

**CIRCULAR DATED 15 JUNE 2023**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Circular is issued by Nico Steel Holdings Limited (the “**Company**”) and requires your immediate attention. Please read it carefully. If you are in any doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited (the “**CDP**”), you **need not** forward this Circular, the enclosed Notice of Extraordinary General Meeting and Proxy Form to the purchaser or transferee as arrangements will be made by the CDP for a separate Circular with the Notice of Extraordinary General Meeting and Proxy Form to be sent to the purchaser or transferee.

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of the Company represented by physical share certificate(s), you **should** immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and Proxy Form to the purchaser or transferee, or the stock broker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Please note that no printed copies of this Circular, including the Notice of Extraordinary General Meeting and the accompanying proxy form, will be despatched to Shareholders. The Circular and the Notice of Extraordinary General Meeting and the accompanying proxy form may be downloaded from the Company’s website at the URL [www.nicosteel.com/investor\\_relationship.html](http://www.nicosteel.com/investor_relationship.html) or on the Singapore Exchange Securities Trading Limited’s (the “**SGX-ST**”) website at the URL <https://www.sgx.com/securities/company-announcements>.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

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**NICO STEEL HOLDINGS LIMITED**

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

**CIRCULAR TO SHAREHOLDERS**

In relation to

**THE PROPOSED DELISTING OF THE COMPANY PURSUANT TO THE DELISTING NOTIFICATION RECEIVED FROM THE SGX-ST ON 16 NOVEMBER 2020 WITHOUT AN EXIT OFFER**

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	27 June 2023 at 2.30 p.m.
Date and time of Extraordinary General Meeting	:	30 June 2023 at 2.30 p.m. (or as soon as practicable thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 2.00 p.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	By electronic communication

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## DEFINITIONS

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

<b>“AC”</b>	:	The audit committee of the Company, as referred to in paragraph 6.2
<b>“AC Letter of 29 November 2021”</b>	:	Has the meaning given to it in paragraph 6.2
<b>“ACRA”</b>	:	The Accounting and Corporate Regulatory Authority
<b>“AGM” or “Annual General Meeting”</b>	:	The annual general meeting of the Company
<b>“Associate”</b>	:	<ul style="list-style-type: none"><li>(a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:<ul style="list-style-type: none"><li>(i) his immediate family;</li><li>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</li><li>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and</li></ul></li><li>(b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more</li></ul>
<b>“Board” or “Board of Directors”</b>	:	The board of directors of the Company for the time being
<b>“Business Day”</b>	:	A day (other than Saturday, Sunday or a public holiday) on which banks are open for business in Singapore
<b>“CBAM”</b>	:	Has the meaning given to it in paragraph 8.2.2
<b>“CDP”</b>	:	The Central Depository (Pte) Limited

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## DEFINITIONS

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<b>“Circular”</b>	:	This circular addressed to Shareholders dated 15 June 2023 pursuant to the Delisting Notification received from the SGX-ST and for the purpose of seeking the approval of Shareholders for the Delisting without an Exit Offer made by the Company
<b>“control”</b>	:	The capacity to dominate decision-making, directly, or indirectly, in relation to the financial and operating policies of a company
<b>“Controlling Shareholder”</b>	:	<p>A person who:</p> <p>(a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares) unless the SGX-ST determines that such a person is not a controlling shareholder of the Company; or</p> <p>(b) in fact, exercises control over the Company</p>
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers, as may be amended or modified from time to time
<b>“Company’s LF Project”</b>	:	Has the meaning given to it in paragraph 5.2.2
<b>“Company” or “NICO”</b>	:	Nico Steel Holdings Limited
<b>“Companies Act”</b>	:	The Companies Act 1967 of Singapore
<b>“Company’s Securities”</b>	:	(a) Shares; (b) securities which carry voting rights in the Company; and (c) convertible securities, warrants, options or derivatives in respect of the Shares or securities which carry voting rights in the Company
<b>“Constitution”</b>	:	The constitution of the Company, as may be amended from time to time, and a reference to a Regulation or Regulations in this Circular shall be to a regulation or regulations of the Constitution
<b>“Controlling Shareholder”</b>	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company. The Exchange may determine that a person who satisfies this definition is not a controlling shareholder; or (b) in fact, exercises control over the Company
<b>“CPF”</b>	:	The Central Provident Fund
<b>“CPFIS”</b>	:	Central Provident Fund Investment Scheme
<b>“CPF Agent Bank”</b>	:	Agent banks included under the CPFIS

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## DEFINITIONS

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<b>“CVL”</b>	:	Creditors’ winding-up, as referred to in paragraph 8.4.4
<b>“Delisting”</b>	:	The proposed delisting of the Company’s Securities from the Official List pursuant to the Delisting Notification but without an Exit Offer
<b>“Delisting Notification”</b>	:	The Delisting Notification received by the Company from the SGX-ST dated 16 October 2020, issued pursuant to Rule 1315 and requiring as a condition that the Controlling Shareholders and/or the Company have to provide an Exit Offer to the other Shareholders
<b>“Delisting Notification Announcement”</b>	:	The announcement made by the Company on 19 October 2020, referred to in paragraph 2.16
<b>“Delisting Resolution”</b>	:	The resolution for the Delisting to take place without an Exit Offer to be tabled at the EGM for approval by Shareholders
<b>“Directors”</b>	:	The directors of the Company for the time being
<b>“EGM” or “Extraordinary General Meeting”</b>	:	The extraordinary general meeting of the Company, to be held on 30 June 2023, notice of which is set out in the Notice of Extraordinary General Meeting
<b>“EMS”</b>	:	Has the meaning given to it in paragraph 8.2.2
<b>“EU”</b>	:	Has the meaning given to it in paragraph 5.2.1
<b>“Exit Offer”</b>	:	A cash exit offer to be made by the Controlling Shareholders or the Company for all Shares which are registered in the Company’s Share Register as at the date such an exit offer is made, which exit offer under Rule 1309 must be (a) fair and reasonable; and include a cash alternative as the default alternative, (b) the Company must appoint an independent financial adviser to advise on the exit offer, and (c) the independent financial adviser must opine that the exit offer is fair and reasonable
<b>“Financial Watch-List Cure Period”</b>	:	Has the meaning given to it in paragraph 2.1, i.e., the period of 36 months from the date on which an issuer was placed on the watch-list pursuant to Rule 1311
<b>“First Extension”</b>	:	The first extension of time to comply with Rule 1314 granted by the SGX-ST to the Company, which is more particularly described in paragraph 2.2
<b>“FY”</b>	:	Financial year ended or ending (as the case may be) on 28/29 February of each calendar year

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## DEFINITIONS

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<b>“Group”</b>	:	The Company and its Subsidiaries
<b>“IFA”</b>	:	Means an independent financial adviser, appointed in the case of a Delisting by the Independent Directors of the delisting issuer, as referred to in paragraph 4.3
<b>“Independent Directors”</b>	:	(a) Mr Tan, Poh Chye Allan; (b) Mr Lee, Eng Yew Michael; and (c) Mr Gavin Mark McIntyre
<b>“IRDA”</b>	:	The Insolvency, Restructuring and Dissolution Act 2018
<b>“IRAS”</b>	:	The Inland Revenue Authority of Singapore
<b>“JTC”</b>	:	Has the meaning given to it in paragraph 6.2(b)
<b>“Latest Practicable Date”</b>	:	12 June 2023, being the latest practicable date prior to printing of this Circular
<b>“Letter of Undertaking”</b>	:	The letter of undertaking dated 15 July 2019 provided by each of the Undertaking Controlling Shareholders to the SGX-ST in connection with the First Extension granted by the SGX-ST for an extension of time to comply with Rule 1314(1), in connection with removing itself from the Watch-List (Financial Criteria), undertaking to provide and procure a reasonable exit offer to the Company’s shareholders to acquire their shares in the Company
<b>“LF”</b>	:	Has the meaning given to it in paragraph 5.2.2
<b>“Listing Manual”</b>	:	The listing manual of the SGX-ST as may be amended, modified or supplemented from time to time, and a reference to a “Rule”, “Practice Note” or “Appendix” shall mean the rules, practice notes and appendices of the Listing Manual
<b>“Major Customer”</b>	:	Has the meaning given to it in paragraph 5.2.4
<b>“Management”</b>	:	Includes the Company’s Executive Directors and other key management personnel of the Company and the Group
<b>“Market Cap Requirement”</b>	:	Has the meaning given to it in paragraph 2.1
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“MDSA”</b>	:	Has the meaning given to it in paragraph 5.2.4
<b>“NAV Per Share”</b>	:	Has the meaning given to it in paragraph 6.2(c)

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## DEFINITIONS

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<b>“New Business Strategy”</b>	:	Has the meaning given to it in paragraph 2.7
<b>“Notice of Extraordinary General Meeting”</b>	:	The notice of extraordinary general meeting set out on pages 40 to 44 of this Circular
<b>“NPT”</b>	:	Has the meaning given to it in paragraph 8.2.3
<b>“NTA”</b>	:	Net tangible assets
<b>“Official List”</b>	:	The list of issuers maintained by the SGX-ST in relation to the SGX-ST’s Main Board
<b>“PBT Requirement”</b>	:	Has the meaning given to it in paragraph 2.1
<b>“Proposal to Delist without an Exit Offer”</b>	:	Has the meaning given to it in paragraph 1.1
<b>“Proxy Form”</b>	:	The proxy form in respect of the EGM, as set out in this Circular
<b>“Regulation” or “Regulations”</b>	:	A regulation or regulations of the Constitution
<b>“Second Extension”</b>	:	Has the meaning given to it in paragraph 2.14
<b>“Securities Accounts”</b>	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
<b>“SFA”</b>	:	The Securities and Futures Act 2001 of Singapore
<b>“SGX Letter of 9 March 2023”</b>	:	Has the meaning given to it in paragraph 7.1
<b>“SGX-Net”</b>	:	The internet-based platform owned and operated by the SGX-ST through which listed companies and their agents can submit regulatory filings and announcements to the SGX-ST, their shareholders, and investors
<b>“SGX News Release of 11 July 2019”</b>	:	Has the meaning given to it in paragraph 4.2
<b>“SGX-ST” or the “Exchange”</b>	:	Singapore Exchange Securities Trading Limited

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## DEFINITIONS

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<b>“Shareholders” or “Members”</b>	:	The registered holders of Shares except that where the registered holder is CDP, the term <b>“Shareholders”</b> in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
<b>“SIAS”</b>	:	The Securities Investors Association (Singapore)
<b>“SRS Operator”</b>	:	A financial institution designated under the SRS Scheme to act as a custodian of contributions made under the SRS Scheme by the Ministry of Finance of Singapore
<b>“Substantial Shareholder”</b>	:	A person who has an interest (directly or indirectly) in 5% or more of the total issued share capital of the Company (excluding treasury shares)
<b>“Suspension Date”</b>	:	16 November 2020, the day the Company’s Securities were suspended from trading on the SGX-ST, pursuant the Delisting Notification, which is more particularly described in paragraph 2.16
<b>“Shares”</b>	:	Ordinary shares in the issued share capital of the Company
<b>“Subsidiary”</b>	:	A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act
<b>“Subsidiary holding”</b>	:	A Subsidiary which holds shares of the holding Company, in which such shares are treated in a manner which is similar to that of the holding Company’s treasury shares pursuant to the Listing Manual
<b>“US-China Trade Sanctions”</b>	:	Has the meaning given to it in paragraph 2.10
<b>“Undertaking Controlling Shareholders”</b>	:	Each of Mr Tan Chee Khiong Danny ( <b>“Danny Tan”</b> ) and Value Capital Asset Management Private Limited ( <b>“VCAM”</b> ), who at the time of providing the Undertaking Letter (as defined below) to the SGX-ST, held approximately 23.92% and 24.69% of the issued share capital of the Company, and a reference to an Undertaking Controlling Shareholder in this Circular shall refer to either of Mr Tan Chee Khiong Danny or Value Capital Asset Management Private Limited, as the context may permit
<b>“watch-list”</b>	:	Has the meaning given to it under paragraph 2.1
<b>“US\$” and “US cents”</b>	:	United States dollars and cents, respectively



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## DEFINITIONS

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**“S\$” and “cents”** : Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore

**“%” or “per cent”** : Per centum or percentage

**Terms.** The terms **“Depositor”**, **“Depository”**, **“Depository Agent”** and **“Depository Register”** shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

**Announcements and Notices.** References to an announcement or notice, the making of an announcement or giving of a notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, on the SGX-Net or to the press.

**Expressions.** Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations where applicable.

**Headings.** The headings in this Circular are inserted for convenience only and shall be ignored in the construction or interpretation of any paragraphs or sub-paragraphs, Appendices and/or Annexures to this Circular.

**Legislation.** Any reference in this Circular to any legislation or enactment or is a reference to that legislation or enactment as for the time being enacted, amended, or re-enacted. Any term defined under the Companies Act, the SFA, the IRDA, the Listing Manual or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the IRDA, the Listing Manual or any statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

**Paragraphs.** A reference in this Circular to a paragraph or paragraphs, an Appendix or Appendices, an Annex or Annexures is reference to a paragraph or paragraphs, an Appendix or Appendices or an Annex or Annexures of or attached to this Circular.

**Reproduced Statements.** Statements which are reproduced in their entirety or as excerpts from a letter or document referred to are set out in this Circular within quotes and in italics, and all capitalised terms and expressions used within these reproduced statements shall have the meanings as ascribed to them in the letter of documents referred in this Circular.

