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GST Reg No: M90367530Y

Issuer: Nico Steel Holdings Limited

Security: Nico Steel Holdings Limited

Meeting details:

Date: 26 June 2018

Time: 2.00 p.m.

Venue: Napier Room 502, Level 5, RELC International Hotel, 30 Orange Grove Road, Singapore 258352

Company Description

Nico Steel Holdings Limited, an investment holding company, provides metal alloys and metallurgical solutions in Singapore, the People's Republic of China, Malaysia, Thailand, the United States, and internationally. It operates through two segments, Coil Center and Plating. The company provides metal slitting services; ferrous and non-ferrous raw materials in strip-in coils for use in the stamping, and metal and plastic fabricating industries; electro-plating process, metal surface treatment, and chemistry blending services for electronic products; and import and export trading, and distribution services. It also offers internal and external cosmetic parts for LCDs, LEDs, notebooks and keyboards, hard disk drive (HDD) covers and dampers, SIM card holders, bezel plates, RF shields, etc.; and customized specialty metals, as well as metallurgical consultancy services. In addition, the company provides metal alloys that comprise stainless and cold rolled steel products, copper and copper alloys, and aluminum and aluminum alloys; and customized metal alloys under the Nico brand. It serves HDD, telecommunications, consumer electronics, computer peripherals, and other industries. Nico Steel Holdings Limited was founded in 1991 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5GF)

1. In the Chairman's Message (page 4 of the annual report), it was stated that:

"...NICO, after a period of turbulence, has found a path that guarantees the Company's long-term future and safeguards its identity."

- (i) Would the Chairman elaborate further on the "path" and how that path "guarantees the company's long-term future and safeguards its identity"?**

In addition, the vision of the group is "to be Asia's most innovative metallurgical solutions provider in the personal computer, high-tech electronics and automotive industries".

- (ii) Would the board/management help shareholders understand the core competencies of the group's management team, especially in the technical aspect? How is the group able to innovate? Does the group carry out its own research and development?**
- (iii) For the benefit of both new and old shareholders, would the company (re)state its strategic direction and its key targets for the next 3-5 years?**
- (iv) How does the proposed acquisition of a stake in a Chinese finance company of "green" businesses fit with the group's vision? Would the proposed acquisition significantly alter the risk profile of the group?**

2. As at the date of the annual report, the company has issued eight sub-tranches of the Tranche 1 Bonds in the principal amount of S\$8,000,000. As shown on pages 10 and 11, the conversion price has dropped from \$0.010 to \$0.001. The company has also disclosed that the bulk of the proceeds from the bond issue (\$4.4 million out of \$7.6 million) went to staff costs and other operating costs (page 11).

Due to the issue and the conversion of the convertible bond, the number of issued shares has increased from 126,814,447 (at the beginning of the 2017 financial year) to 1,912,166,175 (at the end of the 2018 financial year) and to 2,612,166,175 (on 18 June 2018).

- (i) Has the board, especially the independent directors, evaluated the real cost of the convertible bonds given that it is highly dilutive in nature and that it allows the bondholder to convert at a discount (of up to 50% since the floating conversion price is rounded down)?**
- (ii) Have the independent directors reviewed the bond issuance and assessed if this is sustainable for the company?**
- (iii) What is the cost of capital for the group?**
- (iv) Have the directors compared the projected returns to the cost of capital?**

3. On 26 June 2014, the company announced the appointment of Mr Lee Eng Yew as an independent director. As it was disclosed that Mr Lee had no prior experience as a director of a listed company, the company stated that it will “arrange for Mr Lee Eng Yew to attend seminars and courses conducted by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company”.

Similarly, when Mr Gavin Mark McIntyre was appointed as an independent director on 22 August 2016, the company stated the following:

“Mr Gavin Mark McIntyre does not have prior experience as director of a public listed company. The Company will arrange for Mr Gavin Mark McIntyre to attend seminars and courses conducted by Singapore Institute of Directors on the roles and responsibilities of a director of a listed company.”

Can the company disclose the training/courses and seminars attended by the directors since their respective date of appointment to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore?

A copy of the questions for the Annual Report for the financial year ended 28 February 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Nico%20Steel%20Holdings%20Ltd>

The company’s response could be found here: -----