
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.

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 Company had on 30 June 2020 and 1 July 2020 submitted an application to the SGX-ST and Singapore Exchange Regulation (“**SGX RegCo**”) respectively for an extension of 12 months from 4 September 2020 to meet the requirements relating to the Financial Exit Criteria set in Rule 1314(1) of the listing manual of the SGX-ST. The Company will make further announcement to update shareholders upon receipt of a response from SGX RegCo.
- (2) the Company had on 12 October 2020 announced its unaudited interim financial results for the six months ended 31 August 2020 (“**HY2021**”), where it reported a net profit of US\$260,000 on the back of a 15.5% increase in revenue to US\$8.2 million.
 - As at 31 August 2020, the Group recorded net asset value of US\$15.5 million and maintained its net cash position.

Update on Future Direction and Other Material Development

The outbreak of the coronavirus pandemic, while bringing unprecedented challenges to the economies and businesses, accelerated digitalisation and transformed conventional lifestyles. Amidst the pandemic, demand for electronic communication devices continues to grow as telecommuting, virtual meetings, e-commerce (“live streaming” and online consumer purchasing) and home-based learning became the new norm. This led to an increase in demand for and uses of electronic and mobile devices including smartphones, laptops, tablets, electronic payment systems and accessories (headsets and earphones), which bodes well for the Group.

The Group is aligned with its customers to build electronic communication devices that will enhance connectivity for people in the forthcoming digitalised world. It will continue its efforts to work closely with all the brand owners in the enhancement of their product development pipelines, providing metallurgical and materials to address potential concerns on the functionality and performance in critical components of the electronic communication devices and equipment.

The Group believes that it is well-positioned to ride on the impending 5G trend coupled with the increasing digitalisation. Governments around the world were seen accelerating their pace towards the digital future.

With reference to a Financial Times' special report on 28 September 2020: "Singapore charts its way to digital future for trade", it stated "Singapore's policymakers see digitalisation of trade as one way to do this, taking advantage of the increasing adoption of ecommerce; the use of digital technology by banks in trade finance; and the provision of other cross-border services through mobile apps and other platforms."¹

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: 12 October 2020

¹ <https://www.ft.com/content/05504fcb-11e6-47a0-8860-7d156d1d82ab>