

CIRCULAR DATED 18 SEPTEMBER 2017

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Nico Steel Holdings Limited (the "Company"), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately hand this Circular together with the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.



**NICO STEEL HOLDINGS LIMITED**

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

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

- (1) THE PROPOSED AMENDMENT TO THE TERMS OF THE SUBSCRIPTION AGREEMENT IN RELATION TO THE ISSUE OF 2.0% REDEEMABLE CONVERTIBLE BONDS DUE 2018 WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S\$50,000,000 TO PREMIER EQUITY FUND SUB FUND H (THE "SUBSCRIBER") AND THE ISSUE OF UP TO 5,000,000,000 CONVERSION SHARES UPON CONVERSION OF THE BONDS;**
- (2) THE PROPOSED ADOPTION OF THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017; AND**
- (3) THE PROPOSED PARTICIPATION OF CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES IN THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017.**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgment of Proxy Form	:	10 October 2017, 11.30 a.m.
Date and time of Extraordinary General Meeting	:	12 October 2017, 11.30 a.m.
Place of Extraordinary General Meeting	:	Room 502, Napier Room, Level 5 RELC International Hotel 30 Orange Grove Road Singapore 258352



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## DEFINITIONS

In this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:–

- “Affiliate”** : Any person, any other person directly or indirectly controlling, controlled by, or under common control with, such person. The expression **“control”** (including its correlative meanings, **“controlled by”**, **“controlling”** and **“under common control with”**) shall mean, with respect to a corporation, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation and, with respect to any person other than a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person.
- “Associates”** : In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being any individual) means:
- (i) his immediate family;
  - (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
  - (iii) any company in which he and/or his immediate family together (directly or indirectly) have an interest of 30% or more.
- “Board”** : The board of directors of the Company as at the date of this Circular.
- “Bond Issue”** : The issue by the Company of the 2.0% redeemable convertible bonds due 2018 with an aggregate principal amount of up to S\$50,000,000 comprising four (4) separate successive tranches, with an aggregate principal amount of S\$15,000,000 each for the first and second tranches of the Bonds and an aggregate principal amount of S\$10,000,000 each for the third and fourth tranches of the Bonds. The first to fourth tranches of the Bonds shall be referred to hereinafter as **“Tranche 1 Bonds”**, **“Tranche 2 Bonds”**, **“Tranche 3 Bonds”** and **“Tranche 4 Bonds”**, respectively. Tranche 1 Bonds and Tranche 2 Bonds are further sub-divided into 15 equal sub-tranches of S\$1,000,000 in principal amount each, and Tranche 3 Bonds and Tranche 4 Bonds are further sub-divided into 10 equal sub-tranches of S\$1,000,000 in principal amount each.
- “Bondholders”** and (in relation to a Bond) **“holder”** : The person in whose name a Bond is registered on the register of Bondholders.

<b>“Bond” or “Bonds”</b>	:	A bond comprised in any tranche or sub-tranche of the Bond Issue.
<b>“Business Day”</b>	:	A day (excluding Saturday, Sunday and public holidays) on which commercial banks are open for business in Singapore.
<b>“CDP”</b>	:	The Central Depository (Pte) Limited.
<b>“Closing Date”</b>	:	<p>In respect of each sub-tranche Bonds, the date on which such sub-tranche of the Bonds is subscribed for and issued pursuant to the Subscription Agreement and</p> <ul style="list-style-type: none"> <li>(i) in respect of the first sub-tranche of Tranche 1 Bonds, on the date falling five Business Days immediately after the last of the conditions precedent set out in the Subscription Agreement have been fulfilled or such other date as the Parties may agree in writing, such date being the Closing Date for the first sub-tranche of Tranche 1 Bonds;</li> <li>(ii) in respect of the first sub-tranche of each of Tranche 2 Bonds, Tranche 3 Bonds, and Tranche 4 Bonds no later than the fifth Business Day following the date of receipt of the Exercise Notice, such date being the Closing Date for the respective first sub-tranche of each of Tranche 2 Bonds, Tranche 3 Bonds, and Tranche 4 Bonds;</li> <li>(iii) in respect of each of the subsequent sub-tranches of Tranche 1 Bonds, Tranche 2 Bonds, Tranche 3 Bonds, and Tranche 4 Bonds: <ul style="list-style-type: none"> <li>(a) on the fifth Business Day after the Tranche 1 Conversion Date, Tranche 2 Conversion Date, Tranche 3 Conversion Date, or Tranche 4 Conversion Date (as the case may be) in respect of the relevant sub-tranche immediately preceding it; or</li> <li>(b) on such other date as the Subscriber may, in its sole and absolute discretion, decide.</li> </ul> </li> </ul>
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended from time to time.
<b>“Constitution”</b>	:	The Constitution of the Company as amended, supplemented or modified from time to time.
<b>“control”</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.

- “Controlling Shareholder”** : A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares) (unless the SGX-ST determines otherwise); or (b) in fact exercises control over the Company.
- “Conversion Commencement Date”** : The date on which Bonds are issued and registered in accordance with the Subscription Agreement.
- “Conversion Date”** : The date on which the faxed or electronically mailed Conversion Notice is received by the Company (as evidenced by (in the case of delivery by facsimile) the transmission report of the Bondholder’s facsimile machine or (in the case of delivery by electronic mail) the delivery receipt received by the Bondholder from the Company’s electronic mail server agent) (or the next Business Day if the Conversion Notice is received by the Company after 5.30 pm Singapore time), provided however that the Company may from time to time give not more than 35 days’ and not less than 14 days’ written notice to all Bondholders specifying a period being not more than three Business Days commencing on the expiry of the notice during which the Bonds will not be convertible (the **“No Conversion Period”**), provided always that the aggregate of the days on which the Bonds are not convertible shall not exceed 12 Business Days in any calendar year.
- “Conversion Period”** : Any time, from and including the date of the relevant Conversion Commencement Date up to the close of business (at the place where the Bond is deposited for conversion, namely, Singapore) on the date falling one week prior to the Maturity Date.
- “Conversion Price”** : The price at which each Share will be issued upon conversion of the Bonds.
- “Conversion Shares”** : The Shares to be issued by the Company to the Subscriber upon the conversion of the Bonds in accordance with the provisions in the Subscription Agreement and the Conditions.
- “Depositor”, “Depository Agent”, and “Depository Register”** : The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in section 81SF of the SFA.
- “Directors”** : The directors of the Company as at the date of this Circular.
- “EGM”** : The extraordinary general meeting of the Company, notice of which is set out in this Circular.
- “FY”** : Financial year ended or ending 28 February, as the case may be.
- “Group”** : The Company and its subsidiaries (as defined in section 5 of the Companies Act).

<b>“Latest Practicable Date”</b>	:	12 September 2017, being the latest practicable date prior to the printing of this Circular for ascertaining information included herein.
<b>“Listing Approvals”</b>	:	All requisite approvals including: <ul style="list-style-type: none"> <li>(i) the approval-in-principle from the SGX-ST for the listing and quotation of the Conversion Shares and the Commitment Shares on the Mainboard of the SGX-ST;</li> <li>(ii) Shareholders’ approval for the issue of the Bonds, the Conversion Shares and the Commitment Shares; and</li> <li>(iii) The issue of Shares transferring a controlling interest to the Subscriber.</li> </ul>
<b>“Mainboard Rules” or “Listing Manual”</b>	:	The Listing Rules of the Mainboard of the Listing Manual issued by the SGX-ST, as amended, modified or supplemented from time to time.
<b>“Nico Employee Performance Share Plan 2017”</b>	:	An employee performance share plan proposed for implementation by the Company at the upcoming EGM under which confirmed directors and employees of a Group Company (including executive, non-executive and independent directors) may be granted Awards.
<b>“Original Minimum Conversion Price”</b>	:	S\$0.01.
<b>“Notice of EGM” or “Notice of Extraordinary General Meeting”</b>	:	The notice of EGM as set out in this Circular.
<b>“NTA”</b>	:	Net tangible assets.
<b>“p.a.”</b>	:	Per annum.
<b>“Parties”</b>	:	The parties to the Subscription Agreement, being the Company, the Subscriber and Value Capital Asset Management Private Limited (as investment manager for the Subscriber).
<b>“Proposed Amendment”</b>	:	The proposed amendment of the terms of the Subscription Agreement by the Second Supplemental Agreement, which forms the subject of this Circular as set out in paragraph 5 of this Circular.
<b>“Proposed Minimum Conversion Price”</b>	:	S\$0.001.
<b>“S\$” or “cents”</b>	:	Singapore dollars and cents, respectively.
<b>“Securities Account”</b>	:	The securities account maintained by a Depositor with CDP.

<b>“SFA”</b>	:	The Securities and Futures Act, Chapter 289 of Singapore.
<b>“SGX-ST”</b>	:	The Singapore Exchange Securities Trading Limited.
<b>“Shareholders”</b>	:	The registered holders of Shares.
<b>“Shares”</b>	:	Ordinary shares in the capital of the Company.
<b>“Subscriber”</b>	:	PREMIER EQUITY FUND SUB FUND H (Company Registration Number HS 287780), a company incorporated in the Cayman Islands and having its registered office at Harneys Services (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Island.
<b>“Subscription Agreement”</b>	:	The conditional subscription agreement entered into between the Company, the Subscriber and VCAM (as the investment manager of the Subscriber) on 30 September 2015, and as amended by the Supplemental Agreement dated 20 January 2016 for the Company to issue and for the Subscriber to subscribe for the Bonds on the terms and subject to the conditions therein.
<b>“Subsidiary”</b>	:	A company more than 50% of the outstanding voting stock of which is now or hereafter owned by the Company, by one or more other Subsidiaries or by the Company and one or more other Subsidiaries (and, for this purpose, <b>“voting stock”</b> means stock or shares having voting power for the election of directors, managers or trustees of such company, other than stock or shares having such power by reason of the happening of a contingency).
<b>“Substantial Shareholder”</b>	:	A person who has an interest in the Shares of which is not less than five per cent (5%) of all the voting shares.
<b>“Second Supplemental Agreement”</b>	:	The second supplemental subscription agreement dated 1 June 2017 entered into between the Company, the Subscriber and the Manager.
<b>“Takeover Code”</b>	:	The Singapore Code on Take-overs and Mergers issued by the Monetary Authority of Singapore pursuant to section 321 of the Securities and Futures Act.
<b>“US\$” or “US cents”</b>	:	United States Dollars and cents, respectively.
<b>“VCAM”</b>	:	Value Capital Asset Management Private Limited, a company incorporated in Singapore and having its registered address at 133 Cecil Street, #11-02A, Keck Seng Tower, Singapore 069535.
<b>“%” or “per cent”</b>	:	Per centum or percentage.



For the purpose of this Circular, 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. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to the enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act or such modification, as the case may be.

Any reference to a time of day and dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in the tables included herein between the amounts therein and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## LETTER TO SHAREHOLDERS



### NICO STEEL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200104166D)

#### Directors:

Tan Chee Khiong Danny (Executive Chairman and President)  
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

Date: 18 September 2017

To: The Shareholders of Nico Steel Holdings Limited

Dear Sir/Madam

- (1) **THE PROPOSED AMENDMENT TO THE TERMS OF THE SUBSCRIPTION AGREEMENT DATED IN RELATION TO THE ISSUE OF 2.0% REDEEMABLE CONVERTIBLE BONDS DUE 2018 WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S\$50,000,000 TO PREMIER EQUITY FUND SUB FUND H (THE "SUBSCRIBER") AND THE ISSUE OF UP TO 5,000,000,000 CONVERSION SHARES UPON CONVERSION OF THE BONDS;**
- (2) **THE PROPOSED ADOPTION OF THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017;**
- (3) **THE PROPOSED PARTICIPATION OF CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES IN THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017.**

#### 1 INTRODUCTION

- 1.1 The Board is seeking Shareholders' approval in relation to the Proposed Amendment and to the proposed adoption of the Nico Employee Performance Plan 2017, details of which are set out below.
- 1.2 The Company intends to seek Shareholders' approval at the forthcoming EGM to be held on 12 October 2017, at 11.30 a.m. at Room 502, Napier Room, Level 5, RELC International Hotel, 30 Orange Grove Road, Singapore 258352. The ordinary resolutions to approve the aforesaid matters are set out in the notice of EGM attached to this Circular.

#### 2 PURPOSE OF THE CIRCULAR

- 2.1 The purpose of this Circular is to provide Shareholders with information relating to the Proposed Amendment and the Nico Employee Performance Share Plan 2017, and to seek the approval of Shareholders for the proposed ordinary resolutions in the Notice of EGM to be tabled at the EGM.

- 2.2 If you are in any doubt as to the contents herein or as to the course of action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.
- 2.3 The SGX-ST takes no responsibility for the accuracy of any statement or opinion made or reports contained in this Circular.

