

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 SINGAPORE EXCHANGE
SECURITIES TRADING LIMITED**

Background

CosmoSteel Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) was placed on the watch-list under the minimum trading price (“MTP”) entry criteria 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.

The Company remains on the watch-list as at the date of this announcement as the Company did not meet the MTP exit criteria on 31 March 2018 pursuant to Rule 1314(2) of the Listing Manual (read with Practice Note 13.2 Watch-List).

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 as set out in Rule 1314(2) of the Listing Manual (the “MTP Exit Criteria”).

Update on Financial Situation

Please refer to the announcement released on 9 May 2018 in relation to the financial results for the second quarter of the financial year ending 30 September 2018 (“Period under Review”) for an update on the Group’s financial position. For the Period under Review, the Group recorded a net loss before tax of approximately S\$2,356,000.

Update on Future Direction and Other Material Development

There is no material development or update on its 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-list.

Update on Efforts for Satisfying MTP Exit Criterion

As previously announced, a task force (comprising of certain members of the Board and key management personnel) was set up by the Board, have met and is actively reviewing and considering various options to explore and diversify the areas of business and looking into new markets, opportunities and strategies of the Group to boost the financial performance of the Company.

The Board is also reviewing the available options, including share consolidation and share buybacks, to meet the MTP Exit Criteria. However, after considering factors such as the current volatile market conditions and global economic outlook, the Board is of the opinion that such measures may not be effective to adequately raise the share price and market capitalization of the Company and that it is currently not the opportune time to make a decision as to which option will best serve the interests of the Company and the Company’s shareholders.

The Board will also continue to carefully monitor and optimize its cost structure and right sizing its workforce.

The Board will continue to monitor the situation, make efforts and consider various options to meet the MTP Exit Criteria. At the opportune time, the Board will make a decision to the relevant options and employ an appropriate strategy that will best serve the interests of the Company's shareholders.

The Company is aware of the deadline given by SGX-ST for its removal from the watch-list and would like to reassure shareholders of the Company that it has and will endeavour to meet the MTP Exit Criteria before such deadline.

The Company will update its shareholders on any material developments in due course and the Company will make further announcements as and when there are any subsequent developments.

BY ORDER OF THE BOARD

Ong Chin Sum
Chief Executive Officer and Executive Director
9 May 2018