

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 (“**MTP Entry Criteria**”); 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 (“**Financial Entry Criteria**”).

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 2018.

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

Please refer to the announcement released on 28 November 2018 in relation to the financial results for the financial year ended 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\$34,023,000.

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-lists.

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

As previously announced, a task force (comprising of certain members of the Board and key management personnel) was set up by the Board, 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 and Financial 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 and Financial 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 deadlines given by SGX-ST for its removal from the respective Watch-lists and would like to reassure shareholders of the Company that it has and will endeavour to meet the MTP Exit Criteria and Financial Exit Criteria before the relevant deadlines.

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
28 November 2018