### **3 THE STATUS OF THE BONDS AND FUND-RAISING BY THE GROUP**

- 3.1 The Company had on 30 September 2015 announced the entry on even date into the Subscription Agreement with Premier Equity Fund Sub Fund H (the “**Subscriber**”) and Value Capital Asset Management Private Limited (“**VCAM**” or the “**Manager**”) as the investment manager of the Subscriber, pursuant to which the Company proposes to issue 2.0% redeemable convertible bonds due 2018 with an aggregate principal amount of up to S\$50,000,000 comprising four (4) separate successive tranches, with an aggregate principal amount of S\$15,000,000 each for the first and second tranches of the Bonds and an aggregate principal amount of S\$10,000,000 each for the third and fourth tranches of the Bonds. The first to fourth tranche of the Bonds shall be referred to hereinafter as “**Tranche 1 Bonds**”, “**Tranche 2 Bonds**”, “**Tranche 3 Bonds**” and “**Tranche 4 Bonds**”, respectively. Tranche 1 Bonds and Tranche 2 Bonds are further sub-divided into 15 equal sub-tranches of S\$1,000,000 in principal amount each, and Tranche 3 Bonds and Tranche 4 Bonds are further sub-divided into 10 equal sub-tranches of S\$1,000,000 in principal amount each. Details of the Subscription Agreement were announced by the Company on 30 September 2015.
- 3.2 The Subscription Agreement was approved by Shareholders at an extraordinary general meeting of the Company convened on 25 February 2016. Details relating to the Bonds and the terms of the Subscription Agreement are also set out in the circular (“**Original Circular**”) dated 5 February 2016 despatched to the Shareholders in connection with such extraordinary general meeting. On 25 February 2016, Shareholders approved, among other matters, the issuance of Bonds to the Subscriber and the issuance of the Conversion Shares and the Commitment Shares. Details of the Commitment Shares, and of the Commitment Fee (being the fees payable by the Company to the Subscriber by way of issue of the Commitment Shares to the Subscriber), are also set out in the Original Circular.
- 3.3 Under the terms of the Subscription Agreement, and with respect to the Tranche 1 Bonds only, the Company will issue and the Subscriber will subscribe for the first sub-tranche of the Tranche 1 Bonds at the Bond Issue Price (i.e. the principal amount of each tranche of Tranche 1 Bonds which is S\$1,000,000, and as defined in the Subscription Agreement), on the date falling five Business Days immediately after the fulfilment of the conditions precedent set out in the Subscription Agreement, or such other date as the Parties may agree in writing. Following the issue of the first sub-tranche of the Tranche 1 Bonds, the Subscriber has the sole discretion to subscribe for, and the Company must issue, one or more subsequent sub-tranches of Bonds comprised in the Tranche 1 Bonds.
- 3.4 Under the terms of the Subscription Agreement, in respect of each of the first sub-tranches of the Tranche 2 Bonds, Tranche 3 Bonds and Tranche 4 Bonds, the Subscriber has granted to the Company an Option (as defined in the Subscription Agreement) in respect of each such tranche to require the Subscriber to subscribe for the first sub-tranches of each of the Tranche 2 Bonds, the Tranche 3 Bonds and the Tranche 4 Bonds from the Company at the Bond Issue Price during the relevant Option Period. The Company may only exercise the Option in respect of the first sub-tranche of the Tranche 2 Bonds, the Tranche 3 Bonds or the Tranche 4 Bonds from the period commencing on the date when the last of the Bonds comprised in the last sub-tranche of the preceding tranche of Bonds is converted up to the date falling the 20th Business Day thereafter (the “Option Period”). This means that the

Company has the period starting from the date when the last Bond from the last sub-tranche of Tranche 1 Bonds is converted to the 20th Business Day thereafter to exercise the Option. If the Company exercises its right under a relevant Option in respect of the next tranche of Bonds, for example, the first sub-tranche of the Tranche 2 Bonds, then the Subscriber shall have the sole discretion to subscribe for, and the Company must issue, one or more subsequent sub-tranches of Bonds comprised in such Tranche 2 Bonds. If the Company does not exercise the Option in respect of the first sub-tranche of the Tranche 2 Bonds during the Option Period, then the Options in respect of the Tranche 2 Bonds, the Tranche 3 Bonds as well as the Tranche 4 Bonds will lapse. If the Company exercises only the Option in respect of the first sub-tranche of the Tranche 2 Bonds, but does not exercise the Option in respect of the Tranche 3 Bonds, then the Options in respect of the Tranche 3 Bonds as well as the Tranche 4 Bonds will lapse. The Company has negotiated for these Options to be granted by the Subscriber so that it (i.e., the Company) is better able to determine the timing of the issue of further Bonds (and their conversion). In other words, the Company can decide if it wants to issue of further Bonds (and their conversion) after the Tranche 1 Bonds have all been issued, as the Company has the right to exercise (at its election) these Options and require the Subscriber to subscribe for Tranche 2, Tranche 3 and/or Tranche 4 Bonds. If the Company does not exercise any of these Options, then no further Bonds will be issued after all the Bonds under the Tranche 1 Bonds have been issued. It is to be noted that the neither the Company nor the Subscriber have to wait until the preceding sub-tranche of Bonds to be converted by the Subscriber before it requests for the issue or subscription of the subsequent sub-tranche or sub-tranches. As set out in paragraph 4.7, the Subscriber has given an undertaking that it will not exercise any conversion right to any Bonds if such conversion would result in the Subscriber holding 30% or more of the voting rights in the Company at any point in time, thereby triggering Rule 14 of the Takeover Code. It is to be noted that only the Tranche 1 Bonds will be issued before the Maximum Threshold is reached if the Proposed Minimum Conversion Price is approved by the Shareholders, and the discussion of the salient terms of the Subscription Agreement is for reference only.

- 3.5 Summarily, and as agreed under the terms of the Subscription Agreement, Commitment Shares will be issued to the Subscriber in the following manner, on such price per Commitment Share to be issued and subject to such terms and conditions:
- 3.5.1 S\$250,000 in value of Commitment Shares to be issued at a price per such Commitment Share that is equal to the volume weighted average price per Share quoted and traded for the full Market Day preceding the Closing Date of the subscription of the first sub-tranche of the Tranche 1 Bonds, being S\$0.024 per Commitment Share, and noting that only the Tranche 1 Bonds will be issued if the Proposed Minimum Conversion Price is approved;
  - 3.5.2 S\$100,000 in value of Commitment Shares to be issued at a price per such Commitment Share equal to the volume weighted average price per Share quoted and traded for the full Market Day preceding the Closing Date of the subscription of the first sub-tranche of the Tranche 2 Bonds;
  - 3.5.3 S\$100,000 in value of Commitment Shares to be issued at a price per Commitment Share equal to the volume weighted average price per Share quoted and traded for the full Market Day preceding the Closing Date of the subscription of the first sub-tranche of the Tranche 3 Bonds; and
  - 3.5.4 S\$100,000 in value of Commitment Shares to be issued at a price per Commitment Share equal to the volume weighted average price per Share quoted and traded for the full Market Day preceding the Closing Date of the subscription of the first sub-tranche of the Tranche 4 Bonds,

such Commitment Shares to be issued on each relevant Closing Date, and provided that the relevant portion of the Commitment Fee shall not be payable if the relevant Tranche of Bonds (whether in whole or in part) is not issued by the Company. As at the date of the Second Supplemental Agreement, the number of Commitment Shares issued to the Subscriber is 10,416,666, being the Commitment Shares with respect to the Tranche 1 Bonds only.

- 3.6 The Commitment Fee, the number of Commitment Shares, and the number of Bonds to be offered for subscription pursuant to the Bonds programme had been mutually agreed between the Subscriber and the Company following negotiations and discussions based on the Company's funding requirements for its working capital and business purposes, and for execution of its business strategies as previously outlined in the Original Circular. It is to be noted that on the assumption that the Bonds are converted into Conversion Shares on the basis of the Proposed Minimum Conversion Price, only the Tranche 1 Bonds will be issued before the Maximum Threshold is reached. The Commitment Shares/Commitment Fee which are payable upon the respective first sub-tranches for the Tranche 2, Tranche 3 and Tranche 4 Bonds will therefore not be payable.
- 3.7 At the request of the Company, the Subscriber and the Manager, the Company has entered into the Second Supplemental Agreement on 1 June 2017 to vary certain terms of the Subscription Agreement. Details of the terms varied by the Second Supplemental Agreement are set out in this Circular.
- 3.8 As at the Latest Practicable Date, an aggregate of S\$5,000,000 Bonds have been issued to the Subscriber, of which S\$4,950,000 has been converted into an aggregate of 454,935,063 Conversion Shares (the "**Issued Converted Bonds**"). S\$50,000 of the Bonds remains outstanding (the "**Issued Unconverted Bonds**") and of the aggregate S\$50,000,000 Bonds that may be issued under the Subscription Agreement, S\$45,000,000 of Bonds have not been issued (the "**Unissued Bonds**"). In addition, an aggregate of 10,416,666 Commitment Shares have been allotted and issued to the Subscriber, on the terms of the Subscription Agreement.
- 3.9 As at the Latest Practicable Date, an aggregate of S\$4,743,800 in net proceeds have been received by the Company pursuant to the funding facility under the Bond Issue.
- 3.10 On 5 September 2016, the Company was placed on the Watch-list under Rule 1311(1) of the Listing Manual. Pursuant to the Listing Manual, the Company has to take active steps to restore its financial health and meet the requirements of Rule 1314(1) within 36 months from 5 September 2016 to exit the Watch-list failing which the SGX-ST would delist the Company or suspend trading in the Company's shares with a view to delisting the Company.
- 3.11 As announced by the Company in its Full Year Financial Statement And Dividend Announcement for the Year ended 28 February 2017 on 25 April 2017, the Group expects the operating environment in the electronic industry in which it operates to remain challenging, as the macro and micro operating environment the Company operates in has changed, in that a large number of low cost suppliers of similar products have since entered the market, competing primarily on price levels. Other structural changes within the industry has also contributed to an overall lower demand for the Company's lower cost products, namely, with mobile devices now largely replacing laptops, the quantity of products sold by the Company that used to be required to make laptops have significantly decreased, as mobile devices being much smaller do not require the same amount of the Company's products. Keen competition coupled with increased operating costs have also contributed to, and will continue to exert pressure on the gross profit margin.

- 3.12 As part of the Company's efforts to enhance its profitability and exit the Watch-list, the Company has been working on a new strategy of targeting certain larger multinational technology companies that require products of high quality and highly customized specifications. While the Company has already embarked on this new strategy for a while now, the strategy requires further development to reach a critical mass. This will require funding for marketing to such multinational technology companies and conducting further research and development in conjunction with these multinationals to research, develop and test the products that would meet their specifications.
- 3.13 On a related and complementary track, the Company intends to acquire or invest in businesses and assets, these may include, but not be limited to, companies and businesses that are typically the Company's down-stream suppliers of raw materials (which can be integrated vertically with the Company's current business). The Company believes that such an acquisition would return the Company to profitability and, therefore, achieve the criteria for an exit of the Watch-list. As at 28 February 2017, the Group has cash at banks and in hand of approximately US\$1.2 million. This cash is currently used for the Group's working capital and business purposes. To execute the strategies outlined above, the Group will have to raise funds. The Bonds programme is one ready source of funding the Company can tap on as it has already been approved by shareholders.
- 3.14 As background to the Second Supplemental Agreement and to this Circular, the Board had, prior to embarking on the Bonds programme and the Subscription Agreement, considered and deliberated upon other sources of financing. These include, amongst others, the viability of either a share consolidation exercise or a rights issue exercise respectively in terms of certainty of raising adequate financing – these had been discussed and deliberated at length by the Board at a meeting of the Board in July 2015. The Board took the view that these exercises might be challenging in view of the market and commercial dynamics at that point in time. Similarly, in July 2015, the Board had in fact additionally considered and deliberated upon a programme similar to the Bonds programme with another potential capital asset management company, before making the measured and calculated decision in favour of entry into the Subscription Agreement with the Subscriber and VCAM, and as an alternative source of financing. Dedicated members of the Board were also appointed and authorized to negotiate the terms of the Subscription Agreement and to update the Board accordingly, before definitively committing the Company to the Bonds programme.
- 3.15 The considerations of July 2015 continue to be relevant with respect to the Second Supplemental Agreement. These had previously also been raised in the Original Circular, where it was highlighted that the Company has been facing challenges in carrying on its business. The Company continues to face such challenges now. The macro environment for the supply of processed metal sheets to the electronics and computer devices industry has changed significantly. Total demand for metal casing for lap-tops has, since prior to the implementation of the Bonds programme, fallen significantly due to the increase in popularity for mobile and hand-held devices which do not require the same amount of metal casings. Such demand continues to fall as at the date of this Circular. Improved technology and increased competition continue to create a lower margin and lower demand environment. The introduction of the Bonds programme had been part of the efforts of the Company to diversify itself into different opportunities and to expand its business scope, re-invent itself and to improve its future growth and sustainability. It was in view of the foregoing that the Company had entered into the Subscription Agreement and to avail itself of the funding facility under the Bonds programme, which, as discussed in the Original Circular, the Company hopes to be able to take advantage of opportunities to make acquisitions of a new business to diversify its business scope, particularly exploring ways of entering the renewable and sustainable energy production and supply business, amongst others. This same rationale with respect to the Second Supplemental Agreement has similarly been discussed in this Circular. As at 28 February 2015, prior to the deliberation



of the possible sources of financing and the subsequent implementation of the Bonds programme following such of the Board's deliberation in July 2015, the total revenue of the Group stood at US\$27,875,887 and the Group recorded a loss (after taxation) of US\$702,317. In comparison, as at 28 February 2017, the total revenue of the Group stood at US\$13,292,575 and the Group recorded a loss (after taxation) of US\$1,902,346. The comparatively weaker financial position is compounded by the Company having been placed on the Watch-list on 5 September 2016.

