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## QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

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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 (the “**MTP**”) Entry Criterion. The Company had been 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 had on 26 June 2019 received the approval from SGX-ST in 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 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 Company’s announcement on 10 October 2019 for its unaudited financial statements of the Group for the six months ended 31 August 2019 (“**HY2020**”) for a detailed update on the Group’s financial performance and financial position.
  - The Group recorded 11.3% decrease in revenue from US\$8.0 million in HY2019 to US\$7.1 million in HY2020 on the back of lower demand for its higher-margin proprietary Nico brand of metal alloys.
  - Gross profit decreased 32.1% from US\$2.4 million in HY2019 to US\$1.6 million in HY2020, and gross margin narrowed from 29.6% in HY2019 to 22.7% in HY2020.
  - The Group reported a net loss of US\$0.3 million in HY2020, a reversal from a net profit of US\$0.1 million in HY2019.
  - Net asset value decreased 3.8% from US\$16.7 million as at 28 February 2019 to 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 31 January 2020.

### **Update on Future Direction and Other Material Development**

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, that are at different stages of product development. These electronic and mobile device products are mainly for mobile communications, automotive, and consumer electronics sectors.

While 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 Group believes the slowdown in their product development efforts and production due to the uncertainties is temporary. As more countries catch up with those that had already rolled out the 5G mobile network, the Group believes that there will be higher demand for 5G electronic and mobile devices.

The Group is 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. The Board and Management remain mindful of the ongoing macro uncertainties and continue to overcome the adversities with its best efforts.

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: 10 October 2019