

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)



UNAUDITED HALF-YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2019

PART I INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS
1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 AUGUST 2019 (“HY2020”)

(Amounts expressed in thousands of United States dollar (“USD”))

	HY2020	HY2019	
	31-Aug-19 USD'000	31-Aug-18 USD'000	Increase/ (Decrease)
Revenue	7,115	8,022	(11%)
Cost of sales	(5,500)	(5,644)	(3%)
Gross profit	1,615	2,378	(32%)
Other income	16	13	23%
Marketing and distribution expenses	(267)	(269)	(1%)
Administrative expenses	(1,475)	(1,657)	(11%)
Other expenses	(43)	(145)	(70%)
Results from operating activities	(154)	320	N.M.
Finance costs	(74)	(63)	18%
(Loss) / profit before income tax	(228)	257	N.M.
Income tax expenses	(41)	(80)	(49%)
(Loss) / profit for the period	(269)	177	N.M.
Other comprehensive loss for the period			
Translation differences relating to financial statements of foreign subsidiaries	(371)	(534)	(31%)
Reclassification of foreign currency translation reserve upon winding up of a subsidiary	-	(4)	N.M.
Other comprehensive loss for the period	(371)	(538)	(31%)
Total comprehensive loss for the period	(640)	(361)	77%
(Loss) / profit attributable to:			
Owners of the Company	(283)	121	N.M.
Non-controlling interests	14	56	(75%)
	(269)	177	N.M.

Total comprehensive (loss)/income attributable to:

Owners of the Company	(684)	(463)	48%
Non-controlling interests	44	102	(57%)
	<u>(640)</u>	<u>(361)</u>	77%

N.M. – not meaningful

1(a)(ii) NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Loss) / profit before tax is arrived at after charging / (crediting) the following items:

	Group	
	HY2020	HY2019
	31-Aug-19	31-Aug-18
	USD'000	USD'000
Amortisation of intangible assets	1	1
Depreciation of property, plant and equipment	121	122
Depreciation of right-of-use assets	40	-
Gain on deconsolidation of a subsidiary	-	(4)
Foreign exchange loss	43	145
Interest expense	74	63
Interest income	(12)	(1)
Operating lease expenses	103	138
Staff costs		
- Key management remuneration	369	328
- Other staff salaries and related costs	433	496
	<u>433</u>	<u>496</u>

1(b)(i) STATEMENT OF FINANCIAL POSITION OF THE GROUP AND THE COMPANY

(Amounts expressed in thousands of United States dollar ("USD"))

	Group		Company	
	As at 28 31/08/2019 USD'000	As at 28/02/2019 USD'000	As at 31/08/2019 USD'000	As at 28/02/2019 USD'000
Non-current assets				
Property, plant and equipment	3,170	3,210	-	-
Investment in subsidiaries	-	-	7,697	7,697
Long-term investments	39	39	39	39
Intangible assets	2	3	-	-
Right-of-use assets	206	-	-	-
Deferred tax assets	125	121	-	-
	<u>3,542</u>	<u>3,373</u>	<u>7,736</u>	<u>7,736</u>
Current assets				
Inventories	7,126	8,096	-	-
Trade and other receivables	4,760	4,396	3,124	2,897
Contract assets	758	544	-	-
Cash at banks and in hand	3,648	5,044	1,304	2,079
Tax recoverable	7	32	-	-
	<u>16,299</u>	<u>18,112</u>	<u>4,428</u>	<u>4,976</u>
Total assets	<u>19,841</u>	<u>21,485</u>	<u>12,164</u>	<u>12,712</u>
Equity				
Share capital	15,851	15,851	15,851	15,851
Reserves	(2,355)	(1,954)	-	-
Accumulated profits/(losses)	3,016	3,300	(3,874)	(3,381)
Equity attributable to owners of the Company	16,512	17,197	11,977	12,470
Non-controlling interests	(496)	(541)	-	-
Total equity	<u>16,016</u>	<u>16,656</u>	<u>11,977</u>	<u>12,470</u>
Non-current liabilities				
Lease liabilities	130	-	-	-
Deferred tax liabilities	10	10	-	-
	<u>140</u>	<u>10</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	1,259	1,676	187	241
Bill payables	888	485	-	-
Lease liabilities	79	-	-	-
Financial liabilities	1,438	2,542	-	-
Contract liabilities	20	115	-	-
Current tax payable	1	1	-	1
	<u>3,685</u>	<u>4,819</u>	<u>187</u>	<u>242</u>
Total liabilities	<u>3,825</u>	<u>4,829</u>	<u>187</u>	<u>242</u>
Total equity and liabilities	<u>19,841</u>	<u>21,485</u>	<u>12,164</u>	<u>12,712</u>

