manufacturing, petrochemical industry and power plants	**1,422**	1,422	1,422	**100**	100	100

(a) Audited by RSM Chio Lim LLP in Singapore.

(b) Audited by RSM Australia Partners in Australia, a member firm of RSM International, of which RSM Chio Lim LLP in Singapore is a member.

Notes To The Financial Statements (cont'd)

30 September 2019

15. INVENTORIES

	Group		
	30.09.2019	**30.09.2018**	**01.10.2017**
	$'000	**$'000**	**$'000**
Goods for resale	**37,426**	41,317	68,871
Inventories are stated after allowance. Movements in allowance:			
Balance at beginning of the year	**44,255**	13,510	
(Reversed) charged to profit or loss included in other gains (other losses) (Note 6)	**(514)**	30,763	
Foreign exchange adjustments	**(14)**	(18)	
Balance at end of the year	**43,727**	44,255	
Amount of inventories included in cost of sales	**70,022**	63,768	

In FY2018, the group reviewed its method for the estimating of the inventories write-down as a result of changes in market demands for its products brought about by the weaker market conditions in the oil and gas industry, which had led to changes in the group's approach to its business and inventory management. In addition, the company engaged an independent accounting firm to assist in the review of the change in the methods and assumptions used in the estimate of the inventories write-down to reflect the company's specific circumstances in the oil and gas industry to ensure that the estimation techniques were appropriate in the circumstances and that the accounting treatment are in accordance with the applicable financial reporting standards. The inventories write-down represent write-down in the value of inventories only and is not meant to indicate that the inventories have been scrapped or written-off.

Notes To The Financial Statements (cont'd)

30 September 2019

16. TRADE AND OTHER RECEIVABLES

	Group			Company		
	30.09.2019	30.09.2018	01.10.2017	30.09.2019	30.09.2018	01.10.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables, non-current						
Outside parties	**–**	–	301	**–**	–	–
Total trade receivables, non-current	**–**	–	301	**–**	–	–
Trade receivables, current						
Outside parties	**27,831**	20,311	23,077	**–**	–	–
Less allowance for impairment	**(15)**	(19)	–*	**–**	–	–
Other related parties (Note 3)	**978**	165	506	**–**	–	–
Subsidiaries (Note 3)	**–**	–	–	**1,467**	1,561	1,324
Net trade receivables – subtotal	**28,794**	20,457	23,583	**1,467**	1,561	1,324
Other receivables:						
Advances to suppliers	**3,183**	6,432	3,213	**–**	–	–
Income tax recoverable	**–**	3	238	**–**	–	–
Other receivables	**–**	11	7	**–**	–	–
Dividend receivables	**–**	–	–	**1,000**	–	–
Net other receivables – subtotal	**3,183**	6,446	3,458	**1,000**	–	–
Total trade and other receivables, current	**31,977**	26,903	27,041	**2,467**	1,561	1,324
Movements in above allowance:						
Balance at beginning of the year	**19**	–*		**–**	–	
Charge (reversed) to profit or loss included in other gains (other losses) (Note 6)	**(4)**	19		**–**	–	
Balance at end of the year	**15**	19		**–**	–	

* Less than $500.

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are 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 expected credit losses. The allowance is based on its 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 for both trade receivables:

Notes To The Financial Statements (cont'd)

30 September 2019

16. TRADE AND OTHER RECEIVABLES (cont'd)

	30.09.2019			30.09.2018		
	Gross amount $'000	ELR $'000	Loss allowance $'000	Gross amount $'000	ELR $'000	Loss allowance $'000
Group						
Trade receivables:						
Current	**12,828**	**0.0%**	**–**	8,503	0.0%	–
1 to 30 days past due	**3,507**	**0.0%**	**–**	4,316	0.0%	–
31 to 60 days past due	**2,033**	**0.0%**	**–**	3,270	0.0%	–
61 to 90 days past due	**6,713**	**0.0%**	**–**	1,735	0.0%	–
Over 90 days past due	**3,728**	**0.4%**	**15**	2,652	0.7%	19
Total	**28,809**		**15**	20,476		19

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.

These trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The trade receivables are considered to have low credit risk individually. At the end of the reporting year a loss allowance is recognised at an amount equal to 36 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. A loss allowance balance of $15,000 (30.09.2018: $19,000) is recognised.

At each subsequent 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 (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

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 (30.09.2018: 30 to 120 days, 01.10.2017: 30 to 90 days). But some customers take a longer period to settle the amounts.

There is no concentration of credit risk with respect to trade receivables, as there are a large number of customers.

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Other receivables are normally with no fixed terms and therefore there is no maturity. Related company receivables are regarded as of low credit risk if they are guaranteed with the ability to settle the amount. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk. At the end of the first reporting period a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary.

Notes To The Financial Statements (cont'd)

30 September 2019

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		
	30.09.2019	30.09.2018	01.10.2017
	$'000	$'000	$'000
Equity-linked structured investment	**–**	–	1,396
Key men insurance asset	**107**	199	178
	107	199	1,574

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

To secure the issuance of bank guarantees, an investment of US$1 million was made in an equity-linked structured investment ("investment") which is capital-guaranteed, in lieu of placing such amount in a non-interest bearing deposit. The investment was disposed in FY2018 and the sales proceed was place as fixed deposit.

