

NICO STEEL HOLDINGS LIMITED

尼尔金属控股有限公司

(Incorporated in Singapore with Unique Entity No. 200104166D)
(SGX Stock Code: 5GF)



QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

Nico Steel Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) was placed on the watch-list under the financial entry criteria pursuant to Rule 1311(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 5 September 2016.

The Company was placed on the watch-list pursuant to Rule 1311(2) of the Listing Manual since 5 June 2017 due to the Minimum Trading Price (the “**MTP**”) Entry Criterion. The Company had been reassessed under the revised MTP rules announced on 2 December 2016 and continued to be placed on the watch-list with effect from 5 June 2017.

Pursuant to Rule 1313(2) of the Listing Manual, the Board of Directors (the “**Board**”) of the Company wishes to provide an update as follows:

- (1) The Board will continue to monitor its financial position and growth prospect of the Group and consider various options to comply with the MTP that will best serve the interests of the Company’s shareholders.
- (2) Please refer to the Company’s announcements on 15 October 2018 of the unaudited financial statements of the Group for the six months ended 31 August 2018 (“**HY2019**”) for a detailed update on the Group’s financial position, and the commencement of mass production of Nico’s metal alloy materials for three electronic devices for two global market leaders.
 - The Group recorded a 30.8% growth in revenue from US\$6.1 million in the six months ended 31 August 2017 (“**HY2018**”) to US\$8.0 million in HY2019 due to stronger demand and sales for its own Nico brand of metal alloys.
 - Gross profit increased by 55.1% from US\$1.5 million in HY2018 to US\$2.4 million in HY2019, mainly due to higher profit derived from the Group’s focus on higher margin value-added customised solutions including electroplating services and its own Nico brand of metal alloys. Consequently, gross profit margin increased from 25.0% in HY2018 to 29.6% in HY2019.
 - Net profit attributable to shareholders increased from US\$1,000 in HY2018 to US\$121,000 in HY2019.
 - As at 31 August 2018, the Group had a positive operating cashflow of US\$177,000 and in a net cash position. Cash and cash equivalents increased to US\$4.4 million, up from US\$2.2 million as at 28 February 2018.

- Net assets value of the Group had also improved from US\$14.4 million as at 28 February 2018 to US\$15.9 million as at 31 August 2018.

The Company is not required to announce quarterly results and it will announce its unaudited financial statements for the full year ending 28 February 2018 in April 2019. The Company's next quarterly update pursuant to Rule 1313(2) of the Listing Manual will be announced by 31 January 2019.

Update on Future Direction

As announced previously, the Group will continue to harness its competence in innovating and customising metal material solutions to enhance product performance of its customers, who are global market leaders in the mobile communications, automotive, and consumer electronics sectors. These metal material solutions include its own "Nico" range of metal alloys and customised solutions, are targeted to meet the stringent and evolving requirements for the smart solutions demanded by modern lifestyles. The Group will also continue its efforts and focus on broadening its customer base by promoting the superior performance of its metal alloys and customised metal material solutions.

The Group's transformation from a low value-add metal processing service provider to that of a specialist in metal material solutions has completed. It looks to build on the initial successes with the global market leaders and grows a stable and sustainable earnings base going forward.

The Company will make further announcements to update shareholders as and when appropriate.

BY ORDER OF THE BOARD

Tan Chee Khiong Danny
Executive Chairman & President

Date: 22 October 2018