1(b)(ii) AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES

	Group	
	As at 31/08/2019	As at 28/02/2019
	<u>USD'000</u>	<u>USD'000</u>
Amounts repayable in one year or less, or on demand		
Secured bank loans	1,438	2,542
	<u>1,438</u>	<u>2,542</u>

Details of any collateral

- Secured bank loans are secured against trade receivables in China, amounting to USD 2,521,098 (28 February 2019: USD 3,483,309), legal mortgages over a personal property of a director of the Group, and are guaranteed by the Company and its subsidiaries.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts expressed in thousands of United States dollar ("USD"))

	HY2020 31-Aug-19 USD'000	HY2019 31-Aug-18 USD'000
Operating activities		
(Loss) / profit before income tax	(228)	257
Adjustments for:		
Depreciation of property, plant and equipment	121	122
Depreciation on right-of-use assets	40	-
Amortisation of intangible assets	1	1
Gain on deconsolidation of a subsidiary	-	(4)
Interest expense	74	63
Dividend income	(1)	(1)
Interest income from banks	(12)	(1)
Operating cash flows before working capital changes	(5)	437
Changes in working capital:		
Inventories	969	41
Trade and other receivables	(579)	456
Trade and other payables	(512)	(285)
Bill payables	403	240
Secured bank loan	(1,104)	(230)
Currency translation adjustments	(329)	(482)
Cash (used in) / generated from operations	(1,157)	177
Income taxes paid, net	(19)	(95)
Interest paid	(74)	(63)
Cash flows (used in) / generated from operating activities	(1,250)	19
Investing activities		
Interest received	12	1
Dividend received	1	1
Purchase of property, plant and equipment	(170)	(98)
Cash flows used in investing activities	(157)	(96)
Financing activities		
Repayment of finance lease liabilities	-	(1)
Proceeds from issue of redeemable convertible bonds	-	2,243
Repayment of lease liabilities	(37)	-
Cash flows (used in) / generated from financing activities	(37)	2,242
Net (decrease) / increase in cash and cash equivalents	(1,444)	2,165
Cash and cash equivalents at beginning of the period	5,044	2,204
Effect of exchange rate fluctuations on cash held	48	71
Cash and cash equivalents at end of the period	3,648	4,440

Cash and cash equivalents included in the consolidated cash flow statement comprise the following:

	Group	
	As at 31/08/19 USD'000	As at 31/08/18 USD'000
Cash and bank balances	3,648	4,440
Cash and cash equivalents at end of the period	3,648	4,440

1(d)(i) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts expressed in thousands of United States dollar ("USD"))

	Share capital	Merger deficit	Currency translation reserve	Statutory surplus reserve	Accumulated profits	Total	Non- controlling interests	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
The Group								
At 1 March 2018 (As previously reported)	13,568	(2,825)	1,499	497	2,301	15,040	(661)	14,379
Adoption of SFRS(I)	-	-	(851)	-	851	-	-	-
As at 1 March 2018 (restated)	13,568	(2,825)	648	497	3,152	15,040	(661)	14,379
Total comprehensive Income/(loss) for the year								
Profit for the year	-	-	-	-	121	121	56	177
Other comprehensive income/(loss)								
Foreign currency translation differences	-	-	(580)	-	-	(580)	46	(534)
Reclassification of foreign currency translation reserve upon winding up of a subsidiary	-	-	(4)	-	-	(4)	-	(4)
	-	-	(584)	-	121	(463)	102	(361)
Transactions with owners, recognised directly in equity								
Issue of ordinary shares related to redeemable convertible bonds	1,879	-	-	-	-	1,879	-	1,879
At 31 Aug 2018	15,447	(2,825)	64	497	3,273	16,456	(559)	15,897
The Group								
At 1 March 2019	15,851	(2,825)	279	592	3,299	17,196	(540)	16,656
Total comprehensive (loss) / income for the period								
(Loss)/profit for the period	-	-	-	-	(283)	(283)	14	(269)
Other comprehensive (loss) / income								
Foreign currency translation differences	-	-	(401)	-	-	(401)	30	(371)
	-	-	(401)	-	(283)	(684)	44	(640)
At 31 Aug 2019	15,851	(2,825)	(122)	592	3,016	16,512	(496)	16,016

