



**COSMOSTEEL HOLDINGS LIMITED**

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

**Board of Directors:**

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

**Registered Office:**

14 Lok Yang Way  
Singapore 628633

2 July 2025

To: The shareholders of the Company

Dear Sir/Madam

**VOLUNTARY CONDITIONAL CASH OFFER FOR THE OFFER SHARES**

**1. INTRODUCTION**

**1.1. Offer Announcement**

On 15 May 2025, Evolve Capital Advisory Private Limited announced, for and on behalf of 3HA Capital Private Limited (“**Offeror**”), *inter alia*, the voluntary conditional cash offer (“**Offer**”) for all the issued and paid-up ordinary shares in the capital of the Company (“**Shares**”) in accordance with Section 139 of the Securities and Futures Act 2001 of Singapore and Rule 15 of the Singapore Code on Take-overs and Mergers (“**Code**”).

**1.2. Offer Document**

On 5 June 2025, Evolve Capital Advisory Private Limited issued, for and on behalf of the Offeror, the offer document dated 5 June 2025 (“**Offer Document**”), setting out, *inter alia*, the terms and conditions of the Offer.

**1.3. Circular**

On 19 June 2025, the Company issued the circular (“**Circular**”) to the shareholders of the Company (“**Shareholders**”), containing the recommendation of the Directors who are considered to be independent for the purposes of the Offer in accordance with the Code, namely (i) Ms Tan Siok Chin, (ii) Mr Ong Tong Hai, (iii) Mr Ong Tiew Siam, (iv) Mr Hor Siew Fu, (v) Mr Steven Lim Jun Xiong, and (vi) Mr Loo Cheng Guan (“**Independent Directors**”), and the advice of Asian Corporate Advisors Pte. Ltd., the independent financial adviser (“**IFA**”) to the Independent Directors in relation to the Offer.

Unless otherwise defined, all capitalised terms used in this supplemental letter ("**Supplemental Letter**") shall have the same meanings as those ascribed to them in the Circular.

#### 1.4. **Revision of the Offer**

On 23 June 2025, Evolve Capital Advisory Private Limited announced, for and on behalf of the Offeror, that the Offeror is revising the Offer in the manner described in Paragraph 2 below ("**Offer Revision Announcement**"). On 24 June 2025, the Company issued an announcement in response to the Offer Revision Announcement ("**Response Announcement**").

#### 1.5. **Copies of Relevant Documents**

Copies of the Offer Revision Announcement and the Response Announcement are available on the websites of SGX-ST and the Company at <https://www.sgx.com> and <https://www.cosmosteel.com/> respectively.

**Shareholders are advised to read the revised terms and conditions of the Offer set out in the Offer Revision Announcement carefully.**

#### 1.6. **Supplemental Letter**

The purpose of this Supplemental Letter, which supplements the Circular, is to provide Shareholders with relevant information pertaining to the revised Offer and to set out the advice of the IFA to the Independent Directors and the recommendation of the Independent Directors with respect to the revised Offer.

**This Supplemental Letter is important as it contains the recommendation of the Independent Directors and the advice of the IFA. This Supplemental Letter requires the immediate attention of Shareholders, who are advised to read it carefully.**

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

### 2. **REVISION OF THE OFFER**

#### 2.1. **Revision of the Offer Price**

Based on the Offer Revision Announcement, the Offeror is revising the Offer Price as follows:

**For each Offer Share: S\$0.25 in cash ("Final Offer Price").**

**Based on the Offer Revision Announcement, Evolve Capital Private Limited announced, for and on behalf of the Offeror, that the Offeror does not intend to revise the Final Offer Price.**

Based on the Offer Revision Announcement, Shareholders who have earlier accepted the Offer are entitled to the Final Offer Price, subject to the Offer becoming or being declared to be unconditional in all respects in accordance with its terms. Accordingly, no further action in respect of the revised Offer is required to be taken by Shareholders who have already validly accepted the Offer.

#### 2.2. **Extension of Closing Date**

Based on the Offer Revision Announcement, pursuant to Rule 20.1 of the Code, the Offer must be kept open for at least 14 days from the date of posting the written notification of revision to Shareholders. **Accordingly, the closing date of the Offer is extended to 5.30**

p.m. (Singapore time) on 14 July 2025 or such later date(s) as may be announced from time to time by or on behalf of the Offeror ("Closing Date").

### 2.3. Financial Evaluation of the Final Offer Price

The Offer Revision Announcement sets out the Offeror's financial evaluation of the revised Offer, which has been extracted therefrom and is reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as those defined in the Offer Revision Announcement.

#### **"3. FINANCIAL EVALUATION OF THE FINAL OFFER PRICE**

*The Final Offer Price of S\$0.25 represents an increase of S\$0.05 or 25% over the initial Offer Price of S\$0.20 per Offer Share.*

*The Final Offer Price is higher than the highest closing price of the Shares for more than 10 years prior to and including the date of this Announcement. The Final Offer Price also represents the following premia over the historical traded prices of the Shares:*

<b>Description</b>	<b>Share Price (S\$)<sup>(1)(2)</sup></b>	<b>Premium over Share Price (%)<sup>(3)</sup></b>
<i>Last transacted price per Share on 23 June 2025 (being the last full day of trading in the Shares on the SGX-ST prior to the date of this announcement)</i>	0.225	11.1
<i>Last transacted price per Share on 14 May 2025 (being the Last Trading Day)</i>	0.135	85.2
<i>Volume weighted average price ("VWAP") of the Shares traded on the SGX-ST for the one (1)-month period prior to and including the Last Trading Day</i>	0.222	12.6
<i>VWAP of the Shares traded on the SGX-ST for the three (3)-month period prior to and including the Last Trading Day</i>	0.210	19.0
<i>VWAP of the Shares traded on the SGX-ST for the six (6)-month period prior to and including the Last Trading Day</i>	0.195	28.2
<i>VWAP of the Shares traded on the SGX-ST for the 12-month period prior to and including the Last Trading Day</i>	0.180	38.9
<i>VWAP of the Shares traded on the SGX-ST for the 36-month period prior to and including the Last Trading Day</i>	0.165	51.5

**Notes:**

(1) *The figures set out in the table above are based on data extracted from Bloomberg Finance L.P. on the Last Trading Day.*

(2) *The last transacted price per Share on 23 June 2025 and 14 May 2025 and VWAP are extracted from Bloomberg L.P.*

(3) *Computed based on the Final Offer Price over the Share prices. Premia over Share prices were rounded to the nearest one (1) decimal place.*

## 2.4. Other Terms

As set out in the Offer Revision Announcement, save as disclosed in the Offer Revision Announcement, all the other terms and conditions of the Offer as set out in the Offer Document remain unchanged.

## 3. CONFIRMATION OF FINANCIAL RESOURCES

The Offer Revision Announcement sets out the full text of the confirmation of financial resources by Evolve Capital Advisory Private Limited, which has been extracted therefrom and is reproduced in *italics* below. Unless otherwise defined, all terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Revision Announcement.

### ***"11. CONFIRMATION OF FINANCIAL RESOURCES***

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

## 4. ADVICE OF THE IFA

### 4.1. IFA

Asian Corporate Advisors Pte. Ltd. (who had been appointed to advise the Independent Directors in respect of the Offer) has been retained to advise the Independent Directors in respect of the revised Offer. The IFA's supplemental advice to the Independent Directors in respect of the revised Offer is set out in its letter dated 2 July 2025, which is set out in Appendix A to this Supplemental Letter ("**Supplemental IFA Letter**").

### 4.2. Key Factors taken into consideration by the IFA

The key factors relied upon by the IFA in arriving at its advice to the Independent Directors in respect of the revised Offer are set out in Sections 8 and 9 of the Supplemental IFA Letter.

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

### 4.3. Advice of the IFA

The advice of the IFA to the Independent Directors in respect of the revised Offer is set out in Appendix A to this Supplemental Letter. Taking into consideration the factors set out in the Supplemental IFA Letter and the information available to the IFA as at the Latest Practicable Date (as defined below), and subject to the qualifications and assumptions set out in the Supplemental IFA Letter, the IFA has given its advice to the Independent Directors as set out in Section 10 of the Supplemental IFA Letter, an extract of which is reproduced below.

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

## **“10. OPINION**

*In arriving at our recommendation, we have reviewed and examined, inter alia, all factors set out in Sections 8 and 9 of this Supplemental IFA Letter as well as others elaborated elsewhere in this Supplemental IFA Letter (including the Offer Document, the Circular, the IFA Letter and the Supplemental Letter) which we have considered to be pertinent in our assessment of the Revised Offer, including, inter alia, the views of and representations by the Directors.*

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

*Shareholders are advised to read both the IFA Letter and this Supplemental IFA Letter carefully and in its entirety (as this Supplemental IFA Letter makes references to the IFA Letter). Our views, recommendation and opinion are necessarily limited and subject to the matters stated, inter alia, in this Supplemental IFA Letter. The following should be read in conjunction with, and in the context of, the full text of this Supplemental IFA Letter and the IFA Letter.*

*In summary, having regard to our analysis and the considerations in this Supplemental IFA Letter (including, inter alia, its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant considerations prevailing as at the Second Latest Practicable Date, and subject to our terms of reference, as well as the representations and confirmations from the Directors, we are of the opinion that, in the absence of an alternative offer, the financial terms of the Revised Offer is, on balance, **FAIR AND REASONABLE**.*

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

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

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

- (i) The Group is on recovery track – revenue for the Group continued to trend upwards, and it posted a net profit of S\$2.3 million in HY2025 as compared to the losses registered in HY2024. As stated in the Group’s result announcement for HY2025, despite challenging operating conditions, the Group expects improved revenue generation in FY2025. The increase in the Group’s borrowings as at 31 March 2025*

was mainly to fund the growth in revenue which more than doubled as compared to the previous comparable period. The Group's financial position remain strong and healthy: a) net current position improved from approximately S\$60.2 million as at 30 September 2024 to approximately S\$62.6 million as at 31 March 2025; and (b) its equity base expanded from approximately S\$74.3 million as at 30 September 2024 to approximately S\$76.6 million as at 31 March 2025 due to the plough back of earnings.

- (ii) *Substantial premia in general as implied by the Final Offer Price over the historical prices for the Shares prior to the Last Trading Day considering, inter alia: (a) the implied premium of approximately 85.2% over the last transacted price for the Shares on the Last Trading Day prior to the Offer Announcement; (b) the implied premia of approximately 96.9%, 101.6%, 113.7%, 119.3% and 115.5% over the VWAP for the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods prior to the Last Trading Day respectively; and (c) the implied premium of approximately 85.2% over the highest transacted prices for the Shares for the 24-month period prior to the Last Trading Day. The historical premia may have been affected by, inter alia, the Company's Watch-List status as described in Section 9.7 of this Supplemental IFA Letter and Section 8.7 of the IFA Letter.*
- (iii) *Favourable comparison against the Selected Non-Privatisation Transactions and the Selected Successful Privatisations in terms of premia over the historical prices. The implied premia over the last transacted price for the Shares on the Last Trading Day and the historical prices for the Shares for the 1-month, 3-month, 6-month, and 12-month periods prior to the Last Trading Day appears to be higher and more favourable than any of the Selected Non-Privatisation Transactions, and within the range and higher than both the median and the simple average premia for the Selected Successful Privatisations. The historical premia may have been affected by, inter alia, the Company's Watch-List status as described in Section 9.7 of this Supplemental IFA Letter and Section 8.7 of the IFA Letter.*
- (iv) *Fair comparison of the Group's valuation in terms of P/NAV (as implied by the Final Offer Price and the Group's RNAV or Adjusted RNAV where applicable) against both the median and the simple average for the Selected Non-Privatisation Transactions and the range for the Selected Successful Privatisations after considering, inter alia, the shareholding of the Offeror and its Concert Parties which is lower than both the median and the simple average for the percentage of the shareholding interests of the offeror and parties acting in concert as at the start for each of the Selected Non-Privatisation Transactions and the Selected Successful Privatisations.*
- (v) *Fair comparison against the Selected Steel Takeovers after considering, inter alia, the more favourable valuation of the Group in terms of LTM EV/EBITDA and P/RNAV (as implied by the Final Offer Price, RNAV per Share or Adjusted RNAV per Share) and the fact that the Group's valuation in terms of LTM P/Revenue (as implied by the Final Offer Price) appears to be within the range of the Selected Steel Takeovers.*
- (vi) *Generally fair comparison against the valuation of the Selected Comparable Companies (excluding outliers) in terms of LTM EV/EBITDA, P/NAV, P/NTA and LTM P/Revenue after taking into account, inter alia, (a) the Group's relatively weaker financial performance (in terms of LTM ROE and net profit margin) and financial position (in terms of the ratio of total borrowings to shareholders' equity) as compared to the Selected Comparable Companies; and (b) the market capitalisation of the Group as implied by the Final Offer Price which is lower than both the median and the simple average (excluding outliers) of the Selected Comparable Companies.*
- (vii) *The Final Offer Price is within the range of the Estimated Values per Share.*
- (viii) *As set out in the Offer Revision Announcement, the Offeror does not intend to revise the Final Offer Price.*