- 3.16 The Second Supplemental Agreement as such, in facilitating the continuation of the Bonds programme, remains a better option and a more viable source of financing for the Company to further its business strategies in the Company's present state, as opposed to other alternatives of raising funds. This is especially in light of the current economic conditions, the Group's present financial position and the nature of the Company's business activity. It bears to note additionally that as at the Latest Practicable Date, of the aggregate S\$50,000,000 Bonds that may be issued under the Subscription Agreement, S\$45,000,000 amount to Unissued Bonds – only S\$5,000,000 Bonds have been issued pursuant to the Subscription Agreement.

#### 4 TERMS AND RATIONALE OF THE SECOND SUPPLEMENTAL AGREEMENT

- 4.1 Under the terms of the Subscription Agreement, the Conversion Price shall be either:

4.1.1 130% of the average of the traded volume weighted average prices per Share for the twenty-five (25) Trading Days, immediately preceding in respect of the Tranche 1 Bonds, the date of the Subscription Agreement (being S\$0.013); and in respect of each of Tranche 2 Bonds, Tranche 3 Bonds and Tranche 4 Bonds, the Closing Date of the first sub-tranche of each such tranche (the "**Fixed Conversion Price**"), or

4.1.2 90% of the average of the traded volume weighted average prices per Share for any three consecutive Trading Days as selected by the relevant Bondholder during the 25 Trading Days immediately preceding the relevant Conversion Date on which Shares were traded on the SGX-ST (the "**Floating Conversion Price**"),

as selected by the Bondholder.

- 4.2 The Conversion Price derived from the formula above is subject to the requirement that Conversion Shares cannot be issued at a conversion price per Conversion Share that is lower than the Original Minimum Conversion Price, which is currently agreed at S\$0.01. The formula above is applied and for all the preceding conversion of Bonds, the Floating Conversion Price has been used. The Floating Conversion Price is to some extent pegged to the market price with a discount of 10% applied to the volume weighted average prices per Share for any three consecutive Trading Days selected by the Bondholder during the 25 Trading Days immediately preceding the day on which the Bondholder asks to convert Bonds into Conversion Shares. The minimum conversion price is a measure in which no conversion can take place if the Conversion Price would be lower than the Minimum Conversion Price. However, if the Company's market price falls to S\$0.001, then that would be the conversion price at which the Subscriber can convert its Bonds.

- 4.3 However, since 1 March 2017 till the Latest Practicable Date, the Shares have been trading between the volume weighted average price range of S\$0.006 and S\$0.011, and based on the conversion formula set out above, any further subscription of Bonds to raise funds would mean that when the Subscriber converts, the Conversion Price would be between S\$0.0054 and S\$0.0099 respectively, below the Minimum Conversion Price. Consequently, the Subscriber will not be able to convert any further Bonds subscribed for under the current

circumstances, as it is challenging for the Subscriber to continue to subscribe for any further Bonds under such circumstances. This has effectively restricted the Company's ability to raise funds under the Subscription Agreement.

- 4.4 In order for the Company to be in a position to raise funds from the Bonds programme and to execute its business strategy outlined above, it has agreed with the Subscriber to reduce the minimum conversion price from the Original Minimum Conversion Price of S\$0.01 to the Proposed Minimum Conversion Price of S\$0.001.
- 4.5 The Subscriber and the Manager have, therefore, entered into the Second Supplemental Agreement to amend and document the change from the Original Minimum Conversion Price to the Proposed Minimum Conversion Price ("**Proposed Amendments**"), subject to approval given by shareholders at the EGM. Other than this change it is not proposed that there be any other changes to the Subscription Agreement.
- 4.6 The Directors have considered the impact of the Proposed Amendments from the Original Minimum Conversion Price to the Proposed Minimum Conversion Price on dilution to the shareholding to Shareholders. Therefore, it is important for shareholders to understand that based on the Original Minimum Conversion Price of S\$0.01, the total potential number of Conversion Shares that could be issued was 5,000,000,000 ("**Maximum Threshold**") **will not change**, and no application will be made to the SGX-ST for the listing and quotation of further new Conversion Shares based on the Proposed Minimum Conversion price. What this means is that the dilution impact as shown in the Original Circular will not change. When the Maximum Threshold is reached, the Bonds programme will terminate. As disclosed in the Original Circular, the Maximum Threshold had been determined upon between the Subscriber and the Company based on full conversion of all Tranches of the Bonds at the Original Minimum Conversion Price of S\$0.01, which price had in turn been determined through arms-length negotiations between the Company and the Subscriber and VCAM. For the avoidance of doubt, the Maximum Threshold includes Conversion Shares that have been converted from Bonds that have already been issued.

For ease of reference, reproduced below is the illustration taken from Appendix A of the Original Circular.

#### ILLUSTRATIONS OF THE DILUTIVE EFFECTS OF THE BOND ISSUE

##### (A) PARAMETERS:

1. The issued and paid up capital of the Company as at the Latest Practicable Date (being 29 January 2016) comprised 126,814,447 Shares in issue.
2. The Minimum Conversion Price is S\$0.01 ("**MCP**").
3. Subscriber has given an undertaking that it will not exercise its Conversion Right if such conversion would result in the Subscriber holding 30% or more of the voting rights in the Company at any point in time. A conversion of Bonds including Commitment Shares held may, therefore, not result in Subscriber holding 30% or more of voting rights in the enlarged share capital of the Company ("**Maximum Issue Scenario**").
4. Commitment Fee of S\$250,000 paid by way of Commitment Shares.



**(B) ASSUMPTION/SIMULATION:**

1. The average of the traded volume weighted price per Share for the twenty-five (25) Trading Days, immediately preceding the date of the Subscription Agreement, being 29 September 2015, was S\$0.10, and therefore, the Fixed Conversion Price is S\$0.13 (“**FCP**”).
2. The average of the traded volume weighted price per Share for any three consecutive Trading Days during the twenty-five (25) Trading Days immediately preceding the conversion by the Bondholder is S\$0.09, and therefore, the Floating Conversion Price is S\$0.081 (“**FLCP**”).
3. All Bonds comprised within the Tranche 1 Bonds are subscribed for; and
4. All Bonds within Tranche 1 Bonds, Tranche 2 Bonds, Tranche 3 Bonds and Tranche 4 Bonds are subscribed for at the Minimum Conversion Price.

Shares in issue as at Latest Practicable Date

(being 29 January 2016)	126,814,447
Tranche 1 Bonds in aggregate principal amount:	S\$15,000,000
Converted:	
@ FCP	115,384,615
@ FLCP	185,185,185
@ MCP	1,500,000,000
Commitment Shares payable for Tranche 1 Bonds:	S\$250,000
Converted:	
@ VWAP preceding Closing Date @ S\$0.09	2,777,778
@ MCP	25,000,000

**Example 1 – using Fixed Conversion Price for the Conversion Shares assuming conversion of Tranche 1 Bonds and issue of the Commitment Shares in respect of Tranche 1 Bonds**

	Shares Held Before Conversion	Percentage (%)	Shares Held After Conversion	Percentage (%)	Percentage (%) based on 51,000,000 Conversion Shares
Major Shareholders	109,293,012	86.18%	109,293,012	44.61%	60.34%
Public	17,521,435	13.82%	17,521,435	7.15%	9.67%
Full Conversion of Tranche 1 Bonds @ FCP			115,384,615	47.10%	
Maximum Issue Scenario			51,538,410*		28.45%
Commitment Shares @ VWAP			2,777,778	1.13%	1.53%
Total Shares in Issue	126,814,447	100% <sup>(1)</sup>	244,976,840	100% <sup>(1)</sup>	
Total Shares in Issue under the Maximum Issue Scenario			181,130,635*		100% <sup>(1)</sup>

**Notes:**

\* Under the Maximum Issue Scenario, approximately 51,538,410 Conversion Shares and 2,777,778 Commitment Shares would be issued. The total Shares in issue in this scenario would be 181,130,635 Shares. The Bonds are issued in multiples of S\$50,000, and therefore can be converted to Conversion Shares in such multiples. Fractional entitlements to Conversion Shares are disregarded.

(1) Percentages may not necessarily add up to 100%, due to rounding up or down.

**Example 2 – using Floating Conversion Price for the Conversion Shares assuming conversion of Tranche 1 Bonds and issue of the Commitment Shares in respect of Tranche 1 Bonds**

	Shares Held Before Conversion	Percentage (%)	Shares Held After Conversion	Percentage (%)	Percentage (%) based on 50,500,000 Conversion Shares
Major Shareholders	109,293,012	86.18%	109,293,012	34.72%	60.44%
Public	17,521,435	13.82%	17,521,435	5.57%	9.69%
Full Conversion of Tranche 1 Bonds @ FLCP			185,185,185	58.83%	
Maximum Issue Scenario			51,234,489*	28.33%	
Commitment Shares @ VWAP			2,777,778	0.88%	1.54%
Total Shares in Issue	126,814,447	100% <sup>(1)</sup>	314,777,410	100% <sup>(1)</sup>	
Total Shares in Issue under the Maximum Issue Scenario			180,826,714*		100% <sup>(1)</sup>

**Notes:**

\* Under the Maximum Issue Scenario, approximately 51,234,489 Conversion Shares and 2,777,778 Commitment Shares would be issued. The total Shares in issue in this scenario would be 180,826,714 Shares. The Bonds are issued in multiples of S\$50,000, and therefore can be converted to Conversion Shares in such multiples. Fractional entitlements to Conversion Shares are disregarded.

(1) Percentages may not necessarily add up to 100%, due to rounding up or down.

**Example 3 – using Minimum Conversion Price for the Conversion Shares assuming conversion of Tranche 1 Bonds and issue of the Commitment Shares in respect of Tranche 1 Bonds**

	Shares Held Before Conversion	Percentage (%)	Shares Held After Conversion	Percentage (%)	Percentage (%) based on 50,500,000 Conversion Shares
Major Shareholders	109,293,012	86.18%	109,293,012	6.62%	61.81%
Public	17,521,435	13.82%	17,521,435	1.06%	9.91%
Full Conversion of Tranche 1 Bonds @ MCP			1,500,000,000	90.81%	
Maximum Issue Scenario			25,000,000*		14.14%
Commitment Shares @ MCP			25,000,000	1.51%	14.14%
Total Shares in Issue	126,814,447	100% <sup>(1)</sup>	1,651,814,447	100% <sup>(1)</sup>	
Total Shares in Issue under the Maximum Issue Scenario			176,814,447*		100% <sup>(1)</sup>

**Notes:**

\* Under the Maximum Issue Scenario, approximately 25,000,000 Conversion Shares and 25,000,000 Commitment Shares would be issued. The total Share in issue in this scenario would be 176,814,447 Shares. The Bonds are issued in multiples of S\$50,000, and therefore can be converted to Conversion Shares in such multiples. Fractional entitlements to Conversion Shares are disregarded.

(1) Percentages may not necessarily add up to 100%, due to rounding up or down.

**Example 4 – using Minimum Conversion Price for the Conversion Shares assuming conversion of Tranche 1 Bonds, Tranche 2 Bonds, Tranche 3 Bonds and Tranche 4 Bonds, and issue of the Commitment Shares in respect of Tranche 1 Bonds, Tranche 2 Bonds, Tranche 3 Bonds and Tranche 4 Bonds.**

	Shares Held Before Conversion	Percentage (%)	Shares Held After Conversion	Percentage (%)
Major Shareholders	109,293,012	86.18%	109,293,012	2.11%
Public	17,521,435	13.82%	17,521,435	0.34%
Full Conversion of all tranches of Bonds @ MCP			5,000,000,000	96.49%
All Commitment Shares @MCP			55,000,000	1.06%
Total Shares in Issue	126,814,447	100% <sup>(1)</sup>	5,181,814,447	100% <sup>(1)</sup>

**Note:**

(1) Percentages may not necessarily add up to 100%, due to rounding up or down.

- 4.7 The Subscriber has undertaken that a conversion of Bonds including Commitment Shares held may not result in the Subscriber holding 30% or more of voting rights in the enlarged share capital of the Company (“**Maximum Issue Scenario**”), the figure of “51,538,410 Shares Held After Conversion” in Example 1 above is arrived at, such that this figure, when aggregated with the “2,777,778 Commitment Shares @VWAP (Volume Weighted Average Price” that the Subscriber holds, does not exceed the Maximum Issue Scenario. The issued and paid up capital of the Company as at the Latest Practicable Date comprised 592,166,176 Shares in issue.
- 4.8 The change from the Original Minimum Conversion Price to the Proposed Minimum Conversion Price therefore impacts only the amount of funds that can be raised by the Company. For illustrative purposes only, assuming that the Subscriber converts up to the Maximum Threshold in Conversion Shares at the Minimum Conversion Price of S\$0.01, the maximum amount of funds raised by the Company will be S\$46,450,649, while if the Subscriber converts up to the Maximum Threshold in Conversion Shares at the New Minimum Conversion Price of S\$0.001, the maximum amount of funds raised by the Company would be S\$4,645,065.
- 4.9 The Company believes that with funding, it will be able to execute the strategies outlined in paragraphs 3.8 and 3.9, and the Company’s financial position could be improved. With the improved financial position, confidence could return and investors might take a renewed interest in investing in the Company’s stock.

## **5 DETAILS OF THE PROPOSED AMENDMENT**

### **5.1 Introduction**

The Bond Issue is structured into four (4) separate successive tranches of a principal amount of S\$15,000,000 each for Tranche 1 Bonds and Tranche 2 Bonds (each tranche comprising fifteen (15) equal sub-tranches of S\$1,000,000 each) and two further tranche of a principal amount of S\$10,000,000 each for Tranche 3 Bonds and Tranche 4 Bonds (each such tranche comprising ten (10) equal sub-tranches of S\$1,000,000 each)). The Bonds are to be issued at the rate of 2.0% per annum, are redeemable and convertible, and are due 2018, on the Maturity Date. In particular, it is provided that the Conversion price shall not be lower than the Original Minimum Conversion price of S\$0.01.