18. OTHER ASSETS

	Group			Company		
	30.09.2019	30.09.2018	01.10.2017	30.09.2019	30.09.2018	01.10.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Deposits to secure services	**124**	51	223	**–**	–	–
Prepayments	**246**	268	260	**48**	32	32
	370	319	483	**48**	32	32

19. CASH AND CASH EQUIVALENTS

	Group			Company		
	30.09.2019	30.09.2018	01.10.2017	30.09.2019	30.09.2018	01.10.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Not restricted in use	**8,525**	12,778	21,299	**177**	177	269
Cash pledged for bank facilities [#a]	**58**	1,372	27	**–**	–	–
Cash at end of the year	**8,583**	14,150	21,326	**177**	177	269

[#a]. This was for amounts held by the bankers to cover the bank guarantees issued.

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

Notes To The Financial Statements (cont'd)

30 September 2019

19. CASH AND CASH EQUIVALENTS (cont'd)

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

	Group		
	30.09.2019	**30.09.2018**	**01.10.2017**
	$'000	**$'000**	**$'000**
Amount as shown above	**8,583**	14,150	21,326
Cash pledged for bank facilities	**(58)**	(1,372)	(27)
Cash and cash equivalents for statement of cash flows purposes at end of the year	**8,525**	12,778	21,299

The effects of foreign currency exchange adjustment to cash and cash equivalents are not significant.

19B. Reconciliation of liabilities arising from financing activities:

	30.09.2018	**Cash flows**	**Non-cash changes**	**30.09.2019**
	$'000	**$'000**	**$'000**	**$'000**
Finance leases	147	(140)	8 [(a)]	15

	01.10.2017	**Cash flows**	**Non-cash changes**	**30.09.2018**
	$'000	**$'000**	**$'000**	**$'000**
Finance leases	347	(212)	12 [(a)]	147

(a) Interest expense on finance leases.

Notes To The Financial Statements (cont'd)

30 September 2019

20. SHARE CAPITAL

Group and company	Number of shares issued	Share capital $'000
Ordinary shares of no par value:		
Balance at 1 October 2017, 30 September 2018 and 30 September 2019	290,399,997	56,325

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

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

Capital management:

The objectives when managing capital are: to safeguard the reporting entity'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		
	30.09.2019 $'000	**30.09.2018 $'000**	**01.10.2017 $'000**
Net debt:			
All current and non-current borrowings including finance leases	**17,803**	29,112	32,168
Less cash and cash equivalents	**(8,583)**	(14,150)	(21,326)
Net debt	**9,220**	14,962	10,842
Adjusted capital:			
Equity	**76,272**	73,457	103,641
Adjusted capital	**76,272**	73,457	103,641
Debt-to-adjusted capital ratio	**12.09%**	20.4%	10.5%

The improvement as shown by the decrease in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the improved retained earnings.

Notes To The Financial Statements (cont'd)

30 September 2019

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 represents past accumulated earnings and are distributable as cash dividends. The other reserves, including revaluation reserve and translation reserve are not available for cash dividends unless realised.

22. PROVISIONS

	Group		
	30.09.2019 $'000	**30.09.2018 $'000**	**01.10.2017 $'000**
Provision, non-current:			
Provision for dismantling, removing items and restoring sites relating to leased properties	**1,650**	40	20
Movements in above provision:			
Balance at beginning of the year	**40**	20	
Additions (Note 13)	**1,610**	20	
Balance at end of the year	**1,650**	40	

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 ranged 1 to 13 years.

23. TRADE AND OTHER PAYABLES

	Group			Company		
	30.09.2019 $'000	**30.09.2018 $'000**	**01.10.2017 $'000**	**30.09.2019 $'000**	**30.09.2018 $'000**	**01.10.2017 $'000**
Trade payables:						
Outside parties and accrued liabilities	**8,330**	5,798	4,711	**255**	233	179
Other related parties (Note 3)	**219**	2,980	465	**–**	–	–
Trade payables – subtotal	**8,549**	8,778	5,176	**255**	233	179
Other payables:						
Outside parties	**490**	310	27	**–**	–	–
Other payables – subtotal	**490**	310	27	**–**	–	–
Total trade and other payables	**9,039**	9,088	5,203	**255**	233	179

Notes To The Financial Statements (cont'd)