- (ix) *Low liquidity for the Shares (in terms of both average daily trading volume and frequency of trading) prior to the Offer Announcement. The low liquidity may have been affected by, inter alia, the Company's Watch-List status as described in Section 9.7 of this Supplemental IFA Letter and Section 8.7 of the IFA Letter. Counters on Watch-List may suffer from reduced trading interest (including limited share financing) as some securities houses, may restrict trading, thus reducing and curbing the trading activities and liquidity for such companies.*
- (x) *Directors' confirmation that apart from the Revised Offer, no other third party has made a firm offer for the Company as at the Second Latest Practicable Date.*
- (xi) *The Company has not carried out any other fund raising, inter alia, in the form of rights issue or placements (save for a private placement conducted in 17 September 2009 and a share subscription by Hanwa Co., Ltd. on 1 December 2014), since they were listed on the Mainboard of the SGX-ST. Accordingly, save as disclosed in the Circular, the IFA Letter, the Supplemental Letter or this Supplemental IFA Letter or announced via the SGXNet, there are no recent records for successful transactions of Shares for comparison with the Revised Offer save for the historical prices for which Shares were traded in the market.*
- (xii) *No dividend was declared by the Company for FY2024 and HY2025 as at the Second Latest Practicable Date, although Shareholders should take note of the matters raised in Section 9.2 of this Supplemental IFA Letter and Section 8.2 of the IFA Letter in relation to the Company's dividend track record.*
- (xiii) *The Company had not been able to fulfil the Exit Criteria since it was put under the Watch-List in June 2018 (about 7 years ago). Despite the fact that the Company has not been directed to delist on 4 June 2025 given the interim arrangement pursuant to the SGX RegCo Consultation Paper, there is no certainty that the proposals under the SGX RegCo Consultation Paper will be put into effect, including the removal of the Watch-List from the listing regime, and the Company may be directed to delist following conclusion of the public consultation. Such directed delisting is subject to the relevant Listing Manual requirements, inter alia, that the exit offer must be fair and reasonable.*
- (xiv) *The intentions of Mr Ong Tong Hai (the Chief Executive Officer and Executive Director of the Company) and the other members of the Ong Family who hold in aggregate approximately 27.96% of the total number of issued Shares of the Company, to, inter alia, accept the Revised Offer. Thus, there is a possibility that the Minimum Acceptance Condition will be met, and the Revised Offer will become unconditional given the Offeror and its Concert Parties aggregate interest in the Company.*

#### **ACA's Recommendation on the Offer**

*Based on our assessment of the financial terms of the Revised Offer as set out above, we advise the Independent Directors that they should recommend Shareholders to **ACCEPT** the Revised Offer. However, in the event that Shareholders are able to dispose the Offer Shares in the open market and realise their investments at prices higher than the Final Offer Price (and after considering, inter alia, related expenses), they should consider selling the Offer Shares in the open market. However, it should be noted that for the period commencing on the Market Day immediately after the Offer Announcement Date to the Second Latest Practicable Date, the transacted prices for the Shares have never been higher than the Final Offer Price. The last transacted price of S\$0.250 per Share on the SGX-ST on the Second Latest Practicable Date is in line with the Final Offer Price.*

*While the transacted prices for the Shares subsequent to the Offer Announcement Date have increased and may have been underpinned by the Offer and the Revised Offer and the trading for the Shares on a daily basis may have (in general) increased after the Offer Announcement Date to the Second Latest Practicable Date (as compared to the 24-month*

period prior to the Last Trading Day), there is no assurance that the trend of trading activities for the Shares will be maintained at such levels or that the transacted prices for the Shares will be maintained after the closing of the Revised Offer.

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

**Matters to highlight**

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

1. *If the Shareholders are considering selling their Offer Shares in the open market, they should be aware that the current market prices and trading volumes for the Shares may have been affected by the Offer and the Revised Offer and the transactions by certain Director and may not be maintained at current levels when the Revised Offer closes. In addition, opportunities to realise the Offer Shares in the open market may be restricted or limited by the lack of liquidity for the Shares (as observed during the historical periods under review, being 15 May 2023 to the Last Trading Day).*
2. *As at the Second Latest Practicable Date, the Revised Offer has not been declared unconditional in all respects and is subject to the Minimum Acceptance Condition. In addition, as set out in the Offer Revision Announcement, the Offeror does not intend to revise the Final Offer Price. However, given the intentions of Mr Ong Tong Hai and the other members of the Ong Family who hold in aggregate approximately 27.96% of the total number of issued Shares of the Company, to accept the Revised Offer, there is a possibility that the Minimum Acceptance Condition will be met, and the Revised Offer will become unconditional.*
3. *Whilst the possibility of a higher offer from a third party cannot be ruled out, as at the Second Latest Practicable Date, we are not aware of any publicly available evidence of an alternative offer for the Shares. Shareholders should note that the likelihood of an alternative take-over is remote in view that as at the Second Latest Practicable Date, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 82,953,982 Shares, representing approximately 31.74% of the total number of issued Shares and the intentions of Mr Ong Tong Hai and the other members of the Ong Family to accept the Revised Offer.*
4. *Given the low liquidity of the Shares (in terms of number of Shares traded on daily basis and the frequency of trading in terms of number of Trading Days) during the 24-month period up to and including the Offer Announcement Date, the Revised Offer may represent a realistic exit opportunity for the Shareholders to realise their entire investment for cash, and the Final Offer Price is at a substantial premia above market prices of Shares for 1-month, 3-month, 6-month, 12-month, and 24-month periods prior to the Last Trading Day. In the absence of the Offer and the Revised Offer, such an exit for all Shareholders who desire to exit, other than the Offeror and its Concert Parties may not be readily available due to the low trading liquidity for the Shares (based on the average daily trading volume of 53,635 Shares for 24-month period prior to the Last Trading Day).*
5. *The Offeror does intend to maintain the listing status of the Company. In the event that the Company does not meet the Free Float Requirement (as defined in the Offer Document) at the close of the Offer and the SGX-ST suspends trading in the Shares, the Offeror intends to work together with the Company and take such steps which are necessary to restore the free float of the Company in order to maintain the listing*



status of the Company, including carrying out a compliance placement exercise after completion of the Offer.

6. *However, in the event that the Offeror is entitled to exercise its right of compulsory acquisition as described in Section 10.1 of the Offer Document, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%.*
7. *Shareholders should note for themselves, inter alia, the Shareholder Letter, the Company's queries on 9 June 2025 and the replies as described in Section 8.1 of the IFA Letter. Accordingly, Independent Directors and Shareholders should note for themselves that the analysis, opinions and recommendations of this Supplemental IFA Letter is necessarily limited.*
8. *Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, right of use assets, and investments in, inter alia, subsidiaries) or contracts entered or are about to be entered by the Company or the Group, and save for the Independent Valuation Reports and Independent Valuation Summary Letters, we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered or are about to be entered into by the Group.*

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

### **Limitations**

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

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

## **5. RECOMMENDATION OF THE INDEPENDENT DIRECTORS**

### **5.1. Independence of Directors**

As set out in Section 12.1 of the Circular, the Offeror had sought and obtained a ruling from the SIC confirming, *inter alia*, that Mr Yasuhiko Watanabe is exempted from making a

recommendation to Shareholders in connection with the Offer as he will face irreconcilable conflicts of interest in doing so.

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

Mr Yasuhiko Watanabe nevertheless still assumes responsibility for the accuracy of facts stated and completeness of the information expressed in this Supplemental Letter issued by the Company to the Shareholders in connection with the revised Offer.

## 5.2. Independent Directors' Recommendation

As set out in Section 12.2 of the Circular, the Majority Independent Directors had previously recommended that the Shareholders accept the Offer. Mr Ong Tong Hai had recommended that the Shareholders reject the Offer for reasons as set out in Section 12.2(b) of the Circular.

Subsequent to the Offer Revision Announcement, the Independent Directors, after considering carefully as at 24 June 2025, being the latest practicable date prior to the issuance of this Supplemental Letter ("**Latest Practicable Date**"), the factors set out in the Supplemental IFA Letter and the advice given by the IFA in respect of the revised Offer, concur with the advice given by the IFA in respect of the revised Offer. Accordingly, the Independent Directors recommend that the Shareholders **ACCEPT** the revised Offer.

### Matters to highlight

Without in any way limiting or changing the recommendations of the Independent Directors to accept the revised Offer as aforesaid, the Independent Directors wish to draw Shareholders' attention to the following matters (previously highlighted in Section 12.2 of the Circular) which may affect or have some relevance to the decisions or actions of Shareholders:

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

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

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

- (b) In any event, Shareholders in considering whether to accept or reject the revised Offer, to retain and/or sell their Shares in the open market, either during or after the close of the revised Offer, should bear in mind that the current market prices and trading

volumes for the Shares may have been affected by the revised Offer and/or the share dealings by a Director and may not be maintained at current levels when the revised Offer closes. There is also no assurance or certainty of there being sufficient liquidity or opportunities to sell Shares at or above the Final Offer Price in the open market and/or through a possible higher alternative offer from a third party.

**SHAREHOLDERS ARE ADVISED TO CONSIDER CAREFULLY THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS AND THE ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE REVISED OFFER.**

**5.3. No Regard to Specific Objectives**

In making their recommendation, the Independent Directors have not had regard to the specific objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. Accordingly, the Independent Directors recommend that any individual Shareholder who may require advice in the context of his specific investment portfolio should consult his professional advisers immediately.

**5.4. Accepting or Rejecting the Revised Offer**

As previously set out in Paragraph 5.1(i) of Appendix II to the Circular,

- (a) Ms Tan Siok Chin intended to reject the Offer in respect of the 125,000 Shares held directly by her as at 5 June 2025.
- (b) Mr Ong Tong Hai intended to reject the Offer in respect of the 47,442,096 Shares directly held by him as at 13 June 2025 and any additional Shares to be acquired by him (if applicable) prior to the expiry of the Offer Period.
- (c) Apart from the 47,442,096 Shares directly held by Mr Ong Tong Hai as at 13 June 2025, other members of the Ong Family hold an additional aggregate of 25,625,696 Shares, and, together with Mr Ong Tong Hai's Shares, hold in aggregate 73,067,792 Shares as at 13 June 2025 representing approximately 27.96% of the total issued Shares (excluding treasury Shares) of the Company. The other members of the Ong Family also intended to reject the Offer in respect of Shares held by them collectively as at 13 June 2025 or any additional Shares to be acquired by them (if applicable) prior to the expiry of the Offer Period.

Subsequent to the Offer Revision Announcement:

- (a) Ms Tan Siok Chin intends to accept the revised Offer in respect of the Shares held by her.
- (b) Mr Ong Tong Hai and other members of the Ong Family intend to accept the revised Offer in respect of the Shares held by them.

**6. ACTIONS TO BE TAKEN BY SHAREHOLDERS**

- 6.1. Shareholders who do not wish to accept the revised Offer need not take any further action in respect of the Offer Document and the Acceptance Forms which have been sent to them. As stated in Paragraph 9.1 of the Offer Revision Announcement, Shareholders who have validly accepted the Offer prior to the date of the Offer Revision Announcement are not required to take any further action in relation to the Offer.

