



**COSMOSTEEL HOLDINGS LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200515540Z)  
(the “**Company**”)

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**ACCEPTANCE OF LETTER OF OFFER IN RESPECT OF THE PROPOSED SALE OF PROPERTY  
AT 90 SECOND LOK YANG ROAD**

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**1. Introduction**

- 1.1. The Board of Directors of CosmoSteel Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, Kim Seng Huat Hardware Pte Ltd (“**KSH Singapore**” or the “**Vendor**”), has on 11 June 2024 accepted an offer (“**Offer**”) from Tenda Equipment & Services Pte Ltd (the “**Buyer**”) in respect of the proposed purchase of KSH Singapore’s warehouse located at 90 Second Lok Yang Road (the “**Property**”) at a selling price of S\$9,000,000 (“**Consideration**”), subject to the terms and conditions of the Letter of Offer from the Buyer dated 10 June 2024 (“**LO**”) (the “**Proposed Disposal**”).

**2. Information on the Property and the Buyer**

- 2.1. The Property is a leasehold property located at No. 90 Second Lok Yang Road, Singapore 628166 with a land area of approximately 69,998.79 sqft. The Property is leased from Jurong Town Corporation (“**JTC**”) and the lease on the Property will expire on 15 June 2032.
- 2.2. The Property is currently being used as part of the Group’s existing warehouse facilities in Singapore and the Company has been looking for a suitable opportunity to sell the Property following the completion of its acquisition of a warehouse in Johor Bahru, Malaysia and relocation of part of its inventories in Singapore to such warehouse.
- 2.3. The Buyer is a private limited company incorporated in Singapore. The Buyer and its directors and shareholders are not related to the Company, its directors or substantial shareholders.

**3. Option to Purchase**

- 3.1. KSH Singapore has, upon its acceptance of the LO, received the sum of S\$90,000 from the Buyer, such sum amounting to one percent (1%) of the Consideration and being the option fee (“**Option Fee**”) payable for an option to purchase to be granted by KSH Singapore to the Buyer on mutually acceptable terms and conditions (“**OTP**”).
- 3.2. Under the terms of the LO, the parties have agreed that the first draft of the OTP shall be prepared within fourteen (14) days of the acceptance of the LO, and the Option Fee shall be refunded to the Buyer in full and without interest in the event that the parties cannot come to an agreement over the terms of the OTP within a reasonable time period.
- 3.3. The Company will update Shareholders in due course upon grant of the OTP.

**4. Consideration**

- 4.1. The Consideration is excluding goods and services tax (GST) thereon which shall be borne by the Buyer.
- 4.2. The Consideration was arrived at on a willing-buyer willing-seller basis, taking into account, *inter alia*, an independent valuation of the Property conducted by Jones Lang Lasalle Property Consultants Pte Ltd which appraised the Property as at 9 May 2024 to have an open market value of S\$8,700,000 on a special assumption that the balance tenure of the Property is approximately 7.1 years as at the date of the valuation.
- 4.3. Such assumption was made, *inter alia*, given that completion of the Proposed Disposal ("**Completion**") is expected to take approximately one (1) year from the date of exercise of the OTP by the Buyer, by which time the remaining tenure of the lease on the Property will have been reduced accordingly.

