



NICO STEEL HOLDINGS LIMITED

Company Registration No. 200104166D
(Incorporated in the Republic of Singapore)

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 on 5 September 2016.

The Company was also placed on the watch-list under the minimum trading price (“**MTP**”) exit criterion pursuant to Rule 1311(2) of the Listing Manual on 3 March 2016.

Pursuant to Rule 1313(2) of the Listing Manual, the board of directors (the “**Board**”) wishes to provide an update on its effort and the progress made in meeting the financial and the MTP exit criteria of the watch-list.

Update on financial situation

Please refer to the announcement released on 25 April 2017 for the full year results ended 28 February 2017 (“**Full Year Results Announcement**”) for an update on the Group’s financial position. As at 28 February 2017, the Group recorded a net loss before income tax of US\$1,890,000.

As noted in the Full Year Results Announcement, the operating environment in the electronic industry remains challenging, as worldwide economic conditions are uncertain. Competition from local (People’s Republic of China (“**PRC**”)) suppliers has exerted sharp pressure on our gross profit margin. However, to meet these challenges, especially competition from local (**PRC**) suppliers, the Company has been developing its NICO Branded Materials. The Company’s NICO Branded Materials can be sold for a higher price and hence, better profit margin, as these materials is often specifically manufactured to meet specifications on thinness, hardness and conductivity. While the Company has been successful in winning some orders from overseas customers who value quality over price, the re-calibration to a “high margin and low volume” business strategy will take time to develop, as multinational corporations are just beginning to hear of our specialized products.

However, the Company is acutely aware that it is working against a certain time period since it was put on the Watchlist for financial entry requirements reasons on 5 September 2016. The Company believes that it will return to profitability in the near term if its nascent success in attracting high margin low volume strategy continues to bear fruit, and it continues to be able to win orders from global mobile devices companies. The Company has recently won the opportunity to supply its materials to a world class battery operated automobile company. The Company believes that it has the advantage of time in that it embarked on this strategy about 5 years ago, and also the advantage of a mindset that strives to meet the highly specialized and advanced specifications required by global mobile devices companies. The Company believes that these stringent requirements have helped create a high entry barrier for the majority of low cost and lower quality producers whose business strategy does not include innovation and meeting high specifications.

The Company believes that it is through a rejuvenation of its core business and, together with any opportune acquisition that it can restore its share price to meet the MTP rule and return the Company to profitability.

Please refer to the paragraph below for other updates.

Update on future direction and other material development

Currently the Company does not have any other material development.

The Group will continue to promote and develop its NICO Branded Materials using the green manufacturing process and stay competitive by adopting high margin and low volume business strategy as mentioned above. The Group will also continue to explore markets and materials for its existing business while at the same time look for opportunities in new businesses (including opportunities to enter into the approved expanded scope of business) and any opportune acquisition.

Update on efforts for satisfying MTP exit criterion

The Board will continue to make efforts and consider various options to meet the MTP exit criteria. At the opportune time, the Board will make a decision to the relevant options that will best serve the interests of the Company's shareholders.

The Company will update its shareholders on any material developments in due course and the Company will make further announcements as and when there are any subsequent developments.

BY ORDER OF THE BOARD

Danny Tan Chee Khiong
Executive Chairman & President

28 April 2017