**6.2. Acceptance Procedures for Shareholders**

As stated in Paragraph 9.2 of the Offer Revision Announcement, the procedures for acceptance of the Offer are as set out in Appendix 1 to the Offer Document, and the relevant Acceptance Forms. Shareholders who wish to accept the Offer may do so by completing and

returning the FAA and/or the FAT (as the case may be) and all other relevant documents as soon as possible so as to reach the Offeror c/o The Central Depository (Pte) Limited or Boardroom Corporate & Advisory Service Pte. Ltd. (as the case may be) not later than 5.30 p.m. (Singapore time) on the Closing Date. Alternatively, Shareholders who are individual and joint-alternate account holders who hold Offer Shares deposited with CDP may also submit the FAA in electronic form via SGX's Investor portal at <http://investors.sgx.com>.

For the avoidance of doubt, Shareholders may use the existing Acceptance Forms that were despatched with the Notification to accept the Offer at the Final Offer Price.

The Directors would like to draw the attention of Shareholders who wish to accept the revised Offer to the "Procedures for Acceptance" as set out in Paragraph 9 of the Offer Revision Announcement.

### **6.3. Acceptance Procedures for CPFIS Investors and SRS Investors**

As stated in Paragraph 9.3 of the Offer Revision Announcement, CPFIS Investors and SRS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks (as the case may be) directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agents (as the case may be) should they require further information, and if they are in doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks (as the case may be) by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks (as the case may be), which may be earlier than the Closing Date.

The Directors would like to draw the attention of CPFIS Investors and SRS Investors who wish to accept the revised Offer to the "Procedures for Acceptance" as set out in Paragraph 9 of the Offer Revision Announcement.

## **7. MATERIAL CHANGES IN INFORMATION**

Save as disclosed in this Supplemental Letter and any other publicly available information on the Company (including but not limited to announcements released by the Company on SGXNet), there have been no material changes in any information previously announced (including information set out in the Circular) by or on behalf of the Company during the period commencing from 5 June 2025, being the latest practicable date prior to the issuance of the Circular, and ending on 24 June 2025, being the Latest Practicable Date prior to the issuance of this Supplemental Letter.

## **8. CONSENT**

The IFA has given and has not withdrawn its written consent to the issue of this Supplemental Letter with the inclusion herein of its name, its advice to the Independent Directors in relation to the revised Offer, and the Supplemental IFA Letter set out in Appendix A to this Supplemental Letter and all references thereto, in the form and context in which they appear in this Supplemental Letter.

## **9. DIRECTORS' RESPONSIBILITY STATEMENT**

Save for (a) the recommendation of the Independent Directors to Shareholders set out in Paragraph 5.2 of this Supplemental Letter for which the Independent Directors are solely responsible, (b) the Supplemental IFA Letter for which the IFA takes responsibility, and (c) information extracted from the Offer Revision Announcement, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Supplemental Letter and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Supplemental Letter constitutes full and true disclosure of all material facts about the revised Offer, the Company, and its subsidiaries, and the Directors

are not aware of any facts the omission of which would make any statement in this Supplemental Letter misleading.

Where information in this Supplemental Letter (other than the Supplemental IFA Letter for which the IFA takes responsibility) has been extracted from published or otherwise publicly available sources or obtained from a named source (including, without limitation, the Offer Revision Announcement), the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Supplemental Letter in its proper form and context.

In respect of the Supplemental IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are fair and accurate.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

In addition to the documents referred to in Section 18 of the Circular, copies of the following documents will be available for inspection at the registered office of the Company at 14 Lok Yang Way, Singapore 628633, during normal business hours, for the period which the Offer remains open for acceptance:

- (a) the Supplemental IFA Letter set out in Appendix A to this Supplemental Letter; and
- (b) the letter of consent referred to in Paragraph 8 of this Supplemental Letter above.

Yours faithfully

For and on behalf of the Board

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

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**APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT  
DIRECTORS IN RESPECT OF THE REVISED OFFER**

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

**ASIAN CORPORATE ADVISORS PTE. LTD.**

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

160 Robinson Road #21-05  
SBF Center  
Singapore 068914

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

**2 July 2025**

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

*Unless otherwise defined or where the context otherwise requires, all terms used herein shall have the same meanings as defined in the circular dated 19 June 2025 (the “Circular”) and the IFA Letter (as defined below) in connection with the Offer, as well as the supplemental letter dated 2 July 2025 (the “Supplemental Letter”) issued by the Company in connection with the Revised Offer (as defined later).*

**1. INTRODUCTION**

As set out in Section 1 of the IFA Letter:

- (a) On 15 May 2025 (the “**Offer Announcement Date**” or the “**Announcement Date**”), Evolve Capital Advisory Private Limited announced (the “**Offer Announcement**” or the “**Announcement**”) for and on behalf of the Offeror, that the Offeror intends to make a voluntary conditional cash offer (the “**Offer**”) for all the issued and paid-up ordinary shares (the “**Shares**”) in the capital of the Company, (excluding any treasury Shares) as at the date of the Offer, including those Shares owned, controlled, or agreed to be acquired by parties acting or presumed to be acting in concert with the Offeror in connection with the Offer (collectively the “**Offer Shares**” and each, an “**Offer Share**”).
- (b) The Offeror released the offer document dated 5 June 2025 containing the full terms and conditions of the Offer (the “**Offer Document**”).

On 19 June 2025, the Company issued the Circular to its shareholders (the “**Shareholders**”) in relation the Offer containing, *inter alia*, the recommendation of the Independent Directors (as defined below) to the Shareholders in respect of the Offer as required under the Singapore Code on Take-overs and Mergers (the “**Code**”) and the advice of Asian Corporate Advisors Pte. Ltd. (“**ACA**”), being the independent financial adviser (the “**IFA**”) to the Independent Directors in connection with the Offer dated 19 June 2025, in Appendix I of the Circular (the “**IFA Letter**” or “**Letter**”).

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## APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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On 23 June 2025 (the “**Offer Revision Announcement Date**”), Evolve Capital Advisory Private Limited, for and on behalf of the Offeror, announced (the “**Offer Revision Announcement**”), *inter alia*, that (i) the Offeror is revising the Offer Price from S\$0.20 per Offer Share to S\$0.25 per Offer Share (the “**Final Offer Price**”) and that the Offeror does not intend to revise the Final Offer Price; (ii) the closing date of the Offer is extended to 5.30 p.m. (Singapore time) on 14 July 2025 or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the “**Closing Date**”); (iii) as at 6.00 p.m. (Singapore time) on 23 June 2025, based on information available to the Offeror, the Offeror has received, pursuant to the Offer, valid acceptances in respect of 1,899,093 Offer Shares, representing approximately 0.73% of the total number of Shares in the Company; and (iv) that as at 6:00 p.m. (Singapore time) on 23 June 2025, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 84,853,075 Shares, representing approximately 32.47% of the total number of issued Shares of the Company.

Save as disclosed in the Offer Revision Announcement, all other terms and conditions of the Offer as set out in the Offer Document remain unchanged.

On 30 June 2025, Evolve Capital Advisory Private Limited, for and on behalf of the Offeror, announced that a copy of the written notification dated 30 June 2025 (the “**Revision Notification**”) in respect of, *inter alia*, the revision of the Offer Price (the “**Revised Offer**”) have been despatched by the Offeror to the Shareholders.

ACA, in our capacity as the IFA, will advise the directors of the Company (the “**Directors**”), who are regarded as independent under the Code for the purposes of the Revised Offer based on the Final Offer Price (the “**Independent Directors**”). As set out in the Circular and the Supplemental Letter, the Independent Directors comprise Ms Tan Siok Chin, Mr Ong Tong Hai, Mr Ong Tiew Siam, Mr Hor Siew Fu, Mr Steven Lim Jun Xiong, and Mr Loo Cheng Guan.

This supplemental IFA letter (the “**Supplemental IFA Letter**”), the IFA Letter, and any other documents, which may be issued by ACA, in respect of the Offer and the Revised Offer, for the purpose of revising, amending or supplementing or updating (as the case may be) and setting out, *inter alia*, our views and evaluation of the financial terms of the Offer and the Revised Offer and our recommendations thereon, will form part of the Circular providing, *inter alia*, details of the Offer and the recommendations of the Independent Directors with regards to the Offer and the Revised Offer. Unless otherwise defined or where the context otherwise requires, the definitions used in the Circular, the IFA Letter and the Supplemental Letter shall apply throughout this Supplemental IFA Letter. Certain figures and computations as enumerated or set out in this Supplemental IFA Letter are based on approximations and their accuracies are subjected to rounding.

## 2. TERMS OF REFERENCE

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

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## APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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Company (“**Management**”) although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Supplemental IFA Letter (and previously in the IFA Letter).

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

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

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

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

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at 24 June 2025 (the “**Second Latest Practicable Date**”), and therefore does not reflect expected financial performance after the half year or six (6) months financial period ended 31 March (“**HY**”) 2025 (“**HY2025**”) for the Group. We note that save as disclosed in the Circular and the Supplemental Letter, there has been no other forward statements that has been issued by the Company and neither have we been provided with any.

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



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## **APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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

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

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

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

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

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

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## **APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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

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

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

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

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

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

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## APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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### 3. REVISION OF OFFER PRICE AND TERMS AND CONDITIONS OF THE REVISED OFFER

The principal terms and conditions of the Revised Offer are set out in Sections 2, 5, 6, 7, 8 and 9 of the Offer Revision Announcement. We recommend that Shareholders read the terms and conditions contained therein carefully.

The Offeror is revising the Offer Price from S\$0.20 per Offer Share to the Final Offer Price of S\$0.25 per Offer Share and the Offeror does not intend to revise the Final Offer Price. In addition, the Closing Date of the Offer is extended to 5.30 p.m. (Singapore time) on 14 July 2025 or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

Save as disclosed in the Offer Revision Announcement, all the other terms and conditions of the Offer as set out in the Offer Document remain unchanged.

The principal terms and conditions of the Offer (save as those disclosed in the Offer Revision Announcement) can be found, *inter alia*, in Sections 2, 3, and 4 of the Offer Document. We recommend that Shareholders read the terms and conditions contained therein carefully.

As set out in the Offer Revision Announcement:

- (i) As at the Offer Announcement Date:
  - (a) the Offeror did not hold any Shares; and
  - (b) its Concert Parties collectively owned or controlled an aggregate of 82,953,982 Shares, representing approximately 31.74% of the total number of Shares.
- (ii) Acceptances of the Offer: As at 6.00 p.m. (Singapore time) on 23 June 2025, based on information available to the Offeror, the Offeror has received, pursuant to the Offer, valid acceptances in respect of 1,899,093 Offer Shares, representing approximately 0.73% of the total number of Shares in the Company.
- (iii) Shares acquired or agreed to be acquired after the Offer Announcement Date and up to 6.00 p.m. (Singapore time) on 23 June 2025: Following the Offer Announcement Date and up to 6.00 p.m. (Singapore time) on 23 June 2025, the Offeror and its Concert Parties have not acquired or agreed to acquire any Shares (other than pursuant to valid acceptances of the Offer).
- (iv) Aggregate holdings: Accordingly, based on information available to the Offeror, as at 6.00 p.m. (Singapore time) on 23 June 2025, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 84,853,075 Shares, representing approximately 32.47% of the total number of issued Shares of the Company.

Based on the level of acceptances of the Offer and the aggregate holdings of the Offeror and its Concert Parties as stated in paragraph (iv) above, the Offer has not become unconditional as to acceptances as at the Offer Revision Announcement Date.

However, given the intentions of Mr Ong Tong Hai and the other members of the Ong Family who hold in aggregate approximately 27.96% of the total number of issued Shares of the Company, to accept the Revised Offer, there is a possibility that the Minimum Acceptance Condition will be met, and the Revised Offer will become unconditional.