STATEMENT OF CHANGES IN EQUITY

(Amounts expressed in thousands of United States dollars (“USD”))

<u>The Company</u>	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>
	USD'000	USD'000	USD'000
At 1 Mar 2018	13,568	(2,465)	11,103
Loss and total comprehensive loss for the period	-	(589)	(589)
Issue of ordinary shares related to redeemable convertible bonds	1,879	-	1,879
At 31 Aug 2018	15,447	(3,054)	12,393
At 1 Mar 2019	15,851	(3,381)	12,470
Loss and total comprehensive loss for the period	-	(493)	(493)
At 31 Aug 2019	15,851	(3,874)	11,977

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There has been no change to the Company's issued share capital since 28 February 2019. There were no outstanding convertibles as at 31 August 2019 and 28 February 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	No of shares ('000)	
	As at 31/08/2019	As at 28/02/2019
Number of issued shares	<u>4,962,166</u>	<u>4,962,166</u>

There were no treasury shares as at 31 August 2019 and 28 February 2019.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation for the current financial year ended compared to those of the audited financial statements for the year ended 28 February 2019, except for the adoption of Singapore Financial Reporting Standards (International)

("SFRS(I)") which are effective for annual periods beginning on or after 1 January 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted SFRS(I) 16 Leases ("SFRS(I) 16") that are effective for annual periods beginning on or after 1 January 2019.

Adoption of SFRS(I) 16

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied modified retrospective approach and will not restate comparative amounts. The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer. Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework. The Group adopted to measure the right-of-use assets to an amount equal to the lease liabilities related to that leases recognised in the statement of financial position as at 1 March 2019. On the adoption of SFRS(I) 16, the Group has recognised right-of-use assets and lease liabilities of US\$245,000 as at 1 March 2019.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	<u>HY2020</u> <u>USD'000</u>	<u>HY2019</u> <u>USD'000</u>
(Loss) / profit attributable to owners of the Company	<u>(283)</u>	<u>121</u>
No of shares ('000)		
Weighted average number of ordinary shares during the period	<u>4,962,166</u>	<u>2,579,014</u>
(Loss) / profit per share (US cents)		
- basic and diluted	<u>(0.006)</u>	<u>0.005</u>

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) current financial period reported on; and /
(b) immediately preceding financial year.

	As at 31-Aug-19 USD'000	As at 28-Feb-19 USD'000	As at 31-Aug-19 USD'000	As at 28-Feb-19 USD'000
Net assets	<u>16,016</u>	<u>16,656</u>	<u>11,977</u>	<u>12,470</u>
Net asset value per ordinary share based on the existing issued share capital as at the respective period (US cents)	0.3	0.3	0.2	0.3

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;

Review of Group's Results

Whilst the Group continued to phase out lower value-add processing services gradually to customised metallurgical material solutions to meet evolving requirements and applications of end-user products with its proprietary Nico brand of metal alloys, the protracted trade dispute between the United States and China undermined the Group's overall performance.

Group's revenue decreased by 11.3% from US\$8.0 million for the six months ended 31 August 2018 ("HY2019") to US\$7.1 million for the six months ended 31 August 2019 ("HY2020"). The decline was mainly due to the decrease in revenue for the Group's own Nico brand of metal alloys in the financial period under review.

Revenue Analysis by Product Categories

	HY2020		HY2019		YoY Change
	USD'000	% of revenue	USD'000	% of revenue	
Customised Solutions	5,751	80.8	5,431	67.7	+ 5.9%
Nico Brand of Metal Alloys	1,364	19.2	2,591	32.3	- 47.4%
	7,115	100.0	8,022	100.0	- 11.3%

Geographically, China remained as the key revenue contributor to the Group in HY2020, contributing 84.6% of the Group's total revenue, compared to 84.3% in HY2019. Revenue contribution from Thailand increased 11.8% from US\$0.9 million in HY2019 to US\$1.0 million in HY2020.

