



**NICO STEEL HOLDINGS LIMITED**  
Company Registration No. 200104166D  
(Incorporated in the Republic of Singapore)

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**ISSUE OF 2.0% REDEEMABLE CONVERTIBLE BONDS DUE 2018 WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S\$50,000,000 - ISSUE OF CONVERSION SHARES**

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*Unless otherwise defined, all capitalised terms used in this announcement shall bear the meanings as ascribed to them in the Company's Circular to shareholder dated 5 February 2016 (the "**Circular**").*

Further to the announcement dated 6 January 2017, the Company wishes to inform shareholders that the Company has come to an agreement with the Bondholder on the most appropriate manner of rectification for the over allotment of 5,454,546 ordinary shares to the Bondholder pursuant to the exercise of its conversion right on 12 December 2016. The Bondholder has agreed to deliver up 5,454,546 ordinary shares to the Company for cancellation.

As all of the ordinary shares issued pursuant to the 12 December 2016 conversion have been sold by the Bondholder, the Company and the Bondholder have agreed to proceed with cancellation by way of the Bondholder exercising its conversion rights in relation to such principal amount of Bonds it holds as would result in at least 5,454,546 ordinary shares being issued on conversion.

The Company will make an application to the Singapore High Court under section 12B of the Companies Act for rectification of its share capital on the basis that 5,454,546 ordinary shares had been issued in error and will seek an order for cancellation of the 5,454,546 ordinary shares. The Bondholder has also agreed that it will bear all of the Company's costs and expenses in making such an application to the court.

Pending the grant of a rectification order by the court, the Company will hold on to the Conversion Shares amounting to 5,454,546 ordinary shares to be issued in scripted form. Upon receiving the order of court, the Company will apply to the Registrar of Companies for cancellation of the 5,454,546 ordinary shares on the basis of the order of court so obtained.

The Company and the Bondholder both agree that cancellation via a court order is the most appropriate manner to rectify the error. Other alternative solutions, for example, having the Bondholder reimburse the Company for the value of the over allotted shares would fall outside of the mandate given to the Company under the Circular.

The Company has also put in place a process that all future conversion price calculations be checked by its auditors before allotting and issuing Conversion Shares. The Company will update shareholders on the rectification as and when the Company has obtained the order of court.

**BY ORDER OF THE BOARD**

Danny Tan Chee Khiong  
Executive Chairman & President  
12 January 2017