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## **APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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### **4. INFORMATION ON THE OFFEROR**

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

### **5. INFORMATION ON THE COMPANY**

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

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

The rationale for the Offer, the Offeror's intentions for the Company and the listing status and compulsory acquisition are stated in Sections 7, 9 and 10 of the Offer Document respectively. Shareholders are advised to read Sections 7, 9 and 10 of the Offer Document carefully and in its entirety.

### **7. OFFEROR'S FINANCIAL EVALUATION OF AND RATIONALE FOR THE FINAL OFFER PRICE**

The Offeror's financial evaluation of the Final Offer Price and rationale for the Final Offer Price can be found in Sections 3 and 4 of the Offer Revision Announcement respectively. Shareholders are advised to read Sections 3 and 4 of the Offer Revision Announcement carefully and in its entirety.

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## APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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### 8. FINANCIAL ASSESSMENT OF THE REVISED OFFER

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

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

These factors are discussed in detail in the ensuing sections.

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

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

In our assessment of the Revised Offer, we have applied certain valuation ratios for the purposes of evaluating the fairness and reasonableness of the Final Offer Price namely EV/EBITDA, PER, P/NAV, P/NTA, and P/Revenue. Please refer to Section 7 of the IFA Letter for a brief description of such valuation ratios.

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

#### 8.1 HISTORICAL FINANCIAL PERFORMANCE AND POSITION OF THE GROUP

The historical financial performance and position of the Group for the financial year ended 30 September 2022 ("**FY2022**") to HY2025 is set out in Section 7.1 of the IFA Letter.

The Company did not issue any updated results announcement subsequent to the IFA Letter.

Shareholders are advised to read Section 7.1 of the IFA Letter carefully and its entirety.

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## **APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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### **8.2 ANALYSIS OF THE GROUP'S NAV AND NTA**

The description and analysis of the NAV and NTA based approach as well as the Directors' confirmation pertaining to, *inter alia*, the Group's NAV and NTA as at 31 March 2025 can be found in Section 7.2 of the IFA Letter. Shareholders are advised to read Section 7.2 of the IFA Letter carefully and its entirety.

The Company did not issue any updated results announcement subsequent to the IFA Letter. As such in our evaluation of the Final Offer Price, the Group's NAV and NTA as disclosed in the Group's unaudited consolidated interim statements of financial position as at 31 March 2025 and in the IFA Letter has been used.

The Group had NAV and/or NTA as at 31 March 2025 of approximately S\$76.6 million (or approximately S\$0.293 per Share based on the Company's existing issued Share capital as at the Second Latest Practicable Date). The Final Offer Price represents a discount of approximately 14.7% from the Group's NAV and/or NTA per Share as at 31 March 2025.

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

The information on the Appraised Assets as well as the Independent Valuation Reports (including, *inter alia*, description of the Appraised Assets, valuation methods, valuation dates, respective book and market values, and the Proposed Building Expansion), the potential tax liabilities, and the Directors' confirmation pertaining to, *inter alia*, the independence of each of the Independent Valuers; the reasonableness of the assumptions and methodology used by each of the Independent Valuers, as well as the valuation conclusion and limitation(s); and the selection of the Appraised Assets; can be found in Section 7.2 of the IFA Letter.

The Directors have confirmed to us that there has been no material development or event which may render their confirmation stated in the Section 7.2 of the IFA Letter invalid as at the Second Latest Practicable Date. In addition, the Directors have confirmed that (a) to the best of their knowledge and belief, as at the Second Latest Practicable Date, save as disclosed in the unaudited consolidated interim financial statements of the Group as at 31 March 2025, the announcements released by the Company on the SGXNet, the Circular, the IFA Letter, and the Supplemental Letter, there have been no known material events that have or will have material impact on the unaudited consolidated interim statements of financial position of the Group, *inter alia*, assets and liabilities of the Group, since 31 March 2025; and (b) save as disclosed in the Circular, the IFA Letter, the Supplemental Letter, and this Supplemental IFA Letter, there has been no intention to dispose of any of the assets and PPE owned by the Group and as at the Second Latest Practicable Date, there has been no firm offer for any of the PPE and/or for the Lok Yang Property, the Senai Property and the Appraised Inventory (which are the subject of valuation) owned by the Group.

## APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

For illustrative purpose only, we reproduced below the computation of the Group's RNAV and/or RNTA and recalculated the discount implied by the Final Offer Price.

<b>RNAV and RNTA<sup>(1)</sup></b>	<b>S\$'000</b>
Market value of the Appraised Assets	46,947
Less: book value of the Appraised Assets as at 31 March 2025	20,818
<b>Revaluation surplus for the Appraised Assets</b>	<b>26,129</b>
 <b>The Group's NAV and/or NTA as at 31 March 2025</b>	 <b>76,595</b>
Add: Revaluation surplus for the Appraised Assets	26,129
Less: Potential tax liabilities <sup>(2)</sup>	(4,498)
<b>RNAV as at 31 March 2025</b>	<b>98,226</b>
Less: Intangible Assets	-
<b>RNTA as at 31 March 2025</b>	<b>98,226</b>
 <b>RNAV and/or RNTA per Share (S\$)<sup>(3)</sup></b>	 <b>0.376</b>
<b>Discount of Final Offer Price from the Group's RNAV and/or RNTA per Share (%)</b>	<b>(33.5)%</b>

**Notes:**

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

Based on the table above, after taking into account the market value and/or the fair value of the Appraised Assets and the potential tax liabilities, the Group's RNAV and/or RNTA amounted to approximately S\$98.2 million (or approximately S\$0.376 per Share). Hence, the Final Offer Price of S\$0.25 for each Offer Share represents a discount of approximately 33.5% from the Group's RNAV and RNTA per Share respectively.

For illustrative purposes only:

- (a) in the event that the market value for the Senai Property assuming completion of the Proposed Building Expansion; the respective estimated construction cost; and the potential tax liabilities of approximately RM3.0 million (or approximately S\$0.9 million) were considered, the Group's adjusted RNAV and/or RNTA (the "**Adjusted RNAV and/or RNTA**") would be approximately S\$100.2 million (or approximately S\$0.383 per Share). The Final Offer Price represents a discount of approximately 34.8% from the Group's Adjusted RNAV and/or RNTA per Share; and
- (b) in the event that the potential tax liabilities do not crystallise for the Appraised Assets wherein the valuation of Senai Property is on an "as is" basis, the Group's RNAV and/or RNTA per Share would be approximately S\$0.393 and the discount as implied by the Final Offer Price from the Group's RNAV and/or RNTA per Share would be approximately 36.4%. Likewise, in the event the potential tax liabilities are not considered, the Group's Adjusted RNAV and/or RNTA per Share would be approximately S\$0.404 and the discount as implied by the Final Offer Price from the Group's Adjusted RNAV and/or RNTA per Share would be approximately 38.1%.

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**APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT  
DIRECTORS IN RESPECT OF THE REVISED OFFER**

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

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

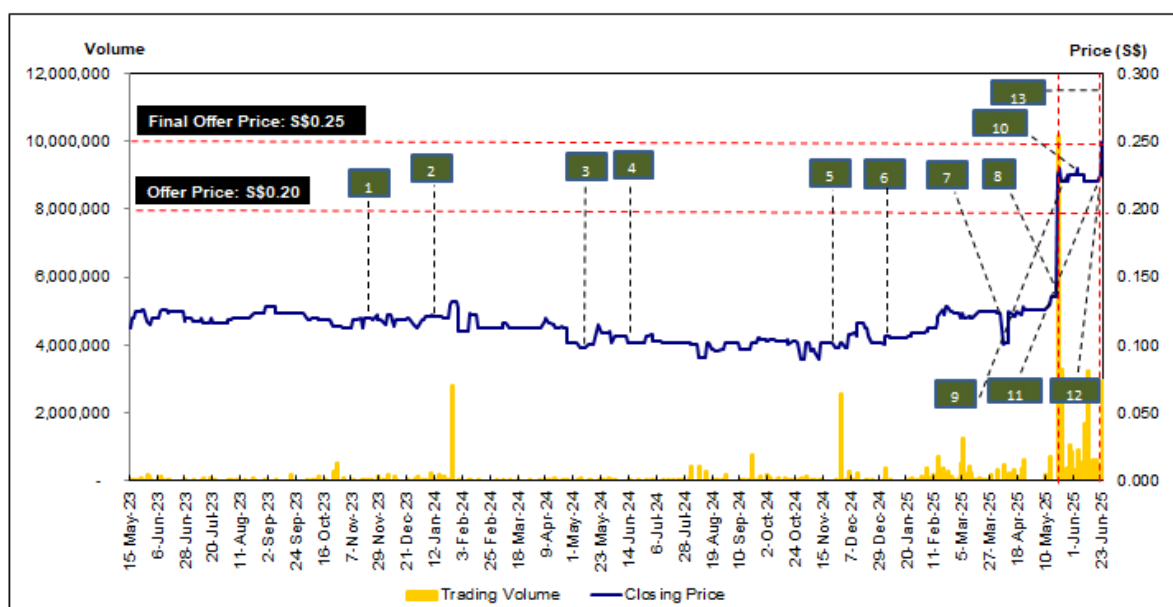


## APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

### 8.3 MARKET QUOTATION AND TRADING ACTIVITIES FOR THE SHARES

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

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



Source: [www.shareinvestor.com](http://www.shareinvestor.com)

The following are pertinent announcements.

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

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**APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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No.	Date	Announcement
		hold approximately 16.2% of equity interest in SRE HoldCo.  This subscription was subsequently terminated as announced on 2 June 2025.
8	15 May 2025	Release of financial results for HY2025 and release of the Offer Announcement.
9	19 May 2025	Letter dated 18 May 2025 from the lawyers, representing Mr Ong Tong Hai, Mr Ong Tong Yang and Mr Ong Chin Sum (collectively termed the “ <b>Ong Family</b> ”) to 3HA Capital Private Limited acting on behalf of the Ong Family (“ <b>Shareholder Letter</b> ”) raising certain matters in relation to the Offer Announcement for which, <i>inter alia</i> , the Offeror (and its professional advisers) have been asked to provide certain clarifications so that Shareholders (including the Ong Family) have the necessary and material information to evaluate the Offer. Please refer to Sections 8.1 and 8.3 of the IFA Letter, and Section 12.2 of the Circular.
10	2 June 2025	Termination of transaction which was announced on 28 March 2025. See above.
11	16 June 2025	Announcement on fulfilment of all conditions precedent in connection with the disposal of 90 Second Lok Yang Road property (see point 4 above). Completion is expected to take place end of August 2025.
12	19 June 2025	Issuance of the Circular and the IFA Letter.
13	23 June 2025	The Offer Revision Announcement.

## APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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

	VWAP per Share (S\$) <sup>(1)</sup>	Premium of the Final Offer Price over the VWAP per Share (%)	Lowest transacted price (S\$)	Highest transacted price (S\$)	Average daily trading volume <sup>(2)</sup>	Average daily trading volume as % of free-float <sup>(3)</sup> (%)
<b>For the period prior to the Last Trading Day</b>						
Last 24 months	0.116	115.5	0.090	0.135	53,635	0.051
Last 12 months	0.114	119.3	0.090	0.135	75,266	0.072
Last 6 months	0.117	113.7	0.092	0.135	121,839	0.116
Last 3 months	0.124	101.6	0.100	0.135	150,524	0.143
Last 1 month	0.127	96.9	0.121	0.135	162,874	0.155
Last transacted price on 14 May 2025 (being the Last Trading Day) <sup>(4)</sup>	0.135	85.2	0.131	0.135	576,400	0.548
<b>For the period commencing on the Market Day immediately after the Offer Announcement Date up to the Second Latest Practicable Date</b>						
Till the Second Latest Practicable Date	0.223	12.0	0.205	0.250	1,223,488	1.163
Last transacted price on 24 June 2025, being the Second Latest Practicable Date <sup>(5)</sup>	0.250	0.0	0.245	0.250	2,950,200	2.804

Source: [www.shareinvestor.com](http://www.shareinvestor.com)

### Notes:

- (1) The VWAP had been computed using the average prices of traded Shares and weighted by the volumes traded for the relevant trading days for each of the periods.
- (2) The average daily trading volume of the Shares is calculated based on the total number of Shares traded during the relevant period divided by the number of Market Days during that period.
- (3) Free Float refers to approximately 105,213,323 Shares (or approximately 40.26% of the issued Shares) held by Shareholders other than the Directors and the substantial Shareholders, the Ong Family and their associate, and exclusive of Shares owned, controlled or have agreed to acquire (but excluding any valid acceptances of the Offer as the Minimum Acceptance condition has not been met) by the Offeror and its Concert Parties as at the Second Latest Practicable Date.
- (4) This represents the last transacted price instead of VWAP for the Shares on 14 May 2025, being the Last Trading Day.
- (5) This represents the last transacted price instead of VWAP for the Shares on 24 June 2025, being the Second Latest Practicable Date.