30 September 2019

24. OTHER FINANCIAL LIABILITIES

	Group		
	30.09.2019 $'000	**30.09.2018 $'000**	**01.10.2017 $'000**
Non-current:			
Financial instruments with floating interest rates:			
Bank loans (secured)	**5,933**	6,766	1,416
Financial instruments with fixed interest rates:			
Finance leases (Note 24A)	**–**	15	147
Total non-current portion	**5,933**	6,781	1,563
Current:			
Financial instruments with floating interest rates:			
Bank loans (secured)	**963**	1,783	2,194
Financial instruments with fixed interest rates:			
Bank loans (secured)	**2,000**	4,000	2,000
Trust receipts and bill payable to banks (secured)	**8,892**	16,416	26,211
Finance leases (Note 24A)	**15**	132	200
Total current portion	**11,870**	22,331	30,605
Total non-current and current	**17,803**	29,112	32,168
The non-current portion is payable as follows:			
Due within 2 to 5 years	**2,921**	3,152	1,563
After 5 years	**3,012**	3,629	–
Total non-current portion	**5,933**	6,781	1,563

	Group		
	30.09.2019 % p.a.	**30.09.2018 % p.a.**	**01.10.2017 % p.a.**
The range of floating interest rates paid were as follows:			
Bank loans (secured)	**3.26 – 3.51**	2.89 – 3.03	2.58 – 2.64
The range of fixed interest rates paid were as follows:			
Bank loans (secured)	**3.88 – 4.01**	2.88 – 3.67	2.47 – 2.67
Trust receipts and bill payable to banks (secured)	**2.65 – 3.75**	2.22 – 3.72	1.25 – 2.44
Finance leases (Note 24A)	**2**	2	2

All borrowings are interest bearing.

The trust receipts and bill 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 the leasehold properties (Note 13).
2. Corporate guarantee from the company.
3. Negative pledge over the assets of the company.

Notes To The Financial Statements (cont'd)

30 September 2019

24. OTHER FINANCIAL LIABILITIES (cont'd)

24A. Finance leases

Group 30.09.2019	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	**16**	**(1)**	**15**
Due within 2 to 5 years	–	–	–
Total	**16**	**(1)**	**15**
Net book value of plant and equipment under finance leases			**150**

Group 30.09.2018	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	140	(8)	132
Due within 2 to 5 years	16	(1)	15
Total	156	(9)	147
Net book value of plant and equipment under finance leases			621

Group 01.10.2017	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	212	(12)	200
Due within 2 to 5 years	156	(9)	147
Total	368	(21)	347
Net book value of plant and equipment under finance leases			702

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets. Other details are as follows:

	Group		
	30.09.2019	30.09.2018	01.10.2017
Average lease term, in years	**3**	3	3
Average effective borrowing rate per year	**3.83%**	3.83%	3.83%

Notes To The Financial Statements (cont'd)

30 September 2019

25. OTHER NON-FINANCIAL LIABILITIES

	Group		
	30.09.2019	30.09.2018	01.10.2017
	$'000	$'000	$'000
Advance billings	**477**	310	1,279

26. 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		
	30.09.2019	30.09.2018	01.10.2017
	$'000	$'000	$'000
Contractual obligations to construct property	**–**	–	7,392
Commitments to purchase plant and equipment	**–**	31	–

27. OPERATING LEASE PAYMENT COMMITMENTS – AS LESSEE

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		
	30.09.2019	30.09.2018	01.10.2017
	$'000	$'000	$'000
Not later than one year	**1,482**	732	667
Later than one year and not later than five years	**1,233**	1,336	1,348
Later than five years	**2,195**	2,478	1,798

	Group		
	30.09.2019	30.09.2018	01.10.2017
	$'000	$'000	$'000
Rental expense for the year	**896**	794	906

Operating lease payments are for rentals payable for certain equipment rental and leasehold properties. The leases for the leasehold properties are for 27 years from 9 September 2005, 1 year from 16 August 2019, 22 years[a] from 27 September 2010 and 5 years from 29 December 2014 respectively. The lease rental terms are negotiated for an average term of one to three years. Rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

(a) On 29 May 2014, a subsidiary accepted a letter of offer issued by JTC to extend the lease term for 90 Second Lok Yang Road for a further term of 13 years and 3 months from 16 March 2019. Temporary Occupation Permit was obtained on 19 June 2018. During the financial year, the subsidiary successfully obtained the extension of the leasehold properties for a further term of 13 years and 3 months from 16 March 2019.

Notes To The Financial Statements (cont'd)

30 September 2019

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 the end of the reporting year:

	Group		
	30.09.2019	**30.09.2018**	**01.10.2017**
	$'000	**$'000**	**$'000**
Financial assets:			
Financial assets at amortised cost	**37,377**	34,618	45,217
Financial assets at fair value through profit or loss	**107**	199	1,574
At end of the year	**37,484**	34,817	46,791
Financial liabilities:			
Financial liabilities at amortised cost	**26,842**	38,200	37,371
At end of the year	**26,842**	38,200	37,371

	Company		
	30.09.2019	**30.09.2018**	**01.10.2017**
	$'000	**$'000**	**$'000**
Financial assets:			
Financial assets at amortised cost	**2,644**	1,738	1,593
At end of the year	**2,644**	1,738	1,593
Financial liabilities:			
Financial liabilities at amortised cost	**255**	233	179
At end of the year	**255**	233	179

Further quantitative disclosures are included throughout these financial statements.

Notes To The Financial Statements (cont'd)

30 September 2019

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (cont'd)

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 use to measure the risk.