### **5.2 Proposed Minimum Conversion Price**

The Second Supplemental Agreement amends the minimum conversion price from the Original Minimum Conversion Price to the Proposed Minimum Conversion Price. The Issued Unconverted Bonds that are unconverted as at the date of the Supplemental Agreement, and the Unissued Bonds, may be converted to Conversion Shares at the prevailing Conversion Price subject always to the Maximum Threshold (as defined below).

### **5.3 Reducing the rate of interest of 2.0% per annum to 0.5% per annum**

The Bonds are to be issued at the rate of interest of 2.0% per annum. The Manager has agreed to reduce such rate of interest from 2.0% per annum (which had previously applied to the Issued Converted Bonds) to 0.5% per annum, to be applied only with respect to the Issued Unconverted Bonds that are unconverted as at the date of the Second Supplemental Agreement, being 1 June 2017, and the Unissued Bonds.

### **5.4 Other terms of the Subscription Agreement**

No other material terms of the Subscription Agreement are proposed to be amended.

### **5.5 Status of the Conversion Shares**

The Second Supplemental Agreement makes no changes to the status of the Conversion Shares to be issued. The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with and carry all rights similar to the Shares in issue then, save for any dividends, rights, allotments or other distributions, the Record Date for which falls on or before the date of allotment and issuance of the Conversion Shares. For the avoidance of doubt, only Issued Unconverted Bonds will rank ahead of Shares when the Company is repaying its creditors. When the Maximum Threshold is reached, the Bonds programme will terminate.

### **5.6 Conditions of the Proposed Amendment**

#### **5.6.1 The Proposed Amendment is conditional upon:**

- (a) the Company obtaining Shareholders' approval for the Proposed Amendment on the terms and subject to the conditions of the Second Supplemental Agreement at the EGM to be convened; and

- (b) all necessary approvals, consents and waivers of the SGX-ST required to complete the Second Supplemental Agreement and all transactions contemplated under the Second Supplemental Agreement, including approval for this Circular to be issued by the Company being obtained and not having been revoked, repealed or amended.

## 5.7 Information on the Subscriber and VCAM

- 5.7.1 The Subscriber and VCAM do not, and none of its respective directors and/or shareholders has any connection (including business dealings) with the Company or any of the Company's Directors and/or Substantial Shareholders, other than in respect of the Bond Issue. Neither the Subscriber nor the VCAM falls within any of the prohibited categories set out in Rule 812 of the Mainboard Rules to whom the Company is prohibited from issuing the Bonds without specific shareholders' approval.
- 5.7.2 The Company wishes to reiterate that the Subscriber and the Manager had earlier provided irrevocable undertakings to the Company that the Subscriber will not exercise any conversion right in respect of the Bonds such that the conversion of any such Bonds will result in the Subscriber holding 30% or more of the voting rights in the Company at any point in time thereby triggering a requirement to make a mandatory offer for all the Shares under the Takeover Code.

## 5.8 Other terms of the Subscription Agreement for Shareholders' consideration

- 5.8.1 Although a summary of the salient terms of the Subscription Agreement and the Subscription Agreement had previously been disclosed in the Original Circular and the approval of the Shareholders by ordinary resolution in general meeting had been procured with respect to the Subscription Agreement, the Company wishes to provide such information regarding the same in this Circular for the interests of the Shareholders. Taking into account the fact that the Bonds programme will terminate when the Maximum Threshold is reached, terms of the Subscription Agreement containing possible restrictions have been summarily reproduced in the following paragraphs for Shareholders' information.
- 5.8.2 First, the Company will not be able to enter into any agreement, arrangement or understanding with any person other than with the Subscriber in connection with any transaction which involves the Company's or any of its subsidiaries' issuance of bonds, debentures or other debt securities convertible into Shares with features substantially similar to the Bonds to be issued under the Subscription Agreement, for the period commencing on the date of the Subscription Agreement and ending on the earlier of the expiry of the relevant Option Period and the date of conversion or redemption of the last outstanding Bond issued under the last Tranche immediately preceding the expiry of the relevant Option Period. (Clause 13, Subscription Agreement)
- 5.8.3 Second, the Company will not execute any agreement in any form to issue new Shares for fund raising during the subsistence of the Subscription Agreement without the prior written consent of the Subscriber and VCAM, which consent shall not be unreasonably withheld or delayed. In particular, the Company will not engage in any transaction whatsoever with hedge funds operating or originating from any part of the world for as long as any Bonds are outstanding. (Condition 29, schedule 2, Subscription Agreement)

- 5.8.4 Third, for the period of time where any Bonds remain outstanding, the Company will procure that, unless the consent of the holders of more than half in principal amount of the Bonds then outstanding is obtained, no securities that would have been convertible by their terms into Shares may be converted into or exchanged for Shares, and that no rights or warrants to subscribe for or purchase Shares may be exercised otherwise than, in each case, in accordance with the terms of issue thereof (except to the extent that such terms are amended as a result of a change in the Mainboard Rules or change in the laws in Singapore). (Condition 9.1(f), schedule 3 part C, Subscription Agreement)
- 5.8.5 Next, the Company will not create or issue any class of share capital other than Shares, without providing at least fourteen (14) days' notice prior to the date of such creation or issue. (Condition 9.1(g), schedule 3 part C, Subscription Agreement)
- 5.8.6 If an offer is made to all holders of Shares to acquire all or a portion of the Shares and such offer comes to the knowledge of the Company, it will provide notice of such offer within fourteen (14) days of obtaining such knowledge. (Condition 9.1(h), schedule 3 part C, Subscription Agreement)
- 5.8.7 Finally, where any Bonds remain outstanding, the Company will not create or allow the creation of any mortgage, charge, pledge or any other security interest upon the whole or any part of its property or assets, present or future, in order to secure, for the benefit of holders of any existing or future Bond Issue (or to secure for the benefit of holders thereof any guarantee or indemnity or other like obligation in respect thereof) without according to the Bonds at the same time, either the same security as is created or is outstanding in respect of such Bond Issue (or such guarantee or indemnity or other like obligation in respect thereof) or such other security or guarantee as is not materially less beneficial to the Bondholders or as the Bondholders holding 75% or more of the outstanding principal amount of Bonds shall approve.
- 5.8.8 Notwithstanding the foregoing, the Company wishes to reiterate that the Bonds programme will terminate once the Maximum Threshold is reached, and the Bonds programme will provide the Company with the necessary funding requirements for its working capital and business purposes, and for execution of its business strategies as outlined in this Circular and as previously outlined in the Original Circular. The applicable rate of interest will also be reduced to 0.5% per annum with respect to the Issued Unconverted Bonds that are unconverted as at the date of the Second Supplemental Agreement, being 1 June 2017, and the Unissued Bonds, as opposed to the previous applicable rate of interest of 2.0% per annum.

## **6 FINANCIAL EFFECTS OF THE PROPOSED AMENDMENT AND/OR THE SECOND SUPPLEMENTAL AGREEMENT**

- 6.1 The pro forma financial effects of amending the minimum conversion price from the Original Minimum Conversion Price to the Proposed Minimum Conversion Price (the "**Relevant Transaction**"), based on the Group's audited full year financial statements for the year ended 28 February 2017 are set out below.
- 6.2 For the purposes of illustrating the financial effects of the Relevant Transaction, the financial effects have been prepared based on, inter alia, the following assumptions:
- 6.2.1 the financial effects of the Relevant Transaction on the NTA and NTA per Share of the Group are computed assuming that the Relevant Transaction had taken place on 28 February 2017;

- 6.2.2 the financial effects of the Relevant Transaction on the earnings and EPS of the Group are computed assuming that the Relevant Transaction had been completed on 1 March 2017;
- 6.2.3 prior to the amendment of the conversion price from Original Minimum Conversion Price to the Proposed Minimum Conversion Price, the Maximum Threshold of Conversion Shares have been issued at the Original Minimum Conversion Price;
- 6.2.4 after the amendment of the conversion price from Original Minimum Conversion Price to the Proposed Minimum Conversion Price, the Maximum Threshold of Conversion Shares have been issued at the Proposed Minimum Conversion Price; and
- 6.2.5 the expenses in connection with the Relevant Transaction are disregarded for the purposes of calculating the financial effects.

### 6.3 Share Capital

The effects of the Relevant Transaction on the issued share capital of the Company based on the Group's audited full year financial statements for the year ended 28 February 2017 are as follows:

#### Original Minimum Conversion Price

	<b>No. Of Shares</b>	<b>S\$</b>
Issued share capital as at 28 February 2017	497,620,722	17,354,362
Cancellation of over-allotment ordinary shares <sup>(2)</sup>	5,454,546	–
Issued share capital after cancellation of over-allotment 5,454,546 ordinary shares	492,166,176	17,354,362
Add: Maximum Threshold of Conversion Shares to be issued pursuant to full conversion of the Bonds at the Original Minimum Conversion Price	4,645,064,937	46,450,649
Add: Maximum Threshold of Commitment Shares to be issued pursuant to full conversion of the Bonds at the Original Minimum Conversion Price <sup>(3)</sup>	44,583,334	–
Issued share capital after the issuance of the Conversion Shares	5,181,814,447	63,805,011

#### Proposed Minimum Conversion Price

	<b>No. Of Shares</b>	<b>S\$</b>
Issued share capital as at 28 February 2017	497,620,722	17,354,362
Cancellation of over-allotment ordinary shares <sup>(2)</sup>	5,454,546	–
Issued share capital after cancellation of over-allotment 5,454,546 ordinary shares	492,166,176	17,354,362
Add: Maximum Threshold of Conversion Shares to be issued pursuant to full conversion of the Bonds at the Proposed Minimum Conversion Price	4,645,064,937	4,645,065



	<b>No. Of Shares</b>	<b>S\$</b>
Add: Maximum Threshold of Commitment Shares to be issued pursuant to full conversion of the Bonds at the Proposed Minimum Conversion Price <sup>(1)</sup>	–	–
Issued share capital after the issuance of the Conversion Shares	5,137,231,113	21,999,427

**Notes:**

- (1) Assuming conversion of the Bonds at the proposed Minimum Conversion Price, only Tranche 1 Bonds will be issued before the Maximum Threshold is reached. The Commitment Shares/Commitment Fee, which is payable upon the issuances of the respective first sub-tranches for the Tranche 2, Tranche 3 and Tranche 4 Bonds, will therefore not be issuable or payable, hence nil-value is attributed to this item. Further, nil-value is also attributed to Commitment Shares because no proceeds are raised from issuance of Commitment Shares.
- (2) Cancellation of 5,454,546 ordinary shares over-allotted pursuant to the Subscriber's conversion of Bonds on 12 December 2016.
- (3) The figure of "44,583,334" under "Maximum Threshold of Commitment Shares to be issued pursuant to full conversion of the Bonds at the Original Minimum Conversion Price" is provided for illustrative purposes only. Nil-value is attributed to this item because no proceeds are raised from the issuance of Commitment Shares.

#### 6.4 NTA per Share

The effects of the Relevant Transaction on the Group's NTA and NTA per Share based on the Group's audited full year financial statements for the year ended 28 February 2017 are as follows:

##### Original Minimum Conversion Price

	<b>FY2017</b>
NTA as at 28 February 2017 (S\$'000)	15,991
Add: Proceeds arising from the issuance of the Maximum Threshold of Conversion Shares to be issued pursuant to full conversion of the Bonds at the Original Minimum Conversion Price (S\$'000)	44,583
NTA as at 28 February 2017 after the issuance of the Conversion Shares (S\$'000)	60,574
NTA per Share as at 28 February 2017 after the issuance of the Conversion Shares) (cents)	1.17

##### Proposed Minimum Conversion Price

	<b>FY2017</b>
NTA as at 28 February 2017 (S\$'000)	15,991
Add: Proceeds arising from the issuance of the Maximum Threshold of Conversion Shares to be issued pursuant to full conversion of the Bonds at the Proposed Minimum Conversion Price (S\$'000)	4,449
NTA as at 28 February 2017 after the issuance of the Conversion Shares (S\$'000)	20,440
NTA per Share as at 28 February 2017 after the issuance of the Conversion Shares) (cents)	0.40



## 6.5 EPS

Based on the Group's audited full year financial statements for the year ended 28 February 2017, the effect of the Relevant Transactions on the EPS of the Group after the issuance of the Maximum Threshold of Conversion Shares issued at the Original Minimum Conversion Price and the Proposed Minimum Conversion Price is as follows:

### Original Minimum Conversion Price

	<b>FY2017</b>
Loss attributable to Shareholders (S\$'000)	(2,630)
Loss attributable to Shareholders after the Relevant Transactions (S\$'000)	(4,498)
Weighted average number of Shares before the Relevant Transactions	492,166,176
Weighted average number of Shares after the Relevant Transactions <sup>(1)</sup>	5,181,814,447
EPS before the Relevant Transactions (cents)	(0.53)
EPS after the Relevant Transactions (cents)	(0.09)

### Proposed Minimum Conversion Price

	<b>FY2017</b>
Loss attributable to Shareholders (S\$'000)	(2,630)
Loss attributable to Shareholders after the Relevant Transactions (S\$'000)	(2,825)
Weighted average of number Shares before the Relevant Transactions	492,166,176
Weighted average number of Shares after the Relevant Transactions <sup>(1)</sup>	5,137,231,113
EPS before the Relevant Transactions (cents)	(0.53)
EPS after the Relevant Transactions (cents)	(0.05)

**Note:**

- (1) Based on the proposed Minimum Conversion Price, only Tranche 1 Bonds will be issued before the Maximum Threshold is reached.