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

- (i) represents a premium of approximately 85.2% over the last transacted price of S\$0.135 per Share for the Shares on the SGX-ST on 14 May 2025, being the Last Trading Day;
- (ii) represents premia of approximately 96.9%, 101.6%, 113.7%, 119.3%, and 115.5% over the VWAP for the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods prior to the Last Trading Day respectively;

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## APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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- (iii) represents a premium of approximately 85.2% over the highest transacted price for the Shares of S\$0.135 for the 24-month period prior to the Last Trading Day;
- (iv) represents a premium of approximately 12.0% from the VWAP for the Shares for the period commencing from the Market Day immediately after uplifting of the trade halt subsequent to the Offer Announcement till the Second Latest Practicable Date; and
- (v) is in line with the last transacted price of S\$0.250 per Share on the SGX-ST on 24 June 2025, being the Second Latest Practicable Date.

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

We also note that the number of Shares that were traded on a daily basis for the period commencing on the Market Day immediately after uplifting of the trade halt subsequent to the Offer Announcement till the Second Latest Practicable Date is significantly higher than the number of Shares that were traded on a daily basis for all periods during the 24 months prior to the Last Trading Day. Subsequent to the Offer Announcement Date and uplifting of the trade halt, the prices and average daily trading volume for the Shares increased significantly. In addition, the total number of Shares traded during the period commencing from 20 May 2025 (being the Trading Day immediately following the Offer Announcement Date) till the Second Latest Practicable Date is approximately 31.8 million (or about approximately 118.6% of the total number of Shares traded for the 24-month period prior to the Last Trading Day. In addition, we note that Mr Ong Tong Hai (an existing controlling Shareholder, CEO and Executive Director) bought an aggregate of approximately 9.55 million Shares during the period subsequent to the Offer Announcement Date and ending on the Second Latest Practicable Date (which constitutes approximately 30.0% of the total trades during the period), with prices that were between approximately S\$0.218 to S\$0.219 for each Share on 20 May 2025, and S\$0.22 for the period from 22 May 2025 to 13 June 2025.

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

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

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## **APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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

### **8.4 COMPARISON WITH OTHER SUCCESSFUL OR COMPLETED COMPARABLE TRANSACTIONS FOR COMPANIES LISTED ON THE SGX-ST**

#### **8.4.1 Comparison with the Selected Non-Privatisation Transactions and the Selected Successful Privatisations for companies listed on the SGX-ST**

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

Therefore, in assessing the Final Offer Price, we have made comparison with the Selected Non-Privatisation Transactions and the Selected Successful Privatisations. For the definition of the Selected Non-Privatisation Transactions and the Selected Successful Privatisations as well as our limitations and constraints, please refer to Section 7.4 of the IFA Letter.

The following table presents the summary of comparison against the Selected Non-Privatisation Transactions and the Selected Successful Privatisations updated as at the Second Latest Practicable Date.

## APPENDIX A – SUPPLEMENTAL IFA LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

Company	Shareholding of the offeror and concert parties at the start of transaction (%) <sup>(1)</sup>	Last transacted price prior to announcement (%)	Premium/(Discount) of the Offer Price over/(to)				P/NAV <sup>(2)</sup> (times)
			VWAP for 1 month period prior to announcement (%)	VWAP for 3 months period prior to announcement (%)	VWAP for 6 months period prior to announcement (%)	VWAP for 12 months period prior to announcement (%)	
SELECTED NON-PRIVATISATION TRANSACTIONS <sup>(3)</sup>							
MAXIMUM	81.2	50.3	73.3	78.0	80.5	79.2	2.2
MINIMUM	28.9	(97.5)	(97.6)	(97.6)	(97.6)	(97.9)	0.1
MEDIAN (excl. outliers)	50.3	0.0	(5.1)	(3.5)	(4.3)	(1.1)	0.6
SIMPLE AVERAGE (excl. outlier)	53.4	1.7	0.0	1.3	3.2	5.3	0.7
SELECTED SUCCESSFUL PRIVATISATIONS <sup>(4)</sup>							
MAXIMUM	95.5	169.5	173.5	171.1	168.9	152.5	5.9
MINIMUM	0.0	0.0	(2.7)	(9.1)	(21.4)	(59.3)	0.4
MEDIAN (excl. outlier)	70.3	27.8	33.6	30.1	31.3	31.9	1.1
SIMPLE AVERAGE (excl. outlier)	64.5	29.8	33.5	34.3	35.3	37.6	1.5
Group	31.7	85.2	96.9	101.6	113.7	119.3	0.9 or 0.7 <sup>(5)</sup>

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

**Notes:**

- (1) Where applicable, it includes the percentage shareholding of the undertaking shareholder(s) as at the respective dates of the offer documents.
- (2) Based on NAV per share, pro forma NAV per share, adjusted NAV per share, revalued NAV per share, or adjusted revalued NAV per share, as the case may be, as published in the respective circulars of the companies.
- (3) The Selected Non-Privatisation Transactions have been updated as at the Second Latest Practicable Date with inclusion of Sincap Group Limited (offer closed on 11 June 2025) and Aoxin Q & M Dental Group Limited (offer closed on 16 June 2025).
- (4) The Selected Successful Privatisations have been updated as at the Second Latest Practicable Date with inclusion of SLB Development Ltd. (scheme became effective and binding with effect from 18 June 2025), ICP Ltd. (offer closed on 23 June 2025), Amara Holdings Limited (offer closed on 10 June 2025), and Ban Leong Technologies Limited (the offer has not closed as at the Second Latest Practicable Date. However as announced on 12 June 2025, the offeror has received such valid acceptances and it is entitled to and intends to exercise its right of compulsory acquisition).
- (5) Based on P/NAV as at 31 March 2025 of approximately 0.9 times and P/RNAV (or Adjusted RNAV) of approximately 0.7 times.

## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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

- (i) As disclosed in the Offer Announcement, the Offeror and its Concert Parties held an aggregate interest of approximately 31.74% in the Share capital of the Company, and this is within the range, but lower than both the median and the simple average for the percentage of the shareholding interests of the offeror and parties acting in concert as at the start for each of the Selected Non-Privatisation Transactions and the Selected Successful Privatisations.
- (ii) The premium of approximately 85.2% as implied by the Final Offer Price over the last transacted price for Shares on the Last Trading Day is higher than any of the Selected Non-Privatisation Transactions and is within the range, significantly higher and more favourable than both the median and the simple average for the Selected Successful Privatisations.
- (iii) The premia of approximately 96.9%, 101.6%, 113.7% and 119.3% as implied by the Final Offer Price over the VWAP for the Shares for the 1-month, 3-month, 6 month, and 12-month periods prior to and including the Last Trading Day respectively are higher than any of the Selected Non-Privatisation Transactions and are within the range, significantly higher and more favourable than both the median and the simple average for the Selected Successful Privatisations.
- (iv) The valuation of the Group in terms of P/NAV ratio (as implied by the Final Offer Price and the Group's RNAV or Adjusted RNAV per Share) of approximately 0.7 times is within the range, higher than the median and in line with the simple average for the Selected Non-Privatisation Transactions, and within the range, but lower than both the median and simple average for the Selected Successful Privatisation Transactions.

### 8.4.2 Comparison with the Selected Steel Takeovers

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

Selected Steel Takeovers <sup>(1)</sup>	Announcement date	Nature of takeovers	Implied market capitalisation (\$'m)	LTM EV/ EBITDA <sup>(2)</sup> (times)	LTM PER <sup>(2)</sup> (times)	P/NAV <sup>(2)</sup> (times)	LTM P/Revenue <sup>(2)</sup> (times)
HG Metal	16-Dec-24	Mandatory offer (Non-privatisation)	73.1	3.8	12.9	0.7	0.5
Sin Ghee Huat Corporation Ltd (“SGH”)	29-Apr-21	Voluntary offer (Privatisation)	59.9	n.m. <sup>(3)</sup>	n.m. <sup>(3)</sup>	0.6	2.0
Hupsteel Limited (“Hupsteel”)	28-Jun-19	Voluntary offer (Privatisation)	146.5	20.1	42.7	0.6	2.1
<b>MAXIMUM</b>			<b>146.5</b>	<b>20.1</b>	<b>42.7</b>	<b>0.7</b>	<b>2.1</b>
<b>MINIMUM</b>			<b>59.9</b>	<b>3.8</b>	<b>12.9</b>	<b>0.6</b>	<b>0.5</b>
<b>MEDIAN</b>			<b>73.1</b>	<b>12.0</b>	<b>27.8</b>	<b>0.6</b>	<b>2.0</b>
<b>SIMPLE AVERAGE</b>			<b>93.1</b>	<b>12.0</b>	<b>27.8</b>	<b>0.6</b>	<b>1.6</b>
<b>The Group</b>		<b>Voluntary Offer (Non-privatisation)</b>	<b>65.3</b>	<b>42.4</b>	<b>n.m.<sup>(4)</sup></b>	<b>0.7<sup>(4)</sup></b>	<b>0.6</b>

**Notes:**

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

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## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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- (2) *The valuation ratios for the Selected Steel Takeovers are based on the figures disclosed in the respective offeree circulars.*
- (3) *SGH has recorded a loss after tax attributable to owners and negative EBITDA for the financial period ended 31 December 2020. Hence, the LTM PER and LTM EV/EBITDA ratios were negative and not meaningful.*
- (4) *The Group has incurred a loss after tax for the LTM ended 31 March 2025. Hence, the Group's LTM PER ratio was negative and not meaningful. P/NAV relates to the P/NAV multiple as implied by the Final Offer Price and the Group's RNAV per Share.*

We note the following:

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

In summary, the valuation of the Group in terms of LTM EV/EBITDA and P/RNAV or P/Adjusted RNAV (as implied by the Final Offer Price) appears to be favourable when compared to the Selected Steel Takeovers. In addition, the Group's valuation in terms of LTM P/Revenue (as implied by the Final Offer Price) appears to be within the range of the Selected Steel Takeovers.

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



## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

### 8.5. RELATIVE VALUATION ANALYSIS

In evaluating the Final Offer Price, we have considered the financial performance, financial position and valuation statistics of selected companies that may, in our view, be broadly comparable to the existing core businesses of the Group prior to the transaction, which is principally engaged in the distribution of steel products (the “**Selected Comparable Companies**”). The selection and description of the Selected Comparable Companies, as well as our limitations and constraints in the comparison against the Selected Comparable Companies can be found in Section 7.5 of the IFA Letter. Shareholders are advised to read Section 7.5 of the IFA Letter carefully and its entirety.

The salient ratios for comparative financial performance and position for the Selected Comparable Companies and the Group have been updated and reproduced below:

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

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

**Notes:**

- (1) Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding.
- (2) The last twelve months (“**LTM**”) return on equity (“**ROE**”) is based on the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the most recent consolidated equity holders excluding minority interest of the respective companies.
- (3) LTM net profit margin is the ratio of the most recent twelve months consolidated net profits after tax attributable to the equity holders to the most recent twelve months consolidated revenue of the respective companies.
- (4) LTM asset turnover is the ratio of the most recent twelve months consolidated revenue to the consolidated assets of the respective companies.
- (5) Total liabilities include, inter alia, all the liabilities of the respective companies but exclude any contingent liabilities, if any.
- (6) Shareholders’ equity is the consolidated shareholders’ funds excluding minority interest of the respective companies.
- (7) Total borrowings include all bank loans and borrowings as well as hire purchase obligations and interest bearing debts, where applicable.
- (8) AYS incurred a loss after tax attributable to owners for the financial year or period ended 31 March 2025. Hence, AYS’s LTM ROE and LTM net profit margin figures were negative and not meaningful.
- (9) The Group incurred a loss after tax attributable to owners for the LTM ended 31 March 2025. Hence, the Group’s LTM ROE and LTM net profit margin figures were negative and not meaningful.

