
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 Entry Criterion (the “**MTP**”). The Company was 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) With reference to the announcement on 27 June 2019, the Company on 26 June 2019 received approval from the SGX-ST granting the Company an extension of up to 12 months to meet the Financial Exit Criteria pursuant to Rule 1314(1) of the Listing Manual by 4 September 2020, subject to the fulfilment of the requirements stated in the same announcement.
- (2) The Company notes that on 28 November 2019, the SGX-ST announced that it was reviewing the MTP Entry Criterion and it was reported that it might remove the criterion. Notwithstanding, the Company has applied to the Singapore Exchange Regulation (“**SGX RegCo**”) to seek for its advice on the MTP Exit Criteria pursuant to Rule 1314(2) of the Listing Manual as the end date of cure period of 4 June 2020 is approaching. The Board will continue to monitor and deliberate on the options to comply with (i) the Financial Exit Criteria pursuant to Rule 1314(1) of the Listing Manual, and (ii) the MTP Exit Criteria pursuant to Rule 1314(2) of the Listing Manual that will best serve the interests of the Company’s shareholders.
- (3) Please refer to the unaudited financial statements of the Group for the financial year ended 29 February 2020 (“**FY2020**”) announced on 28 April 2020 for a detailed update on the Group’s financial performance and financial position.

Key Financial Highlights:

FYE 29 Feb (US\$'000)	FY2020	FY2019 ⁽¹⁾	YoY Change
Revenue	14,009	15,094	- 7.2%
Gross profit	2,819	4,537	- 37.9%
<i>Gross profit margin</i>	<i>20.1%</i>	<i>30.1%</i>	<i>- 10.0 pp</i>
(Loss)/Profit before tax	(1,180)	469	<i>N.M.</i>
Net (loss)/profit ⁽²⁾	(1,377)	243	<i>N.M.</i>

Notes:

(1) FY2019 was for the financial year ended 28 February 2019.

(2) (Loss)/profit attributable to the Owners of the Company.

- Net asset value was at US\$15.0 million as at 29 February 2020.
- The Group maintained its net cash position as at 29 February 2020 as its financial facilities are secured against trade receivables, which in turn are insured.

Update on Future Direction and Other Material Development

The protracted trade dispute between the United States and China is expected to continue to weigh on the supply chain of global market leaders, particularly those in mobile communications, consumer electronics, and industrial sectors. The uncertainties continue to slow down progress in product development efforts and new product launches of hi-tech consumer products, which in turn lead to lower demand for the Group's metallurgical and material solutions including the NICO branded metal alloy products.

The global COVID-19 pandemic, while exacerbating the global challenging business environment, is also driving the people to adopt a new conventional lifestyle – telecommuting and virtual learning. The lockdowns of cities have led to an increase in demand for and usage of mobile devices including smartphones, laptops, and tablets. In addition, the Group believes that demand for multi-functional mobile devices will be further boosted with the widespread adoption of the Internet of Things (“IoT”) as more countries roll out their 5G networks over the next few years.

Despite the challenging business environment and economic slowdown, the Group remains committed to making ourselves relevant by innovating our services and solutions, and working closely with our customers to overcome these adversities and getting their products ready for the impending 5G trend.

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: 28 April 2020