**Rounding.** Any discrepancies in the figures included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

**Shareholders.** References to **“you”**, **“your”** and **“yours”** in this Circular are, as the context shall admit, to Shareholders.

**Time and Day.** Any reference to a date and/or time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

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## LETTER TO SHAREHOLDERS

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### NICO STEEL HOLDINGS LIMITED

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

#### BOARD OF DIRECTORS:

Tan Chee Khiong Danny (Executive Chairman & President)  
Tang Chee Bian Steven (Executive Director)  
Tang Chee Wee Andrew (Executive Director)  
Tan Poh Chye Allan (Lead Independent Director)  
Gavin Mark McIntyre (Independent Director)  
Lee Eng Yew Michael (Independent Director)

#### REGISTERED OFFICE:

51 Loyang Way  
Singapore 508744

15 June 2023

To: The Shareholders of Nico Steel Holdings Limited

Dear Sir/Madam

#### THE PROPOSED DELISTING OF THE COMPANY PURSUANT TO THE DELISTING NOTIFICATION RECEIVED FROM THE SGX-ST ON 16 NOVEMBER 2020 WITHOUT AN EXIT OFFER

#### 1. INTRODUCTION

- 1.1 The Directors are convening an EGM immediately after the AGM, to be held electronically, on 30 June 2023 to seek Shareholders' approval for the Company's Securities to be delisted pursuant to the Delisting Notification without an Exit Offer being made by either a Controlling Shareholder or the Company (the "**Proposal to Delist without an Exit Offer**").
- 1.2 The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Proposal to Delist without an Exit Offer to be tabled at the EGM and to seek Shareholders' approval for the same. The Notice of EGM is set out on pages 40 to 44 of this Circular.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed, or reports contained in this Circular.

#### 2. EVENTS LEADING TO PLACEMENT ON WATCH-LIST (FINANCIAL CRITERIA) AND RECEIPT OF DELISTING NOTIFICATION

- 2.1 On 5 September 2016, the Company announced that it had been placed on the watch-list by the SGX-ST as it had recorded pre-tax losses for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts) and had an average daily market capitalisation of less than S\$40 million over the last 6 months prior to being placed on the watch-list pursuant to Rule 1311.
- 2.2 Under Rule 1314, an issuer placed on the watch-list may apply to the Exchange to be removed from the watch-list if (a) it records consolidated pre-tax profit for the most recently completed financial year (based on audited full year consolidated accounts) (the "**PBT Requirement**") and (b) has an average daily market capitalisation of S\$40 million or more over the last 6 months (the "**Market Cap Requirement**"). Pursuant to Rule 1315, an issuer

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## LETTER TO SHAREHOLDERS

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must take active steps to meet the requirements of Rule 1314. If the issuer fails to comply with Rule 1314 within 36 months of the date on which it was placed on the watch-list, the Exchange may either remove the issuer from the Official List, or suspend trading of the listed securities of the issuer (without the agreement of the issuer) with a view to removing the issuer from the Official List. Under Rule 1315, the Company had up to 4 September 2019 to satisfy the requirements of Rule 1314 and remove itself from the watchlist (the “**Financial Watch-List Cure Deadline**”), pursuant to having been placed on the watch-list on 5 September 2016.

- 2.3 On 26 June 2019, following an application made by the Company, the SGX-ST gave an extension of time to the Company of up to 4 September 2020 to meet the requirements of Rule 1314 and to remove itself from the watchlist (“**First Extension**”). The Company released an announcement on the SGX-Net informing Shareholders of the extension given, on 27 June 2019.
- 2.4 The Company’s reasons for seeking an extension, as announced, were:
- (a) For the full financial year ended 28 February 2018, the Group recorded a pre-tax profit of US\$209,000, based on consolidated audited accounts;
  - (b) For the full financial year ended 28 February 2019, the Group recorded a pre-tax profit of US\$469,000, based on consolidated audited accounts; and
  - (c) As at 28 February 2019, the Group had a positive operating cash flow of US\$798,000, and was in a net cash position with cash and cash equivalent of US\$5.0 million.
- 2.5 However, based on the Market Cap Requirement, the Company failed to achieve the requirement of an average daily market capitalisation of S\$40 million or more over the last 6 months from the date under consideration for its removal from the watch-list.
- 2.6 As a condition of the grant of the First Extension, the Company and each of its 2 Controlling Shareholders provided the Letter of Undertaking to the SGX-ST, under which the Company and each of the Undertaking Controlling Shareholders undertook that “(a) *in the event that the Company does not meet the requirements of Listing Rule 1314 to exit the Watch-List (Financial Criteria) on or prior to 4 September 2020, and is required by the SGX-ST to be removed from the Official List under Listing Rule 1315, the Company and/or its controlling shareholder(s) will, pursuant to Listing Rule 1306, comply with Listing Rule 1309, which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to the Company’s shareholders, and (b) the submission of a written confirmation from the Company that the waiver does not contravene any laws*”.
- 2.7 Pursuant to the condition as described above, Danny Tan, who held 23.92%, and VCAM, who held 24.69% of the issued share capital of the Company provided the required Letter of Undertaking in respect of the Company’s controlling shareholders. The Company also provided a similar Letter of Undertaking. Please refer to the announcement made by the Company on the SGX-Net on 27 June 2019 for more information on the First Extension.
- 2.8 By way of a recap, in the years prior to 2017, the market and operating conditions in China started to change, with a wave of corporate consolidations taking place and smaller players entering the market promising cheaper prices, amidst rising base-costs. In 2017, the Group undertook a comprehensive review of its operating environment, taking cues and lessons from technological changes that were potentially going to reshape the world, such as ever

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## LETTER TO SHAREHOLDERS

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faster data processing, increasing number of everyday products that were fitted with sensors and data collection (i.e., the Internet of Things), the promise of how 5G was going to be a game-changer in mobile communications, electric vehicles replacing diesel ones, a burgeoning use of artificial intelligence, and how all this might affect the industry the Group operated in. The Group knew that it had to restructure the way it did business and change its business model to focus on the successes the Group had already been able to achieve with its “NICO Branded Materials” which were highly customised and specialised products for 5G devices, physical products that are within the Internet of Things to electronic vehicles. The strategy to shift away from lower profit-margin products to products and customised solutions that commanded high profit margins for customers with highly specialised requirements (“**New Business Strategy**”) was a formidable challenge as it would require the Group to work with these customers not only to build trust but also to prove its capabilities. This required time, which the Group knew it was running against, owing to its previous reported net losses. However, the Group had already proven to some of its bespoke customers its abilities in meeting their stringent requirements, in terms of weight control, heat dissipation, electromagnetic interference and radio frequency that were common challenges for designers of 5G devices and had also established a reputation for itself in its capabilities in engineering and innovation. Notwithstanding, in moving away from mass production to the New Business Strategy, the Group understood implicitly that it would take time for the strategy to bear fruit, especially if it were to be qualified or appointed a formal or listed vendor to some of these world-renown brand names that it had been courting and had begun supplying through their listed vendors and resellers.

- 2.9 As explained in paragraph 2.8, the years prior to the launch of the New Business Strategy were turbulent ones, with acute competition from local and small manufacturers who operated in the same space as the Group. This had led to falling profits and operating losses, which culminated in 3 consecutive years of losses and the placement by the SGX-ST of the Company on the watch-list (financial criteria) on 5 September 2016.
- 2.10 The years since the official launch of the Group’s New Business Strategy turned out to be more challenging as competition between the United States and China became more aggressive and trade sanctions were imposed by both countries against the other, in a tit for tat move, which in 2019 culminated in trade sanctions and restrictions of trade (on certain technological products) on a scale that was unprecedented being imposed on China, which is the Group’s manufacturing base and major revenue contributor (“**US-China Trade Sanctions**”). The US-China Trade Sanctions adversely impacted not only technological companies that exported electronic or technology products to the US, but also support and ancillary companies operating out of China (such as the Group) in their ability to supply products and services to both American and Chinese technology companies.
- 2.11 With the onset of the COVID-19 pandemic in early 2020 which lasted until early 2023 (in China), the Group’s business and operations suffered another unexpected and major adverse impact. As a result of the severe lockdowns and safe-management measures imposed in China which prohibited factories from operating for a period of time, the Group’s operations in China were adversely affected. Even when operations were allowed to resume, only 5 workers on the production frontline returned to the Group’s factory because of the Suzhou local government quarantine policy. The remaining production workers returned gradually after about one month. For the Singapore office, staff worked on a rotational basis, going into the office three days a week from 2020 to May 2021.

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## LETTER TO SHAREHOLDERS

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- 2.12 By late 2019 and early 2020, the impact of the US-China Trade Sanctions started to become noticeable and in a tangible way by companies operating in the IT industry. The Group ended FY2020 with a pre-tax loss of US\$1.18 million compared to a pre-tax profit of US\$208,971 and US\$468,607 for FY2018 and FY2019, respectively. As at the end of FY2020, the Group was in a net cash position with cash and cash equivalent of US\$3.43 million, although cash generated from its operating activities was negative US\$1.13 million.
- 2.13 During the pandemic, to ride out an extremely difficult period, the Group started to cultivate and target Chinese mobile and other electronic device manufacturers that distributed domestically in China, in addition to its usual customers (local and foreign) of international renown. Prior to the US-China Trade Sanctions and the pandemic, the Group sold mainly to Chinese and foreign companies that exported their products from their manufacturing bases in China. Local companies would not usually purchase from the Group as its prices were higher, owing to the higher quality and reliability of its products. With the trade sanctions, which were imposed in an unprecedented way from 2019, and the on-set of the pandemic, the Group courted local technological companies that sold domestically, actively promoting its customised solutions services and products to increase its average total revenue.
- 2.14 On 1 July 2020, the Company applied to the SGX-ST for a further extension of another 12 months for it to comply with Rule 1314 (“**Second Extension**”), citing the US-China Trade Sanctions and the adverse impact of the lock-downs imposed owing to the COVID-19 pandemic, and the fact that notwithstanding a pre-tax loss of US\$1.18 million in FY2020, the Group recorded pre-tax profits in FY2018 and FY2019, although it acknowledged that it did not meet the Market Cap Requirement (of an average daily market capitalisation of S\$40 million or more over the last 6 months).
- 2.15 On 16 October 2020, the SGX-ST rejected the Company’s application for the Second Extension and issued the Company with the Delisting Notification. As announced on the SGX-Net on 19 October 2020 (the “**Delisting Notification Announcement**”), under the Delisting Notification, the SGX-ST required the Company or the Undertaking Controlling Shareholders to comply with Rule 1309, which obliges the Company or the Undertaking Controlling Shareholders to provide an Exit Offer to its Shareholders.
- 2.16 Pursuant to the Delisting Notification, the Company’s Securities were suspended from trading from 9.00 a.m. on 16 November 2020 (“**Suspension Date**”) until such time an Exit Offer made was completed, upon which the Company’s Securities would then be officially removed from the Official List.

### **3. EVENTS SUBSEQUENT TO THE DELISTING NOTIFICATION**

- 3.1 From the date of the Delisting Notification Announcement on 16 October 2020 until 16 November 2020 when the Company’s Securities were suspended from trading, VCAM sold down its shareholding to below the 15% threshold, which under the Listing Manual defined such a shareholder as a Controlling Shareholding.

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## LETTER TO SHAREHOLDERS

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3.2 Clause 4 of the Letter of Undertaking stated that:

*“... we ... (the Undertaking Shareholder) undertakes and covenants to the Exchange that for so long as we remain a controlling shareholder [emphasis added] as at the date when the Company is removed from the Official List under the Listing Rule 1315 by the Exchange:–*

*4.1 in the event the Company does not meet the requirements of Listing Rule 1314 to exit the Watch-List (Financial Criteria) on or prior to 4 September 2020, and is required by the SGX-ST to be removed from the Official List under Listing Rule 1315, the Undertaking Shareholder will, pursuant to the Listing Rule 1306, comply with Listing Rule 1309 and provide and/or procure a reasonable exit offer to the Company’s shareholders to acquire their shares in the Company (“Exit Offer”).”*

3.3 The net effect of the disposal by VCAM was that it was no longer a “Controlling Shareholder” as at 16 November 2020, and the undertakings given pursuant to the Letter of Undertaking, therefore, no longer applied to it.

#### 4. MEANING OF FAIR AND REASONABLE OFFER

4.1 Rule 1309 stipulates that “(1) ... an exit offer must:

*(a) be fair and reasonable; and*

*(b) include a cash alternative as the default alternative; and*

*(2) the issuer must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable”.*

4.2 In relation to the requirements of an Exit Offer to be “fair and reasonable”, the SGX-ST announced changes to 2 aspects of the voluntary delisting rules on 11 July 2019 via a news release (“**SGX News Release of 11 July 2019**”). With immediate effect from 11 July 2019, Exit Offers must not only be reasonable but also be fair.

4.3 In the SGX News Release of 11 July 2019, under the footnotes, it explained that in considering whether an offer is reasonable, an independent financial adviser (“**IFA**”) should consider other matters as well as the value of the securities subject to the offer and should include, but not limited to, the existing voting rights in the offeree company held by the offeror and concert parties and the market liquidity of the offeree securities. Secondly, the term “fair” relates to an opinion on the value of the offer price or consideration compared against the value of the offeree securities. An offer is considered “fair” if the price offered is equal or greater than the **value** [emphasis added] of the offeree securities.