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## **APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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

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

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

**APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS  
IN RESPECT OF THE REVISED OFFER**

<b>Selected Comparable Companies<sup>(1)</sup></b>	<b>Market Capitalisation (\$\$ million)</b>	<b>LTM EV/ EBITDA<sup>(2)</sup> (times)</b>	<b>LTM PER<sup>(3)</sup> (times)</b>	<b>P/NAV<sup>(4)</sup> (times)</b>	<b>P/NTA<sup>(5)</sup> (times)</b>	<b>LTM P/ Revenue<sup>(6)</sup> (times)</b>
Annaik	15.3	4.7	7.5	0.2	0.5	0.3
Asia Enterprises	47.4	n.m. <sup>(7)</sup>	128.5	0.5	0.5	1.2
AYS	30.8	21.9	n.m. <sup>(8)</sup>	0.2	0.2	0.1
BRC Asia	850.5	6.8	8.8	1.8	1.8	0.6
HG Metal	96.2	2.4	15.2	0.7	0.7	0.6
Pantech	159.5	4.5	6.4	0.5	0.5	0.6
Union Steel	76.2	4.6	6.5	0.8	0.9	0.6
<b>MAXIMUM</b>	<b>850.5</b>	<b>21.9</b>	<b>128.5</b>	<b>1.8</b>	<b>1.8</b>	<b>1.2</b>
<b>MINIMUM</b>	<b>15.3</b>	<b>2.4</b>	<b>6.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>
<b>MEDIAN (excl. outliers)<sup>(9)</sup></b>	<b>76.2</b>	<b>4.6</b>	<b>7.0</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>
<b>SIMPLE AVERAGE (excl. outliers)<sup>(9)</sup></b>	<b>82.0</b>	<b>4.6</b>	<b>7.3</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>The Group (as implied by the Final Offer Price)</b>	<b>65.3</b>	<b>42.4</b>	<b>n.m.<sup>(10)</sup></b>	<b>0.9 or 0.7<sup>(11)</sup></b>	<b>0.9 or 0.7<sup>(11)</sup></b>	<b>0.6</b>

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

**Notes:**

- (1) Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding. The Management had also proposed MRC with market capitalisation of approximately US\$1.1 billion, and DNOW with market capitalisation of approximately US\$1.6 billion as comparable companies. Both companies are listed on the NYSE. Despite their products offering being largely similar to the Group, we have not included the said two companies given their large market capitalisation and the difference in the geographical markets served (bulk of their revenue is derived from the USA). Purely for illustrative purpose, as at the Second Latest Practicable Date: (a) MRC is traded at LTM EV/EBITDA of approximately 10.4 times, LTM PER of approximately 25.6 times, P/NAV of approximately 2.1 times, and LTM P/Revenue of approximately 0.4 times; and (b) DNOW is traded at LTM EV/EBITDA of approximately 8.9 times, LTM PER of approximately 20.1 times, P/NAV of approximately 1.4 times, and LTM P/Revenue of approximately 0.7 times.
- (2) The LTM EV/EBITDA ratios for the Selected Comparable Companies are based on the most recent twelve months EBITDA as reported by the respective companies. The EBITDA for Annaik, Asia Enterprises, HG Metal, and Union Steel are based on the financial year or the most recent twelve months ended 31 December 2024. The EBITDA for AYS and BRC Asia are based on the financial year or the most recent twelve months ended 31 March 2025. The EBITDA for Pantech is based on the most recent financial year ended 28 February 2025.
- (3) The LTM PER ratios for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The earnings after tax for Annaik, Asia Enterprises, HG Metal, and Union Steel are based on the financial year or the most recent twelve months ended 31 December 2024. The earnings after tax for AYS and BRC Asia are based on the financial year or the most recent twelve months ended 31 March 2025. The earnings after tax for Pantech is based on the most recent financial year ended 28 February 2025.
- (4) The P/NAV ratios for the Selected Comparable Companies are based on their respective NAV values as set out in their latest available announced audited or unaudited financial statements. The NAV for Annaik, Asia Enterprises, HG Metal, and Union Steel are based on the financial year or the most recent twelve months ended 31 December 2024. The NAV for AYS and BRC Asia are based on the financial year or the most recent twelve months ended 31 March 2025. The NAV for Pantech is based on the most recent financial year ended 28 February 2025.
- (5) The P/NTA ratios for the Selected Comparable Companies are based on their respective NTA values as set out in their latest available announced audited or unaudited financial statements. The NTA for Annaik, Asia Enterprises, HG Metal, and Union Steel are based on the financial year or the most recent twelve months ended 31 December 2024. The NTA for AYS and BRC Asia are based on the financial year or the most recent twelve months ended 31 March 2025. The NTA for Pantech is based on the financial year ended 28 February 2025.
- (6) The P/Revenue ratios for the Selected Comparable Companies are based on the most recent twelve months earnings after tax as reported by the respective companies. The revenue for Annaik, Asia Enterprises, HG Metal, and Union Steel are based on the financial year or the most recent twelve months ended 31 December 2024. The revenue for AYS and BRC Asia are based on the financial year or the most recent twelve months ended 31 March 2025. The revenue for Pantech is based on the most recent financial year ended 28 February 2025.

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## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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- (7) *Asia Enterprises recorded a negative EV for the financial year ended 31 December 2024. Hence, Asia Enterprise's EV/EBITDA ratio is negative and not meaningful.*
- (8) *AYS incurred a loss after tax attributable to owners for the financial year ended 31 March 2025. Hence, AYS's PER ratio was negative and not meaningful.*
- (9) *The outliers include Annaik (market capitalisation) Asia Enterprises (EV/EBITDA, PER, and P/Revenue), AYS (EV/EBITDA, PER and P/Revenue), BRC Asia (market capitalisation, P/NAV and P/NTA), and HG Metal (PER).*
- (10) *The Group incurred a loss after tax for the LTM ended 31 March 2025. Hence, the Group's PER ratio was negative and not meaningful.*
- (11) *P/NAV and P/NTA as at 31 March 2025 was approximately 0.9 times whilst P/RNAV and P/RNTA (or Adjusted P/RNAV and/or Adjusted P/NTA) was approximately 0.7 times.*

For illustrative purposes only, we note:

- (i) The market capitalisation of the Group as implied by the Final Offer Price is within the range, but lower than both the median and the simple average for the Selected Comparable Companies (excluding outliers). We note that the trading statistics for companies with higher market capitalisation may be different than those with lower market capitalisation, and this may be attributable to the relative liquidity in terms of number or value of shares traded as well as the relative interest in the shares of companies with larger market capitalisation.
- (ii) The valuation of the Group in terms of LTM EV/EBITDA is higher than any of the Selected Comparable Companies.
- (iii) The valuation of the Group in terms of LTM PER is not meaningful as it recorded a net loss after tax for the LTM ended 31 March 2025. For illustrative purposes only, most of the Selected Comparable Companies (save for AYS, which was loss-making) were profitable during the period reviewed and traded at PER of between 6.4 times to 128.5 times.
- (iv) The valuation of the Group in terms of P/NAV and P/NTA ratios (as implied by the Final Offer Price, and the Group's NAV and/or NTA per Share as at 31 March 2025) are within the range, and higher than the median and the simple average for the Selected Comparable Companies (wherein outlier is excluded).
- (v) The valuation of the Group in terms of P/RNAV and P/RNTA ratios (as implied by the Final Offer Price, and the Group's RNAV and/or RNTA or Adjusted RNAV and/or Adjusted RNTA (where applicable) per Share) are within the range, and higher than the median and the simple average for the Selected Comparable Companies (wherein outlier is excluded).
- (vi) The valuation of the Group in terms of LTM P/Revenue (as implied by the Final Offer Price) is within the range, in line with the median and higher than the simple average for the Selected Comparable Companies (wherein outliers are excluded).
- (vii) As compared to Pantech (a company which the Management has represented is similar to the Group in terms of products and markets), the valuation of the Group (as implied by the Final Offer Price) in terms of LTM EV/EBITDA, P/RNAV and P/RNTA are more favourable. The valuation of the Group in terms of LTM P/Revenue (as implied by the Final Offer Price) is in line with Pantech.

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

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## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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### Estimated Value of Shares

We have evaluated various factors, and considered among others, the historical market prices of the Shares, as well as earnings-based ratios (such as LTM PER and LTM EV/EBITDA ratios), LTM P/Revenue and asset-based ratios (such as P/NAV and P/NTA ratios) of the Company, the Selected Comparable Companies, and the Selected Steel Takeovers. Given that the Group was in a loss-making position for the LTM ended 31 March 2025, we have focused on the P/NAV and LTM P/Revenue for the purpose of estimating a range of values of the Shares (the “**Estimated Value**”).

In the derivation of the Estimated Value of the Shares, we have used: (a) the Group’s RNAV as at 31 March 2025, and revenue for LTM ended 31 March 2025; and (b) applied the median of P/NAV and LTM P/Revenue multiples for the Selected Comparable Companies (excluding outliers), and the computed mean of these two values. Based on this approach, we have arrived at an average Estimated Value of approximately S\$0.219.

In addition, we have used the same methodology but with the application of a control premium (being the simple average of the historical premiums for Selected Successful Privatisations, as implied by the offer prices over the last trading day, 1-month, 3-month, 6-month and 12-month periods prior to and including the last trading day) and derived a mean for the two values obtained. Based on this approach, we have arrived at an average Estimated Value of approximately S\$0.286.

The control premium was applied given that the Offeror has stated in Section 10 of the Offer Document, that in the event that the Offeror is entitled to compulsory acquisition rights pursuant to Section 215(1) of the Companies Act, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%. Thus, the Offeror reserves the right and discretion, if such event arises, to assess the options available and there is no assurance that the current intention as described in Section 10 of the Offer Document will be carried into effect. This application of control premium is considering, *inter alia*, the intention of Mr Ong Tong Hai and the other members of the Ong Family to accept the Revised Offer, as set out in the Supplemental Letter. We note that the original intention as expressed in the Circular and the IFA Letter was to reject the Offer.

The range of Estimated Values per Share based on the above methods, are between approximately S\$0.219 to S\$0.286 per Share. Accordingly, the Final Offer Price is within the range of the Estimated Values per Share.

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

In our analysis for reasonableness, we have considered the Estimated Values per Share and other matters, *inter alia*, as stated in Sections 8.3 and 8.4 of this Supplemental IFA Letter, and the Offeror’s intention as stated in Section 10.3 of the Offer Document that “*It is the current intention of the Offeror to maintain the listing status of the Company on the Mainboard of the SGX-ST*”, which the Offeror has not stated in absolute and definite terms but rather with reservation of rights.

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

Just as an illustration, in the event that no potential tax liabilities is imputed for the R/NAV (and without taking into account the potential of the extension of the Group’s factory premises in Senai),

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## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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and using the above methodologies the estimated values per Share would not be materially different.

As stated in Section 7.2 of the IFA Letter, as at the Latest Practicable Date, there is no certainty or assurance that the Proposed Building Expansion will proceed as the Proposed Building Expansion is subject to, *inter alia*, approval(s) from relevant regulatory authority and such approval(s) has not been obtained as at the Latest Practicable Date. The Directors confirmed that there has been no material development in relation to the Proposed Building Expansion as at the Second Latest Practicable Date. As such, it may not be appropriate to place an emphasis on this for an estimation of the fair value per Share. Notwithstanding we note that there is no significant difference between the estimated fair values per Share computed based on RNAV and Adjusted RNAV.