## 6.6 Gearing

The effects of the Relevant Transaction on the Group's gearing based on the Group's audited full year financial statements for the year ended 28 February 2017 are as follows:

### Original Minimum Conversion Price

	<b>As at 28 February 2017</b>
Total borrowings <sup>(1)</sup> before the Relevant Transaction (S\$'000)	3,944
Shareholders' equity before the Relevant Transaction (S\$'000)	16,150
Add: Proceeds from the Relevant Transaction based on the Maximum Threshold of Conversion Shares to be issued pursuant to full conversion of the Bonds at the Original Minimum Conversion Price <sup>(4)</sup> (S\$'000)	44,583
Adjusted Shareholders' equity <sup>(2)</sup> after the Relevant Transaction (S\$'000)	60,733
Gearing <sup>(3)</sup> before the Relevant Transaction (times)	0.24
Gearing <sup>(3)</sup> after the Relevant Transaction (times)	0.06

### Proposed Minimum Conversion Price

	<b>As at 28 February 2017</b>
Total borrowings <sup>(1)</sup> before the Relevant Transaction (S\$'000)	3,944
Shareholders' equity before the Relevant Transaction (S\$'000)	16,150
Add: Proceeds from the Relevant Transaction based on the Maximum Threshold of Conversion Shares to be issued pursuant to full conversion of the Bonds at the Proposed Minimum Conversion Price <sup>(5)</sup> (S\$'000)	4,449
Adjusted Shareholders' equity <sup>(2)</sup> after the Relevant Transaction (S\$'000)	20,599
Gearing <sup>(3)</sup> before the Relevant Transaction (times)	0.24
Gearing <sup>(3)</sup> after the Relevant Transaction (times)	0.19

#### **Notes:**

- (1) "Total borrowings" mean the amount of liabilities arising from all the borrowings from banks and other financial institutions.
- (2) "Shareholders' equity" means the aggregate of the Group's issued and paid-up share capital and reserves.
- (3) "Gearing" means the ratio of the Group's total borrowings to Shareholders' equity.
- (4) The "Proceeds from the Relevant Transaction (S\$'000) based on the Maximum Threshold of Conversion Shares to be issued pursuant to full conversion of the Bonds at the Original Minimum Conversion Price" of S\$44,583,000 is derived from S\$46,451,000 less S\$1,868,000 (being the aggregate of relevant arranger's fees and legal fees).
- (5) The "Proceeds from the Relevant Transaction (S\$'000) based on the Maximum Threshold of Conversion Shares to be issued pursuant to full conversion of the Bonds at the Proposed Minimum Conversion Price" of S\$4,449,000 is derived from S\$4,645,000 less S\$196,000 (being the aggregate of relevant arranger's fees and legal fees).

## **7 PROPOSED ADOPTION OF THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017**

### **7.1 Listing of New Shares**

The SGX-ST has on 14 August 2017 granted its in-principle approval for the listing of and quotation for the New Shares to be allotted and issued pursuant to the Nico Employee Performance Share Plan 2017, subject to independent Shareholders' approval being obtained for the same, and the Company's compliance with the SGX-ST's listing requirements and guidelines. Such in-principle approval, and the admission to, and quotation of the New Shares on the Official List of SGX-ST is not to be taken as an indication of the merits of the Nico Employee Performance Share Plan 2017, the New Shares, the Company and/or its Subsidiaries.

### **7.2 The Nico Employee Performance Share Plan 2017**

7.2.1 The Board proposes to adopt the Nico Employee Performance Share Plan 2017 on the basis that it is important to retain staff whose contributions are essential to the well-being, long-term growth and prosperity of the Group and to give recognition to outstanding employees and directors of the Group who have contributed to the growth of the Group. The Nico Employee Performance Share Plan 2017 will give Participants an opportunity to have a personal equity interest in the Company and will help to achieve the following positive objectives:

- (a) align the interests of employees with the interests of the shareholders of the Company;
- (b) retain key employees and directors of the Group whose contributions are essential to its long-term growth and profitability;
- (c) instil loyalty to, and a stronger identification by employees with the long-term prosperity of the Company;
- (d) attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company; and
- (e) motivate the Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group.

7.2.2 Moreover, in light of the internationalisation of the Group's business and the expansion of the Group's businesses overseas, the Directors believe that the Nico Employee Performance Share Plan 2017 provides a good way to align the interests of the overseas employees with the Shareholders of the Company in Singapore. To allow the participation of the employees and directors of the Group, the Company may be incorporating an investment company for the purposes of holding such New Shares issued or existing Shares transferred to these employees pursuant to the releasing of Awards.

7.2.3 The Directors believe that the Nico Employee Performance Share Plan 2017 will provide the Company with a more comprehensive set of remuneration tools, and further strengthen its competitiveness in attracting and retaining talent.

7.2.4 Under the Nico Employee Performance Share Plan 2017, no payment is required to be made by any upfront employees thereby allowing the Company to provide an incentive for Participants to achieve certain specific Performance Conditions by

awarding fully paid Shares to the Participants after the relevant conditions have been met, or as a means for rewarding excellent past performance and past contributions to the Group. It is also subject to specific Performance Conditions imposed by the Committee. In granting Awards under the Nico Employee Performance Share Plan 2017, the Committee may choose to make the vesting of the Awards conditional upon the satisfaction of specific Performance Conditions or time-based service conditions, or a combination of both.

7.2.5 The following is a summary of the principal rules of the Nico Employee Performance Share Plan 2017. The full set of rules for the Nico Employee Performance Share Plan 2017 are set out in Appendix A to this Circular.

### 7.3 Summary of key terms of the Nico Employee Performance Share Plan 2017

The following is a summary of the principal terms of the Nico Employee Performance Share Plan 2017, and is qualified in its entirety by reference to the rules of the Nico Employee Performance Share Plan 2017 set out in full in Appendix A to this Circular.

#### 7.3.1 Eligibility

Employees and directors (including executive, non-executive and independent directors) of Group Companies whose employment have been confirmed and who have attained the age of 21 years, provided that such persons are not undischarged bankrupts and have not entered into compositions with their respective creditors at the relevant time, may be eligible to participate in the Nico Employee Performance Share Plan 2017 at the absolute discretion of the Committee.

Controlling Shareholders and their Associates are also eligible to participate in the Nico Employee Performance Share Plan 2017 provided they meet the aforesaid eligibility criteria and that all conditions for their participation in the same as may be required by the Listing Manual from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation as listed in paragraph 11.6 of this Circular, are satisfied. In addition, for the purposes of the participation of Controlling Shareholders, the Company has set a condition that in order for each Controlling Shareholder to be eligible to participate in the Nico Employee Performance Share Plan 2017, the Controlling Shareholder's shareholding in the Company must fall below 50% of the issued Shares at the point of grant.

There shall be no restriction on the eligibility of any Participant in the Nico Employee Performance Share Plan 2017 to participate in any other share option schemes or share schemes implemented or to be implemented by the Company or any other Group Company.

#### 7.3.2 Entitlement of Participants to Awards

An Award represents the right of a Participant to receive fully paid Shares free of charge upon the satisfaction of the prescribed Performance Conditions within the Performance Period. Participants will be granted an Award, under which Shares will be released at the end of the Performance Period once the Committee is, at its absolute discretion, satisfied that the Performance Condition(s) have been achieved.

Subject to limitations under the rules of the Nico Employee Performance Share Plan 2017, the selection of a Participant and the number of Shares which are the subject of an Award to be granted to each Participant shall be determined at the absolute discretion of the Committee, which shall take into account criteria including but not limited to his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group, and the extent of effort with which the Performance Condition(s) may be achieved within the Performance Period(s). In relation to each Award to be granted, the Committee shall decide, amongst others, the following:

- (a) the Participant;
- (b) the Performance Period;
- (c) the number of Shares which are the subject of the Award;
- (d) the Performance Condition;
- (e) any other condition(s) which the Committee may determine in relation to that Award; and
- (f) the extent to which Shares which are the subject of that Award shall be released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the relevant Performance Period.

In determining whether the Performance Condition has been met, the Committee has the right to make reference to, where relevant, the audited results of the Company or the Group as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, as well as the right to amend or waive the Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

### 7.3.3 Size and Duration of the Nico Employee Performance Share Plan 2017

In compliance with Rule 845 of the Listing Manual, the aggregate number of New Shares which may be issued or Shares which may be delivered pursuant to Awards granted under the Nico Employee Performance Share Plan 2017, when added to the total number of New Shares issued and issuable and/or existing Shares transferred and transferable in respect of:

- (a) all other Awards granted under the Nico Employee Performance Share Plan 2017; and
- (b) all Shares, options or awards granted under any other share scheme of the Company then in force (if any),

shall not exceed 15% of the issued share capital of the Company (excluding Treasury Shares) on the day preceding the relevant Date of Grant of the Award.

In addition, for the purpose of compliance with Rule 845 of the Listing Manual, the aggregate number of Shares available to the Controlling Shareholders and their Associates over which Awards are granted under the Nico Employee Performance Share Plan 2017 shall not exceed 25% of the total Shares available under the Nico

Employee Performance Share Plan 2017, and the aggregate number of Shares available to each Controlling Shareholder or each of his Associates over which Awards may be granted thereunder shall not exceed 10% of the total Shares available under the Nico Employee Performance Share Plan 2017.

It should however be noted that this does not indicate that the Committee will definitely grant Awards under the Nico Employee Performance Share Plan 2017 up to the abovementioned prescribed limits. The Committee will exercise its discretion in deciding the number of Shares subject to release under the Awards granted to each Participant. This, in turn, will depend on and be commensurate with the performance of the Participant and his/her value to the Group.

The Nico Employee Performance Share Plan 2017 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date of adoption, provided always that the Nico Employee Performance Share Plan 2017 may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

#### 7.3.4 Events prior to vesting date

An Award, to the extent not yet released, shall forthwith become void and cease to have effect (unless the Committee in its absolute discretion determines otherwise) upon the occurrence of the following events:

- (a) subject to the rest of this paragraph 7.3.4, a Participant ceasing to be an employee or director of a Group Company for any reason whatsoever;
- (b) the company by which he is employed ceases to be a Group Company;
- (c) upon the bankruptcy of a Participant or the happening of any event which results in his being deprived of the legal or beneficial ownership or interest in such Award;
- (d) if a Participant commits a breach of any of the terms of the Award; and/or
- (e) misconduct, gross negligence or incompetence on the part of a Participant as determined by the Committee in its absolute discretion.

Where a Participant ceases at any time to be in the employment of, or a director of, a Group Company by reason of death, ill health, injury, disability, redundancy, retirement (before (with the consent of the Committee), at or after the legal retirement age) or by reason of any other event approved in writing by the Committee, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant vesting period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related Awards, the extent to which the applicable performance conditions and targets have been satisfied.

Without prejudice to paragraph 7.3.5 and to the extent of an Award yet to be released, the Committee may consider, in its discretion, whether or not to release such Award on the occurrence of the following events:

- (a) a general offer being made for all or any part of the Shares;
- (b) a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the court under the Companies Act; or
- (c) an order for the compulsory winding-up or a resolution for the voluntary winding-up of the Company

#### 7.3.5 Vesting and release of Awards

In relation to a performance-related Award, as soon as practicable after the end of the relevant Performance Period, the Committee shall review and in its discretion, determine whether the Performance Conditions have been satisfied (whether fully or partially) or exceeded, and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

The Committee may also waive any such Performance Conditions if it, in its discretion, concludes that a change in such Performance Conditions would be a fairer measure of performance and would be no less difficult to satisfy, or that the Participant has achieved a level of performance that the Committee considers satisfactory notwithstanding that the Performance Conditions may not have been fulfilled.

Subject to prevailing legislation and the Listing Manual, the Company will have the discretion to release Shares to Participants upon vesting of their Awards by way of an allotment of New Shares and/or a transfer of Shares which are the subject of the release of an Award.

New Shares allotted and issued, and existing Shares procured by the Company for transfer, shall on the release of an Award to a Participant be subject to the Constitution, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

#### 7.4 The Committee and administration of the Nico Employee Performance Share Plan 2017

The remuneration committee of the Company will be designated as the Committee responsible for the administration of the Nico Employee Performance Share Plan 2017 in accordance with such powers and duties as are conferred on it by the Board.

The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines, and/or regulations (not being inconsistent with the rules of the Nico Employee Performance Share Plan 2017, as the case may be) for the implementation and administration of the Nico Employee Performance Share Plan 2017 as it thinks fit.



Any decision or determination of the Committee made pursuant to any provision of the Nico Employee Performance Share Plan 2017 (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including any decision pertaining to disputes and uncertainty as to the interpretation of, or any rule, regulation or procedure of or as to any right under the Nico Employee Performance Share Plan 2017).

In compliance with requirements of the Listing Manual, any Participant of the Nico Employee Performance Share Plan 2017 who is concurrently a member of the Committee shall not be involved in the Committee's deliberation in respect of Awards to be granted to him/her.

