

NICO STEEL HOLDINGS LIMITED

(Company Registration No. 200104166D)

(Incorporated in Republic of Singapore)

PLACEMENT OF 13,000,000 NEW ORDINARY SHARES AT THE ISSUE PRICE OF S\$0.0675 PER SHARE

I. Introduction

The Board of Directors of the Company wishes to announce that it has today entered into a placement agreement with Bay Eagle Ventures Limited, pursuant to which the placee will subscribe for, and the Company will allot and issue to the placee, 13,000,000 new ordinary shares (each a "**Placement Share**") in the capital of the Company.

The issue price of each Placement Share is S\$0.0675, with the aggregate placement consideration amounting to S\$877,500.

II. Issue Price

The issue price represents a discount of 10% to the volume weighted average price of S\$0.075 for trades done on the shares of the Company on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 17 January 2014, being the full market day prior to this announcement.

The issue price was arrived at following arm's length negotiations between the Company and the placee.

III. Placement

The placement is made pursuant to the exemption under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the placement.

The Placement Shares will only be issued to the placee and will not be issued to any of the persons listed in Rule 812(1)(a) to (d) of the SGX-ST Listing Manual and will be in compliance with Rule 812.

The Placement Shares, when allotted and issued, shall rank *pari passu* with, and shall carry all rights similar to, the existing issued shares of the Company, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the placement.

The Company will be making an application to the SGX-ST for the listing of and quotation for the Placement Shares on the Official List of the SGX-ST.

IV. Authority for Issue of Shares

The Placement Shares will be issued pursuant to the general share issue mandate approved by shareholders of the Company at the Company's annual general meeting held on 27 June 2013. As at 27 June 2013, the Company had 113,814,447 shares in issue. The Company has not issued any new shares from the date of the aforesaid annual general meeting to the date of this announcement.

The Placement Shares represent approximately 11.42% of the existing issued shares of the Company, and approximately 10.25% of the enlarged issued share capital of the Company on completion of the placement.

V. Conditions Precedent

Completion of the placement is conditional upon:

- (a) the approval of the SGX-ST for the listing of and quotation for the Placement Shares being obtained, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the placee;
- (b) the transactions contemplated in the Placement Agreement not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to either the Company or the placee; and
- (c) the representations, warranties and undertakings by the Company and the placee remaining true and correct in all material respects and each of them having performed all of its obligations under the Placement Agreement to be performed on or before completion.

If any of the conditions is not satisfied on or before 31 March 2014, the placement will not proceed.

VI. Moratorium

The Placement Shares are subject to a moratorium period of six (6) calendar months from completion.

VII. Placee

The placee is incorporated in the British Virgin Islands and is wholly owned by Mr Gao Ang.

Mr Gao is currently the sole director of Bay Eagle Ventures Limited. He has more than 20 years' investment and trading experience, including a decade with Wall Street firms. He was

formerly the director and chief operating officer of CITIC Carbon Assets Management Co. Ltd, which was engaged in principal investment, financial product development and carbon consulting, and held the position from 2010 to 2013. He has also since 2010 been a member of the Rogers Global Resources Equity Index Committee, and was involved in the development of the index comprising resources-related companies with Mr Jim Rogers.

Mr Gao started his career as a senior research analyst in JP Morgan in 1999 and was a senior member of the institutional investor (II) ranked credit research team which covered a variety of industry sectors, including retail, manufacturing and natural resources. He left JP Morgan in 2004, and thereafter, worked in various asset management firms and hedge funds in the capacities of research analyst, trader, assistant portfolio manager and managing member. He focused primarily on emerging and frontier markets investment and trading opportunities, including oil and gas, natural resources, technology, media and telecommunications, as well as infrastructure.

Mr Gao graduated from Kellogg Graduate School of Management, Northwestern University with Masters of Business Administration in Finance in 1999, and from the China Foreign Affairs University with a Bachelor of Arts in 1992.

The placee was introduced to the Company by its business associates, and the Company has not appointed any placement agent.

VIII. Rationale

The Company is contemplating diversifying into the upstream minerals related businesses ("**Minerals Business**") as additional revenue sources, and the placement proceeds will be used to fund preliminary exploratory studies into the feasibility of the Company venturing into such Minerals Business.

In the event the Company decides to undertake substantively any Minerals Business, the Company will, in accordance with the SGX-ST Listing Manual, seek the specific approval of shareholders prior to doing so.

IX. Board Representation

On completion, the placee's nominee, Mr Gao, will be appointed as an executive director of the Company to head its feasibility study into the Minerals Business. Such nominee shall be subject to re-election at the next annual general meeting of the Company.

X. Use of Proceeds

Assuming completion, the net proceeds from the placement after deducting expenses will be approximately S\$817,500 and is intended to fund preliminary exploratory studies into the feasibility of the Company venturing into Minerals Business.

XI. Financial Effects

As at the date of this announcement, the issued and paid-up share capital of the Company is S\$9,541,512, comprising 113,814,447 shares. On completion, the issued and paid-up share capital will increase to S\$10,419,012 comprising 126,814,447 shares.

Based on the unaudited consolidated financial statements of the Group for the six months ended 31 August 2013:

- (a) assuming the placement had taken place on 1 March 2013 with all the Placement Shares being in issue during the period, the net profit per share of the Group after adjusting for the Placement Shares will decrease from S\$0.0014 to S\$0.0013; and
- (b) assuming the placement had taken place on 31 August 2013, the net asset value per share of the Group after adjusting for the Placement Shares and the net proceeds of the placement will decrease from S\$0.17 to S\$0.15.

XII. Interests of Directors and Substantial Shareholders

None of the directors or substantial Shareholders of the Company have any interest, direct or indirect, in the placement (other than their direct or indirect shareholdings in the Company).

XIII. Document Available for Inspection

A copy of the placement agreement is available for inspection at 51 Loyang Way, Singapore 508744 during normal business hours for a period of three (3) months commencing from the date of this announcement.

BY ORDER OF THE BOARD

Tan Chee Khiong Danny
Executive Chairman & President

19 January 2014