4.4 In relation to the concept of “fair”, Shareholders’ attention is drawn to the difference between the price of the Company’s Shares and their value. The price of the Company’s Shares while they were quoted and traded on the SGX-ST was determined primarily by supply and demand based on factors such as investor sentiment, market trends, news and financial performance of the Company. However, the value of the Company’s Shares refers to its intrinsic worth or the enterprise value of the Company, based on factors such as the Company’s financial performance, earnings, assets, growth prospects, management and other factors that determine its long-term potential. The value of a share is often estimated using financial ratios such as price to earnings ratio, price to book ratios and other metrics that reflect the company’s financial position and prospects.



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- 4.5 Notwithstanding that the delisting of the Company's Securities was not voluntary, typical factors taken into consideration by IFAs in providing opinions in a take-over under the Code usually included:
- (a) Historical financial performance of the Group;
  - (b) Historical market price performance and trading activity of the Shares;
  - (c) Historical Share price performance relative to market indices;
  - (d) Net asset value and adjusted NAV of the Group;
  - (e) Historical trailing P/NAV multiples of the Shares;
  - (f) Valuation ratios of selected companies listed on various stock exchanges worldwide whose principal business activities are broadly comparable to those of the Group;
  - (g) Selected precedent delisting transactions involving companies listed on the SGX-ST;
  - (h) Theoretical valuation of the subject company; and
  - (i) Other relevant considerations.
- 4.6 Prior to the Suspension Date and for the 6 months period prior to the Suspension Date, the Company's Share prices were S\$0.001 and S\$0.0018, respectively.
- 4.7 The value of the Group's net tangible assets ("**NTA**") as at the Suspension Date was approximately US\$15.46 million. With an issued share capital of 4,962,166,175 Shares, the NTA per Share was US\$0.003 (or approximately S\$0.00405).
- 4.8 In order for an Exit Offer made by an Undertaking Controlling Shareholder to be "fair and reasonable", an offer price per share would, under the circumstances, have to approximate the NTA per Share of the Company.
- 4.9 While no formal offer had been received by the Independent Directors from Danny Tan, being the remaining Undertaking Controlling Shareholder, informal discussions with him in or around July 2021 indicated that the maximum amount that he could offer was S\$1.00 million. Given that the Group was not loss-making, had an NTA of 4.3 times its market capitalisation (prior to the Suspension Date) and was in a net cash positive position for its continued operating requirements, such an Exit Offer (if made) would not be "fair and reasonable". The Independent Directors were informed by Danny Tan that he had approached his bankers for a loan to supplement the indicated amount that he would be able to make an offer of personally; however, his bankers informed him that the usual circumstance under which a loan could be extended was a takeover of a company's securities which have not been suspended or are to be delisted. As the Latest Practicable Date, the remaining Undertaking Controlling Shareholder confirmed that the maximum amount in respect of an Exit Offer (if any were to be formally made) would be S\$1.00 million.

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### 5. THE GROUP'S FINANCIAL PERFORMANCE SINCE THE DELISTING NOTIFICATION AND OTHER DEVELOPMENTS

#### 5.1 Financial Performance

Set out in the table below are the pre-tax profits as announced by the Company on the SGX-Net in respect of each of its financial periods:

Financial Period	Profit/(loss) before Tax	NTA	Operating cashflow
1HFY2018	US\$49,000	US\$12,536,000	(US\$651,000)
FY2018 (audited)	US\$208,971	US\$14,378,701	US\$1,715
1HFY2019	US\$257,000	US\$15,897,000	US\$19,000
FY2019 (audited)	US\$468,607	US\$16,656,349	US\$797,944
1HFY2020	(US\$228,000)	US\$16,016,000	(US\$1,250,000)
FY2020 (audited)	(US\$1,180,010)	US\$14,972,855	(US\$1,132,839)
1HFY2021	US\$357,000	US\$15,456,000	(US\$216,000)
FY2021 (audited)	US\$1,221,277	US\$16,583,649	US\$790,123
1HFY2022	US\$271,000	US\$16,665,000	US\$277,000
FY2022 (audited)	US\$617,648	US\$17,065,482	(US\$528,318)
1HFY2023	US\$318,000	US\$16,301,000	(US\$52,000)
FY2023 (audited)	US\$347,000	US\$16,111,566	US\$2,573,000

#### 5.2 Innovation And Significant Developments

##### 5.2.1 Certification by SCS Global Services

In 2021, NICO became the first company in China to be twice certified by SCS Global Services (“**SCS**”) for its aluminium alloys: A5052 R80 and A1060 R80. The certifications were awarded for achieving a minimum of 80% pre-consumer scrap recycled aluminium alloy. NICO was also the only company in China that could provide aluminium materials with recycled content of 80% and above. In 2022, NICO was awarded the “**SCS Recycled Content**” certification for its stainless-steel products, SUS304 R90, which was certified to contain a minimum of 90% pre-consumer recycled stainless steel, and its copper alloy CA2 R95 which was certified to contain a minimum of 95% pre-consumer recycled copper-alloy<sup>1</sup>. The significance of these achievements is underscored by new targets set by the European Union (“**EU**”) under its “Waste Framework Directive”<sup>2</sup> (“**EU Waste Directive**”) which mandates that a minimum of 55%, 60% and 65% by weight of all municipal waste (which definition includes electronic/technology-products) by 2025, 2030 and 2036, respectively, will have to be recycled or reused. This mandate to recycle or reuse will mean that importers

<sup>1</sup> As at the Latest Practicable Date, the Company has received certifications by SCS for the following products: A5052 NICOR80/A1060 NICOR80, NICOAL50 R80, A5052 NICOR95 & A1060 NICOR95, A1100 NICOR98, NICO CA2 R95, SUS304 NICOR90, SUS304 NICOR98 & SUS301 NICOR98, and SUS304 GR & SUS301 GR.

<sup>2</sup> Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 (amending and repealing certain Directives) version dated 5 July 2018, read with Commission Decision 2011/753/EU on rules and calculation methods for verifying compliance with targets and additional rules for calculation and verification and reporting of data on waste in Commission Decision (EU) 20019/1004.



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of electronic/technology products that do not contain high levels of recycled steel or aluminium will find it challenging to import such products into the EU, as their recyclable and reusable content will not meet the minimum 55%, 60% and 65% recyclable or reusable requirement. In addition, in accordance with the Directive's "End-of-waste" criteria, certain waste ceases to be waste and becomes a product or a secondary raw material if it meets the criteria set out in the regulation which forms part of the Directive.<sup>3</sup> The Group's recycled steel and aluminium products either fully comply or comply significantly with the Directive's "End-of-waste" criteria, and when incorporated into electronic products, will enable importers of such products into the EU to comply with the minimum recyclable or reusable content in 2025.

Global brands like Apple, Amazon, Google, Microsoft, Dell, HP, Lenovo, Facebook, Samsung and Sony are all taking swift actions to ensure compliance with the new targets by incorporating the required amount of recycled content into their products. The official certifications by SCS of NICO's stainless steel and other alloys serve as the standard document used by renown brands to demonstrate compliance with the Directive, and which will allow them to export their products manufactured outside of the EU into the EU markets after 2025. The official certifications will also enable these global brands to claim carbon credit points.

### 5.2.2 Patented Liquid Forging Technology

Magnesium alloys have recently begun to gain popularity (again) and have been heralded by some in the industry as the light-weight solution for use in the aerospace, electronics and automobile industries, in an effort to cut carbon emissions. Magnesium's high specific strength (relative to its weight) is second only to titanium, its heat treatability, low creep resistance (i.e., its tendency not to become deformed or change shape over time when subject to load and stress) and abundant supply position it to emerge as the next lightweight alloy of choice. As the industry moves towards a more sustainable future, light alloys comprised of magnesium have found renewed interest worldwide. Based on its engagement with its key customers, the Group expects the trend towards using alloys that are lighter to come to fruition in certain niche applications of producing electronic/technology products.

Traditional metal casting methods, such as HPDC (High Pressure Die Casting), LPDC (Low Pressure Die Casting) and GC (Gravity Casting), remain the industry's default for the production of magnesium components. However, these methods are plagued by a common challenge of porosity in the final product, attributed to the turbulence within the cavity that entraps air during the production process, potentially leading to adverse effects on mechanical properties.

Liquid Forging ("LF") is an innovative and patented casting technique that utilises high-pressure application directly onto the liquid melt during solidification, yielding near-net shaped components that are free of defects. The Singapore Institute of Manufacturing Technology ("SIMTech") has perfected this new casting technique for a variety of magnesium alloys. The LF process boasts:

- High tolerance and reproducibility
- An ability to form complex geometry and thin wall components

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<sup>3</sup> Council Regulation (EU) N° 333/2011.

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- Excellent surface finishing
- Zero porosity and hot tear-free microstructures
- High production rates
- High yield owing to low material wastage

As disclosed in the Company's annual report for FY2021, the Company signed an agreement with SIMTech and Enterprise Singapore to execute the LF project (the "**Company's LF Project**") in the Company's Singapore production facility in 2021. The Company will work with SIMTech's Liquid Forging technology exclusively for the electronics industry worldwide. The Company's LF Project started its trial production phase as of 28 February 2023.

### 5.2.3 Refocussing on the Company's advanced metallurgical technology and reputation as a total solutions provider

In 2022, in response to China's then continued maintenance of its "zero-Covid" policy which disrupted global supply chains, impaired domestic and global logistical networks, and to Russia's invasion of Ukraine, which has brought about inflation, hikes in Brent crude and prices of other commodities, the Company reoriented its portfolio of products and services to focus on two potentially transformational development and innovation: (a) being the only company in China qualified by SCS to be able to supply carbon-neutral recycled materials that meet the standards required under the EU Waste Directive, and (b) utilising its unique patented LF technology to produce and distribute magnesium alloys to its customers in the aerospace, electronics and automobile industries.

In pursuing this goal, the Company re-directed its focus back towards its core competencies of advanced metallurgical technology and the ability to be a total solutions-provider to its customers.

### 5.2.4 Entry into a Master Development and Supply Agreement

As announced on the SGX-Net on 7 March 2023, the Company entered into a Master Development and Supply Agreement ("**MDSA**") with a major world-class personal electronic device supplier and seller ("**Major Customer**") to supply certain Eco-recycle materials produced by the Group to the Major Customer.

As stated in the announcement on 7 March 2023, the Group believes that its New Business Strategy has been validated, as it is currently the first listed vendor in China for the supply of Eco-recycled materials to this Major Customer.

In respect of the Group's recycled products, other than having been appointed a listed vendor of the said Major Customer, the Group has been supplying recycled materials to other global brand owners in the technology industry since April 2020. The Company credits the entry into of the MDSA to the confidence the said Major Customer has gained in the Group from the products it has been supplying to other global brand owners and the market reputation it has built in the recycled materials space. The Company would like to say that the said Major Customer's requirements are more stringent than those of the other global brands the Group has been working with, and it has taken a significant investment of time

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and hard work to gain the trust of the said Major Customer to be finally bestowed the status of a listed vendor of the Major Customer.

### 6. **REASONS WHY THE COMPANY HAS NOT BEEN ABLE TO MAKE AN EXIT OFFER ITSELF**

6.1 As explained in paragraph 2.6, as a condition of granting the First Extension, the SGX-ST required each of the Company and the Undertaking Controlling Shareholders to provide the Letter of Undertaking.

6.2 In response to queries from the Exchange as to whether the Company would be able to make an Exit Offer, the AC replied by way of a letter dated 29 November 2021 (the “**AC Letter of 29 November 2021**”) that it was not in a position to do so for the following reasons:

- (a) as at 31 August 2021, the Group reported a net profit before tax of some US\$271,000 for the half year. The Group had cash and cash equivalent as at 31 August 2021 of some US\$4.3 million. As at FY2021, it had current liabilities of approximately US\$4.5 million, and as at HY2022, it had current liabilities of approximately US\$4.2 million. Therefore, while the Company was not in a financial position to declare dividends [or make any kind of distribution], it was not under any financial difficulty, and was able to pay its debts as and when they fell due. The Group was a bona fide going concern;
- (b) the expected working capital requirements in the next 12 months included capital expenditure to fulfil the additional investment requirement required by the Jurong Town Corporation (“**JTC**”) for the Group’s Singapore factory in Loyang Way, research and development expenditure for the Group’s Liquid Forging Project, and anticipated costs relating to the Group’s move of its China operations to the northern region of Jiangsu Province, which had been announced;
- (c) till date (i.e. 29 November 2021), the Company had not received any formal offer from its Controlling Shareholders for a cash exit offer at all. In this connection, the Company understood that a cash offer if made had to be fair and reasonable, and in this respect, fair and reasonable would have to approximate the Group’s net tangible assets, which stood at approximately US\$16,700,000 as at 31 August 2021. The net asset value per share based on the Group’s net tangible assets of approximately US\$16,700,000 and the number of issued shares of 4,962,166,000 in its share capital as at 31 August 2021 was approximately US\$0.003 (“**NAV Per Share**”); and
- (d) as at 28 February 2021, being the end of the financial period for FY2021, and as at 31 August 2021, being the end of the financial period for HY2022, the Group had statutory surplus reserve of US\$0.75 million (please refer to page 52 of the FY2021 Annual Report and page 4 of the Condensed Interim Financial Statements of HY2022). Therefore, Company was not in a position to make an Exit Offer that is fair and reasonable or at all.