## **8 RATIONALE FOR THE PARTICIPATION BY NON-EXECUTIVE DIRECTORS IN THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017 AND RELEVANT SAFEGUARDS**

- 8.1 While the Nico Employee Performance Share Plan 2017 caters principally to the employees of the Group Companies, it is recognised that there are other persons who make significant contributions to the Group through their close working relationships with the Group even though they are not employed within the Group. Such persons include the non-executive directors (including independent directors).
- 8.2 Although non-executive directors are not involved in the day-to-day running of the Group, they also play an invaluable role in the Company's success by leveraging on their different professions and working backgrounds, bringing to the Company their wealth of knowledge, business expertise and contacts in the business community. Directors (non-executive and executive alike) are stewards of the Company and they play an important role in guiding the Company in its business strategy by drawing on their diverse backgrounds and working experience. Non-executive directors also serve an important function in ensuring good corporate governance of the Group through their appointments. It is crucial for the Company to attract and retain these persons.
- 8.3 This is also in accordance with Guideline 8.3 of the Code of Corporate Governance 2012 which encourages companies to align the interests of their non-executive directors with the interests of shareholders through the implementation of share schemes. The Directors are of the view that including the non-executive directors in the Nico Employee Performance Share Plan 2017 will give them due recognition for their services and contributions to the growth and development of the Group, and further motivate them in their contribution towards the future success of the Group.
- 8.4 However, it should be noted that it may not be appropriate to measure the services of the non-executive directors in the same way as the employees of the Group, and thus, for the purpose of assessing the contributions of the non-executive directors, the Committee shall employ an assessment framework comprising mainly non-financial performance measurement criteria such as the extent of involvement and responsibilities shouldered by the non-executive director, taking in consideration, inter alia, his performance and contributions to the success and development of the Group, his committee memberships in the Group, as well as his contributions including those of his experience in the areas of overall business strategies, risk management and investment decisions. The Committee may also decide that no Award shall be granted in any financial year or that no Award may be granted at all.
- 8.5 As mentioned in paragraph 8.4 above, as a safeguard against abuse, no member of the Committee shall be involved in the Committee's deliberation in respect of Awards granted or to be granted to him.



## **9 FINANCIAL EFFECTS OF THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017**

### **9.1 Potential Costs of the Awards**

Based on the Singapore Financial Reporting Standard (FRS), no cash outlays would be expended by the Company at the time Awards are granted by the Company (as compared with cash bonuses). However, the Company would recognise an expense in the financial statements based on the fair value of the Awards as at their respective Dates of Grant.

The FRS 102 relating to share-based payment took effect for all listed companies beginning 1 January 2005. The Awards if settled by way of issue of New Shares or the purchase of existing Shares would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the income statement over the vesting period of an Award and a corresponding credit to the reserve account. The total amount of the charge over the vesting period is generally determined by reference to the fair value of each Award granted at the Date of Grant. This is normally estimated by applying the option pricing model at the Date of Grant.

Before the end of the vesting period, and at each accounting year end, the estimate of the number of Awards that are expected to vest by the vesting date is subject to revision, and the impact of the revised estimate will be recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to profit or loss will be made such that the applicable cumulative balance reflects the revised estimate. After the vesting date, no subsequent adjustment to the charge to the income statement is made.

This accounting treatment has been referred to as the “modified grant date method” because the number of Shares included in the determination of the expense relating to employee services is adjusted to reflect the actual number of Shares that eventually vest, but no adjustment is made to changes in the fair value of the Shares since its Date of Grant. The amount charged to the income statement would be the same whether the Company settles the Awards using Treasury Shares, New Shares or existing Shares.

### **9.2 Share Capital**

The Nico Employee Performance Share Plan 2017 will result in an increase in the Company’s issued share capital only when New Shares are issued to Participants pursuant to the vesting of Awards. This increase will in turn depend on, inter alia, the size of the Awards granted under the Nico Employee Performance Share Plan 2017. However, there will be no change to the Company’s issued share capital where Awards are not vested, or where vested, are satisfied by Treasury Shares held by the Company.

### **9.3 EPS**

Although the Nico Employee Performance Share Plan 2017 will have a dilutive impact on the EPS of the Group and the Company, it should again be noted that the delivery of Shares to Participants under the Nico Employee Performance Share Plan 2017 will generally be contingent upon the Participants meeting prescribed performance conditions. Accordingly, the earnings of the Group and the Company should have grown before Awards are granted and Shares delivered.

#### 9.4 NTA

As mentioned in paragraph 9.1, the Nico Employee Performance Share Plan 2017 will result in a charge to the Group and the Company's profit or loss which is equal to the fair value of the Awards over the period from the Date of Grant of the Awards to the vesting date. In addition, if New Shares are issued under the Nico Employee Performance Share Plan 2017, there would be no effect on the NTA of the Group and the Company.

Although the Nico Employee Performance Share Plan 2017 will result in a charge to profit or loss of the Group and the Company, it should be noted that Awards are granted only on a selective basis and will be granted to Participants whom the Company believes would have contributed or will contribute to its success including financial performance. In particular, the grant of Awards and delivery of Shares to Participants are contingent upon the Participants meeting prescribed Performance Conditions, where applicable. Therefore, Participants would have contributed to or will contribute to the NTA of the Group and the Company before the Awards are granted and Shares delivered.

### **10 ADJUSTMENTS TO THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017**

10.1 In the event of a capitalisation issue of the Company (whether by way of a capitalisation of profits or reserves, rights issue, capital reduction, subdivision or consolidation of shares or distribution or otherwise), the Nico Employee Performance Share Plan 2017 provides for the adjustment of the class and/or number of Shares under the Awards not yet vested, and the rights attached thereto, or Awards which may be granted under the Nico Employee Performance Share Plan 2017.

10.2 The above adjustments will be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive. Any other adjustments to the Nico Employee Performance Share Plan 2017 which are not on a capitalisation issue of the Company will have to be confirmed by the Auditors (acting only as experts and not arbitrators) to be fair and reasonable.

10.3 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition of any asset by the Company or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares by the Company on SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment under the rules of the Nico Employee Performance Share Plan 2017.

### **11 THE PROPOSED PARTICIPATION OF CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES IN THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017**

11.1 The key objectives of the Nico Employee Performance Share Plan 2017 are to motivate employees to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that this may be effective in motivating employees to put in their best efforts whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with multinational companies.

11.2 To this end, employees and directors of the Group who are Controlling Shareholders and their Associates shall be treated equally regardless of whether they are Controlling Shareholders, or Associates. The Company's view is that all deserving and eligible employees and directors should be similarly entitled to take part and benefit from the Company's fair and equitable system of remuneration.

- 11.3 Although the Controlling Shareholders and their Associates may already have shareholding interests in the Company, the extension of the Nico Employee Performance Share Plan 2017 to include them ensures that they are similarly entitled, with the other eligible employees and directors who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. The Directors are of the view that the Company should have a fair and equitable system to reward eligible employees and directors who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or Associates of such Controlling Shareholders.
- 11.4 The terms of the Nico Employee Performance Share Plan 2017 do not differentiate between Controlling Shareholders and their Associates from other employees or directors in determining the eligibility of such persons to be granted Awards. They should not unduly favour Controlling Shareholders, and their Associates. Likewise, Controlling Shareholders and their Associates should not be excluded from participating in the Nico Employee Performance Share Plan 2017 solely for the reason that they are Controlling Shareholders or their Associates. In addition, to deny participation by the Controlling Shareholders and their Associates may undermine the objectives of the Nico Employee Performance Share Plan 2017.
- 11.5 As a safeguard against abuse, all members of the Board (and not just members of the Committee) who are not Controlling Shareholders or their Associates will be involved in deliberations in respect of Awards to be granted to Controlling Shareholders and/or their Associates and the terms and conditions attached to such Awards. The limits on the aggregate number of Shares comprised in Awards that may be granted to Controlling Shareholders or their Associates are set out in paragraph 7.3.3 of this Circular.
- 11.6 Furthermore, specific approval of independent Shareholders is required for the grant of Awards to Controlling Shareholders and their Associates as well as the actual number of and terms of such Awards. In seeking such independent Shareholders' approval, clear justification as to their participation, the number of Awards and the terms of such to be granted will be provided.
- 11.7 In addition, as stated above, the proposed participation of each Controlling Shareholder in the Nico Employee Performance Share Plan 2017 will be subject to his shareholding in the Company falling below 50% of the issued Shares at the point of grant.
- 11.8 The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of Controlling Shareholders and their Associates in the Nico Employee Performance Share Plan 2017.
- 11.9 The rationale for the participation of the Controlling Shareholders, Mr Tan Chee Khiong Danny and Mr Tang Chee Wee Andrew, and of their Associate, Mr Tang Chee Bian Steven, in the Nico Employee Performance Plan is set out below:

Mr Tan Chee Khiong Danny is the Chairman and President. Mr Tan Chee Khiong Danny, who is responsible for the Group's business operations, has played an instrumental role in developing the business of the Group and has provided the Group with strong leadership and vision. He is primarily responsible for the overall management, business strategies and expansion of the Company. He was one of the founders of Nico Steel, and had, since the establishment of Nico Steel, been instrumental in setting the strategic development of Nico Steel's business. In October 2004, he received the Special Mention Award during the 2004 ASME – Rotary Entrepreneur of the Year Award.

Mr Tang Chee Wee Andrew is an Executive Director, who is the Corporate Development Director of the Company. He is responsible for business development and corporate strategy and training for the Group, as well as managing and promoting the “Nico” brand. Mr Tang Chee Wee Andrew joined the Group in 2001. He brought with him his knowledge and experience in corporate development and corporate branding.

Mr Tang Chee Bian Steven, being the brother of Mr Tan Chee Khiong Danny and Mr Tang Chee Wee Andrew, is an Associate of the Controlling Shareholders. Mr Tang Chee Bian Steven is also an executive director of Nico Steel Solutions (S) Pte Ltd, a Group Company.

One of the objectives of the Nico Employee Performance Share Plan 2017 is to motivate Participants to optimize their performance and to maintain a high level of contribution. These objectives of apply equally to our Directors who are Controlling Shareholders or Associates of Controlling Shareholders. The Company’s view is that all deserving and eligible Participants should be motivated, regardless of whether they are Controlling Shareholders. The Company believes that as the Nico Employee Performance Share Plan 2017 is designed to motivate, retain and reward Employees and Directors who contribute to the growth and profits of the Company, Employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders should be entitled to the same benefits as other Employees and should not be excluded from benefiting under the Nico Employee Performance Share Plan 2017 solely for the reason that they are Controlling Shareholders or Associates of the Controlling Shareholders. It is in the Group’s interest that these Participants who are actively contributing to the Group’s progress and development are given the incentive to continue to remain with the Company and contribute towards the Group’s future progress and development. In respect of the determination as to eligibility and grant of Awards, the terms of the Nico Employee Performance Share Plan 2017 do not differentiate between Employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders and other Directors and Employees who are not such persons. As such, Employees and Directors who are Controlling Shareholders or Associates of Controlling Shareholders will be subject to the same rules as other Employees.

## 12 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 12.1 As at the Latest Practicable Date, none of the Directors (whether in his capacity as director or shareholder of the Company) has any interest, direct or indirect, in (i) the Proposed Amendment, (ii) the Subscriber, or (iii) VCAM.
- 12.2 As at the Latest Practicable Date, based on the register of the Company, the following are Substantial Shareholders of the Company.

Name of Substantial Shareholder	Shareholdings registered in the name of substantial shareholder		Shareholdings in which the substantial shareholders are deemed to be interested	
	No. of Shares	%	No. of Shares	%
Parot Tovot LLC	36,000,000	6.08	–	–
Dov Rauchwerger <sup>(1)</sup>	–	–	36,000,000	6.08
Tan Chee Khiong <sup>(2)(3)</sup>	61,019,925	1.10	21,042,162	3.55
Tang Chee Bian <sup>(2)</sup>	5,515,725	0.93	20,697,700	3.50
Tang Chee Wee <sup>(2)</sup>	5,503,725	0.93	20,697,700	3.50
Tang Hee Kya <sup>(2)</sup>	5,565,725	0.94	20,697,700	3.50

**Notes:**

- (1) Deemed to be interested in the shares held by Parot Tovot LLC by virtue of Section 7 of the Companies Act.
- (2) Deemed to be interested in 20,697,700 shares held by D.S.A.G Investment Pte. Ltd. by virtue of each of them holding 25% of the issued share capital of D.S.A.G Investment Pte. Ltd.
- (3) Deemed to be interested in 344,462 shares held by spouse, Ang Bee Choo.

- 12.3 To the best information, belief and knowledge of the Company and its directors, no Substantial Shareholder of the Company has any interest (direct or indirect) in (i) the Proposed Bond Issue, (ii) the Subscriber, or (iii) VCAM.

### **13 MATERIAL LITIGATION**

As at the Latest Practicable Date, the Directors are not aware of any legal or arbitration proceedings pending or threatened against the Company or any of its Subsidiaries, which might materially and adversely affect the financial position of the Company or any of its Subsidiaries.

### **14 EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out in this Circular will be held at Room 502, Napier Room, Level 5, RELC International Hotel, 30 Orange Grove Road, Singapore 258352, on 12 October 2017 at 11.30 a.m. for the purpose of considering and, if thought fit, passing, with or without any modifications, the ordinary resolution set out in the Notice of EGM.

### **15 ACTION TO BE TAKEN BY SHAREHOLDERS**

- 15.1 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. The completed and signed proxy form should then be returned as soon as possible and in any event so as to arrive at the Company's registered office at 51 Loyang Way, Singapore 508744, not later than 48 hours before the time fixed for the EGM. Shareholders who have completed and returned the proxy form may still attend and vote in person at the EGM, if they so wish, in place of their proxy. A proxy need not be a Shareholder of the Company.
- 15.2 A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by the CDP, as at 72 hours before the EGM.

