

NICO STEEL HOLDINGS LIMITED

尼爾金屬控股有限公司

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



CLARIFICATION REGARDING THE COMPANY'S FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 28 FEBRUARY 2019

The Board of Directors of Nico Steel Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the query raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 29 April 2019 in respect of the unaudited full year financial statements for the year ended 28 February 2019 and wishes to provide the following information :

SGX-ST's Query :

Paragraph 12 of Appendix 7.2 of the Listing Manual provides that if no dividend has been declared or recommended, a statement to that effect should be made and the reasons for the decision not to declare/recommend any dividend provided.

Company's Response :

The Company wishes to inform shareholders that no dividend has been declared or recommended for the following reasons:

- (a) the Company has just recently within the last 2 financial years made a turnaround and recorded modest profits before tax;
- (b) the funds the Company has have been ear-marked to support the Company's marketing, and research and development activities in order to meet its new clients' very specific products requirements, and to ensure the success of the Company's new business strategy of providing high value products and services to fewer but pre-eminent clients;
- (c) the Group is in the cost-benefit analysis stage of shifting its Suzhou production operations to northern Jiangsu Province; the funds are also needed to support moving of the Suzhou operations to another appropriate location if found to be feasible; and
- (d) as the Company is in the watch-list for reasons of failing to meet the financial and minimum trading price exit criteria, it is focussing all its attention on successfully executing the new business strategy, so are to be able to keep up with the turnaround and with the hope to return value to shareholders in the future.

The Board wishes to advise shareholders and potential investors to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take, should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers before trading in or making any investment decision regarding the Company's securities.

BY ORDER OF THE BOARD

Tan Chee Khiong Danny
Executive Chairman & President

Date: 2 May 2019