6.3 As at 31 August 2022, being the end of the financial period for HY2023, the Group had statutory surplus of US\$0.84 million (please refer to page 4 of the Condensed Interim Financial Statements of HY2023), and a cash and cash equivalent of US\$3.941 million against total current liabilities of US\$5.374 million and total non-current liabilities of US\$932,000 (please refer to pages 3 and 6 of the Condensed Interim Financial Statements

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of HY2023). Therefore, the Company would still not in a position to make an Exit Offer that would be fair and reasonable or at all.

- 6.4 In relation to a question posed to the AC by the Exchange as to the possibility of the Company making an Exit Offer pursuant a selective capital reduction exercise, the Company explained the requirements of undertaking such a corporate exercise under the Companies Act, the key requirements of which the Company would not be able to satisfy, under the circumstances, were as follows:
- (a) there must be sufficient cash reserves or distributable profits to make the desired cash distribution;
  - (b) [the selective capital reduction] must be approved by members of the company by a special resolution, i.e. (75% majority);
  - (c) Directors must make a solvency declaration; and
  - (d) Controlling Shareholders must not object to such a selective capital reduction being carried out.
- 6.5 In addition to the key requirements set out above, there are also requirements under the Code which the Board would have to comply with, in satisfaction of which, an IFA must opine that the amount per Share to be returned to the shareholders must be fair and reasonable.
- 6.6 In conclusion, the AC determined that the Company would not be in a position to undertake a selective capital reduction for the purpose of making an Exit Offer to comply with Rule 1309 for the following primary reasons:
- (a) the Company did not have sufficient cash reserves or distributable profits to undertake such a selective capital reduction of an amount that would be fair and reasonable. As at FY2021, it had current liabilities of approximately US\$4.5 million and as at HY2022, it had current liabilities of approximately US\$4.2 million. These were compared to cash and cash equivalent of approximately US\$3.8 million as at FY2021 and approximately US\$4.3 million as at HY2022;
  - (b) based on a NAV Per Share of US\$0.003, the approximate amount of cash reserves or distributable profits required for the Company to undertake a selective capital reduction that excluded Danny Tan and associates, who collectively held approximately 25% of the total issued share capital, would be approximately US\$12.5 million (or approximately S\$16,568,000 based on the latest financial statements available);
  - (c) even if the Exit Offer price per Share were priced at a 50% discount to the NAV per share of US\$0.003<sup>4</sup>, and assuming that such reduced Exit Offer price per share would still be regarded as fair and reasonable by the IFA, the total cash requirement would be approximately US\$6.3 million (or approximately S\$8,284,000), which is US\$6.3 million (or approximately S\$8,284,000) that the Company did not have;
  - (d) the Company could not count VCAM (the other Undertaking Controlling Shareholder) as part of the excluded group of Controlling Shareholders (from receiving a proportionate amount of the cash to be returned) as it had in various written communication notified the Company that it was not a Controlling Shareholder for the purpose of making an Exit Offer. As at 27 October 2020, VCAM's shareholding stood

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<sup>4</sup> As at 28 February 2023, the NAV per share remains at US\$0.003.

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at 13.78%. In this respect, the Company could expect VCAM not to object to the selective capital reduction even if the Company had the financial resources to carry out the exercise, which it did not; and

- (e) as the Company was (and is) a going concern and has been making profits, any break-up of its assets would be contrary to a director's fiduciary duty of preserving the Company's going concern status, unless shareholders vote by a super majority (75%) to voluntarily wind up the Company.

6.7 With respect to alternative avenues of returning cash or value to shareholders, the AC further explained that:

- (a) there was no other shareholder who held a controlling interest in the Company that could be invited to make an Exit Offer. [In fact] no shareholder had come forward for any discussion in this respect;
- (b) a disposal of the Company's assets for the purpose of effecting a cash distribution would require shareholders' approval. In the case of the Company, any disposal that would fetch a reasonable market price could only be the sale of its premises at Loyang, Singapore. The sale of such a key operating asset would significantly and adversely affect the Company's operational and financial position and would materially prejudice its going concern status. Fiduciary duties would dictate that Directors could not recommend such a disposal under the circumstances existing; and
- (c) a disposal of any key operating assets of the Company would also trigger cross-defaults of the Company's current banking facilities and material legal agreements.

6.8 As a clarification to paragraph 6.7 (a), at the time of the First Extension, the Company had only 2 Controlling Shareholders, i.e., Danny Tan and VCAM, both of whom provided the Letter of Undertaking to the SGX-ST. Subsequent to the disposal by VCAM of its shares which resulted in VCAM not being a Controlling Shareholder, till date, the Company has had only one Controlling Shareholder, being Danny Tan.

6.9 As a clarification to paragraph 6.7(b), the Loyang property is leased by the Company from the JTC with conditions for specific uses. The property serves as the headquarters and R&D centre for the entire Group, including the Company's LF Project. Apart from being the lessee of the Loyang Property, the Company is also the main relationship holder with two major Chinese banks which have, through the years, provided working and other credit facilities to the Group's operations in China. The Company is also the entity through which raw materials are purchased for use by its China and Thailand subsidiaries, and it also has its own customers whom it services out of Singapore. A disposal of the Loyang Property would have adverse financial consequences, including potential cross-defaults for the Company and the Group. Reputationally, the Group's employees, customers, suppliers and business associates would view such an exercise by the Company as a step towards the breaking-up of the Group and its businesses, which would also result in adverse financial consequences.

6.10 For the full contents of the AC Letter of 29 November 2021, please refer to **Appendix A** to this Circular.

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### 7. THE PROPOSAL TO DELIST THE COMPANY'S SECURITIES WITHOUT AN EXIT OFFER

- 7.1 On 9 March 2023, the Company received a letter from the SGX-ST in response to the AC Letter of 29 November 2021 and subsequent correspondences regarding the Delisting of the Company (the “**SGX Letter of 9 March 2023**”). In the SGX's Letter of 9 March 2023, the SGX-ST formally advised the Company to obtain Shareholders' approval for a Delisting without an Exit Offer. In the said letter, the SGX-ST also directed that the shareholders' circular to be prepared and addressed to Shareholders was to contain the following disclosures:
- (a) the exit options considered and assessed by the board of directors including the reasons for not proceeding with any of these exit options and why it is proposing to delist without an exit offer; and
  - (b) the board of directors' opinion as to whether this proposal (i.e., the Proposal to Delist without an Exit Offer) is in the best interests of the Company and its minority shareholders as compared to other considered exit options, and the bases for such an opinion.
- 7.2 The said letter also required that the Proposal to Delist without an Exit Offer be tabled at a general meeting to be convened no later than 30 June 2023, and if Shareholders' approval was not obtained at the EGM to be convened, the Company would need to obtain “Shareholder' approval for an alternative delisting proposal which would satisfy Chapter 13 of the Listing Manual (e.g. voluntary liquidation)”. For the full text of the SGX Letter of 9 March 2023, please refer to the Company's announcement made on the SGX-Net on 9 March 2023 and to **Appendix B** to this Circular.
- 7.3 Accordingly, the Company is convening the EGM to be held after the conclusion of the Company's AGM for FY2023 to table the Proposal to Delist without an Exit Offer to Shareholders.

### 8. DIRECTORS' STATEMENTS, DISCUSSION AND RECOMMENDATION

#### 8.1 Forward Looking Statements

- 8.1.1 Certain information set forth in this section of the Circular contains “forward-looking information”, including “future-oriented financial information” and “financial or business outlook”. Except for statements of historical fact, the information contained herein may constitute forward-looking statements and includes, but is not limited to, the (i) expected development of the Group's business and projects; (ii) projected financial performance of the Group; (iii) sources and availability of financing for the Group's development and projects, including its working capital and capital requirements; and (iv) the execution of the Company's vision and growth strategy, including, with respect to future mergers and acquisition activities and the potentiality of listing the Company's Securities on another stock-exchange or bourse. Forward-looking statements are provided to Shareholders so that they may understand the Board's beliefs and opinions about the future of the Group and they may use such beliefs and opinions when in evaluating the Proposal to Delist without an Exit Offer.



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- 8.1.2 These statements are not guarantees of future performance or success and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance, success and financial results in future periods to differ materially from any projections of future performance, success or financial result expressed or implied by such forward-looking statements.
- 8.1.3 Although forward-looking statements contained in this section are based on what the Board and Management believe are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Board and Management undertake no obligation to update forward-looking statements if circumstances or Management's estimates or opinions should change. Shareholders are cautioned not to place undue reliance on these forward-looking statements.

### 8.2 Management Discussion

- 8.2.1 The following discussion is intended to provide Shareholders with a narrative-explanation through the eyes of Management and the Board of the (a) expected development of the Group's business and projects going forward, (b) execution of the Company's vision and growth strategy, (c) projected financial performance of the Group, and (d) working capital and capital requirements of the Group.

The discussion provided in the following paragraphs are not meant to replace the Group's consolidated financial statements as set out in the Annual Report for FY2023. The following narrative-explanation is intended to focus on providing Management and the Board's views on the Group's potential as a bona fide going concern in relation to the ordinary resolution set out in the Notice of EGM on pages 40 to 44.

### 8.2.2 Expected development of the Group's business and projects

#### (a) **Background**

In paragraph 5.2, we have described the significant developments of the Group, in terms of its business and operations. These developments have also been disclosed in the Company's annual reports for FY2019, 2020, 2021 and FY2022. As set out in paragraph 5.2.1, Management and the Board believe that the Group's recycled material products will provide a first-mover advantage over its competitors. In this respect, the Group will continue to drive its business by focusing on its recycled material products, which its Major Customer and other customers will require to comply with the requirements of the EU directive, as explained in paragraph 5.2.1. Apart from the SCS certification, the Company's subsidiaries in China will commence producing and manufacturing in accordance with the ISO 14001 standard, which sets out the requirements for environmental management systems ("**EMS**"). The standard provides a framework for organisations to manage their environmental impacts effectively and continuously improve their environmental performance.

Three of the Company's subsidiaries in China have already been awarded the "Greenhouse Gases Verification Statement" by Bureau Veritas Certification (Beijing) Co., Ltd., which confirms the accuracy and completeness of a company's greenhouse gas (GHG) emission data and management practices.

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On 13 December 2022, the European Parliament and the European Council reached an interim agreement to formally establish the EU Carbon Border Adjustment Mechanism (the “**CBAM**”), which will come into effect on 1 October 2023. This is the world’s first ‘carbon tariff’ mechanism and will enter into the implementation phase then. The period from 1 October 2023 until 2026 will be a transitional period for the CBAM, during which, reporting enterprises will only have to fulfil their reporting obligations. Upon expiry of the transitional period in 2026, the EU will impose “carbon tariffs” on goods entering the EU that do not meet EU standards of the minimum recycled material content and/or carbon footprint. Businesses in the steel, cement, electricity, fertilizers, aluminium and hydrogen industries will be the first to be included in the scope of carbon tariffs to be imposed. The goods and products of these industrial segments will also cover certain downstream products which produce indirect emissions, in specific cases.

By 2030, it is expected that the EU will include all commodities covered by the EU carbon market in the tariff, and the EU will begin to reduce the number of free allocation or permits from 2026 until 2034, when all free allowances or allocation will be completely eliminated.

### (b) **Impact on the Group**

It has taken the Group subsidiaries in China two years of preparation and effort to obtain the required green certification through its initiatives, research and development and in the provision of customised material-solutions to its customers. With the official implementation of the carbon tariff by the EU, the Group will be in an advantageous position to benefit from its work of the last 2 years.

Notwithstanding the advantage that the Group has, insofar as green and renewable credentials are concerned, Shareholders should note that although the Company was the first and only company in China certified to be able to supply recycled materials 2 years ago, competitors have gradually followed in the Company’s pathway and are appearing in the market. However, currently, the composition of recycled content the Group’s competitors are able to produce does not match the 80% or more, and for some products, up to 95%, recycled-materials content that the Group is able to produce. Another differentiating factor which the Group has over its competitors is that unlike its current competitors who are local companies operating in China, NICO is a Singapore based company that has factories not only in China, but also in Thailand and Singapore. In the face of the current geo-political uncertainty, possessing production capability other than in China allows for greater flexibility and the ability to adapt to any sudden change to China’s position as the world’s manufacturing hub.

### (c) **The Company’s LF project**

The Company’s subsidiary in Singapore has completed the construction phase of the Company’s LF Project and started trial production. As at the Latest Practicable Date, the Company has received a purchase order from a global brand-owner. This represents a significant development and win for the Company’s LF Project. As LF is a new technology, the Company has assembled a new team to handle the full process, from tooling design, machining operations, production, quality control to customer care and satisfaction.



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As stated in paragraph 5.2.2 above, LF is a new technology. The current technology utilises AI extrusion/semi forge or die-casting + CNC machining. The technology and process of the Company's LF Project is expected to offer a lower-cost alternative to the Unibody part used by the IT/Automotive industry as it requires less machining and there is virtually no wastage or scraps as a by-product of the LF process. The IT/Automotive industry is actively looking for a more cost-efficient and easier production process to replace the present high CNC machining process and costing. Management believes that LF could be an alternative solution that might potentially be market-disruptive to the IT/Automotive industry.

