

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

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**QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL  
OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

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**Background**

CosmoSteel Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) was placed on:

1. the watch-list under the minimum trading price entry criteria (“**MTP Criteria Watch-list**”) pursuant to Rule 1311(2) of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 5 June 2017 as it recorded a volume-weighted average price of less than S\$0.20 and an average daily market capitalisation of less than S\$40 million over the last 6 months; and
2. the watch-list under the financial entry criteria (“**Financial Criteria Watch-list**”) pursuant to Rule 1311(1) of the Listing Manual on 5 June 2018 as it recorded pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S\$40 million over the last 6 months.

The Company remains on the MTP Criteria Watch-list and Financial Criteria Watch-list (collectively referred to as the “**Watch-lists**”) as at the date of this announcement as the Company did not meet (i) the MTP exit criteria pursuant to Rule 1314(2) of the Listing Manual (the “**MTP Exit Criteria**”) and (ii) the Financial exit criteria pursuant to Rule 1314(1) of the Listing Manual (the “**Financial Exit Criteria**”), (read with Practice Note 13.2 Watch-List) on 31 March 2019.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors of the Company (the “**Board**”) wishes to provide an update on its efforts and the progress made in meeting the MTP Exit Criteria and the Financial Exit Criteria.

**Update on Financial Situation**

As announced by the Company in the financial results announcement on 10 May 2019, the Group has returned to profitability for the half year ended 31 March 2019 (“**1HY2019**”) after incurring losses for the past three financial years (FY2016, FY2017 and FY2018) on the back of a slight improvement in revenue generation and better gross margins.

**Update on Future Direction and Other Material Developments**

Barring unforeseen circumstances, the Board is cautiously optimistic of building on the momentum of its financial performance for 1HY2019 based, *inter alia*, on the size of the order book secured as at the date of this announcement. The Group will increase its marketing and cost management efforts and continue to focus on the sales of its existing inventories for the half year ending 30 September 2019 (“**2HY2019**”).

Save for the above, as at the date of this announcement, there is no material development or update on the Group's future direction that may have a significant impact on the financial position of the Company or the movement of the Company's share price that would affect its position on the Watch-lists.

#### **Update on Efforts for Satisfying MTP Exit Criteria and Financial Exit Criteria**

Assuming the Group continues to maintain profitability for 2HY2019, the Group will return to profitability for FY2019.

This will enable the Company to satisfy one of the conditions for meeting the Financial Exit Criteria, the other being to meet the requisite market capitalisation of S\$40 million.

The Board will continue to monitor the situation, make efforts and consider various options to meet the MTP Exit Criteria and Financial Exit Criteria, including without limitation, share consolidation and share buybacks.

The Board will make a decision at the opportune time as to which option will best serve the interests of the Company and the Company's shareholders, and make an announcement if there are any material developments to disclose.

The Company is aware of the deadlines given by SGX-ST for its removal from the respective Watch-lists and would like to reassure shareholders of the Company that it will endeavour to meet the MTP Exit Criteria and Financial Exit Criteria before the relevant deadlines.

The Company will update shareholders of any material developments in due course.

#### **BY ORDER OF THE BOARD**

Ong Chin Sum  
Chief Executive Officer and Executive Director  
10 May 2019