### **16 DIRECTORS' RECOMMENDATION**

The Directors, having considered the terms of and rationale for the Proposed Amendment, are of the opinion that the Proposed Amendment is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution relating to the Proposed Amendment at the EGM.

With respect to the Nico Employee Performance Share Plan 2017, as Mr Tan Chee Khiong Danny and Mr Tang Chee Wee Andrew are eligible to participate in the same, they are deemed to be interested in the Company's adoption of such plan. Accordingly, they have abstained from making any recommendations to the Shareholders in respect of, and shall abstain from voting on, ordinary resolutions 2 and 3.

The other Directors, having considered the terms and rationale for the Nico Employee Performance Share Plan 2017, are of the opinion that the Nico Employee Performance Share Plan 2017 is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution relating to the Nico Employee Performance Share Plan 2017 at the EGM.

## **17 ABSTENTION FROM VOTING**

All Shareholders who are eligible to participate in the Nico Employee Performance Share Plan 2017 shall abstain from voting on the relevant ordinary resolutions 2 and 3 relating thereto and shall also decline to accept any appointment as proxy for any Shareholder to vote in respect of each such resolution unless the Shareholder concerned has given instructions in his proxy form as to the manner in which his votes are to be cast in respect of each such resolution.

Mr Tan Chee Khiong Danny will procure that his Associates, including D.S.A.G Investment Pte. Ltd., and Ang Bee Choo, shall abstain from voting on ordinary resolutions 2 and 3 relating to the proposed adoption of the Nico Employee Performance Share Plan 2017 and will decline to accept any appointment as proxy for any Shareholder to vote in respect of each such resolution unless the Shareholder concerned has given instructions in his proxy form as to the manner in which his votes are to be cast in respect of each such resolution.

Mr Tang Chee Wee Andrew will procure that his Associates, including D.S.A.G Investment Pte. Ltd., shall abstain from voting on ordinary resolutions 2 and 3 relating to the proposed adoption of the Nico Employee Performance Share Plan 2017 and will decline to accept any appointment as proxy for any Shareholder to vote in respect of each such resolution unless the Shareholder concerned has given instructions in his proxy form as to the manner in which his votes are to be cast in respect of each such resolution.

Mr Tang Chee Bian Steven will procure that his Associates, including D.S.A.G Investment Pte. Ltd., shall abstain from voting on ordinary resolutions 2 and 3 relating to the proposed adoption of the Nico Employee Performance Share Plan 2017 and will decline to accept any appointment as proxy for any Shareholder to vote in respect of each such resolution unless the Shareholder concerned has given instructions in his proxy form as to the manner in which his votes are to be cast in respect of each such resolution.

## **18 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 Proposed Amendment and the proposed adoption of the Nico Employee Performance Share Plan 2017, 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 the Circular in its proper form and context.

## **19 DOCUMENTS AVAILABLE FOR INSPECTION**

19.1 Copies of the following documents are available for inspection at the Company's registered office at 51 Loyang Way, Singapore 508744 during normal business hours from the date of this Circular up to and including the date of the EGM:

19.1.1 the Constitution of the Company;

19.1.2 the Subscription Agreement; and

19.1.3 the Second Supplemental Agreement.

Yours faithfully,  
For and on behalf of  
The Board of Directors of  
Nico Steel Holdings Limited

18 September 2017



## APPENDIX A



### **NICO STEEL HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No.: 200104166D)

#### **RULES OF THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017**

##### **1. NAME OF THE PLAN**

This Plan shall be called the “Nico Employee Performance Share Plan 2017”

##### **2. DEFINITIONS**

2.1 In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Adoption Date”	The date on which the Plan is adopted by the Company in general meeting
“Associates”	In relation to any director, chief executive officer, substantial shareholder or Controlling Shareholder (being any individual) means:  (a) his immediate family;  (b) 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  (c) any company in which he and/or his immediate family together (directly or indirectly) have an interest of 30% or more
“Auditors”	The auditors for the time being of the Company
“Award”	A contingent award of Shares granted under Rule 5
“Award Letter”	A letter in such form as the Committee shall approve, confirming an Award granted to a Participant
“Board”	The board of directors of the Company
“CDP”	The Central Depository (Pte) Limited
“Committee”	The remuneration committee of the Company



“Companies Act”	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	Nico Steel Holdings Limited, a public company incorporated in the Republic of Singapore with limited liability
“Constitution”	The constitution of the Company, comprising its memorandum of association and the articles of association, as amended or modified from time to time
“control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares) (unless the SGX-ST determines otherwise); or (b) in fact exercises control over the Company
“Date of Grant”	In relation to an Award, the date on which the Award is granted pursuant to Rule 5
“Director”	A person holding office as a director for the time being in a Group Company
“Employee”	An employee of a Group Company
“Executive Director”	A director for the time being of a Group Company, holding office in an executive capacity in such company
“Group”	The Company and its Subsidiaries
“Group Company”	A company within the Group
“Listing Manual”	The listing manual of the SGX-ST, as amended and modified from time to time
“Market Day”	A day on which the SGX-ST is open for trading of securities
“New Shares”	New Shares which may be allotted and issued from time to time pursuant to the Release of Awards granted under the Plan
“Non-executive Director”	A Director (other than an Executive Director)
“Participant”	The holder of an Award
“Performance Condition”	In relation to a Performance-related Award, the condition specified on the Date of Grant in relation to the Release of that Award

“Performance-related Award”	An Award in relation to which a Performance Condition is specified
“Performance Period”	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Committee on the Date of Grant, during which the Performance Condition is to be satisfied
“Plan”	The Nico Employee Performance Share Plan 2017, as the same may be modified or altered from time to time in accordance with the Rules
“Record Date”	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Release”	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Released Award”	An Award in respect of which the Vesting Period relating to that Award has ended and which has been released in accordance with Rule 7
“Rules”	Rules of the Plan
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Securities Account”	The securities account maintained by a Depositor with CDP
“SFA”	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“Shareholders”	Registered holders for the time being of the Shares (other than the CDP), or in the case of depositors, depositors who have Shares entered against their name in the Depository Register
“Shares”	Ordinary shares in the capital of the Company
“Subsidiary”	A company being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act

- |                   |   |
|-------------------|---|
| “Treasury Shares” | Has the meaning ascribed to it in Section 4 of the Companies Act  |
| “Vesting”         | In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly |
| “Vesting Date”    | In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested or will Vest pursuant to Rule 7   |
| “Vesting Period”  | In relation to an Award, a period or periods, the duration of which is to be determined by the Committee at the Date of Grant, during which the Award has not yet Vested  |
| “S\$”             | Singapore dollars   |
| “%” or “per cent” | Per centum or percentage  |
- 2.2 The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 81SF of the SFA.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.5 Any reference to a person shall include corporations.
- 2.6 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in the Plan shall have the meaning assigned to it under the Companies Act or the SFA (as the case may be).
- 3. OBJECTIVES OF THE PLAN**
- 3.1 The Plan is a performance incentive scheme which will form an integral part of the Group’s incentive compensation program.
- 3.2 The objectives of the Plan are as follows:
- (a) to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
  - (b) to retain and give recognition to key Employees whose contributions are essential to the long-term growth and profitability of the Group;
  - (c) to instill loyalty to, and reinforce a stronger identification by Participants with the long-term prosperity of the Group;

- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
- (e) to align the interests of Participants with the interests of the Shareholders.

#### **4. ELIGIBILITY OF PARTICIPANTS**

- 4.1 An Employee's eligibility to participate in the Plan shall be at the absolute discretion of the Committee. Such person must:
  - (a) be confirmed in his employment with a Group Company;
  - (b) have attained the age of 21 years on or before the Date of Grant; and
  - (c) not be an undischarged bankrupt and must not have entered into a composition with his creditors.
- 4.2 Non-executive Directors who satisfy the eligibility requirement in Rules 4.1(b) and (c) shall also be eligible to participate in the Plan.
- 4.3 Subject to the absolute discretion of the Committee, persons who are Controlling Shareholders and their respective Associates shall be eligible to participate in the Plan if:
  - (a) they meet the eligibility requirements as set out above;
  - (b) the necessary Shareholders' approvals pursuant to Rule 16 have been obtained;
  - (c) all conditions for their participation in the Plan as may be required by the regulations of the SGX-ST from time to time are satisfied; and
  - (d) the Controlling Shareholder's shareholding in the Company is below 50% of the issued Shares at the point of grant.
- 4.4 Except has provided above, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme implemented by any Group Company.
- 4.5 The eligibility of Participants to participate in the Plan, the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period of each Award shall be determined at the absolute discretion of the Committee, which shall take into account, *inter alia*:
  - (a) the financial performance of the Group;
  - (b) in respect of a Participant being an Employee (including an Executive Director), criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group; and
  - (c) in respect of a Participant being a Non-Executive Director (including an independent Director), criteria such as his contribution to the success and development of the Group.
- 4.6 Performance Conditions to the vesting of Awards may be set by the Committee depending on the relevant Participant's particular job scope, responsibilities and circumstances.

## 5. GRANT OF AWARDS

- 5.1 Subject as provided in Rules 4 and 8, the Committee may grant Awards to Employees and Directors as the Committee may select in its absolute discretion, at any time during the period when the Plan is in force except that no grant of Awards shall be made during the period of two (2) weeks immediately preceding the date of announcement of the Company's results for the first three (3) quarters of its financial year or one (1) month immediately preceding the date of announcement of the Company's full-year results. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made by the Company, grant of Awards may only be made on or after the second Market Day following the release of such announcement.
- 5.2 The Committee shall decide, in its absolute discretion, in relation to each Award:
- (a) the Participant;
  - (b) the Date of Grant;
  - (c) the number of Shares which are the subject of the Award;
  - (d) the prescribed Vesting Period(s);
  - (e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
  - (f) in the case of a Performance-related Award, the Performance Period(s) and the Performance Condition(s). In this regard, when setting Performance Condition(s) and Performance Period(s), the Committee shall also take into account both the medium and long-term corporate objectives of the Group such as sales growth, growth in earnings and return on investment, as well as the individual performance of each Participant such as the Participant's length of service with the Group, achievements of past performance targets, value-add to the Group's performance and development and overall enhancement to Shareholders value.
- 5.3 The Committee may amend or waive the Vesting Period(s) and, in the case of a Performance-related Award, the Performance Period and/or the Performance Condition in respect of any Award:
- (a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or
  - (b) in the case of a Performance-related Award, if anything happens which causes the Committee to conclude that:
    - (i) a changed Performance Condition would be a fairer measure of performance and would be no less difficult to satisfy; or
    - (ii) the Performance Condition should be waived as the Participant has achieved a level of performance that the Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled,

and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).

5.4 As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award, inter alia, the following (where applicable):

- (a) the Date of Grant;
- (b) the number of Shares which are the subject of the Award;
- (c) the prescribed Vesting Period(s);
- (d) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
- (e) in the case of a Performance-related Award, the Performance Period and the Performance Condition.

5.5 Participants are not required to pay for the grant of Awards.

5.6 An Award or Released Award shall be personal to the Employee or Director to whom it is granted and no Award or Released Award or any rights thereunder shall be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

## **6. EVENTS PRIOR TO THE VESTING DATE**

6.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its directors or employees):

- (a) subject to the rest of this Rule 6.1, a Participant, being an Employee, ceasing for any reason whatsoever, to be in the employment of a Group Company or in the event the company by which the Employee is employed ceases to be a company in the Group;
- (b) subject to the rest of this Rule 6.1, a Participant, being a Director, ceasing to be a Director of a Group Company, as the case may be, for any reason whatsoever;
- (c) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award;
- (e) if a Participant commits a breach of any of the terms of his Award; and/or
- (f) misconduct, gross negligence or incompetence on the part of a Participant as determined by the Committee in its absolute discretion.

For the purpose of Rule 6.1(a) above, an Employee shall be deemed to have ceased to be in the employment of a Group Company on the date on which he gives or receives notice of termination of employment, unless prior to the date on which termination takes effect, the

Employee has (with the consent of the relevant Group Company) withdrawn such notice. For the avoidance of doubt, no Award shall lapse pursuant to Rule 6.1(a) in the event of any transfer of employment of a Participant within the Group.

For the purpose of Rule 6.1(b), a Participant shall be deemed to have ceased to be a Director as of the date the notice of resignation or termination of directorship, as the case may be, is tendered by or is given to him, unless such notice shall be withdrawn (with the consent of the relevant Group Company) prior to its effective date.

Where a Participant ceases at any time to be in the employment of, or a Director of, a Group Company by reason of death, ill health, injury, disability, redundancy, retirement (before (with the consent of the Committee), at or after the legal retirement age) or by reason of any other event approved in writing by the Committee, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant vesting period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related Awards, the extent to which the applicable performance conditions and targets have been satisfied.