Cost of Sales

In tandem with the decrease in revenue, cost of sales decreased by 2.6% from US\$5.6 million in HY2019 to US\$5.5 million in HY2020.

Gross Profit and Gross Profit Margin

Gross profit decreased by 32.1% from US\$2.4 million in HY2019 to US\$1.6 million in HY2020. This was mainly due to the decrease in the Group's revenue on (i) higher margin value-add customised solutions including electroplating services; and (ii) own Nico brand of metal alloys. Correspondingly, the gross profit margin was affected, declining from 29.6% in HY2019 to 22.7% in HY2020.

Other Income

Other income increased by 23.3% from US\$13,000 in HY2019 to US\$16,000 in HY2020. This was mainly due to interest income recognised in HY2020.

Marketing and Distribution, Administrative, Other Operating and Finance Expenses

Marketing and distribution expenses decreased marginally by 0.7% from US\$269,000 in HY2019 to US\$267,000 in HY2020, as the Group continued to market and promote its own Nico brand of metal alloys to new and existing customers for their new electronic devices.

Administrative expenses decreased by 11.0% from US\$1.7 million in HY2019 to US\$1.5 million in HY2020. This was mainly due to the reduction of transactions costs arising from redeemable convertible bonds which was terminated in September 2018, as well as the classification of certain operating lease expenses as right-of-use assets and lease liabilities with the adoption of SFRS(I) 16 for the financial year beginning on or after 1 March 2019.

Other expenses decreased 70.3% from US\$145,000 in HY2019 to US\$43,000 in HY2020, due to the decrease in foreign exchange loss as Renminbi depreciated against the US dollar during the financial period under review.

Finance costs increased 17.5% from US\$63,000 in HY2019 to US\$74,000 in HY2020. The increase was mainly due to (i) the increase in interest rate of trade facilities in HY2020 for raw material purchases; and (ii) interest expense on lease liabilities with the adoption of SFRS(I) 16.

Income tax expenses decreased 48.9% from US\$80,000 in HY2019 to US\$41,000 in HY2020, as a result of one of the Group's China subsidiaries reporting lower profit before income tax in HY2020.

Utilisation of Net Proceeds from the Redeemable Convertible Bonds (“RCB”) Issued on 15 March 2016, 29 November 2016, 10 January 2017, 24 January 2017, 13 June 2017, 28 November 2017, 26 January 2018, 18 April 2018, 25 June 2018, and 28 August 2018. The RCB was terminated on 11 September 2018.

Use of Proceeds from RCB Issue	S\$’000	S\$’000
Net Proceeds from the Initial Bond#		9,530
<i>Less:</i>		
Repayment of loans from Parot Tovot LLC	260	
Repayment of loans from Nico Steel Solutions (S) Pte Ltd	300	
Repayment of loans from Affiliated Companies	340	
Group’s general working capital*	6,704	
Legal and professional fee in relation to RCB issued	347	
Total usage of proceeds		(7,951)
Balance of Net Proceeds		1,579

Notes:

Net Proceeds from the Initial Bond of S\$9,530,000 was derived after the deduction of transaction costs amounting to S\$470,000 including arranger’s fee and legal fees incurred.

* Funds used for the Group’s general working capital were mainly for staff costs and other operating expenses.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Non-current assets increased marginally by US\$169,000 from US\$3.4 million as at 28 February 2019 to US\$3.5 million as at 31 August 2019, mainly due to the additions of property, plant and equipment (“PPE”) and additions of right-of-use assets (“ROU”) based on the adoption of SFRS(I) 16, offset against depreciation of PPE and depreciation of ROU.

Current assets decreased by US\$1.8 million from US\$18.1 million as at 28 February 2019 to US\$16.3 million as at 31 August 2019, mainly due to:

- i) inventories decreased by 12.0% from US\$8.1 million as at 28 February 2019 to US\$7.1 million as at 31 August 2019. The decrease was in line with the Group’s efforts to manage its inventories in response to the overall decrease in the Group’s revenue in HY2020; and
- ii) cash at bank and in hand decreased by 27.7% from US\$5.0 million as at 28 February 2019 to US\$3.6 million as at 31 August 2019. The decrease was mainly due to the repayment of bank borrowings of one of the Group’s China subsidiaries in HY2020.