28C. Fair value of financial instruments

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

	Group Level 3		
	30.09.2019	**30.09.2018**	**01.10.2017**
	$'000	**$'000**	**$'000**
Financial assets at fair value through profit or loss	**107**	199	1,574
Total	**107**	199	1,574

Notes To The Financial Statements (cont'd)

30 September 2019

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (cont'd)

28C. Fair value of financial instruments (cont'd)

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

	Group	
	Financial assets at fair value through profit or loss $'000	**Total $'000**
30.09.2019:		
Balance at beginning of the year	**199**	**199**
Gains recognised in profit or loss under other gains (Note 6)	**20**	**20**
Surrender value on keyman insurance	**(112)**	**(112)**
Total net balance at end of the year	**107**	**107**
30.09.2018:		
Balance at beginning of the year	1,574	1,574
Loss recognised in profit or loss under other losses (Note 6)	(34)	(34)
Disposal and transferred to a fixed deposit placement	(1,341)	(1,341)
Total net balance at end of the year	199	199
01.10.2017:		
Balance at beginning of the year	1,557	1,557
Gains recognised in profit or loss under other gains	50	50
Disposal and transferred to a fixed deposit placement	(33)	(33)
Total net balance at end of the year	1,574	1,574

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 the 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**
30.09.2019:			
Unquoted other investment reflected in profit or loss. 10% change	**107**	**11**	**(11)**
30.09.2018:			
Unquoted other investment reflected in profit or loss. 10% change	199	20	(20)
01.10.2017:			
Unquoted other investment reflected in profit or loss. 10% change	178	18	(18)
Unquoted equity-linked investment reflected in profit or loss. 10% change	1,396	140	(140)

Notes To The Financial Statements (cont'd)

30 September 2019

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 and receivables. 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 expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 36 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables 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 maturity of the cash and cash equivalents balances of less than 90 days. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

28E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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 (30.09.2018: 30 to 120 days, 01.10.2017: 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 **Non-derivative financial liabilities:**	**Less than 1 year $'000**	**1 – 5 years $'000**	**Over 5 years $'000**	**Total $'000**
30.09.2019:				
Trade and other payables	**9,039**	**–**	**–**	**9,039**
Gross borrowings commitments	**12,143**	**3,504**	**3,196**	**18,843**
At end of the year	**21,182**	**3,504**	**3,196**	**27,882**
30.09.2018:				
Trade and other payables	9,088	–	–	9,088
Gross borrowings commitments	22,656	3,733	3,879	30,268
At end of the year	31,744	3,733	3,879	39,356
01.10.2017:				
Trade and other payables	5,203	–	–	5,203
Gross borrowings commitments	30,736	1,593	–	32,329
At end of the year	35,939	1,593	–	37,532

Notes To The Financial Statements (cont'd)

30 September 2019

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (cont'd)

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

Company Non-derivative financial liabilities:	Less than 1 year $'000	Total $'000
30.09.2019:		
Trade and other payables	**255**	**255**
At end of the year	**255**	**255**
30.09.2018:		
Trade and other payables	233	233
At end of the year	233	233
01.10.2017:		
Trade and other payables	179	179
At end of the year	179	179

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 maturity analysis of the contingent liabilities from financial guarantees:

Company	Less than 1 year $'000	1 – 3 years $'000	3 – 5 years $'000	Total $'000
30.09.2019:				
Corporate guarantee in favour of a subsidiary	**12,973**	**2,256**	**–**	**15,229**
30.09.2018:				
Corporate guarantee in favour of a subsidiary	22,628	576	–	23,204
01.10.2017:				
Corporate guarantee in favour of a subsidiary	31,170	659	–	31,829

Bank facilities:

		Group	
	30.09.2019 $'000	30.09.2018 $'000	01.10.2017 $'000
Unused letters of credit	**1,217**	1,843	779
Unused bankers' guarantees	**–**	57	53
Unused performance guarantees	**2,404**	780	2,444
Undrawn borrowing facilities	**61,285**	55,943	50,692

The above facilities are covered by a corporate guarantee of the company.

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided to management regularly to assist them in monitoring the liquidity risk.

Notes To The Financial Statements (cont'd)

30 September 2019

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (cont'd)

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		
	30.09.2019	**30.09.2018**	**01.10.2017**
	$'000	**$'000**	**$'000**
Financial liabilities with interest:			
Fixed rates	**10,907**	20,563	28,558
Floating rates	**6,896**	8,549	3,610
Total at end of the year	**17,803**	29,112	32,168

The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group		
	30.09.2019	**30.09.2018**	**01.10.2017**
	$'000	**$'000**	**$'000**
Financial liabilities:			
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an increase in pre-tax loss for the year by	**69**	85	36

The analysis has been performed for floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs). The impact of a change in interest rates on fixed interest rate financial instruments has not been assessed in terms of changing of their fair value.

