



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 the watch-list under the financial entry criteria (“**Watch-list**”) pursuant to Rule 1311 of the Listing Manual on 5 June 2018 as it recorded pre-tax losses for the then three (3) most recently completed consecutive financial years (based on the audited full year consolidated accounts of the Company) and an average daily market capitalisation of less than S\$40 million over the last 6 months prior to 1 June 2018.

As announced on 21 April 2022, the Company had obtained an extension of time for a further period of 12 months up to 4 June 2023 for the Company to satisfy the Exit Criteria.

The Company remains on the Watch-list as at the date of this announcement as the Company did not meet the exit criteria pursuant to Rule 1314 of the Listing Manual (the “**Exit Criteria**”) read with Practice Note 13.2 (Watch-List) as at 31 December 2022.

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 Exit Criteria.

Update on Future Direction and Other Material Developments

The Group has continued to be profitable for the first quarter of the financial year ending 30 September 2023 (“**FY2023**”).

The Company’s wholly-owned subsidiary, Kim Seng Huat Hardware Pte Ltd, had on 17 January 2023 incorporated a wholly-owned subsidiary in Malaysia by the name of Kim Seng Huat (Malaysia) Sdn. Bhd. (“**KSH Malaysia**”), with an issued share capital of RM15,000,000 as at 6 March 2023.

The incorporation of KSH Malaysia is part of an initiative by the Group to take advantage of the available facilities and more competitive cost structure in Malaysia, including for storage and warehousing of its inventory and, *inter alia*, to explore diversifying or expanding its operations into Malaysia.

The Company will continue to actively explore projects to increase revenue and expand or diversify its existing products or services and/or markets in order to improve its competitiveness and explore measures to strengthen its revenue generation.

The Company had at the annual general meeting held on 31 January 2023, obtained Shareholders’ approval for a fresh mandate to carry out share buybacks in FY2023. As at 6 March 2023, the Company holds 29,039,900 treasury shares, and the Company has various options available for the use of such treasury shares, including a share placement, or use as consideration shares in connection with acquisitions or to cancel such shares. The Company will inform Shareholders in due course as and when there are updates on the possible use(s) of such treasury shares.

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

Update on Efforts for Satisfying Exit Criteria

For purposes of meeting the Exit Criteria, apart from profitability, which the Company has met for the immediate preceding financial year ended 30 September 2022, the other condition to be met is the requisite market capitalisation of S\$40 million, which is calculated based on the average daily market capitalisation for the period of 6 months prior to applicable date for review of the Company's satisfaction of the conditions for the Exit Criteria.

As at 6 March 2023, the Company's average market capitalisation over the past 6 months (excluding the treasury shares held by the Company) is approximately S\$34.7 million.

The Company would like to reassure the Shareholders that it is continuing to actively explore and consider various options to meet the Exit Criteria pursuant to Rule 1314 of the Listing Manual and will keep the Shareholders duly informed of any subsequent material developments in relation to the foregoing, and/or affecting the Company and/or its business.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Shareholders and potential investors are advised to read all further announcements by the Company carefully and to consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Ong Tong Hai
Chief Executive Officer and Executive Director
6 March 2023