### 8.2.3 Execution of the Company's vision and growth strategy

In line with the New Business Strategy embarked on by the Group back in 2017 (please refer to write-up in paragraph 2.8), in refocussing on its core competencies of advanced metallurgical technology and capability as a total-solutions provider (please refer to paragraph 5.2.3) and in acknowledging the real risks of climate change and honouring its obligations to do its part through the efforts, innovation and initiatives made by the Group in its recycled materials capability and the new LF technology, Management and the Board believe that the Group is well-positioned to enter into and become an active part of the green and renewable economy by offering products and solutions to the IT/Automotive industry which contain up to 98% scrap and recycled materials. This will not only reduce carbon footprint but represent a true innovation in the fight against climate change and saving the Earth from the depletion of its natural resources for future generations.

The Group hopes that its endeavours will enhance the Singapore Technology Roadmap by becoming the first in Asia to support the IT/Automotive industry with innovative new products using LF technology and meeting carbon neutral targets by 2030.

Notwithstanding geo-political challenges and rivalry between the US and China, the manufacturing hub for Mobile Phone/Notebook/Tablet is in China, and in the analysis of Management, China looks likely to remain the hub for the foreseeable future as it is not easy to replace China due to several factors. First, China has a large and highly skilled workforce that is willing to work for lower wages than in many other countries. Second, China has over the years invested heavily in infrastructure, such as ports, highways and logistics systems, which enables the efficient movement of goods and materials. Third, China has a well-established supply chain network with numerous suppliers located within close proximity to manufacturing hubs, which helps reduce costs and improve efficiency. Furthermore, many large and world-renown technology companies have established long-term relationships with Chinese manufacturers and suppliers who have developed specialised expertise in producing specific components for these companies such that it would be difficult and costly to transition to new suppliers or manufacturing locations.

In this connection, the Group will transfer its LF technology to its 100% newly incorporated subsidiary – Nico Precision Technology (Jiangsu) Co., Ltd ("**NPT**") – in Jiangsu to support mass production once trial production in Singapore has been fully approved and verified. NPT is now in the process of being set-up at the Nantong Industrial Park. The Group's target is to complete the commissioning of this plant with a total of 50 cells of LF units by 2026 to 2027. The initial plan is to move in 10 cells units to secure projects which have been qualified following successful trial production in Singapore.

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## LETTER TO SHAREHOLDERS

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As at the Latest Practicable Date, NPT has not acquired, leased or identified alternative factory premises to replace the Group's existing factory in Suzhou. Due to the COVID-19 pandemic, the Suzhou government has temporarily suspended applications for the demolition of factories and buildings. Management will start the process of identifying and acquiring or leasing land for the new plant at the Nantong Industrial Park once demolition permits are once again issued by the Suzhou government. As at the Latest Practical Date, the Suzhou government has not indicated a date on which it would resume issuing demolition permits.

LF is a critical technology which Management and the Board believe will benefit the Group in increasing revenue generation, gaining market share and cementing its leadership position for new alternative (and green) solutions for, and be the first in Asia to provide a LF (3D) part to, the IT/Automotive industry. All controls including technology, production processes and marketing will be handled by the Company's subsidiary in Singapore.

As discussed in this paragraph 8.2.3, while Management is of the view that replacing China as the manufacturing hub of the world is a challenging task, the US continues to place restrictions on its companies operating in China. This process of "*de-China-nisation*" appears to have accelerated under the current administration in the US. This has forced companies (both local and foreign) operating in China to diversify their production by manufacturing part of their products in China and part of them in countries such as India, Vietnam and Thailand. The Group's operations in China are not spared this challenge. As stated above, the Group has established production-facilities in Thailand since 2005. With 18 years of manufacturing and operating experience in Thailand, the Group has a stable customer base and experienced skill workers in Thailand where the Group can quickly and in a cost-efficient manner move some or more of its production capacity to.

### 8.2.4 Projected financial performance of the Group

Based on current assumptions made by Management, the Group is forecast to generate US\$21.6 million in revenue in FY2024, which forecast is based on expected revenues from existing customers' projects which are expected to continue in FY2024, and also from existing customers' new projects which are expected to commence in the fourth quarter of FY2024, but does not include the potential book order that may be generated from the recently acquired Major Customer, as orders from the Major Customers are expected to be received only once the Group has been formally listed by the Major Customer as a vendor in 2024, and after the Group has satisfied certain further qualifying criteria set forth by the Major Customer.

Barring any unforeseen circumstances, including armed conflicts in the Asian region, Management projects revenue to be on the uptrend, starting from FY2025, which may see sales increase by between 20% to 30% as a result of orders from the Major Customer, based on (a) terms in the MDSA under which the Major Customer may provide to the Group subsidiary concerned a long-term purchase forecast whereby the Group subsidiary would have to commit to such forecast by ensuring sufficient resources and capacity to supply, based on the forecast provided, subject to minimum lead times, as agreed, and (b) the average price per unit of similar component that the Group is currently supplying to its other global brand owner-customers. On the assumption that the Company's LF Project commences mass production from FY2027, a forecast of up to US\$52.6 million in sales could also be in store for FY2028.

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## LETTER TO SHAREHOLDERS

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As indicated in paragraph 5.2.4, the Group is an existing supplier for a few global technology and automotive brand-owners. Management expects that once orders from the newly acquired Major Customer commence, there will be a corresponding rise in confidence in the Group's other existing global brand customers and this could lead to increased orders from these other customers, as a result.

### 8.2.5 Working capital and capital requirements

The Group had a cash and cash equivalent of US\$4.5 million as at 28 February 2022 and US\$3.9 million as at 31 August 2022 (HY2023). In preparation for the working and capital requirements that the Group's business and projects require, Management has taken active steps to conserve its cash resources. However, to complete the commissioning of the new plant in Nantong Industrial Park, support the research and development of the Company's LF Project and to fulfil its obligations under the MDSA with the newly acquired Major Customer, Management estimates working and capital requirements over the next 5 years to be as follows:

- (a) up to US\$0.3 million in research and development and testing costs for the Company's LF Project;
- (b) up to US\$2 million for the commissioning and establishment of the new plant at the Nantong Industrial Park in Jiangsu;
- (c) up to US\$1.2 million for the implementation of the Company's LF project in NPT;
- (d) in the event the Company has to move part of its production to Thailand, an amount of up to US\$1 million could be required to execute this move; and
- (e) up to US\$3 million for corporate actions that Management anticipates will be necessary to seize opportunities in respect of any suitable mergers and acquisition opportunities, as and when they present themselves, including fund raising from new investors via a potential listing of the Company's Securities on another bourse or platform of the SGX-ST to fund the working and capital requirements of the Group as set out above.

### 8.3 Reasons why the Company is not in a position to make an Exit Offer and the Exit Options considered by the Board

8.3.1 The reasons why the Company could not itself have made an Exit Offer have been set out and explained in paragraph 6. The key reasons are repeated here with updated financial figures as at FY2023, as follows:

- (a) (i) as at 31 August 2021 ("HY2022"), the Group reported a net profit before tax of some US\$271,000 for the half year. The Group had cash and cash equivalent as at 31 August 2021 of some US\$4.3 million. As at FY2021, it had current liabilities of approximately US\$4.5 million, and as at HY2022, it had current liabilities of approximately US\$4.2 million. Therefore, while the Company was not in a financial position to declare dividends, it was not under any financial difficulty, and was able to pay its debts as and when they fell due. The Group was a bona fide going concern.

## LETTER TO SHAREHOLDERS

- (ii) as at 31 August 2022 (“HY2023”), the Group reported a net profit before tax of some US\$318,000 for the half year. The Group had cash and cash equivalent as at 31 August 2022 of some US\$3.94 million. As at FY2023, it had current liabilities of approximately US\$3.5 million, and as at FY2022, it had current liabilities of approximately US\$5.7 million. Similar to its financial situation in FY2021, while the Company is not in a financial position to declare dividends, it is not under any financial difficulty, and is able to pay its debts as and when they fall due<sup>5</sup>. The Group continues to be a bone fide going concern. Please refer to the breakdown of the Company’s current liabilities set out below:

	FY2023 (USD'000)	FY2022(USD'000)
<b>Current assets</b>		
Inventories	7,656	8,456
Trade and other receivables	4,710	6,724
Contract assets	738	582
Cash and cash equivalents	3,697	4,511
	<b>16,801</b>	<b>20,273</b>
<b>Current liabilities</b>		
Borrowings	2,266	4,181
Trade and other payables	1,124	1,423
Provisions	21	22
Current tax payable	62	76
	<b>3,473</b>	<b>5,702</b>

- (b) (i) the expected working capital requirements in the next 12 months included capital expenditure to fulfil the additional investment requirement by JTC Corporation for the Group’s Singapore factory in Loyang Way, research and development expenditure for the Company’s LF Project, and anticipated costs relating to the Group’s move of its China operations to the northern region of Jiangsu Province, which has been announced.
- (ii) Update on the then forecasted working and capital requirements stated in (b) (i) above:

To fulfil the additional investment requirement required by JTC Corporation for the Group’s Singapore factory in Loyang Way, research and development expenditure for the Group’s Liquid Forging Project, the Group has spent US\$0.60 million, including investment on plant and machinery, and expenses on research and development.

- (c) (i) as of the date of the AC Letter of 29 November 2021 and till date, the Company has not received any formal offer from its Controlling Shareholders for a cash exit offer at all. In this connection, the Company understood that a cash offer if made had to be fair and reasonable, and in this respect, fair and reasonable would have to approximate the Group’s net tangible assets, which stood at approximately

<sup>5</sup> As at the Latest Practicable Date, no Group company has been served with any demand for default in payment of any debt, nor has any such company received any demand for default in payment of any debt in the last five years.

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## LETTER TO SHAREHOLDERS

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US\$16,700,000 as at 31 August 2021. The net asset value per share based on the Group's net tangible assets of approximately US\$16,700,000 and the number of issued shares of 4,962,166,000 in its share capital as at 31 August 2021 was approximately US\$0.003.

- (ii) as at the date of this Circular, the Company has not received any formal offer from Danny Tan for an Exit Offer, and no other Shareholder has made any such offer or come forward for a discussion of the same.
- (d) (i) as at 28 February 2021, being the end of the financial period for FY2021, and as at 31 August 2021, being the end of the financial period for HY2022, the Group had statutory surplus reserve of US\$0.75 million (please refer to page 52 of the FY2021 Annual Report and page 4 of the Condensed Interim Financial Statements of HY2022). Therefore, Company was not in a position to make an Exit Offer that is fair and reasonable or at all.
- (ii) as at 28 February 2022, being the end of the financial period for FY2022, the Group has statutory surplus reserve of US\$0.84 million (please refer to page 54 of the FY2022 Annual Report). Similarly, the Company is not in a position to make an Exit Offer that is fair and reasonable.
- (iii) as at 28 February 2023, being the end of the financial period for FY2023, the Group has statutory surplus reserve of US\$0.94 million (please refer to page 60 of the FY2023 Annual Report). Similarly, the Company is not in a position to make an Exit Offer that is fair and reasonable.

8.3.2 In relation to alternative Exit options the Board has considered, as set out and explained in paragraph 6.7:

- (a) Undertaking a selective capital reduction. For the reasons set out in paragraph 6.4, such an exercise could not be undertaken, as, primarily, the Company did not and does not have cash reserves or distributable profits to make a distribution or an Exit Offer that is fair and reasonable;
- (b) Disposing of the Company's assets. For the reasons set out in paragraph 6.7, a disposal would not only require Shareholders' approval, a proposal by the Board of the sale of any key operating asset of the Company would significantly and adversely affect the Company's operational and financial position and would materially prejudice its going concern status. Fiduciary duties would dictate that Directors could not recommend such a disposal under the circumstances existing. These reasons and circumstances have not changed. Further, a disposal of any key operating asset of the Company would potentially trigger cross-defaults of the Company's current banking facilities and material legal agreements, including a fundamental breach of the MDSA with the Major Customer. In Singapore, the Group's key asset comprises its leasehold property at 51 Loyang Way, which is leased to it by the JTC and is subject to various restrictions as to use and assignment.

8.3.3 In addition, Shareholders should note that in connection with potential cross-defaults, as the Company is unable to predict which loans might be the first to be accelerated or which of the Group's key suppliers might be the first ones to trigger a demand for payment of their invoices, the Company is not able to make any reasonable forecast of such a scenario for the purpose of ascertaining the order of repayment and, consequently, whether it would be in a position to pay its debts as and when they fall due.

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## LETTER TO SHAREHOLDERS

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8.3.4 The Board would like to emphasise that the value of the Group's NTA of US\$16,700,000 as stated in the AC Letter of 29 November 2021 and the value the Group's NTA of US\$16,100,000 based on the latest audited consolidated financial statements for the year ended 28 February 2023 was and is determined on the basis of the Group operating as a going concern. If assets of the Group are listed for sale, the consideration that the Group will actually receive may not approximate their carrying or recorded value, and may be much lower, especially since potential buyers would be informed of the circumstances for the listing for sale of any such assets as while the Company's Securities have been suspended from trading, pending actual delisting, the Company would have to announce any such disposal and the reasons therefor.

8.3.5 Similarly, in a liquidation or winding-up of a company, where assets are sold or auctioned off to potential buyers, the consideration received for any assets sold or auctioned off will likely be lower than their carrying or recorded value as the liquidation is carried out under a mandatory process and time constraint, and assets are sold in a market that may not be favourable to the seller.

