

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 (“**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) The Board reviewed and has taken into consideration of the financial position and growth prospect of the Group. The Board has deliberated various 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, that will best serve the interests of the Company’s shareholders.

The Board is of the view that the Group is firmly on its recovery track and the Company should be given reasonable time for it to meet the criteria of S\$40 million market capitalisation, in compliant with both Rule 1314(1) and Rule 1314(2).

The Company will apply to SGX-ST for a 12-month extension from the expiry date of 04 September 2019 based on the unaudited financial statements of the Group for the financial year ended 28 February 2019 (“**FY2019**”). The Company is in the process of applying to SGX-ST for the proposed adoption of the share buyback mandate to improve shareholders’ value and maximise returns to its shareholders, subject to the approval of shareholders at an extraordinary general meeting.

- (2) Please refer to the unaudited FY2019 financial statements of the Group announced on 26 April 2019 for a detailed update on the Group’s financial position.

Key Financial Highlights:

FYE 28 Feb (US\$’000)	FY2019	FY2018	Change	HY2019
Revenue	15,094	13,215	+ 14.2%	8,022
Gross profit	4,537	3,448	+ 31.6%	2,378
Gross profit margin	30.1%	26.1%	+ 4.0 pp	29.6%
Profit before tax	469	209	> 100%	257
Net profit ⁽¹⁾	243	34	> 100%	121

* HY denotes six months ended 31 August and FY denotes financial year ended 28 February.

(1) Profit attributable to owners of the Company

- As at 28 February 2019, the Group recorded a net cash generated from operations of US\$798,000 and was in a net cash position with cash and cash equivalents of US\$5.0 million.
- Net assets value of the Group was US\$16.7 million as at 28 February 2019, an increase from US\$14.4 million as at 28 February 2018.

The Company is not required to announce quarterly results and it will announce its unaudited interim financial statements for the six months ending 31 August 2019 in October 2019. The Company's next quarterly update pursuant to Rule 1313(2) of the Listing Manual will be announced by 31 July 2019.

Update on Future Direction and Other Material Development

The Group continues to build on the growing acceptance of its innovative and customised metal alloy solutions by global market leaders in the communications, automotive and consumer electronics sectors. The Group is mindful of the global economic slowdown arising from the trade dispute between the U.S. and China, geopolitical uncertainties, and fluctuations in commodity prices and currencies that continue to weigh on the implementation of 5G networks in various countries, which led to delay for some of the Group's key customers in their new product development projects and launches.

Nevertheless, the Group believes that the 5G revolution will continue to raise expectations for functional and user experience of mobile devices, and this in turn will prompt manufacturers to upgrade the hardware specs in their mobile devices to stay ahead of competition. The upgrading of hardware specs opens up opportunities for the Group's proprietary Nico range of customised metallurgy solutions for customers looking to replace conventional metal materials/components and seeking for breakthroughs in their products.

The Group will continue to manage and use its best endeavours to overcome the challenges in its business environment. The continuous orders from the global brand leaders and new customers are testaments to the Group's competence and higher value-add proprietary metallurgical solutions.

The Board and Management are reasonably optimistic that the Group will remain profitable in FY2020, barring any unforeseen circumstances. The Group will continue its efforts to assist its customers to improve the functionality and performance of their electronic mobile devices, through the adoption of the Group's customised metallurgical solutions and Nico brand of metal alloys. The Group believes that its financial performance will be improved through its value-creation for its customers.

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: 26 April 2019