## 5. Terms of Proposed Disposal

- 5.1. The Property shall be sold with vacant possession on an "as-is-where-is" basis as at Completion (as defined below) and shall include all fixtures and fitting in the Property.
- 5.2. The Offer is subject to contract and to, *inter alia*, the following conditions:
  - (a) the obtaining of all necessary approval from JTC for transfer or assignment of the remaining lease of the Property to the Buyer (the "**JTC In-Principle Approval**") and the approval of all relevant authorities to the Buyer's application for the change of use of the Property for repair, maintenance, servicing, modification, re-conditioning and storage of construction machinery and equipment (collectively, the "**JTC Approvals**");
  - (b) JTC not exercising its right of first refusal to purchase the Property;
  - (c) the construction/erection/reinstatement of the boundary wall between the Property and the adjoining property at 14 Lok Yang Way by the Company in accordance with regulatory requirements (if applicable) on or before Completion; and
  - (d) mutually acceptable terms and conditions contained in the OTP.
- 5.3. In addition to the foregoing, the Offer and the Proposed Disposal are subject to the Vendor's conditions, *inter alia*, as follows:
  - (a) The approval of the shareholders of the Company and subject to any other requirements under any rules or regulations of any relevant regulatory body (including without limitation the listing rules of SGX-ST) that the Vendor must comply with; and
  - (b) All conditions precedent stated in the LO and/or the OTP shall be complied with and any approvals referred to in the LO and OTP shall be obtained no later than six (6) months from the date of exercise of the OTP or such other later date as to be mutually agreed between the parties.
- 5.4. The Buyer shall place a deposit of an amount equal to five percent (5%) of the Consideration ("**Deposit**"), less the Option Fee, upon the exercise of the OTP, which shall be held by the Vendor's solicitors as stakeholder pending completion of the Proposed Disposal.
- 5.5. In the event that:
  - (a) the JTC Approvals are not obtained within six (6) months from the date of exercise of the OTP or such other later date as to be mutually agreed between the parties or is not approved or is rejected or refused by the relevant authorities and provided that such non-approval or rejection is not due to any act, default, refusal, omission, neglect or failure of the Buyer or the Vendor; or
  - (b) any conditions precedent stated in the LO and/or the OTP are not met or complied with,

the Proposed Disposal shall be null and void, and the Option Fee or the Deposit paid, as the case may be, shall be refunded to the Buyer in full and without interest and in exchange all documents will be returned to the Vendor.

5.6. Completion of the Proposed Disposal shall take place on the latest of the following dates (“**Completion Date**”):

- (a) Six (6) months from the date of the JTC In-Principle Approval;
- (b) Four (4) weeks from the date of satisfaction of or compliance with the last Conditions Precedent;
- (c) Four (4) weeks from the date of receipt of JTC’s confirmation in writing, subsequent to the issue of the JTC Approvals, that all terms and conditions set out in the JTC Approvals have been complied with and that JTC has no objection to the execution of the transfer instrument in respect of the Property in favour of the Purchaser;
- (d) Four (4) weeks from the date of JTC’s confirmation that no decontamination works is required to be carried out (in the case where the environmental site assessment (“**ESA**”) show the presence of decontamination works but no decontamination works is required);
- (e) Four (4) weeks from the date of JTC’s confirmation that decontamination works carried out by the relevant party are satisfactory (in the case where the ESA shows the presence of decontamination works and decontamination works are required by JTC to be carried out);
- (f) Four (4) weeks from the date of JTC’s confirmation that any unauthorised works required by JTC to be regularised or rectified or removed, have been regularised or rectified or removed,

or such other later date as shall be mutually agreed between the parties.

## **6. Requirements of the Listing Manual**

- 6.1. The Proposed Disposal is likely to constitute a “major transaction” as defined under Rule 1014 of the Listing Manual and requires the approval of the Shareholders at a general meeting of the Company to be convened.
- 6.2. In addition, under Rule 1019(1) of the Listing Manual, shareholders’ approval must be obtained at the time of the grant of an option, *inter alia*, to dispose of assets that is not exercisable at the discretion of the issuer. The OTP, once granted by KSH Singapore, will be exercisable, within the option period to be agreed, at the discretion of the Buyer, and accordingly the rule in Rule 1019(1) *prima facie* applies and the Company is required to seek Shareholders’ approval prior to the grant of the OTP to the Buyer, even though the Buyer may or may not exercise the OTP following such grant of the OTP.
- 6.3. The Company will submit an application to SGX RegCo to seek a waiver from compliance with Rule 1019(1) of the Listing Manual, and the Company will seek Shareholders’ approval for the grant of the OTP and/or upon the exercise of the OTP by the Buyer (if applicable), depending, *inter alia*, on the outcome of such waiver application.

## **7. Further Announcements**

- 7.1. The Company will make further announcements to update Shareholders on any material updates and/or developments in relation to the Proposed Disposal, including the outcome of the aforesaid waiver application and further information as required under Chapter 10 of the Listing Manual.

## **8. Cautionary Statement**

- 8.1. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Proposed Disposal is subject to the fulfilment of conditions precedent under the LO and/or

the OTP. There is no certainty or assurance that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

**BY ORDER OF THE BOARD**

Ong Tong Hai  
Chief Executive Officer and Executive Director  
11 June 2024