

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

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

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 30 September 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 14 November 2019 (“**Announcement**”), the Group has recorded a net profit before tax of approximately S\$2,995,000 for the financial year ended 30 September 2019 (“**FY2019**”). Please refer to the Announcement for further details on the Group’s financial position.

Update on Future Direction and Other Material Developments

The Group has returned to profitability for FY2019 following the Company’s increased focus on its marketing and cost management efforts and the sales of its existing inventories and the Board is cautiously optimistic of maintaining such profitability going forward.

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

As the Group has returned to profitability for the financial year ending 30 September 2019, the Company will be able to satisfy one of the conditions of 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 Tong Hai
Chief Executive Officer and Executive Director
14 November 2019