### 8.4 Voluntary Winding up

8.4.1 In respect of a voluntary winding-up, the Board would like to provide Shareholders with the following information.

8.4.2 Members of a company may wind up a company voluntarily (a) if a special resolution which requires a 75% majority affirmative votes is passed by Shareholders present and voting at an extraordinary general meeting, and (b) its directors make a declaration of solvency stating that the company can pay all of its debts, within a period of 12 months from the commencement of the winding up ("**Members Voluntary Winding-UP**" or "**MVL**").

8.4.3 In general, directors of a company may recommend that a solvent company be wound up where:

- (a) the company has ceased business activities;
- (b) there is management deadlock;
- (c) there is oppression – i.e., shareholders' dispute under section 216 of the Companies Act;
- (d) there is a corporate or financial restructuring of the group to which a company belongs;
- (e) there is corporate restructuring to minimise tax liabilities or maximise tax advantages for the group to which a company belongs;
- (f) there is a breach of statutory provisions of the Companies Act, including offences committed, and such breach cannot be remedied; and
- (g) a company is acting outside its scope of business or the remit given by its shareholders.



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## LETTER TO SHAREHOLDERS

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- 8.4.4 As set out in the foregoing paragraphs, the Group is a bona fide going concern, and while it is the duty of directors under the Companies Act to wind up an insolvent company, directors of a solvent company could be held in breach of their fiduciary duties under the law and/or by members who object to the MVL recommended or initiated by directors of the company, in cases where the MVL does not fall within any of the circumstances set out in paragraph 8.4.3 above, or where there are no other just and equitable grounds to do so.
- 8.4.5 Shareholders should also understand that where a company is sought to be wound up by its members for reasons considered improper or that may prejudice other members or creditors, such other members and creditors are entitled to make an application to the court to enjoin (or stop) the voluntary winding up. In a voluntary winding-up, creditors would also, likely, within the time before the EGM is convened for the MVL, accelerate and demand repayment of debts owed to them by the company as the winding up of a company is usually an event of default under credit facilities granted by banks or other creditors. Under such circumstances, the directors of a company proposed to be wound up under a MVL may not be able to make a bona fide declaration of solvency, arising from accelerated repayment demands from creditors, such as immediate payment of trade payables and bank credit facilities. Further, in such a scenario, the directors of such a company would also have to take into consideration contingent liabilities that will be payable arising from costs and expenses incurred in a winding-up, including professional fees charged by liquidators and lawyers appointed. If a company that proposes to undergo an MVL is insolvent as a consequence of creditors' demand for accelerated repayment, the directors will have to make a declaration of insolvency, or the creditors themselves may petition the court to wind-up the company compulsorily under a creditors voluntary liquidation (a "**CVL**"). In a CVL, the liquidators appointed to oversee the winding-up process are nominated by creditors, subject to approval by the court. The difference between an MVL and a CVL is that in a CVL, there are 2 additional steps, i.e., (a) a provisional liquidator will be appointed by the creditors at the commencement of the CVL, and (b) a creditors' general meeting will be held. The significance of a CVL under the circumstances described in this paragraph is that while liquidators have certain duties under the IRDA, their primary responsibility is to call in, take into custody the company's property and assets and sell such property and assets in order to make repayment to the creditors. In a CVL, directors and equity shareholders of the company will have no control over the timelines during which such property and assets are sold by the appointed liquidators, if the directors are unable to make the solvency declaration, as the focus of a CVL would be the efficient and timeous conversion of assets into cash by the liquidators to repay all creditors. On disposal of all property and assets, payment will be made to (a) secured creditors, (b) statutory-preferred creditors, such as employees, government agencies such as CPF and the IRAS, and (c) non-secured creditors in priority over equity shareholders, who will rank last in receiving any distribution of the company's assets.
- 8.4.6 In the case of the Company and its Subsidiaries, the Board would further like to draw Shareholders' attention to the fact that the Company's principal and operating Subsidiaries are incorporated outside of Singapore. In any winding-up, whether voluntary or compulsory, the laws of the jurisdictions the Subsidiaries were incorporated under will govern and determine whether and what grounds there are for a winding-up, whether it be an MVL or CVL, and also the time and process taken to complete any such MVL or CVL.

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## LETTER TO SHAREHOLDERS

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### 8.5 Recommendation of the Independent Directors

While the Independent Directors believe that the Proposal to Delist without an Exit Offer may not be the most ideal solution to address the Delisting Notification challenge faced by the Company, however, given the circumstances detailed in this Circular and the reasons outlined in paragraphs 8.3 and 8.4, they are of the opinion that the proposal is in the best interests of the Company and its Shareholders (including minority Shareholders), as the Group is finally realising some of the expected results from the New Business Strategy, with the developments and projects as have been set out in paragraph 8.2.2. Barring the occurrence of any unexpected negative events, the path to a more sustainable business and to generating value for Shareholders looks clearer. Therefore, the Independent Directors recommend that Shareholders vote in favour of the ordinary resolution pertaining to the Proposal to Delist without an Exit Offer, which will be tabled at the EGM. The full text of the ordinary resolution can be found in the Notice of EGM on pages 40 to 44 of this Circular.

The Independent Directors would also like to inform Shareholders that under the Listing Manual, the opinion of an IFA is not required in connection with the Proposal to Delist without an Exit Offer.

### 9. STATUS OF THE COMPANY FOLLOWING THE DELISTING WITHOUT AN EXIT OFFER

- 9.1 The Board would like to inform Shareholders that if the Proposal to Delist without an Exit Offer is passed by Shareholders at the EGM, the Company will remain a public company pursuant to the Companies Act, although its Shares will no longer be quoted and traded on the SGX-ST or any other trading platform following the approval of the said proposal. There will also not be a ready market for Shareholders to sell and/or transfer their Shares. Any sale and/or transfer can be made on a willing buyer/willing seller basis, subject to applicable law, e.g., insider trading provisions of the SFA which will continue to apply to a public but unlisted company.
- 9.2 Upon the Delisting having been effected, Shareholders will be issued share certificates covering the Shares they hold in the Company.
- 9.3 In addition, as a public but unlisted company, the Company will continue to be required to:
- (a) prepare and table for adoption by Shareholders audited consolidated financial statements for each FY;
  - (b) hold AGMs within 4 months of its FY;
  - (c) continue to comply with relevant provisions of the Companies Act, the SFA and the provisions of the Code, unless a waiver is granted by the Securities Industry Council; and
  - (d) update Shareholders of material and important information about the Company and its Subsidiaries. In this respect, the Company will continue to update Shareholders by way of circular information sent as and when there are material developments in the Group, and also by way of AGMs or EGMs, in accordance with the Companies Act.



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## LETTER TO SHAREHOLDERS

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### 10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 40 to 44 of this Circular, will be held by way of electronic means (via live webcast and audio only means) on 30 June 2023 at 2.30 p.m. (or as soon as practicable thereafter following the conclusion or adjournment of the AGM of the Company to be held at 2.00 p.m. on the same day) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution as set out in the Notice of EGM.

### 11. ACTION TO BE TAKEN BY SHAREHOLDERS

- 11.1 Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 51 Loyang Way, Singapore 508744 or be received by the Company at the Company's email address at [www.nico.com](mailto:www.nico.com) not less than forty-eight (48) hours before the time fixed for the holding of the EGM.
- 11.2 Pursuant to the new Section 81SJ(4) of the SFA, a Depositor will not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears of the Depository Register at least seventy-two (72) hours before the EGM.
- 11.3 For more information on how to register to participate in the EGM which will be held electronically, Shareholders should read the Appendix to the Notice of EGM published together with this Circular on 15 June 2023 on the SGX-Net for the detailed steps and instructions on how to register to participate in the EGM held electronically, how to vote and submit questions live and online during the EGM and in advance of the EGM, and how to (a) appoint a proxy or proxies to participate in, vote and submit questions live and online on their behalf during the EGM or (b) appoint the chairman of the meeting as their proxy to vote on their behalf.

### 12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposal to Delist without an Exit Offer, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 13. DOCUMENTS AVAILABLE FOR INSPECTION

13.1 The following documents are available for inspection at the registered office of the Company at 51 Loyang Way, Singapore 508744 during normal business hours from the date hereof up to and including the date of the EGM.

(a) The annual report of the Company for FY2023; and

(b) The Constitution of the Company.

13.2 The attention of Shareholders is also drawn to the Appendices which form part of this Circular.

Yours faithfully  
for and on behalf of the Board of  
**Nico Steel Holdings Limited**

Tan Chee Khiong Danny  
Executive Chairman & President

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## APPENDIX A

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Monday, 29 November 2021

Singapore Exchange Regulation Pte. Ltd.

("SGX RegCo")

11 North Buona Vista Drive

#06-07

The Metropolis Tower 2

Singapore 138589

Attention: Ms. Eliza Tan and Mr. Andre Teo

Dear Eliza and Andre,

NICO STEEL HOLDINGS LIMITED

As discussed during our zoom call a few weeks ago, the Audit Committee is submitting this letter for your consideration and information.

A. Background

1. On 1 July 2020, the Company made an application to SGX RegCo for a second extension of time for it to meet the criteria to exit the watchlist for financial criteria pursuant to Rule 1314(1) ("**Second Extension**"). In this connection, SGX RegCo had granted to the Company an extension previously, which expired on 4 September 2020 ("**First Extension Deadline**").
2. The Company had made the application for the Second Extension on the basis that the Company had recorded profits for the financial years 2018 and 2019, although it reported a net loss before tax of US\$1.18 million for the financial year ended 29 February 2020 ("**FY2020**"). In this connection, in its application, the Company explained that it had been impacted by the trade wars between the United States and China as well as the COVID-19 pandemic, as with most companies with businesses in the consumer electronic sector operating in China. However, SGX RegCo denied the Company's application for the Second Extension.
3. On 16 October 2020, the Company received a delisting notification ("**Delisting Notification**") from SGX RegCo which cited a net loss before tax of US\$1.18 million and a negative cash-flow from its operating activities of US\$1.13 million for FY2020, and a market capitalisation of less than S\$40 million or more over the last 6 months prior to the First Extension Deadline.
4. Prior to the Delisting Notification, in accordance with its quarterly financial results reporting for the financial period ended 31 August 2020 ("**HY2021**"), the Group reported a net profit before tax (unaudited) of approximately US\$357,000 for the half year, reversing a loss of approximately US\$228,000 for the same period in FY2020.
5. For the full financial year ended 28 February 2021, the Group reported a full year net profit before tax of US\$1.22 million amidst very challenging circumstances which included the COVID-19 pandemic and the heightened trade wars between the China and the United States. The Group had cash and cash equivalent as at 28 February 2021 of some US\$3.8 million.

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## APPENDIX A

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6. For the half year ended 31 August 2021 (“**HY2022**”), the Group reported a net profit before tax of some US\$271,000 for the half year. The Group had cash and cash equivalent as at 31 August 2021 of some US\$4.3 million. As at FY2021, it had current liabilities of approximately US\$4.5 million, and as at HY2022, it had current liabilities of approximately US\$4.20 million. Therefore, while the Company is not in a financial position to declare dividends as yet, it is not under any financial difficulty, and is able to pay its debts as and when they fall due. The Group is a bona fide going concern.
7. For informational purposes, the expected working capital requirements in the next 12 months include capital expenditure to fulfil the additional investment requirement set by JTC Corporation for the Group’s Singapore factory in Loyang Drive, research and development expenditure for the Group’s Liquid Forging Project, and anticipated costs relating to the Group’s move of its China operations to the northern region of Jiangsu Province, which has been announced.
8. Till date, the Company has not received any formal offer from its controlling shareholders for a cash exit offer at all. In this connection, the Company understands that a cash offer if made had to be fair and reasonable, and in this respect, fair and reasonable would have to approximate the Group’s net tangible assets, which stood at approximately US\$16,700,000 as at 31 August 2021. The net asset value per share based on the Group’s net tangible assets of approximately US\$16,700,000 and the number of issued shares of 4,962,166,000 in its share capital as at 31 August 2021 is approximately US\$0.003 (“**NAV Per Share**”).
9. As at 28 February 2021, being the end of the financial period for the full financial year for FY2021, and as at 31 August 2021, being the end of the financial period for the half year for HY2022, the Group had statutory surplus reserve of US\$0.75 million (please refer to page 52 of the FY2021 Annual Report and page 4 of the Condensed Interim Financial Statements of HY2022).

