

Nico Steel boosts electroplating production capacity by 120% to 44 tonnes of proprietary metal alloys per month to cope with anticipated demand

- additional production line complemented with customised in-house wastewater treatment and water recycling system to increase cost savings from the fee charged on every tonne of wastewater discharged
- higher demand for 'single metal materials with cross or multi-properties' to resolve design limitations and improve performance of mobile devices to drive growth

(1 tonne = 1,000 kg)

FOR IMMEDIATE RELEASE

SINGAPORE, 31 January 2019 – Mainboard-listed Nico Steel Holdings Limited (“Nico Steel” and together with its subsidiaries, the “Group”), today announced that its subsidiary, Nico Steel Technology (Suzhou) Co., Ltd (“NS Tech”), implemented an in-house wastewater treatment and water recycling system to complement the new production line in its electroplating production facilities in Suzhou, China. The aggregate investment for the increase in production capacity, comprising of a new production line and the wastewater treatment and water recycling system, amounted to RMB3.83 million (equivalent to approximately US\$557,320).

The Group believes that its wastewater treatment and water recycling initiative is aligned with the Chinese government’s commitment to reduce pollution in the Chinese city. The key standards of wastewater discharged from NS Tech’s production facility include: 1) the quality of water discharged must meet the stringent standards set by the local authorities for the industrial park, and 2) the aggregate amount of discharged water per day should not exceed 500 tonnes. These standards are closely monitored by the management of the industrial park. Failure to comply could lead to an immediate production halt, or even a revocation of the operating licence.

Said Mr. Danny Tan, Executive Chairman and President of Nico Steel, **“To manage our business operations and improve profitability, we will also have to innovate our production processes to maximise productivity and achieve cost savings whilst complying with local regulations at the same time.”**

NS Tech currently has a production capacity of 20 tonnes of metal alloys per month with an average daily wastewater discharge of about 220 tonnes from two production lines. These proprietary metal alloys can be customised with copper, nickel and/or tin coatings over aluminium metal material, and their thickness varies between 0.1mm and 0.3mm. The production volume and amount of wastewater discharge depend on the required customisation for the metal alloys.

In anticipation of an increase in orders for its proprietary Nico branded metal alloys, the Group installed an additional production line with the customised wastewater treatment and water recycling system during the last quarter of the financial year ending 28 February 2019 (“FY2019”). This expansion is aimed at raising production capacity by another 120% to reach an optimal volume of 44 tonnes of metal alloys per month.

The average daily wastewater discharge will also increase in tandem with the three production lines, although at approximately 60% to 350 tonnes per day. For illustrative purposes, the in-house wastewater treatment and water recycling system is able to reduce the average wastewater discharge from 11 tonnes to 8 tonnes for every tonne of metal alloy produced. This reduction could potentially lead to cost savings of approximately 20-40% from the regulated fee charged for every tonne of wastewater discharged from the electroplating production facility.

As the next generation of mobile connectivity – 5G – rolls out, consumer behaviour and perception of mobile devices such as smartphones, tablets, Internet of things (IoT), gaming, and wearables are likely to shift. Rising demand for lighter and slimmer mobile devices with better and faster performance is resulting in higher demand for ‘single metal materials with cross or multi-properties’ to resolve design limitations and improve performance.

“At Nico Steel, we are capable of creating and producing ‘single metal with cross or multi-properties’ and we see this imminent trend from increased enquiries and testing of our proprietary metal alloys created through one of our customised metallurgical solutions – electroplating. This prompted us to expand our production capacity to cater to the anticipated rising demand for our proprietary range of metal alloys. Our ability and objective in resolving our customers’ challenges with regards to the metal materials used in their current or new mobile devices will continue to drive our innovation and growth,” added Mr. Steven Tang, Executive Director of Nico Steel, who heads the Group’s marketing and product innovation division.

Added Danny, **“The Group does not expect the increased production capacity to have a material impact for FY2019. There will be trial productions and a period of stabilisation before we ramp up our capacity.”**

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CAUTIONARY NOTE:

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 or making any investment decision on the Company’s securities.

About NICO STEEL HOLDINGS LIMITED 尼尔金属控股有限公司
(Stock Codes – SGX: 5GF | Bloomberg: NICO SP | Reuters: NICO.SI)

Nico Steel Holdings Limited (“**Nico Steel**” and together with its subsidiaries, the “**Group**”), is a specialist in ferrous and non-ferrous metal alloys with a focus on customising technologically innovative metal alloy materials under its proprietary “Nico” brand.

The Group’s proprietary patented production technology allows it to customise metallurgical solutions to meet the evolving requirements of its broad base of customers, particularly in the mobile communications, consumer electronics, industrial and automotive sectors.

Well-established in the upstream metal materials industry, the Group drives growth through (i) providing customised solutions as value-added services to component and contract manufacturers to meet their metal fabrication requirements, and (ii) cultivating demand from brand owners and leaders of mobile communications, consumer electronics, industrial and automotive sectors for its Nico brand of specialised metal alloy materials that will meet the evolving and stringent requirements of new digital devices.

Headquartered in Singapore, the Group owns and operates processing and production facilities in Suzhou, China, and Thailand, while the production facility in Singapore acts as its R&D centre.

For more information, please visit the company’s website at www.nicosteel.com.

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OCTAVE COMMUNICATIONS (S) PTE LTD
远璟咨询(新加坡)私人有限公司

For more information, please contact:

Ms. Rosalina Soh 苏沛熙

Office : (65) 6260 4290

Mobile : (65) 9677 6683

Email : rosalina@octavecomms.com