Notes To The Financial Statements (cont'd)

30 September 2019

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (cont'd)

28G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie 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	EUR $'000	Others[#a] $'000	Total $'000
30.09.2019:				
Financial assets:				
Cash	3,583	122	2,158	5,863
Trade and other receivables	18,230	–	507	18,737
Total financial assets	21,813	122	2,665	24,600
Financial liabilities:				
Trade and other payables	4,568	282	92	4,942
Total financial liabilities	4,568	282	92	4,942
Net financial assets/ (liabilities) at end of the year	17,245	(160)	2,573	19,658
30.09.2018:				
Financial assets:				
Cash	6,224	110	2,447	8,781
Trade and other receivables	8,038	1,218	980	10,236
Total financial assets	14,262	1,328	3,427	19,017
Financial liabilities:				
Other financial liabilities	1,647	–	–	1,647
Trade and other payables	5,216	646	35	5,897
Total financial liabilities	6,863	646	35	7,544
Net financial assets at end of the year	7,399	682	3,392	11,473
01.10.2017:				
Financial assets:				
Cash	9,102	107	4,583	13,792
Trade and other receivables	15,888	59	587	16,534
Other financial assets	1,396	–	–	1,396
Total financial assets	26,386	166	5,170	31,722
Financial liabilities:				
Other financial liabilities	–	120	–	120
Trade and other payables	1,699	25	–	1,724
Total financial liabilities	1,699	145	–	1,844
Net financial assets at end of the year	24,687	21	5,170	29,878

[#a.] 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)

30 September 2019

28. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISK (cont'd)

28G. Foreign currency risks (cont'd)

Sensitivity analysis:

	Group		
	30.09.2019	**30.09.2018**	**01.10.2017**
	$'000	**$'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 loss of	**(1,568)**	(673)	(2,244)
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the EUR with all other variables held constant would have a favourable/ (adverse) effect on pre-tax loss of	**15**	(62)	(2)
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 loss of	**(234)**	(308)	(470)

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.

Notes To The Financial Statements (cont'd)

30 September 2019

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	
	2019	**2018**
	$'000	**$'000**
Audit fees to the independent auditor of the company	**133**	142
Audit fees to the other independent auditor	**9**	10
Other fees to the independent auditor of the company	**46**	51
Other fees to the other independent auditor	**9**	11

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) 1-28	Amendments to, Investments in Associates and Joint Venture – Sale or Contribution of Assets
SFRS(I) 1	First-time Adoption of Singapore Financial Reporting Standards (International)
SFRS(I) 9	Financial Instruments
SFRS(I) 15	Revenue from Contracts with Customers.Amendments to, Clarifications to SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 9 Financial Instruments:

The standard on financial instruments contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition. It requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification. For financial liabilities, it also has requirements to cases where the fair value option is taken. For the impairment of financial assets, it introduces an "expected credit loss" ("ECL") model; recognition of a credit loss should no longer wait for there to be objective evidence of impairment. For hedge accounting, it allows financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures. Prior reporting periods need not be restated. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. Therefore, the standard has been applied for the reporting year ended 30 September 2019 only. As the entity does not restate prior periods, it has recognised the difference if any between the previous carrying amount and the carrying amount at 1 October 2018 in the opening retained earnings.

Notes To The Financial Statements (cont'd)

30 September 2019

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 reporting entity 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 entity's financial statements in the period of initial application.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 9	Amendments: Prepayment Features with Negative Compensation	1 January 2019
SFRS(I) 16	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)	1 January 2019
SFRS(I) 1-12	Improvements (2017) – Amendments: Income Taxes	1 January 2019
SFRS(I) 1-23	Improvements (2017) – Amendments: Borrowing Costs	1 January 2019

Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the entity's non-cancellable operating lease commitments as at 30 September 2019 shown in Note 27, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed.

Shareholders' Information

As at 9 December 2019

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Class of shares : Ordinary shares
Voting rights : One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	17	1.24	676	0.00
100 – 1,000	117	8.56	58,197	0.02
1,001 – 10,000	412	30.14	2,019,550	0.70
10,001 – 1,000,000	791	57.86	62,770,238	21.61
1,000,001 and above	30	2.20	225,551,336	77.67
Total	**1,367**	**100.00**	**290,399,997**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	Daiwa Capital Markets Singapore Limited[1]	82,617,982	28.45
2	Ong Tong Hai	35,142,096	12.10
3	Ong Tong Yang (Weng Dongyang)	19,954,396	6.87
4	ABN AMRO Clearing Bank N.V.	10,466,362	3.60
5	DBS Nominees (Private) Limited	8,746,718	3.01
6	DB Nominees (Singapore) Pte Ltd	6,827,400	2.35
7	Ho Su Chin	6,502,041	2.24
8	Chow Kok Kee	6,124,991	2.11
9	Goh Guan Siong (Wu Yuanxiang)	5,091,800	1.75
10	Teo Ching Ching (Zhao Qianqian)	4,765,698	1.64
11	Phillip Securities Pte Ltd	4,160,800	1.43
12	Raffles Nominees (Pte.) Limited	3,542,700	1.22
13	Citibank Nominees Singapore Pte Ltd	3,529,600	1.22
14	Teo Bee Yen	2,932,100	1.01
15	Chan Hock Lye	2,529,700	0.87
16	Lim Mee Hwa	2,500,000	0.86
17	Eng Chiaw Koon	2,038,200	0.70
18	UOB Kay Hian Private Limited	2,017,500	0.69
19	Lau Kin Hong	1,682,000	0.58
20	Maybank Kim Eng Securities Pte. Ltd	1,628,700	0.56
	Total	**212,800,784**	**73.26**

