



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

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**RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON 19 JUNE 2018 REGARDING ANNUAL REPORT 2018**

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The Board of Directors (the “**Board**”) of Nico Steel Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the queries raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 19 June 2018, and set out below its responses to the queries from the SGX-ST as follow:

**Question 1**

Listing Rule 715(2) provides that the issuer must engage a suitable auditing firm for its significant foreign-incorporated subsidiaries and associated companies.

We note that some of the Company’s foreign-incorporated subsidiaries and associated companies listed on page 67 are audited by Sukhum International Audit Co., Ltd, Suzhou Fangben Certified Public Accountants, CSY & Associates or not required to be audited under the law of country of incorporation. Please state:-

- (i) whether these entities are a significant foreign-incorporated subsidiary or associated company of the Company; and
- (ii) if so, the Company and Audit Committee’s assessment of the suitability of the auditing firm(s) used and their basis for the said assessment.

Company’s response:

- (i) The subsidiaries incorporated in The People’s Republic of China (“PRC”) were audited by Suzhou Fangben Certified Public Accountants. For purposes of the audit, Baker Tilly TFW LLP have considered these as significant subsidiaries of the Group.

The subsidiary incorporated in Thailand was audited by Sukhum International Audit Co., Ltd. Baker Tilly TFW LLP have considered this to be a significant subsidiary.

The subsidiary audited by CSY & Associates is not required to be audited under the law of country of incorporation and is not considered a significant subsidiary to the Group.

- (ii) Based on the past and current dealings with the Auditors, the Company and the Audit Committee are satisfied with the suitability of Suzhou Fangben Certified Public Accountants, Sukhum International Audit Co. and CSY & Associates to audit the foreign incorporated subsidiaries of the Company and report to Baker Tilly TFW LLP.

In addition, for the purpose of the audit of the consolidated financial statements by Baker Tilly TFW LLP:

- (a) PRC subsidiaries have also been audited by Baker Tilly China for the purposes of preparation of the consolidated financial statements as disclosed in note 12 (a) to the financial statements;

- (b) Baker Tilly TFW LLP have evaluated the audits performed by the subsidiaries' component auditors in accordance with Singapore Standards on Auditing 600.

The Board, with the concurrence of the Audit Committee, are of the view that Suzhou Fangben Certified Public Accountants, Sukhum International Audit Co. and CSY & Associates are suitable auditing firms to meet the Group's audit obligations.

### **Question 2**

Please explain the deviation in the values for net cash generated from/(used in) operating activities, net cash used in investing activities and net cash generated from financing activities on page 43 of the Annual Report and Company's full year results announced on 25 April 2018. In this regard, we note that the Company has not made an announcement under Listing Rule 704(6) to explain any material deviations.

#### Company's response:

The Company will release a separate announcement to the SGX-ST under the template "Financial Statements and Related Announcement".

### **Question 3**

Guideline 9.3 of the Code of Corporate Governance 2012 (the "Code") provides that the Company should, *inter alia*, "name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO)" and "disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO)".

As required under Listing Rule 710, please make disclosure as recommended in the Code; or otherwise disclose and explain any deviation from the recommendation.

#### Company's response:

The Company is required to disclose at least the top five key management personnel and their remuneration in the Company's annual report as required under guideline 9.3 of the Code. The Company currently has four key management personnel, as disclosed in its annual report 2018. Based on the current financial position, size and the nature of the Company's business, the Management is of the view that these four key management personnel are sufficient for the purpose of the Company and the Group's operations. The Company is constantly reviewing the need for any additional key management personnel and when the need arises, additional key management personnel will be considered and recruited as necessary.

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

Tan Chee Khiong Danny  
Executive Chairman & President  
21 June 2018