### B. Exit Offer

1. In the Delisting Notification, it was stated that pursuant to Rule 1306, the Company or its controlling shareholders must comply with Listing Rule 1309 which requires the Company or its controlling shareholders(s) to provide a fair and reasonable cash exit offer to shareholders.
2. The purpose of a cash exit offer made to shareholders is to enable shareholders to realise some cash value for the shares they hold in the Company pursuant to the delisting of the Company’s shares on the SGX-ST.
3. The avenue for a company to make a cash distribution to its shareholders under Singapore laws is by way of a return of capital that is in excess of what is required by the company by cancelling part of the issued share capital (“**Capital Reduction**”). Where it is not intended to return cash to all shareholders, the controlling shareholders must not object to return excess capital to certain participating shareholders selectively (“**Selective Capital Reduction**”).
4. Notably, NGSC Limited (listed on the mainboard of the SGX-ST) (“**NGSC**”) has recently sought to reduce its share capital selectively by returning a total of approximately S\$7.360 million to its participating shareholders under a selective capital reduction exercise. NGSC, accordingly to its

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## APPENDIX A

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- latest financial statements had a cash and cash equivalent of approximately S\$12.6 million as at 30 September 2021, and current liabilities of approximately S\$3.8 million. It did not have any significant long-term liability as of 30 September 2021, save for lease liability of S\$73,000.
5. A Selective Capital Reduction exercise may be made by a company pursuant to section 78(G) of the Companies Act by way of a special resolution of members approved by an order of the Court under section 78(I).
  6. The primary requirements for undertaking a selective capital reduction are:
    - 6.1 there must be sufficient cash reserves or distributable profits to make the desired cash distribution;
    - 6.2 must be approved by members of the company by a special resolution, i.e. (75% majority);
    - 6.3 the directors of the company must make a solvency declaration;
    - 6.4 a list of qualifying creditors has to be made up;
    - 6.5 the approval and confirmation by the High Court of Singapore must be obtained for the Selective Capital Reduction. In this connection, if any qualifying creditor or shareholder does not agree to the Selective Capital Reduction, the Court may not make an order approving the reduction; and
    - 6.6 controlling shareholders must not object to such a selective capital reduction.
  7. In addition to the requirements set out above, the Securities Industry Council ("**SIC**") must also grant certain exemptions to the controlling shareholders whose shares will not be cancelled pursuant to the Selective Capital Reduction; primarily a waiver of Rule 14 of the Code of Takeovers and Mergers ("**Code**") as the net effect of such a Selective Capital Reduction is that the controlling shareholders would become the statutory majority of the company upon completion of the Selective Capital Reduction.
  8. As with a normal takeover offer, the opinion of an independent financial adviser ("**IFA**") must be provided to opine that the amount to be returned per share selectively reduced is fair and reasonable ("**Exit Offer Price Per Share**").
  9. Given the above requirements, it is the AC's views that the Company is not in a position to undertake such a corporate exercise for the following reasons:
    - 9.1 the Company does not have sufficient cash reserves or distributable profits to undertake such a Selective Capital Reduction. As at FY2021, it had current liabilities of approximately US\$4.5 million and as at HY2022, it had current liabilities of approximately US\$4.2 million. These are compared to cash and cash equivalent of approximately US\$3.8 million as at FY2021 and approximately US\$4.3 million as at HY2022;
    - 9.2 based on a NA Per Share of US\$0.003, the approximate amount of cash reserves or distributable profits required for the Company to undertake a Selective Capital Reduction that excludes Mr. Danny Tan and associates who collectively hold approximately 25% of the total issued share capital would be approximately US\$11.1 million or approximately S\$14,985,000;

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## APPENDIX A

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- 9.3 even if the Exit Offer Price Per Share were to be priced at a 50% discount to the NAV per share of US\$0.003, and assuming that such reduced Exit Offer Price Per Share would still be regarded as fair and reasonable by the IFA, the total cash requirement would be approximately, US\$5.5 million or approximately S\$7,425,000, which is US\$5.5 million or approximately S\$7,425,000 that the Company does not have;
- 9.4 the Company is not able to count Value Capital Asset Management (“**VCAM**”) as part of the excluded group of controlling shareholders as it has in various written communication notified the Company that it was not a controlling shareholder for the purpose of making an exit offer. VCAM had been selling down its shareholdings since 28 August 2020, and as of 27 October 2020, VCAM’s shareholding stood at 13.78%. In this respect, the Company cannot count on VCAM not to object to the Selective Capital Reduction even if the Company had the financial resources to carry out the exercise, which it does not;
- 9.5 in contrast, NGSC is able to provide confirmation of financial resources to its financial adviser to undertake the selective capital reduction announced by them. Critically, as at 30 September 2021, NGSC had current liabilities of approximately S\$3.8 million, compared to a cash and cash equivalent position of approximately S\$12.6 million as at 30 September 2021; and
- 9.6 as the Company is a going concern and is making profits, any break-up of its assets would be contrary to a director’s fiduciary duty of preserving the Company’s going concern status, unless the shareholders vote by a super majority (75%) to voluntarily wind up the Company.
- C. Alternative avenues
1. There is no other shareholder of the Company holding a block of shares of 15% or more of its total issued share capital as at 20 May 2021 (see page 103 of the Annual Report of the Company for FY2021) that could potentially be invited to make a cash offer. No shareholder has made any such intimation nor come forward for any discussion in this respect.
  2. The Company understands that Danny Tan and associates have approached DBS Bank and UOB Bank for a loan, but the banks have declined citing reasons of difficulties of getting the loan approved by their management for the purpose of delisting.
  3. A disposal of the Company’s assets for the purpose of effecting a cash distribution would require shareholders’ approval. In the case of the Company, any disposal that would fetch a reasonable market price could only be the sale of its premises at Loyang, Singapore. The sale of such a key operating asset would significantly and adversely affect the Company’s operational and financial position and would materially prejudice its going concern status. Fiduciary duties would dictate that directors of the Company could not recommend such a disposal under the circumstances existing.
  4. A disposal of any key operating assets of the Company would also trigger cross-defaults of the Company’s current banking facilities and material legal agreements.

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## APPENDIX A

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D. Conclusion

The Company is not able to make a cash exit offer to its shareholders for the reasons set out above.

Yours sincerely,

DocuSigned by:

*ALLAN TAN*

2D1A46092DDF462...

Allan Tan

Independent Director

For and on behalf of

The Audit Committee of Nico Steel Holdings Limited

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## APPENDIX B

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Our Ref: REG/LC/BT/2023030901

9 March 2023

**The Audit Committee**  
**Nico Steel Holdings Limited**  
51 Loyang Way  
Singapore 508744

Attention:

*Mr. Allan Tan, Lead Independent Director*  
*Mr. Gavin Mark McIntyre, Independent Director*  
*Mr. Michael Lee, Independent Director*

[BY EMAIL ONLY]

**PRIVATE AND CONFIDENTIAL**

Dear Sirs

**NICO STEEL HOLDINGS LIMITED (THE “COMPANY”)**

1. We refer to the letter sent by the Audit Committee of the Company dated 29 November 2021 and our subsequent correspondences on the above.
2. Based on your representation and submission to the Exchange, we wish to advise that the Company would need to obtain shareholders' approval for its delisting without an exit offer made to the Company's shareholders and holders of any other classes of listed securities to be delisted pursuant to Listing Rule 1309. The shareholders' circular on the above is to contain the following disclosures:
  - a) The exit options considered and assessed by the board of directors including the reasons for not proceeding with any of these exit options and why it is proposing to delist without an exit offer; and

**Singapore Exchange Regulation Pte. Ltd.**  
Company Reg No. 201709600D  
(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589





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## APPENDIX B

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- b) The board of directors' opinion as to whether this proposal is in the best interests of the Company and its minority shareholders as compared to other considered exit options, and the bases for such an opinion.
3. The shareholders' resolution for the Company's delisting without an exit offer shall be tabled at a general meeting of the Company to be convened not be later than 30 June 2023.
4. If shareholders' approval is not obtained as required under paragraphs 2 and 3 above, the Company would need to obtain shareholders' approval for an alternative delisting proposal which would satisfy Chapter 13 of the SGX-ST Listing Manual (e.g. voluntary liquidation).
5. Please make an immediate SGXNet announcement to inform shareholders of this outcome letter.
6. Please note that the Exchange reserves the right to amend/vary the above decision and the above decision is subject to changes in the Exchange's policies. The Exchange also reserves the right to impose any additional conditions or require disclosure of additional information as it deems fit.
7. Should you require any clarifications, please contact the undersigned at 6236 8897 / [eliza.tan@sgx.com](mailto:eliza.tan@sgx.com) or Mr. Benjamin Tan at 6713 6848 / [benjamin.tan@sgx.com](mailto:benjamin.tan@sgx.com).

Yours faithfully

A handwritten signature in black ink, appearing to be 'Eliza' followed by a stylized flourish.

Eliza Tan Hwee Hong  
Senior Vice President  
Listing Compliance

**Singapore Exchange Regulation Pte. Ltd.**  
Company Reg No. 201709600D  
(A wholly-owned subsidiary of Singapore Exchange Limited)

11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589



## NICO STEEL HOLDINGS LIMITED

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

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of Nico Steel Holdings Limited (the “**Company**”) will be held by way of electronic means (via live webcast and audio only with the ability to cast votes and submit questions live and online) on 30 June 2023 at 2.30 p.m. (or as soon as practicable following the conclusion or adjournment of the Annual General Meeting (“**AGM**”) of the Company to be held at 2.00 p.m. on the same day) for the purpose of considering and, if thought fit, passing with or without modification, the following resolution:

#### AS AN ORDINARY RESOLUTION

#### THE PROPOSAL TO DELIST WITHOUT AN EXIT OFFER

THAT:

- (a) the Company’s Securities (as defined the Circular) be delisted from the Official List of the SGX-ST pursuant to the Delisting Notification (as defined in the Circular) without an Exit Offer being made by the Company or the Undertaking Controlling Shareholder (as defined in the Circular) be and is hereby approved;
- (b) the Shareholders hereby waive any right or entitlement that they may have under the Delisting Notification or otherwise in receiving an Exit Offer (as defined in the Circular) from the Company and the Undertaking Controlling Shareholder in connection with or arising from the Delisting; and
- (c) the Directors, and each of them, be and are hereby authorised to do any and all such acts (including to execute all such documents as may be required) as they and/or they may, in their absolute discretion, deem necessary, desirable or expedient to give effect to this ordinary resolution.

#### BY ORDER OF THE BOARD

**Nico Steel Holdings Limited**  
Tan Chee Khiong Danny  
Executive Chairman & President  
15 June 2023

**Notes:**

- (1) A member of the Company who is entitled to attend and vote at the EGM, who:
  - (a) is not a relevant intermediary, is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where such member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a member of the Company. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.
  - (b) is a relevant intermediary, is entitled to appoint more than two (2) proxies to attend and vote in its stead. Where such relevant intermediary appoints more than one (1) proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

**"Relevant Intermediary"** means:

- (i) a banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and which holds shares in that capacity;
  - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or
  - (iii) the Central Provident Fund Board, established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (2) The Circular, this Notice of EGM, the accompanying proxy form can be assessed on SGXNET at the link: <https://www.sgx.com/securities/company-announcements> or the Company's website at the link: <https://www.nico.com>.
  - (3) The proxy form appointing a proxy must be duly completed and signed, must be submitted in the following manner:
    - (a) if submitted by post, be deposited at the office of the Company's share registrar, M & C Services Private Limited at 112, Robinson Road, #05-01, Singapore 068902; or
    - (b) if submitted electronically, be submitted via email to [gpe@mncsingapore.com](mailto:gpe@mncsingapore.com); or
    - (c) if submitted via the registration link, to be submitted to the following URL: <https://conveneagm.sg/nicosteel-registration> (the **"Registration Link"**),

no later than 2.30 p.m. on 27 June 2023, being 72 hours before the time fixed for the holding of the EGM.

- (4) In the case of submission of the Proxy Form other than via the Registration Link, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
- (5) A Depositor's name must appear in the Depository Register maintained by the Central Depository (Pte) Limited not less than 72 hours before the time appointed for the holding of the EGM in order for him/her to be able to vote at the EGM.
- (6) A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on his behalf. A proxy need not be a member of the Company.
- (7) Members' attention is drawn to the **Notes on the Covid-19 (Temporary Measures) Act 2020** appended to this Notice of EGM which has been published together with the Circular on 15 June 2023 for the detailed steps and instructions on how to register to participate in the EGM held electronically, how to vote and submit questions live and online during the EGM and in advance of the EGM, and how to (a) appoint a proxy or proxies to participate in, vote and submit questions live and online on their behalf during the EGM or (b) appoint the chairman of the meeting as their proxy to vote on their behalf.