Note:

1 Held for and on behalf of Hanwa Co., Ltd.

Shareholders' Information (cont'd)

As at 9 December 2019

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Shareholders	Number of Shares	Direct Interest %	Deemed Interest %
Daiwa Capital Markets Singapore Limited[1]	82,617,982	28.45	–
Ong Tong Hai[2]	35,142,096	12.10	–
Ong Tong Yang (Weng DongYang)[3]	19,954,396	6.87	–

Note:

1 Held for and on behalf of Hanwa Co., Ltd.

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 9 December 2019, approximately 52.53% 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 9 December 2019, there are no treasury shares held by the Company.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of CosmoSteel Holdings Limited (the "**Company**") will be held at 90 Second Lok Yang Road, Singapore 628166 on Wednesday, 22 January 2020 at 10.30 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 2019. **(Resolution 1)**

2. To declare a final one-tier tax exempt dividend of 0.25 Singapore cent per share for the financial year ended 30 September 2019. **(Resolution 2)**

3. To approve the payment of S$11,000.00 as additional Directors' Fees for the financial year ended 30 September 2019. **(Resolution 3)**

4. To approve the payment of S$295,000.00 as Directors' Fees for the financial year ending 30 September 2020. **(Resolution 4)**

5. To re-elect Mr Low Beng Tin, the Director retiring by rotation pursuant to Article 117 of the Constitution of the Company. **(Resolution 5)**

6. To re-elect Ms Tan Siok Chin, the Director retiring by rotation pursuant to Article 117 of the Constitution of the Company. **(Resolution 6)**

7. To re-elect Mr Hiromasa Yamamoto, the Director retiring pursuant to Article 122 of the Constitution of the Company. **(Resolution 7)**

8. To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

AS ORDINARY RESOLUTIONS

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without modifications:-

9. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**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

Notice Of
Annual General Meeting (cont'd)

(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

(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 per cent. (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 ten per cent. (10%) 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, Chapter 50, and every other legislation for the time being in force concerning companies and affecting the Company, whichever is the earliest. **(Resolution 9)**

Notice Of
Annual General Meeting (cont'd)

10. Renewal of IPT Mandate

That:

(a) authority be and is hereby given for the Company, its subsidiaries and associated companies (if any) which fall within the definition of "entities at risk" under Chapter 9 of the Listing Manual of the SGX-ST or any of them to enter into any transaction falling within the categories of interested person transactions set out in the addendum to this notice of annual general meeting ("**Addendum**"), with any party who is of the class or classes of interested persons described in the Addendum, provided that such transaction is made on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Addendum (such shareholders' general mandate hereinafter called the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST, which may be prescribed by the SGX-ST from time to time; and

(d) the directors of the Company and each of them be and are hereby authorised, empowered to complete and do and execute all such things and acts as they or he may consider necessary or appropriate to give effect to these resolutions and the IPT Mandate, with such modifications thereto (if any) as they or he may think fit in the interests of the Company. **(Resolution 10)**

11. 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,

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:

Notice Of
Annual General Meeting (cont'd)

(i) the conclusion of the next annual general meeting of the Company or the date on which such annual general meeting of the Company is required by law to be held; or

(ii) the date on which the share buy-backs have been carried out to the full extent of the Share Buyback Mandate;

(c) in this resolution:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, before the day on which Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five day period; and

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

"**Maximum Percentage**" means that number of issued Shares representing ten percent (10%) of the total number of issued Shares as at the date of the passing of this resolution (excluding any treasury shares and subsidiary holdings as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase: 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase: 105% of the Average Closing Price of the Shares; and

(d) the Directors and each of them be and is hereby authorised to do such acts and things (including without limitation, executing such documents as may be required, approving any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient to give effect to the transactions contemplated and/or authorised by this resolution. **(Resolution 11)**

12. To transact any other ordinary business of an Annual General Meeting.

BY ORDER OF THE BOARD

Lee Pih Peng
Company Secretary
6 January 2020
Singapore

Notice Of Annual General Meeting (cont'd)

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES TO BE TRANSACTED:-

Ordinary Business

(i) 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 2020 including unscheduled meeting(s) held after the close of the financial year ended 30 September 2019. 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.

(ii) Ordinary Resolution 5, if passed, will re-appoint Mr Low Beng Tin as Director of the Company. Mr Low Beng Tin is an Independent Director of the Company, the Chairman of the Board and is a member of the Audit Committee, Nominating Committee and Remuneration Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Mr Low Beng Tin is set out in pages 140 to 148 of the Company's annual report.

