

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 Board will 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 before the end date of cure period on 4 June 2020, that will best serve the interests of the Company’s shareholders.
- (3) Please refer to the unaudited financial statements of the Group for the six months ended 31 August 2019 (“**HY2020**”) announced on 10 October 2019 for a detailed update on the Group’s financial performance and financial position.

Key Financial Highlights:

FYE 28 Feb (US\$'000)	HY2020	HY2019	YoY Change	FY2019
Revenue	7,115	8,022	- 11.3%	15,094
Gross profit	1,615	2,378	- 32.1%	4,537
Gross profit margin	22.7%	29.6%	- 6.9 pp	30.1%
Profit before tax	(228)	257	N.M.	469
Net profit ⁽¹⁾	(283)	121	N.M.	243

* HY denotes six months ended 31 August and FY denotes 12 months ended 28 February.

(1) Profit attributable to owners of the Company

- Net asset value of the Group was US\$16.0 million as at 31 August 2019.

- The Group maintained its net cash position as at 31 August 2019. Its financial facilities are secured against trade receivables, which in turn are insured.

The Company is not required to announce quarterly results and it will announce its unaudited financial statements for the full year ending 29 February 2020 in April 2020. The Company's next quarterly update pursuant to Rule 1313(2) of the Listing Manual will be announced by 30 April 2020.

Update on Future Direction and Other Material Development

The United States and China recently signed a Phase One trade deal. While this is positive progress, the Group remains cautiously optimistic of its business outlook on the back of the slowdown in the global economy.

The trade dispute has contributed to delays and slowdown in product development efforts and production, particularly in the mobile communications and industrial sectors, which have adversely affected our business over these two years. Nevertheless, as more countries embrace the 5G mobile network in this new decade, the Group believes that its alignment with the global market leaders in developing electronics and mobile devices with its range of proprietary metallurgical and material solutions bodes well for the Group in the near future.

The Board and Management remain mindful of the ongoing macroeconomic uncertainties and continue its best endeavours to overcome the challenges in its business environment. It will continue to harness its core competence in innovating and offering higher value-add metallurgical and materials solutions to enhance the evolving performance requirements of its customers.

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: 30 January 2020