**IMPORTANT NOTICE TO SHAREHOLDERS IN RELATION TO THE CONDUCT AND PROCEEDINGS OF THE COMPANY'S EGM**

- (1) The Company refers to:
  - (a) the COVID-19 (Temporary Measures) Act 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to convene, hold or conduct general meetings;
  - (b) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the **"Order"**) which sets out the alternative arrangements in respect of, inter alia, general meetings of companies;

- (c) the joint statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation of 13 April 2020 (and subsequently updated on 27 April 2020, 22 June 2020, 1 October 2020 and 4 February 2022), read together with the FAQs on “The Holding of General Meetings” dated 23 May 2022 issued by Singapore Exchange Regulation, which provides guidance on the conduct of general meetings amid the evolving COVID-19 situation; and
  - (d) the announcement by the Ministry of Health that it has lowered the Disease Outbreak Response System Condition (DORSCON) from yellow to green as of 13 February 2023, and that the Order will be repealed on 1 July 2023.
- (2) Pursuant to the above, alternative arrangements are put in place to allow shareholders to participate in the EGM by:
- (a) observing and/or listening to the EGM proceedings via the live audio-visual webcast and live audio-only stream (“**Live Webcast**”);
  - (b) submitting questions ahead of the EGM. Please refer to the section under “Submission of Questions” below for more information;
  - (c) submitting text-based questions during the Live Webcast of the EGM by clicking the “Ask a Question” feature and then clicking “Type Your Question” to input their queries in the questions text box; and
  - (d) voting at the EGM, live and online. Please refer to the section under “Voting at the EGM” below for more information.
- (3) The EGM will be convened and held by electronic means only pursuant to the Order which is still in force. The Company is arranging for a live webcast of the EGM proceedings (the “**Live EGM Webcast**”) which will take place on 30 June 2023 at 2.30 p.m. (or at the conclusion of the AGM which will be held on the same day). As the EGM will be convened by way of a live webcast, shareholders will not be able to attend the EGM in person. Shareholders will, however, be able to participate in the EGM proceedings via the Live Webcast (either audio-visual webcast or live audio-only stream) in the following manner:

#### **Participation in the EGM via Live Webcast:**

1. Shareholders (including CPF and SRS investors) or their duly appointed proxies may observe and/or listen to the EGM proceedings through the Live EGM Webcast, by using your mobile phone, tablet or computer. To do so, shareholders (including CPF and SRS investors) will need to register at <https://conveneagm.sg/nicosteel-registration> (the “**Registration Link**”) commencing from the date of publication of the Notice of EGM on 15 June 2023 until 2.30 p.m. on 27 June 2023 (the “**Registration Deadline**”) to enable the Company to verify their status.
2. Following verification, verified Shareholders or their duly appointed proxies will receive an email containing instructions on how to access the Live EGM Webcast, how to submit questions live and online (in real time) and how to vote live and online (in real time) using their login credentials created during pre-registration.
3. Shareholders must not forward the abovementioned instructions to other persons who are not shareholders of the Company and who are, therefore, not entitled to attend the EGM.
4. Shareholders who register by the Registration Deadline but do not receive an email response by 2.30 p.m. on 28 June 2023 should contact the Company by email at [gpe@mncsingapore.com](mailto:gpe@mncsingapore.com) with the following information details: (a) the shareholder’s full name, and (b) his/her/its identification/passport/registration number.
5. Shareholders who hold shares through a Depository Agent (other than CPF/SRS investors) will not be able to pre-register for the Live Webcast. Such shareholders who wish to participate in the Live Webcast, should approach their relevant intermediary as soon as possible in order to make the necessary arrangements.
6. CPF or SRS investors and shareholders whose shares are held through Depository Agents should take note that they have to be appointed as a proxy by their Relevant Intermediaries if they wish to ask question and vote live and online during the EGM. Please refer to paragraph 5 under the section “Voting at the EGM” below for more information.
7. Shareholders who are attending the EGM via Live Webcast are reminded that the EGM is private. Invitations to attend the EGM Live Webcast shall not be forwarded to anyone who is not a Shareholder of the Company or who is not authorised and/or authenticated to attend the EGM Live Webcast. Recording of the EGM Live Webcast in whatsoever form by the Shareholders is also strictly prohibited.
8. Shareholders may contact [support@conveneagm.com](mailto:support@conveneagm.com) or call +65 68567330 in the event if there are any technical issues relating to the access link prior to the EGM.

### Voting at the EGM:

1. Voting for all resolutions will be conducted by way of a poll. Voting at the EGM may be carried out in one of two ways, by:
  - (a) a member or its duly appointed proxy(ies) live and online (in real time) by logging onto the Registration Link; or
  - (b) submitting a proxy form (in advance of the EGM) appointing the Chairman of the Meeting to cast votes, or abstain from voting, on their behalf. Please note that the proxy appointing the Chairman of the Meeting must be directed, i.e., the shareholder must indicate whether the Chairman of the meeting is directed to vote “for” or “against” or “abstain” from voting on the ordinary resolution, failing which the proxy may be declared invalid.
2. The proxy form (which can be assessed on SGXNET at the link: <https://www.sgx.com/securities/company-announcements> or the Company’s website at the link: <https://www.nico.com>), duly completed and signed, must be submitted in the following manner:
  - (a) if submitted by post, be deposited at the office of the Company’s share registrar, M & C Services Private Limited at 112, Robinson Road, #05-01, Singapore 068902; or
  - (b) if submitted electronically, be submitted via email to [gpe@mncsingapore.com](mailto:gpe@mncsingapore.com) or the Registration Link at URL: <https://conveneagm.sg/nicosteel-registration>.

in either case, by no later than 2.30 p.m. on 27 June 2023, being 72 hours before the time fixed for the holding of the EGM.
3. **Shareholders of the Company are strongly encouraged to submit completed proxy forms electronically via email.**
4. A member who wishes to submit an instrument of proxy must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
5. CPF or SRS investors who hold shares through a CPF Agent Bank or SRS Operator, and shareholders who hold shares through their Depository Agents (CPF Agent Banks, SRS Operators and Depository Agents are also referred to as Relevant Intermediaries):
  - (a) may vote live and online (in real time) at the EGM if they are appointed as proxies by their respective Relevant Intermediaries, and should contact their respective Relevant Intermediaries if they have any queries regarding their appointment as proxies; or
  - (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the EGM in which case they should approach their respective Relevant Intermediaries at least seven (7) working days before the EGM to allow sufficient time for their respective relevant intermediaries to, in turn, submit a proxy form to appoint the Chairman of the meeting to vote on their behalf by 5.00 p.m. on 19 June 2023. Please note that the proxy appointing the Chairman of the Meeting must be directed, i.e., the Relevant Intermediary must indicate whether the Chairman of the meeting is directed to vote “for” or “against” or “abstain” from voting for the resolution, failing which the proxy may be declared invalid.

### Submission of Questions:

1. Shareholders (or their duly appointed proxies) who have been registered to participate in the Live EGM Webcast may ask questions live and online (in real time) during the EGM by submitting their questions online via the Registration Link by clicking the “Ask a Question” feature and then clicking “Type Your Question” to put their queries in the question text box.
2. The Directors will endeavour to address as many questions submitted online as possible that are substantial and relevant to the proposed resolution to be passed during the EGM. However, Shareholders should note that there may not be sufficient time available at the EGM to address all questions raised. Please note that individual responses to questions submitted by Shareholders live and online during the EGM will be responded to for all registered participants and will not be sent directly to the Shareholders who submitted the relevant questions.
3. Alternatively, Shareholders (including CPF and SRS investors and shareholders who hold shares through Depository Agents) may submit questions relating to the proposed resolution as set out in the Notice of EGM prior to the EGM via email to [corporateaffairs@nico.com.sg](mailto:corporateaffairs@nico.com.sg) or via the Registration Link, by depositing a physical copy of the same at the registered office of the Company at 51 Loyang Way, Singapore 508744 by hand or post. Shareholders who their shares through a Depository Agent and wish to submit questions prior to the EGM by email or post, as set out in this paragraph, should contact their respect depository agents (or relevant intermediaries) to make the necessary arrangements.

4. Questions submitted in advance of the EGM may be sent after the publication of the Notice of EGM until 2.30 p.m. on 23 June 2023.
5. For questions submitted in advance of the EGM, the Company will endeavour to provide replies to all questions which are substantial and relevant to the proposed resolution by publication on the SGXNET and the Company's website at the link: <https://www.nico.com> on 26 June 2023, which is the commencement of the period during which Shareholders must submit their proxy forms if they are not exercising their votes live and online during the EGM. This is to provide Shareholders with sufficient time to consider responses to questions submitted via email before submitting their proxy forms.
6. The Company will also publish the minutes of the EGM (which will include all responses to questions which are substantial and relevant to the proposed resolution whether submitted via email in advance of the EGM or live and online during the EGM) on the SGXNET and the Company's website within one month after the date of the EGM.

**PERSONAL DATA PROTECTION:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company:

- (a) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (b) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (c) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## PROXY FORM

### NICO STEEL HOLDINGS LIMITED

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

### PROXY FORM

(Please see notes overleaf before completing this form)

#### IMPORTANT

1. The Extraordinary General Meeting ("Meeting" or "EGM") is being convened and will be held by way of electronic means pursuant to First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Circular dated 15 June 2023, Notice of EGM and Proxy Form ("Documents") for the EGM have been published on SGXNet and the Company's corporate website at <http://www.nicosteel.com>. Printed copies of the Documents will be sent to members upon their written request sent to [gpe@mncsingapore.com](mailto:gpe@mncsingapore.com).
2. Alternative arrangements relating to the attendance of the Meeting through electronic means, as well as conduct of the Meeting and relevant guidance with full details are set out in the accompanying Company's notice of EGM dated 15 June 2023, which can be accessed via the SGX website at: <https://www.sgx.com/securities/company-announcements> and the Company's corporate website at <http://www.nicosteel.com>.
3. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS operators if they have any queries regarding their appointment as proxies and voting rights.
4. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies) or the Chairman of the EGM as a shareholder's proxy on his/her/its behalf at the EGM.

\*I/We, \_\_\_\_\_ NRIC/Passport/Co. Registration No. \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of NICO STEEL HOLDINGS LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/Passport Number	Email Address***	Proportion of Shareholdings	
				No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Email Address***	Proportion of Shareholdings	
				No. of Shares	%

If no specific direction as to voting is given for individual(s) appointed as proxy/proxies above, the proxy/proxies will vote or abstain from voting at his/her/their\* discretion, and in addition, as he/she/they\* will on any other matter arising at the EGM and at any adjournment thereof.

Shareholders may alternatively appoint the Chairman of the meeting as their proxy/proxies to attend and to vote on their behalf at the Extraordinary General Meeting ("EGM") of the Company to be held by way of electronic means (via live webcast and audio only means with the ability to vote and submit questions live and online) on 30 June 2023 at 2.30 p.m. (or as soon as practicable following the conclusion or adjournment of the AGM to be held at 2.00 p.m. on the same day) and at any adjournment thereof. If Shareholders appoint the Chairman of the EGM as their proxy, they should insert the word "Chairman of EGM" under the column "Name".

Please note that where the Chairman of the EGM is appointed as proxy, the Proxy Form appointing the Chairman must be directed (i.e. the shareholder must indicate for each resolution proposed at the Meeting as indicated hereunder whether the Chairman of the EGM is directed to vote "for" or "against" or "abstain" from voting). If no specific direction as to voting is given, the appointment of the Chairman of the EGM as proxy for the resolution will be treated as invalid at the EGM and at any adjournment thereof.

The ordinary resolution put to vote at the EGM shall be conducted by poll.

No.	Ordinary resolution	For**	Against**	Abstain**
1	THE PROPOSAL TO DELIST WITHOUT AN EXIT OFFER			

\* Delete where inapplicable

\*\* If you wish to exercise all your votes "For" or "Against" or "Abstain", please mark "✓" within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

\*\*\* Compulsory for registration purposes. All shareholders and proxy holders who wish to attend and participate in the Live Webcast of the EGM must pre-register via the pre-registration website. Authenticated shareholders and proxy(ies) will be provided with a confirmation email for the EGM containing details, as well as instructions on attending the EGM, via the email address provided during pre-registration.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Signature(s) of Member(s)/Common Seal

Important: Please read notes on the reverse side.

Total No. of Shares	No. of Shares
(a) CDP Register	
(b) Register of Members	



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# PROXY FORM

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## Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you as registered in your name seventy-two (72) hours before the time fixed for the EGM.
2. The EGM is being convened and will be held by electronic means. Shareholders will not be able to attend the EGM in person. If a Shareholder wishes to exercise his/her/its voting rights at the EGM, he/she/it may cast his/her/its votes remotely in real time via electronic means. A shareholder (whether individual or corporate) may vote live at the EGM or may appoint a proxy or proxies, including the Chairman of the EGM, to vote on his/her/its behalf at the EGM. Shareholder may also vote at the EGM by appointing the Chairman of the EGM as proxy to vote on his/her/its behalf at the EGM. Where a shareholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of proxy for that resolution will be treated as invalid. In addition, if no specific direction as to voting is given for the individual(s) named above, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the EGM or at any adjournment thereof.
3. Only shareholder of the Company or their appointed proxy(ies) who have been successfully verified will be entitled to attend the EGM.
4. A shareholder who is not a Relevant Intermediary\* is entitled to appoint not more than two (2) proxies. Where such shareholder's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.
5. An investor who holds shares through a Relevant Intermediary\* (including CPFIS members or Supplementary Retirement Scheme investors ("CPF/SRS Investor")) and wishes to exercise his/her vote, should approach their respective Agent Banks/SRS operators to submit his/her votes by 19 June 2023 at 5.00 p.m. to appoint the Chairman of the Meeting as his/her proxy, at least 7 working days before the EGM.
6. A proxy, including the Chairman of the EGM, need not be a shareholder of the Company.
7. The Proxy Form must be submitted to the Company through any one of the following manner:
  - (a) if submitted by post, be lodged at the Company's Share Registrar's office at M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902;
  - (b) if submitted electronically, be submitted via email to the [gpe@mncsingapore.com](mailto:gpe@mncsingapore.com); or
  - (c) if submitted via Registration Link, be submitted via the following URL: <https://conveneagm.sg/nicosteel-registration>.

in either case, by **not later 27 June 2023, 2.30 p.m., being at least seventy-two (72) hours before the time appointed for holding the Meeting**, failing which the instrument of proxy shall not be treated as valid.

In the case of submission of the Proxy Form other than via the Registration Link, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**Shareholders are strongly encouraged to submit completed proxy forms electronically via email.**

8. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so presented as the corporation could exercise in person if it were an individual.
  9. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
  10. Where the Proxy Form is executed under the hand of an attorney duly authorised, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
  11. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to vote at the EGM.
- # A Relevant Intermediary is :
- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Future Act 2001 and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

## General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject any Proxy Form if the shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

## PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's notice of annual general meeting.