(iii) Ordinary Resolution 6, if passed, will re-appoint Ms Tan Siok Chin as Director of the Company. Ms Tan Siok Chin is an Independent Director of the Company and is the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Ms Tan Siok Chin is set out in pages 140 to 148 of the Company's annual report.

(iv) Ordinary Resolution 7, if passed, will re-appoint Mr Hiromasa Yamamoto as Director of the Company. Mr Hiromasa Yamamoto is a Non-Executive Director of the Company and is a member of the Nominating Committee and Remuneration Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Mr Hiromasa Yamamoto is set out in pages 140 to 148 of the Company's annual report.

Special Business

(v) Ordinary Resolution 9, 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, Chapter 50, 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 per cent. (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 ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution), to shareholders. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:

Notice Of
Annual General Meeting (cont'd)

(1) new Shares arising from the conversion or exercise of any convertible securities;

(2) new Shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(3) any subsequent bonus issue, consolidation or sub-division of Shares.

(vi) Ordinary Resolution 10, if passed, will renew the IPT Mandate first given by the Shareholders at the Company's extraordinary general meeting held on 3 March 2015 ("**EGM**") to allow the Company, and its subsidiaries and associated companies or any of them to enter into interested person transactions (details of which are set out in the Addendum).

The Company's Audit Committee has confirmed (pursuant to Rule 920(1) of the Listing Manual of the SGX-ST) that the methods or review procedures set out in the Addendum for determining the transaction prices in respect of the interested person transactions have not changed since the Shareholders' approval at the EGM.

(vii) Ordinary Resolution 11, 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 additional information in relation to the proposed renewal of the Share Buyback Mandate.

NOTE:-

A member of the Company (a "Member") entitled to attend and vote at the Annual General Meeting of the Company ("AGM") is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a Member. The instrument appointing the proxy must be deposited at the registered office of the Company at 14 Lok Yang Way, Singapore 628633, not less than 72 hours before the time set for holding the AGM.

PERSONAL DATA PRIVACY

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

Additional Information

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Mr Low Beng Tin, Ms Tan Siok Chin and Mr Hiromasa Yamamoto are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 22 January 2020 ("**AGM**") under Ordinary Resolutions 5, 6, and 7 as set out in the Notice of AGM dated 6 January 2020 (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	**Low Beng Tin**	**Tan Siok Chin**	**Hiromasa Yamamoto**
Date of Appointment	9 November 2005	28 March 2007	5 July 2019
Date of Last Re-Appointment	25 January 2017	25 January 2017	–
Age	69	49	59
Country of principal residence	Singapore	Singapore	Japan
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	N.A.	N.A.	N.A.
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman and Independent Director Audit Committee Member Nominating Committee Member Remuneration Committee Member	Independent Director Audit Committee Member Nominating Committee Chairman Remuneration Committee Chairman	Non-Executive Director Nominating Committee Member Remuneration Committee Member

Additional Information (cont'd)

Name of Director	Low Beng Tin	Tan Siok Chin	Hiromasa Yamamoto
Working experience and occupation(s) during the past 10 years	1 June 2015 – current Managing Director Assimilated Technologies (S) Pte Ltd September 1984 – October 2016 Managing Director OEL (Holdings) Limited (formerly Oakwell Engineering Limited) May 2013 – May 2015 Managing Director Oakwell Distribution (S) Pte Ltd	June 2004 – current Director ACIES Law Corporation	March 2005 – April 2010 General Manager of Machinery Department Hanwa Co., Ltd. March 2010 – April 2012 Corporate Officer Machinery Department Hanwa Co., Ltd. April 2012 – April 2013 Corporate Officer Machinery Department and Osaka HQ Steel Plates Hanwa Co., Ltd. April 2013 – April 2014 Executive Officer Machinery Department, Osaka HQ Steel Plates and Chugoku Branch Office Hanwa Co., Ltd. April 2014 – July 2014 Executive Officer Machinery Department, Osaka HQ Steel Plates, International Trade Department. 1 and Department 2, Trade Administration Department Hanwa Co., Ltd. July 2014 – April 2016 Director and Executive Officer Hanwa Co., Ltd. April 2016 – March 2019 Director and Managing Executive Officer Hanwa Co., Ltd.

Additional Information (cont'd)

Name of Director	Low Beng Tin	Tan Siok Chin	Hiromasa Yamamoto
			April 2019 – June 2019 Director and Senior Managing Executive Officer, General Representative for Asia (ASEAN, India, Middle East) Hanwa Co., Ltd. June 2019 – Current Senior Managing Executive Officer, General Representative for Asia (ASEAN, India, Middle East) Hanwa Co., Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Nil	125,000	Nil
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	Nil	Nil	Mr Hiromasa Yamamoto was nominated for appointment as a Non-Executive Director by Hanwa Co., Ltd., a controlling shareholder of the Company, pursuant to the terms of the Strategic Alliance Agreement dated 1 December 2014 entered into between Hanwa Co., Ltd. and the Company.
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

Additional Information (cont'd)