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

- (i) the Group's financial performance (in terms of LTM ROE and net profit margin) and financial position (in terms of the ratio of total borrowings to shareholders' equity) appear to be less favourable as compared to the Selected Comparable Companies;
- (ii) the trading statistics for the shares of the Selected Comparable Companies are based on transactions which do not result in an acquisition of control whilst for the Revised Offer, the Offeror, *inter alia*, do seek to obtain control and do intend to maintain the listing status of the company in the event the free float requirement is not satisfied and does intend to take steps for the public float to be restored. However, the Offeror reserves the right to re-evaluate its position, including its right of compulsory acquisition (if applicable) under Section 215(1) of the Companies Act, depending on, *inter alia*, the ultimate level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST.
- (iii) the Final Offer Price represents a substantial premium of approximately 85.2% over the highest transacted price for the Shares of S\$0.135 for the 24-month period prior to the Last Trading Day.

## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

### 9. OTHER CONSIDERATIONS

#### 9.1 EXISTING SHAREHOLDING STRUCTURE OF THE COMPANY

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

	Direct Interests	Deemed Interests	Total interests	% of the issued Share capital as at the Second Latest Practicable Date <sup>(1)</sup>
<b>Offeror and its Concert Parties<sup>(2)</sup></b>				
Total Shares owned, controlled and agreed to be acquired by the Offeror and its Concert Parties	82,953,982	NIL	82,953,982	31.74
<b>Substantial Shareholders and their associate (other than Offeror and Concert Parties)</b>				
Ong Tong Hai (Weng Donghai) <sup>(3)</sup>	47,442,096	Nil	47,442,096	18.15
Other Ong Family members <sup>(3)</sup>	25,625,696	Nil	25,625,696	9.80
Ong Family <sup>(3)</sup>	73,067,792	Nil	73,067,792	27.96
<b>Directors (other than substantial Shareholders)</b>				
Tan Siok Chin	125,000	Nil	125,000	0.05
Yasuhiko Watanabe	Nil	Nil	Nil	Nil
Ong Tiew Siam	Nil	Nil	Nil	Nil
Hor Siew Fu	Nil	Nil	Nil	Nil
Lim Jun Xiong Steven	Nil	Nil	Nil	Nil
Loo Cheng Guan	Nil	Nil	Nil	Nil
<b>Public Shareholdings</b>			<b>105,213,323</b>	<b>40.26</b>

**Notes:**

- (1) Computed based on the Company's issued Share capital comprising 261,360,097 Shares (excluding treasury Shares) as at Latest Practicable Date. Any discrepancy between the amounts listed and their actual values, or between the sum of the figures stated and the total thereof, is due to rounding.
- (2) The Offeror is 3HA Capital Private Limited, whose issued and paid-up share capital is held by a consortium comprising HHH Group Pte. Ltd., Hanwa Singapore (Private) Limited, Ann Yak Siong (Singapore) Pte. Ltd., and Thor Capital Pte. Ltd. Please refer to, inter alia, Section 5 of the Offer Document for details of the Offeror and its Concert Parties. As announced on 23 June 2025, based on information available to the Offeror, the Offeror has received, pursuant to the Offer, valid acceptances in respect of 1,899,093 Offer Shares, representing approximately 0.73% of the total number of Shares in the Company. The number of Shares shown under the Offeror and its Concert Parties do not include such acceptances as the Minimum Acceptance Condition has not been met and the Offer has not been declared unconditional as at the Second Latest Practicable Date. Accordingly, the number of Shares shown under public shareholdings includes these Shares which are the subject of valid acceptances.
- (3) Mr Ong Tong Hai (CEO and Executive Director) is the brother of Mr Ong Tong Yang, who is a Substantial Shareholder and a director of the Company's principal subsidiary, KSH. Mr Ong Chin Sum is the father of Mr Ong Tong Hai and Mr Ong Tong Yang.

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

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## **APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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As set out in the Offer Revision Announcement, based on information available to the Offeror, as at 6.00 p.m. (Singapore time) on 23 June 2025, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 84,853,075 Shares, representing approximately 32.47% of the total number of issued Shares of the Company.

During the period commencing after the Offer Revision Announcement Date till the Second Latest Practicable Date, no further announcement on the level of acceptances was made by the Offeror and its Concert Parties.

As at the Second Latest Practicable Date, the Revised Offer remains conditional on the Minimum Acceptance Condition (defined later).

### Other matters

In connection with the Nine Yards Letter and clarification sought by the Company from the Offeror on, *inter alia*, potential conflict of interest (which is described in the Section 12.2 of the Circular, Section 8.1 of the IFA Letter, and Section 5.2 of the Supplemental Letter), we understand from the Directors that there has been no update as at the Second Latest Practicable Date.

We note from Appendix II, Section 5.1 of the Circular, that subsequent to 5 June 2025 (being the latest practicable date of the Circular), Mr Ong Tong Hai has acquired additional 240,400 Shares, 688,500 Shares, 71,100 Shares and 2,000,000 Shares on 9 June 2025, 10 June 2025, 11 June 2025 and 13 June 2025 respectively, with an average purchase price paid of S\$0.22 per Share. Accordingly, as at the Second Latest Practicable Date, the Ong Family hold an aggregate 73,067,792 Shares or approximately 27.96% of the total issued Share capital (excluding treasury Shares).

We note from Section 5.4 of the Supplemental Letter that subsequent to the Offer Revision Announcement, Ms Tan Siok Chin, Mr Ong Tong Hai, and other members of the Ong Family intend, *inter alia*, to accept the Revised Offer in respect of the Shares held by them.

We note that as at the Second Latest Practicable Date, given the fact that the Ong Family owns in aggregate approximately 27.96% of the total number of issued Shares of the Company, and that they intend to accept the Revised Offer as mentioned above and described in the Supplemental Letter, and on the assumption that the said intentions results in valid acceptances, there is a possibility that the Minimum Acceptance Condition may be met and that the Revised Offer may become unconditional.



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## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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### 9.2 DIVIDEND TRACK RECORD

Comparison of the dividend track record of the Group against the Selected Comparable Companies and those from selected alternative investments can be found in Section 8.2 of the IFA Letter. Shareholders are advised to read this section and Section 8.2 of the IFA Letter carefully and in its entirety.

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

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

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

We have updated the dividend yield for the Selected Comparable Companies and the selected alternative equity investments as at the Second Latest Practicable Date and there have been no material change.

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

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

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

### 9.3 ALTERNATIVE OR COMPETING OFFER

We note that subsequent to the Offer Announcement Date, Mr Ong Tong Hai has made further acquisitions of Shares. The average purchase price paid by Mr Ong Tong Hai for the said purchases

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## **APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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subsequent to the Offer Announcement Date till the Second Latest Practicable Date is approximately S\$0.22 per Share.

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

In addition, as set out in the Offer Revision Announcement, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 84,853,075 Shares, representing approximately 32.47% of the total number of issued Shares of the Company. Thus, the Offeror and its Concert Parties do not have majority control over the Company. It should be noted that the Minimum Acceptance Condition has not been met and the Offer has not been declared unconditional as at the Second Latest Practicable Date.

However, as at the Second Latest Practicable Date, we note that Mr Ong Tong Hai (the Chief Executive Officer and Executive Director of the Company) and the other members of the Ong Family have expressed their intentions to accept the Revised Offer. Under such circumstances as described, the possibility of a competing offer for the Shares may not exist.

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

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

### **9.4 CONTROL OVER THE COMPANY**

As Mr Ong Tong Hai and the other members of the Ong Family have expressed their intentions to accept the Revised Offer as at the Second Latest Practicable Date, the possibility of the Offeror and its Concert Parties achieving majority control exists.

Thus, in the event that the Minimum Acceptance Condition is met, the Offeror and its Concert Parties will be in a position to influence, *inter alia*, the management, operating and financial policies of the Company and ability to, subject to the listing requirements of SGX-ST, pass all ordinary resolutions on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of Shareholders.

### **9.5 LISTING STATUS AND COMPULSORY ACQUISITION**

The listing status and compulsory acquisition are set out in Section 10 of the Offer Document. Shareholders are advised to read Section 10 of the Offer Document carefully and in its entirety.

### **9.6 RATIONALE FOR THE OFFER AND OFFEROR'S INTENTIONS FOR THE COMPANY**

The rationale for the Offer and the Offeror's intentions for the Company are set out in Sections 7 and 9 of the Offer Document respectively. Shareholders are advised to read Sections 7 and 9 of the Offer Document carefully and in its entirety.

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## **APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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### **9.7 WATCH-LIST**

Information on the Company's Watch-List status, the Exit Criteria, and the proposals under the SGX RegCo Consultation Paper in connection with, *inter alia*, the removal of the Watch-List are set out in Section 8.7 of the IFA Letter and the Directors have confirmed that there has been no material update on this matter as at the Second Latest Practicable Date. Shareholders are advised to read this section and Section 8.7 of the IFA Letter carefully and in its entirety.

### **9.8 NO FUND RAISING**

As highlighted in Section 8.8 of the IFA Letter, the Company has not carried out any other fund raising, *inter alia*, in the form of rights issue or placements (save for a private placement conducted in 17 September 2009 and a share subscription by Hanwa Co., Ltd. on 1 December 2014), since they were listed on the Mainboard of the SGX-ST. Accordingly, save as disclosed in the Circular, the IFA Letter, the Supplemental Letter or this Supplemental IFA Letter or announced via the SGXNet, there are no recent records for successful transactions of Shares for comparison with the Revised Offer save for the historical prices for which Shares were traded in the market.

### **9.9 OFFER IS CONDITIONAL AND NO REVISION TO THE FINAL OFFER PRICE**

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

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

As set out in the Offer Revision Announcement, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 84,853,075 Shares, representing approximately 32.47% of the total number of issued Shares of the Company. Thus, based on the level of acceptances of the Offer and the aggregate holdings of the Offeror and its Concert Parties, the Offer has not become unconditional as to acceptances as at the Offer Revision Announcement Date.

Whilst as at the Second Latest Practicable Date, there has been no announcement that the Minimum Acceptance Condition has been met and/or that the Offer has been declared unconditional, we note that Mr Ong Tong Hai and the other members of the Ong Family have expressed their intentions to accept the Revised Offer. Thus, there is a possibility that the Minimum Acceptance Condition will be met, and the Revised Offer will become unconditional.

As set out in the Offer Revision Announcement, the Offeror does not intend to revise the Final Offer Price.

### **9.10 NO MATERIAL LITIGATION AND NO CONTRACTS WITH INTERESTED PERSONS**

The Company's confirmation on material litigation and contracts with Interested Persons are set out in Appendix II to the Circular and the Directors have represented to us that there is no change to such confirmations as at the Second Latest Practicable Date.

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## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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### 10. OPINION

In arriving at our recommendation, we have reviewed and examined, *inter alia*, all factors set out in Sections 8 and 9 of this Supplemental IFA Letter as well as others elaborated elsewhere in this Supplemental IFA Letter (including the Offer Document, the Circular, the IFA Letter and the Supplemental Letter) which we have considered to be pertinent in our assessment of the Revised Offer, including, *inter alia*, the views of and representations by the Directors.

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

Shareholders are advised to read both the IFA Letter and this Supplemental IFA Letter carefully and in its entirety (as this Supplemental IFA Letter makes references to the IFA Letter). Our views, recommendation and opinion are necessarily limited and subject to the matters stated, *inter alia*, in this Supplemental IFA Letter. The following should be read in conjunction with, and in the context of, the full text of this Supplemental IFA Letter and the IFA Letter.

In summary, having regard to our analysis and the considerations in this Supplemental IFA Letter (including, *inter alia*, its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant considerations prevailing as at the Second Latest Practicable Date, and subject to our terms of reference, as well as the representations and confirmations from the Directors, we are of the opinion that, in the absence of an alternative offer, the financial terms of the Revised Offer is, on balance, **FAIR AND REASONABLE**.