The decrease in current assets was partially offset by an increase in trade and other receivables and contract assets by 11.7% from US\$4.9 million as at 28 February 2019 to US\$5.5 million as at 31 August 2019. The increase was mainly due to higher sales from some major customers towards the end of HY2020.

Non-current liabilities increased by US\$130,000 from US\$10,000 as at 28 February 2019 to US\$140,000 as at 31 August 2019. The increase was mainly due to the recognition of the Group's lease liabilities based on the adoption of SFRS(I) 16.

Current liabilities decreased by US\$1.1 million from US\$4.8 million as at 28 February 2019 to US\$3.7 million as at 31 August 2019. This was mainly due to the increase in repayments of bank borrowings to reduce reliance on banking facilities.

Equity comprises share capital, reserves, accumulated profits, and non-controlling interests. The total equity of the Group decreased by US\$640,000 or 3.8% from US\$16.7 million as at 28 February 2019 to US\$16.0 million as at 31 August 2019.

Review of Group's Cash Flows

Net cash used in operations amounted to US\$1.3 million in HY2020, as compared to net cash generated from operations amounted to US\$19,000 in HY2019. The negative cash flow was mainly due to the repayment of a secured bank loan in HY2020.

Net cash used in investing activities amounted to US\$157,000 in HY2020, as compared to the net cash outflow of US\$96,000 in HY2019. This was due to the purchases of PPE of US\$170,000, which was partially offset by interest and dividend received during the financial period.

Net cash used in financing activities amounted to US\$37,000 in HY2020, as compared to the net cash inflow of US\$2.2 million in HY2019 due to the RCB issue before the termination in September 2018.

Overall, the Group had net cash outflows of US\$1.4 million in HY2020 compared to net cash inflows of US\$2.2 million in HY2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

In our profit guidance announcement on 30 September 2019, we stated that we expect to record a net loss for the six months ended 31 August 2019 (“HY2020”).

The Group reported a net loss attributable to the Owners of the Company of US\$283,000 in HY2020, from a net profit of US\$121,000 in HY2019.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In our FY2019 results announcement on 26 April 2019, we stated that “barring any unforeseen circumstances, the Board and Management are reasonably optimistic that the Group will remain profitable for FY2020”.

The ongoing trade dispute between the United States and China has impacted most global market leaders, particularly those in the mobile communications and industrial sectors. The slowdown in their product development efforts and production due to the uncertainties, inevitably led to lower demand for its metallurgical solutions and metal alloy products.

Nevertheless, the Group believes that the slowdown is temporary, as more countries catch up with those that had already rolled out the 5G mobile network, such as South Korea and the United States. China's big three state telecommunications providers will be rolling out their 5G services in more than 50 Chinese cities this year. With the 5G mobile network in place, there will be higher demand for 5G electronic and mobile devices.

Despite the ongoing trade dispute, the Group continues to work on various electronic and mobile devices with its range of metallurgical solutions, particularly the Group's patented electroplating processes and proprietary Nico brand of metal alloys, at different stages of product development. These electronic and mobile device products are mainly for mobile communications, automotive, and consumer electronics sectors.

The Group remains cautiously optimistic about its outlook as the seasonal demand for electronics which usually picks up in the second half of the calendar year, is starting off at a relatively slower pace this year. It will update shareholders on any material developments as and when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared or recommended because the Group wants to conserve cash for expansion and growth amid the current challenging business environment.

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

There were no interested person transactions, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into by the Group or by the Company during the half-year ended 31 August 2019.

- 14. Confirmation pursuant to the Rule 705(5) of the Listing Manual**

The Board of Directors of the Company hereby confirm to the best of its knowledge nothing has come to its attention which may render unaudited interim financial results for the six months ended 31 August 2019 to be false or misleading in any material aspect.

For and on behalf of the Board of Directors of
NICO STEEL HOLDINGS LIMITED

Tan Chee Khiong	Gavin Mark McIntyre
Chairman & President	Independent director

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Tan Chee Khiong Danny
Executive Chairman and President
10 October 2019