Name of Director	Low Beng Tin	Tan Siok Chin	Hiromasa Yamamoto
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	Datapulse Technology Limited	Nil	Hanwa Co., Ltd.
Present	Lian Beng Group Ltd Fuji Offset Plates Manufacturing Ltd AA Vehicle Inspection Centre Pte. Ltd Agropak Engineering (S) Pte Ltd Assimilated Technologies (S) Pte Ltd Autoswift Recovery Pte Ltd SMF Centre For Corporate Learning Pte. Ltd Singapore Innovation and Productivity Institute Pte Ltd JP Nelson Holdings	Design Studio Group Ltd Valuetronics Holding Limited ACIES Law Corporation	Hanwa Singapore Pte Ltd Nippon EGalv Steel Sdn Bhd Hanwa Steel Centre (M) Sdn Bhd
(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	No

Additional Information (cont'd)

Name of Director	Low Beng Tin	Tan Siok Chin	Hiromasa Yamamoto
Other Principal Commitments Including Directorships (cont'd)			
(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?	Yes Mr Low was a director of OSEC Shipyard Pte Ltd ("OSEC") from 12 January 2007 to 15 December 2014. Oceanfront Trading Ltd, a company incorporated in the British Virgin Islands ("Oceanfront"), had on 12 December 2016 filed an application with the Singapore High Court to wind up OSEC on the basis that OSEC had failed to pay or satisfy a sum of US$562,464.00 arising from a settlement agreement dated 6 March 2014 entered into between Oceanfront and OSEC, which represented the unpaid sum owing by OSEC to Oceanfront under the term of the said settlement agreement.	No	No
(c) Whether there is any unsatisfied judgment against him?	No	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	No

Additional Information (cont'd)

Name of Director	Low Beng Tin	Tan Siok Chin	Hiromasa Yamamoto
Other Principal Commitments Including Directorships (cont'd)			
(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	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	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	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	No

Additional Information (cont'd)

Name of Director	Low Beng Tin	Tan Siok Chin	Hiromasa Yamamoto
Other Principal Commitments Including Directorships (cont'd)			
(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	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes During Mr Low's tenure as an independent director of China Yongsheng Limited ("China Yongsheng"), China Yongsheng received a public reprimand by Singapore Exchange Ltd ("SGX") on 23 June 2009, and received a warning from Monetary Authority of Singapore on 1 February 2011, for the failure to disclose material information as required under the SGX Listing Manual. The information related to China Yongsheng's acquisition of a significant parcel of land in Suzhou, China, for a total cost of RMB 1.9 billion ("Acquisition"), and China Yongsheng's payment of RMB 34.4 million as deposit for the Acquisition in or around February and March 2008.	No	No

Additional Information (cont'd)

Name of Director	Low Beng Tin	Tan Siok Chin	Hiromasa Yamamoto
Other Principal Commitments Including Directorships (cont'd)			
	In KPMG Advisory Services Pte. Ltd.'s report ("KPMG") to the China Yongsheng's audit committee in connection with the Acquisition (which was announced by China Yongsheng on 13 May 2009), KPMG noted that they found no basis for assertions that the independence of the independent directors (including Mr Low) was compromised by the circumstances surrounding the Acquisition. As at the date of this Report, Mr Low is no longer a director of China Yongsheng.		
(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	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	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

Additional Information (cont'd)

Name of Director	Low Beng Tin	Tan Siok Chin	Hiromasa Yamamoto
Other Principal Commitments Including Directorships (cont'd)			
(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	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 Lian Beng Group Ltd Fuji Offset Manufacturing Ltd JP Nelson Holdings	Yes Design Studio Group Ltd Valuetronics Holding Limited	No Mr Yamamoto will be attending the relevant training with the Singapore Institute of Directors to familiarise himself with the roles and responsibilities of a director of a listed company

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

IMPORTANT:
1. For investors who have used their CPF monies to buy shares in the capital of CosmoSteel Holdings Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominee.

Annual General Meeting
Proxy Form

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 90 Second Lok Yang Road, Singapore 628166 on 22 January 2020 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolution	For	Against
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 additional Directors' fees for the financial year ended 30 September 2019		
4	To approve Directors' fees for the financial year ending 30 September 2020		
5	To re-elect Mr Low Beng Tin as Director of the Company		
6	To re-elect Ms Tan Siok Chin as Director of the Company		
7	To re-elect Mr Hiromasa Yamamoto as Director of the Company		
8	To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorize the Directors to fix their remuneration		
9	To authorize the Directors to allot and issue shares		
10	To authorize the Directors to enter into interested person transactions pursuant to the Interested Person Transactions Mandate		
11	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' or 'Against', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of ________________ 2020.

Total number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) /
Common Seal of Corporate shareholder

Important: Please read notes overleaf

NOTES:-

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member (otherwise than a relevant intermediary) is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a difference share or shares held by him (which number and class of shares shall be specified).

   "Relevant intermediary" means

   (i) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A proxy need not be a member of the Company.

4. The instrument appointing the proxy or proxies must be deposited at the Company's registered office at 14 Lok Yang Way, Singapore 628633, not less than 72 hours before the time appointed for the meeting.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Common Seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have Shares entered against his name in the Depository Register 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

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.

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