- 6.2 The Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.
- 6.3 Without prejudice to the provisions of Rules 5.3 and 7, and to the extent of an Award yet to be Released, if any of the following occurs:
- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
  - (b) a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the court under the Companies Act;
  - (c) an order for the compulsory winding-up of the Company is made; or
  - (d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Committee may consider, at its discretion, whether or not to Release such Award. If the Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Vesting Period(s) which has elapsed or has been amended or waived in accordance with Rule 5.3, and the extent to which the Performance Condition (if any) has been satisfied or waived in accordance with Rule 5.3. Where such Award is Released, the Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

## 7. RELEASE OF AWARDS

- 7.1 In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.
- 7.2 If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Participant (being an Employee) has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.2) shall be of no effect.
- 7.3 The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or waived in accordance with Rule 5.3 or exceeded and, in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.
- 7.4 Subject to:
- (a) the Committee, in the case of a Performance-related Award, having determined that the Performance Condition has been satisfied within the Performance Period unless so waived in accordance with Rule 5.3;
  - (b) the relevant Participant (being an Employee) having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;
  - (c) the Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;
  - (d) such consents (including any approvals required by the SGX-ST) as may be necessary;
  - (e) compliance with the terms of the Award, the Plan, and the Constitution;
  - (f) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
  - (g) where New Shares are to be allotted on the release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST,

upon the expiry of each Vesting Period in relation to an Award, the Company shall release to the relevant Participant the Shares to which his Award relates on the Vesting Date.

- 7.5 Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with Rule 7.4 and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.



- 7.6 Where New Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares (if not already previously done).
- 7.7 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the Securities Account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.
- 7.8 New Shares allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, upon the Release of an Award shall:
- (a) be subject to all the provisions of the Constitution and the Companies Act; and
  - (b) rank in full for all entitlements, including any dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date and shall in all other respects rank *pari passu* with other Shares then in issue.

## **8. SIZE OF THE PLAN**

- 8.1 The aggregate number of New Shares which may be issued or Shares which may be delivered pursuant to Awards granted under the Plan, when added to the total number of New Shares issued and issuable and/or existing Shares transferred or transferable in respect of:
- (a) all other Awards granted under the Plan; and
  - (b) all options or awards granted under any other share option schemes or share schemes implemented by the Company and for the time being in force (if any),

shall not exceed 15% of the number of all issued Shares (excluding Treasury Shares) on the day preceding the relevant Date of Grant.

- 8.2 The aggregate number of Shares over which the Committee may grant an Award to the Controlling Shareholders and their Associates under the Plan, shall not exceed 25% of the total Shares available under the Plan, and the number of Shares over which Awards may be granted under the Plan to each Controlling Shareholder or each of his Associates shall not exceed 10% of the total Shares available under the Plan.

## **9. ADJUSTMENT EVENTS**

- 9.1 In the event of a capitalisation issue of the Company (whether by way of a capitalisation of profits or reserves, rights issue, capital reduction, subdivision or consolidation of shares or distribution or otherwise), then:
- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested and the rights attached thereto; and/or
  - (b) the class and/or number of Shares in respect of which Awards may be granted under the Plan,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

- 9.2 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition of assets or a private placement of securities of the Company, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment under the provisions of this Rule 9.
- 9.3 Notwithstanding the provisions of Rule 9:
- (a) no such adjustment shall be made if as a result the Participant receives a benefit that a Shareholder does not receive unless the Committee after considering all relevant circumstances considers it equitable to do so; and
  - (b) any adjustment (except in relation to a capitalization issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 9.4 Upon any adjustment being made pursuant to this Rule 9, the Company shall notify each Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.
- 9.5 Notwithstanding the provisions of Rule 9.1 or that no adjustment is required under the provisions of the Plan, the Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 9.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion fair and reasonable.

## **10. ADMINISTRATION OF THE PLAN**

- 10.1 The Plan shall be administered by the Committee in its absolute discretion, with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him or held by him.
- 10.2 The Committee shall have the power, from time to time, to make or vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, as it may, in its absolute discretion, think fit.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee any liability whatsoever in connection with:
- (a) the lapsing or early expiry of any Award pursuant to any provision of the Plan;
  - (b) the failure or refusal by the Committee to exercise, or the exercise by Committee of, any discretion under the Plan; and/or

(c) any decision or determination of the Committee made pursuant to any provision of the Plan.

10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including any decision pertaining to disputes and uncertainty as to the interpretation of the Plan or any rule, regulation or procedure thereunder or as to any right under this Plan).

## **11. NOTICES**

11.1 A Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by the Company to the Shareholders.

11.2 Any notice required to be given by a Participant to the Company shall be sent or made to the principal place of business of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.

11.3 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.

11.4 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until confirmation of receipt by Company is given. Any notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.3 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

## **12. MODIFICATIONS TO THE PLAN**

12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

(a) no modification or alteration shall be made which would adversely affect the rights attached to any Award granted prior to such modification or alteration and which in the opinion of the Committee materially alters the rights attaching to such Award except with the prior consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would be entitled to not less than 75% of the aggregate number of the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;

(b) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of the Shareholders in general meeting; and

(c) no modification or alteration shall be made without due compliance with the Listing Manual and prior approval of such other applicable regulatory authorities as may be necessary.

12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST if necessary) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

### **13. TERMS OF EMPLOYMENT UNAFFECTED**

13.1 The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

13.2 The Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Group directly or indirectly or give rise to any cause of action at law or in equity against the Group.

### **14. DURATION OF THE PLAN**

14.1 The Plan shall continue to be in operation at the discretion of the Committee for a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Plan may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

14.2 The Plan may be terminated at any time by the Committee in its sole discretion, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company hereunder.

14.3 The termination of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

### **15. ANNUAL REPORT DISCLOSURE**

The Company shall make the following disclosures in its annual report to Shareholders for the duration of the Plan:

- (a) the names of the members of the Committee;
- (b) information as required in the table below in respect of Awards granted to the following Participants:
  - (i) Participants who are directors of the Company;
  - (ii) Participants who are Controlling Shareholders and their Associates; and

- (iii) Participants, other than those in (i) and (ii) above, who receive Awards comprising Shares representing 5% or more of the aggregate of the Shares available under the Plan;

Name of Participant	Number of Shares comprised in Awards granted during financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since commencement of Plan to end of financial year under review (including terms)	Aggregate number of New Shares allotted and existing Shares purchased for delivery pursuant to Released Awards since commencement of the Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review

- (c) the names of and number and terms of Awards granted to each director or employee of the Company's parent company and its subsidiaries who receives 5% or more of the total number of Awards available to all directors and employees of such parent company and its subsidiaries under the Plan, during the financial year under review;
- (d) the aggregate number of Awards granted to the directors and employees of the Company's parent company and its subsidiaries for the financial year under review, and since the commencement of the Plan to the end of the financial year under review; and
- (e) any other information required to be disclosed pursuant to the Listing Manual and all other applicable laws and requirements.

If any of the disclosure above in the foregoing of this Rule 15 is not applicable, an appropriate negative statement will be included in the annual report.

## 16. SHAREHOLDERS' APPROVAL

The participation of each Controlling Shareholder and each of his Associates in the Plan must be specifically approved by independent Shareholders in separate resolutions for each such person. Each grant of Award (including the actual number and the terms of the Award to be granted) to a Controlling Shareholder or his Associates must be specifically approved by independent Shareholders in separate resolutions.

## 17. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan. Participants may act as proxies of Shareholders in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

## **18. TAXES**

The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the Plan shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the Plan.

## **19. COSTS AND EXPENSES OF THE PLAN**

- 19.1 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's Securities Account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.
- 19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the Release of any Awards shall be borne by the Company.

## **20. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained, the Company, its Directors or the Committee shall not under any circumstances be held liable for any costs, losses, expenses, liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Plan, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of New Shares on the SGX-ST in accordance with Rule 7.6 (or if applicable, any other stock exchange on which the Shares are quoted or listed).

## **21. DISPUTES**

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Plan) shall be referred to the Committee whose decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Plan or any rule, regulation, procedure thereunder or as to any rights under the Plan).

## **22. GOVERNING LAW**

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by being granted Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

## NICO STEEL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200104166D)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

*All capitalised terms in this Notice of Extraordinary General Meeting and defined in the circular dated 18 September 2017 (the “Circular”) shall, unless otherwise defined herein, bear the respective meanings ascribed thereto in the Circular.*

**NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING (“EGM”)** of Nico Steel Holdings Limited (the “**Company**”) will be convened on 12 October 2017 at 11.30 a.m., at Room 502, Napier Room, Level 5, RELC International Hotel, 30 Orange Grove Road, Singapore 258352, for the purpose of considering and, if thought fit, passing with or without any modifications the following resolutions:–

#### **ORDINARY RESOLUTION 1:**

##### **THE PROPOSED AMENDMENT TO THE TERMS OF THE SUBSCRIPTION AGREEMENT**

The Company’s entry into, execution and performance of the Second Supplemental Agreement be and is hereby approved, confirmed and ratified and approval be and is hereby given to the Directors:

- (A) to amend the terms of the subscription agreement dated 30 September 2015 (the “Subscription Agreement”) for the amendment of the Original Minimum Conversion Price to the Proposed Minimum Conversion Price; and
- (B) the Directors and each of them be and are hereby authorised and empowered to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interest of the Company to give effect to the Second Supplemental Agreement or to this Resolution.

#### **ORDINARY RESOLUTION 2:**

##### **PROPOSED ADOPTION OF THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017**

That:

- (A) the performance share plan to be named the “Nico Employee Performance Share Plan 2017” (the “**Plan**”), the rules of which have been set out in the Circular, be and is hereby approved and adopted; and
- (B) any and all Directors be and are hereby authorised:
  - (i) to implement, establish and administer the Plan;
  - (ii) to modify and/or amend the Plan from time to time provided that such modifications and/or amendments are effected in accordance with the rules of the Plan and to do all such acts and to enter into all such transaction, arrangements, and agreements as may be necessary or expedient in order to give full effect to the Plan;



- (iii) to grant awards (the “**Awards**”) in accordance with the rules of the Plan and to issue and allot or deliver from time to time such number of New Shares or Treasury Shares as may be required pursuant to the vesting of the Awards under the Plan, provided always that the aggregate number of Shares to be issued pursuant to the Plan, when added to the number of New Shares issued and issuable and/or existing Shares transferred and transferable in respect of all Awards granted or to be granted under the Plan and all shares, options or awards granted or to be granted under any other share option schemes or share plans of the Company (if any), shall not exceed 15% of the total number of issued Shares (excluding Treasury Shares) from time to time; and
- (iv) to complete and do all acts and things (including executing such documents as may be required) as they may consider necessary, desirable, or expedient for the purposes of or to give effect to this resolution as they think fit and in the interests of the Company.

### **ORDINARY RESOLUTION 3:**

#### **PROPOSED PARTICIPATION OF CONTROLLING SHAREHOLDERS, NAMELY MR. TAN CHEE KHIONG DANNY AND MR. TANG CHEE WEE ANDREW, AND THEIR ASSOCIATE, MR. TANG CHEE BIAN STEVEN, IN THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017**

That, subject to and contingent on the passing of Ordinary Resolution 2, approval be and is hereby given for the participation of Controlling Shareholders, namely Mr. Tan Chee Khiong Danny and Mr. Tang Chee Wee Andrew, in the Plan, and their Associate, Mr. Tang Chee Bian Steven, in the Plan.

In this notice, “**Controlling Shareholder**” means a person who holds, directly or indirectly, 15% or more of the issued Shares (excluding Treasury Shares) in the Company (subject to SGX-ST determining otherwise) or who in fact exercises control over the Company.

### **BY ORDER OF THE BOARD**

Tan Chee Khiong Danny  
Executive Chairman & President  
18 September 2017

#### **Notes:**

- a. Every shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
- b. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxies to vote on its behalf.
- c. The instrument appointing a proxy must be deposited at the registered office of the Company at 51 Loyang Way, Singapore 508744, at least 48 hours before the time set for the EGM or any postponement or adjournment thereof.



# NICO STEEL HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200104166D)

## PROXY FORM EXTRAORDINARY GENERAL MEETING

### IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Extraordinary General Meeting ("EGM") and vote (please see note 2 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy Allied Technologies Limited's shares, this Circular is forwarded to them at the request of the CPF Approved Nominees and is sent solely for information only.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

### 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 Notice of EGM dated 18 September 2017.

I/We \_\_\_\_\_ (Name), NRIC/Passport No. \_\_\_\_\_

of \_\_\_\_\_ (Address) being a

member/members of **NICO STEEL HOLDINGS LIMITED** (the "Company") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholding (%)

or failing whom the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Extraordinary General Meeting of the Company to be convened on 12 October 2017 at 11.30 a.m., at Room 502, Napier Room, Level 5, RELC International Hotel, 30 Orange Grove Road, Singapore 258352, and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, 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 Extraordinary General Meeting.

RESOLUTIONS	FOR*	AGAINST*
TO APPROVE: (1) THE PROPOSED AMENDMENT TO THE TERMS OF THE SUBSCRIPTION AGREEMENT.		
(2) THE PROPOSED ADOPTION OF THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017.		
(3) PROPOSED PARTICIPATION OF CONTROLLING SHAREHOLDERS, NAMELY MR. TAN CHEE KHIONG DANNY AND MR. TANG CHEE WEE ANDREW, AND THEIR ASSOCIATE, MR. TANG CHEE BIAN STEVEN, IN THE NICO EMPLOYEE PERFORMANCE SHARE PLAN 2017.		

\* Please indicate your vote "For" or "Against" with an "x" within the box provided.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Total Number of Shares Held	
CDP register	Register of Members

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

**IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM.**

**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 (Chapter 289) of Singapore), 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.
2. (a) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend and vote in his stead. 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 appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.  
  
(b) A member of the Company who is entitled to attend and vote at the Extraordinary General Meeting and who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote in his stead. 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 appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.  
  
“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50 of Singapore).
3. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 51 Loyang Way, Singapore 508744 not less than 48 hours before the time appointed for the Extraordinary General Meeting.
4. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
5. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
6. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
7. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the Extraordinary General Meeting if he so wishes.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.



