
Company Update

The Board of Directors (the “**Board**”) of Nico Steel Holdings Limited (“**Nico Steel**” or the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to clarify the reference to capital expenditure figures reported in the third last paragraph of the said BT article of 11 December 2018 (“**BT Article**”).

“...the company expects to maintain its annual capital expenditure of between US\$1 million to US\$2 million under the new strategy, although operating expenses may increase as it outfits its production facilities in China with more equipment, machinery and manpower to support higher production volumes.”

Nico Steel has in its previous Annual Reports 2017 and 2018 foreshadowed and updated shareholders that it had been pursuing new value-creation strategies (“**New Strategy**”).

In the Annual Report 2017, Nico Steel disclosed that it has emerged as a more value-focused and performance driven company; vigorously contained costs to align with market conditions and worked strategically with customers’ needs to successfully develop innovative new value-creations so as to be able and ready to capture opportunities as the metal industry enters a new phase.

In the Annual Report 2018, it stated that “NICO strives to become a stronger, more innovative, and more sustainable company. The group will capitalize on success made with development of new NICO Branded Materials for 5G devices, related IoT products and new inroads made in the electric vehicle market. The Group’s unique abilities to innovate and customize materials that satisfy stringent requirements in terms of weight control, heat dissipation, electromagnetic interference and radio frequency that designers of 5G devices faced have also attracted global leaders in the drone and aerial surveillance technology and electric car industries to seek corporation in developing new materials.”

As a result of the New Strategy, the Group has made progress and on 15 October 2018, announced the commencement of mass production of its proprietary Nico brand metal alloys targeted for shielding purposes in three new electronic devices from two of its customers – respectively, the world’s largest software company and the world’s largest drone manufacturer.

Separately on 3 December 2018, it announced new orders of aluminium alloy materials for an existing customer and a new customer. These customers are different from the above mentioned world’s largest software company and drone manufacturer.

In pursuing the New Strategy, it is the Group's normal course of business to spend as and when necessary in research and development as well as trial production to produce proprietary metal alloy and customise technologically innovative metal solutions that meet the evolving requirements of the end consumers of the global brand owners. The capital expenditures referred to may have come across as material new information which has not been disclosed to shareholders before. However, as aforesaid, while a range of the capital expenditure has not been disclosed, pursuing the New Strategy would necessarily require capital expenditure to be incurred to successfully implement the New Strategy. The management of the Company had elaborated in the BT Article what they estimated the annual capital expenditure to be under the New Strategy. The substance of the New Strategy, being price sensitive has as said been disclosed to shareholders in various forms, namely, annual reports and other disclosure announcements on the SGX-NET.

The funding of the capital expenditure will be from a combination of the fund raised from the convertible bonds, bank borrowings, and expected increase in cash flow from better revenues and profits.

The Board is aware of **Paragraph 23 in Part VIII of Appendix 7.1** and will comply with the terms therein and other relevant rules in the Listing Manual. The Group will update shareholders accordingly as and when there should be any new material information to be shared with shareholders.

BY ORDER OF THE BOARD

Tan Chee Khiong Danny
Executive Chairman & President

Date: 11 December 2018