



NICO STEEL HOLDINGS LIMITED

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

MEMORANDUM OF UNDERSTANDING – PROPOSED INVESTMENT IN JIANGSU KAIXINFENXIANG GREEN FINANCE CO., LTD.

1. Introduction

The Board of Directors of Nico Steel Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company has entered into a non-binding Memorandum of Understanding (“**MOU**”) with Jiangsu Kaixinfenxiang Green Finance Co., Ltd. (江苏开鑫分享绿色金融有限公司) (“**Jiangsu Green Finance**”).

Pursuant to the MOU, the Company will look into investing in Jiangsu Green Finance either by way of acquiring existing equity interest from the existing shareholders of Jiangsu Green Finance or subscribing for new shares of Jiangsu Green Finance to give the Company an estimated 20% interest in Jiangsu Green Finance (“**Proposed Transaction**”).

The Proposed Transaction will be subject to the parties entering into a binding definitive agreement and any other related document in respect of the Proposed Transaction on terms to be negotiated.

The Company will in the announcement on the definitive agreement state if the Proposed Transaction will require shareholders' approval in accordance with chapter 10 of the Listing Manual and/or require shareholders' approval for diversification of the its business scope to include the business of the Jiangsu Green Finance.

2. Information on Jiangsu Green Finance

Jiangsu Green Finance was incorporated in China in August 2017. It is the first provincial-level green finance operation platform in Jiangsu province, with a focus to boost green industries in China. The green industries that Jiangsu Green Finance engages in or intends to engage in include but not limited to intelligent transportation, education, medical care and pharmaceuticals, culture and travel, infrastructure and mega data.

As at the date of this announcement, there are six (6) shareholders in Jiangsu Green Finance, of which Shanghai Yunsheng Business Consulting Co., Ltd. (上海昀晟商务咨询有限公司) is the largest shareholder, holding a 32% equity interest in Jiangsu Green Finance, Kaixindai Financing Services Jiangsu Co., Ltd. (开鑫贷融资服务江苏有限公司) and GCL Finance (Shanghai) Co., Ltd. (协鑫金控(上海)有限公司) are the second largest shareholders, each holding a 20% equity interest in Jiangsu Green Finance. Jiangsu Green Finance currently has four (4) associated companies and one (1) subsidiary, known as Xian Sirong Commercial Factoring Co., Ltd. (西安思融商业保理有限公司).

All the shareholders of Jiangsu Green Finance are entities incorporated in the Peoples' Republic of China.

3. Details of MOU

- (a) It is proposed that after the completion of the Proposed Transaction, the Company will obtain an estimated 20% equity interest in Jiangsu Green Finance.
- (b) The consideration for the Proposed Transaction is being negotiated at between RMB10 million to RMB15 million.
- (c) The Proposed Transaction has been approved by the Board and shareholders of Jiangsu Green Finance respectively.
- (d) The Proposed Transaction is subject to the parties entering into a binding definitive agreement and any other related document in respect of the Proposed Transaction which shall contain terms normally found in similar transactions.
- (e) The MOU is non-binding.

4. Rationale of Entry into the MOU

The Group has been actively assessing new business opportunities and potential acquisitions of new businesses with good long-term prospects that have the potential of improving the overall strategic and financial position of the Group. The Board believes that the entry into of the MOU can provide the Company with an opportunity to acquire a profitable business and generate growth, which will in turn improve its overall financial position. If the Proposed Transaction is successful, the Board believes that the Company can use this initial acquisition as a stepping stone to exploring more opportunities in the finance business sector.

5. Non-Binding

The Board wishes to emphasise that the MOU only sets out the intention of the Company and Jiangsu Green Finance and does not constitute any substantive rights nor obligations of the parties. The MOU is not legally binding on any party to it.

6. Interests of Directors and Controlling Shareholders

None of the Directors has any interest, direct or indirect, in the MOU, save through their respective shareholdings in the Company (if any).

To the best knowledge, information and belief of the Company and its Directors, no controlling shareholder or their respective associates has any interest, direct or indirect, in the Proposed Transaction, save through their respective shareholdings in the Company.

7. Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transaction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form.

8. Further Announcements

The Company will make further announcements and keep shareholders updated on any material developments in compliance with the Listing Rules of the Singapore Exchange Securities Trading Limited, including information required under chapter 10 of the Listing Rules upon entry into of any definitive agreement.

9. Caution in Trading

Please note that the MOU is subject to, inter alia, the execution of definitive agreement and related documents. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. In particular, shareholders and potential investors should note that there is no assurance that any business activities or transactions mentioned in this announcement will materialise. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional advisors.

BY ORDER OF THE BOARD

Tan Chee Khiong Danny
Executive Chairman & President

8 June 2018