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

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

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

- (i) The Group is on recovery track – revenue for the Group continued to trend upwards, and it posted a net profit of S\$2.3 million in HY2025 as compared to the losses registered in HY2024. As stated in the Group’s result announcement for HY2025, despite challenging operating conditions, the Group expects improved revenue generation in FY2025. The increase in the Group’s borrowings as at 31 March 2025 was mainly to fund the growth in revenue which more than doubled as compared to the previous comparable period. The Group’s financial position remain strong and healthy: a) net current position improved from approximately S\$60.2 million

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## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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as at 30 September 2024 to approximately S\$62.6 million as at 31 March 2025; and (b) its equity base expanded from approximately S\$74.3 million as at 30 September 2024 to approximately S\$76.6 million as at 31 March 2025 due to the plough back of earnings.

- (ii) Substantial premia in general as implied by the Final Offer Price over the historical prices for the Shares prior to the Last Trading Day considering, *inter alia*: (a) the implied premium of approximately 85.2% over the last transacted price for the Shares on the Last Trading Day prior to the Offer Announcement; (b) the implied premia of approximately 96.9%, 101.6%, 113.7%, 119.3% and 115.5% over the VWAP for the Shares for the 1-month, 3-month, 6-month, 12-month and 24-month periods prior to the Last Trading Day respectively; and (c) the implied premium of approximately 85.2% over the highest transacted prices for the Shares for the 24-month period prior to the Last Trading Day. The historical premia may have been affected by, *inter alia*, the Company's Watch-List status as described in Section 9.7 of this Supplemental IFA Letter and Section 8.7 of the IFA Letter.
- (iii) Favourable comparison against the Selected Non-Privatisation Transactions and the Selected Successful Privatisations in terms of premia over the historical prices. The implied premia over the last transacted price for the Shares on the Last Trading Day and the historical prices for the Shares for the 1-month, 3-month, 6-month, and 12-month periods prior to the Last Trading Day appears to be higher and more favourable than any of the Selected Non-Privatisation Transactions, and within the range and higher than both the median and the simple average premia for the Selected Successful Privatisations. The historical premia may have been affected by, *inter alia*, the Company's Watch-List status as described in Section 9.7 of this Supplemental IFA Letter and Section 8.7 of the IFA Letter.
- (iv) Fair comparison of the Group's valuation in terms of P/NAV (as implied by the Final Offer Price and the Group's RNAV or Adjusted RNAV where applicable) against both the median and the simple average for the Selected Non-Privatisation Transactions and the range for the Selected Successful Privatisations after considering, *inter alia*, the shareholding of the Offeror and its Concert Parties which is lower than both the median and the simple average for the percentage of the shareholding interests of the offeror and parties acting in concert as at the start for each of the Selected Non-Privatisation Transactions and the Selected Successful Privatisations.
- (v) Fair comparison against the Selected Steel Takeovers after considering, *inter alia*, the more favourable valuation of the Group in terms of LTM EV/EBITDA and P/RNAV (as implied by the Final Offer Price, RNAV per Share or Adjusted RNAV per Share) and the fact that the Group's valuation in terms of LTM P/Revenue (as implied by the Final Offer Price) appears to be within the range of the Selected Steel Takeovers.
- (vi) Generally fair comparison against the valuation of the Selected Comparable Companies (excluding outliers) in terms of LTM EV/EBITDA, P/NAV, P/NTA and LTM P/Revenue after taking into account, *inter alia*, (a) the Group's relatively weaker financial performance (in terms of LTM ROE and net profit margin) and financial position (in terms of the ratio of total borrowings to shareholders' equity) as compared to the Selected Comparable Companies; and (b) the market capitalisation of the Group as implied by the Final Offer Price which is lower than both the median and the simple average (excluding outliers) of the Selected Comparable Companies.
- (vii) The Final Offer Price is within the range of the Estimated Values per Share.
- (viii) As set out in the Offer Revision Announcement, the Offeror does not intend to revise the Final Offer Price.
- (ix) Low liquidity for the Shares (in terms of both average daily trading volume and frequency of trading) prior to the Offer Announcement. The low liquidity may have been affected by, *inter alia*, the Company's Watch-List status as described in Section 9.7 of this Supplemental IFA Letter and Section 8.7 of the IFA Letter. Counters on Watch-List may suffer from reduced

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## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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trading interest (including limited share financing) as some securities houses, may restrict trading, thus reducing and curbing the trading activities and liquidity for such companies.

- (x) Directors' confirmation that apart from the Revised Offer, no other third party has made a firm offer for the Company as at the Second Latest Practicable Date.
- (xi) The Company has not carried out any other fund raising, *inter alia*, in the form of rights issue or placements (save for a private placement conducted in 17 September 2009 and a share subscription by Hanwa Co., Ltd. on 1 December 2014), since they were listed on the Mainboard of the SGX-ST. Accordingly, save as disclosed in the Circular, the IFA Letter, the Supplemental Letter or this Supplemental IFA Letter or announced via the SGXNet, there are no recent records for successful transactions of Shares for comparison with the Revised Offer save for the historical prices for which Shares were traded in the market.
- (xii) No dividend was declared by the Company for FY2024 and HY2025 as at the Second Latest Practicable Date, although Shareholders should take note of the matters raised in Section 9.2 of this Supplemental IFA Letter and Section 8.2 of the IFA Letter in relation to the Company's dividend track record.
- (xiii) The Company had not been able to fulfil the Exit Criteria since it was put under the Watch-List in June 2018 (about 7 years ago). Despite the fact that the Company has not been directed to delist on 4 June 2025 given the interim arrangement pursuant to the SGX RegCo Consultation Paper, there is no certainty that the proposals under the SGX RegCo Consultation Paper will be put into effect, including the removal of the Watch-List from the listing regime, and the Company may be directed to delist following conclusion of the public consultation. Such directed delisting is subject to the relevant Listing Manual requirements, *inter alia*, that the exit offer must be fair and reasonable.
- (xiv) The intentions of Mr Ong Tong Hai (the Chief Executive Officer and Executive Director of the Company) and the other members of the Ong Family who hold in aggregate approximately 27.96% of the total number of issued Shares of the Company, to, *inter alia*, accept the Revised Offer. Thus, there is a possibility that the Minimum Acceptance Condition will be met, and the Revised Offer will become unconditional given the Offeror and its Concert Parties aggregate interest in the Company.

### **ACA's Recommendation on the Offer**

Based on our assessment of the financial terms of the Revised Offer as set out above, we advise the Independent Directors that they should recommend Shareholders to **ACCEPT** the Revised Offer. However, in the event that Shareholders are able to dispose the Offer Shares in the open market and realise their investments at prices higher than the Final Offer Price (and after considering, *inter alia*, related expenses), they should consider selling the Offer Shares in the open market. However, it should be noted that for the period commencing on the Market Day immediately after the Offer Announcement Date to the Second Latest Practicable Date, the transacted prices for the Shares have never been higher than the Final Offer Price. The last transacted price of S\$0.250 per Share on the SGX-ST on the Second Latest Practicable Date is in line with the Final Offer Price.

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

In the event that Shareholders are concerned about the liquidity and the prices at which they can realise their investments in the Offer Shares (including whether they can realise their investments

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## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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at prices higher than the Final Offer Price after deducting related expenses), acceptance of the Revised Offer will provide certainty of exit at the Final Offer Price (with no related expenses).

### **Matters to highlight**

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

1. If the Shareholders are considering selling their Offer Shares in the open market, they should be aware that the current market prices and trading volumes for the Shares may have been affected by the Offer and the Revised Offer and the transactions by certain Director and may not be maintained at current levels when the Revised Offer closes. In addition, opportunities to realise the Offer Shares in the open market may be restricted or limited by the lack of liquidity for the Shares (as observed during the historical periods under review, being 15 May 2023 to the Last Trading Day).
2. As at the Second Latest Practicable Date, the Revised Offer has not been declared unconditional in all respects and is subject to the Minimum Acceptance Condition. In addition, as set out in the Offer Revision Announcement, the Offeror does not intend to revise the Final Offer Price. However, given the intentions of Mr Ong Tong Hai and the other members of the Ong Family who hold in aggregate approximately 27.96% of the total number of issued Shares of the Company, to accept the Revised Offer, there is a possibility that the Minimum Acceptance Condition will be met, and the Revised Offer will become unconditional.
3. Whilst the possibility of a higher offer from a third party cannot be ruled out, as at the Second Latest Practicable Date, we are not aware of any publicly available evidence of an alternative offer for the Shares. Shareholders should note that the likelihood of an alternative take-over is remote in view that as at the Second Latest Practicable Date, the Offeror and its Concert Parties owned, controlled or have agreed to acquire (including by way of valid acceptances of the Offer) an aggregate of 82,953,982 Shares, representing approximately 31.74% of the total number of issued Shares and the intentions of Mr Ong Tong Hai and the other members of the Ong Family to accept the Revised Offer.
4. Given the low liquidity of the Shares (in terms of number of Shares traded on daily basis and the frequency of trading in terms of number of Trading Days) during the 24-month period up to and including the Offer Announcement Date, the Revised Offer may represent a realistic exit opportunity for the Shareholders to realise their entire investment for cash, and the Final Offer Price is at a substantial premia above market prices of Shares for 1-month, 3-month, 6-month, 12-month, and 24-month periods prior to the Last Trading Day. In the absence of the Offer and the Revised Offer, such an exit for all Shareholders who desire to exit, other than the Offeror and its Concert Parties may not be readily available due to the low trading liquidity for the Shares (based on the average daily trading volume of 53,635 Shares for 24-month period prior to the Last Trading Day).
5. The Offeror does intend to maintain the listing status of the Company. In the event that the Company does not meet the Free Float Requirement (as defined in the Offer Document) at the close of the Offer and the SGX-ST suspends trading in the Shares, the Offeror intends to work together with the Company and take such steps which are necessary to restore the free float of the Company in order to maintain the listing status of the Company, including carrying out a compliance placement exercise after completion of the Offer.
6. However, in the event that the Offeror is entitled to exercise its right of compulsory acquisition as described in Section 10.1 of the Offer Document, the Offeror reserves the right to re-evaluate its position, taking into account, amongst other things, the level of acceptances received by the Offeror and the prevailing market conditions at the relevant time. Accordingly, in such a situation, there is no assurance that the Offeror will take steps to preserve the listing status of the Company on the SGX-ST if the public float of the Company is less than 10%.

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## APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER

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7. Shareholders should note for themselves, *inter alia*, the Shareholder Letter, the Company's queries on 9 June 2025 and the replies as described in Section 8.1 of the IFA Letter. Accordingly, Independent Directors and Shareholders should note for themselves that the analysis, opinions and recommendations of this Supplemental IFA Letter is necessarily limited.
8. Our scope does not require us and we have not made any independent evaluation or appraisal of the Group's assets and liabilities (including without limitation, property, plant and equipment, right of use assets, and investments in, *inter alia*, subsidiaries) or contracts entered or are about to be entered by the Company or the Group, and save for the Independent Valuation Reports and Independent Valuation Summary Letters, we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered or are about to be entered into by the Group.

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

### **Limitations**

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

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



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## **APPENDIX A – SUPPLEMENTAL LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE REVISED OFFER**

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### **11. ACTION TO BE TAKEN BY THE SHAREHOLDERS**

As stated in Paragraph 9.2 of the Offer Revision Announcement, the procedures for acceptance of the Offer are as set out in Appendix 1 to the Offer Document, and the relevant Acceptance Forms. Shareholders who wish to accept the Offer may do so by completing and returning the FAA and/or the FAT (as the case may be) and all other relevant documents as soon as possible so as to reach the Offeror c/o The Central Depository (Pte) Limited or Boardroom Corporate & Advisory Service Pte. Ltd. (as the case may be) not later than 5.30 p.m. (Singapore time) on the Closing Date. Alternatively, Shareholders who are individual and joint-alternate account holders who hold Offer Shares deposited with CDP may also submit the FAA in electronic form via SGX's Investor portal at <http://investors.sgx.com>.

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

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

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

Yours faithfully,

For and on behalf of

ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU  
MANAGING DIRECTOR

FOO QUEE YIN  
MANAGING DIRECTOR