

NICO STEEL HOLDINGS LIMITED

尼尔金属控股有限公司

(Incorporated in Singapore with Unique Entity No. 200104166D)

Visit us at www.nicosteel.com

SGX Stock Code: 5GF



**UNAUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR
ENDED 29 FEBRUARY 2020**

PART I INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 29 FEBRUARY 2020 (“FY2020”)

	FY2020 29-Feb-20	FY2019 28-Feb-19	Increase / (Decrease)
	USD'000	USD'000	
Revenue	14,009	15,094	(7%)
Cost of sales	(11,190)	(10,557)	6%
Gross profit	2,819	4,537	(38%)
Interest income from banks	32	1	>100
Other income	24	26	(8%)
Marketing and distribution expenses	(529)	(648)	(18%)
Administrative expenses	(3,263)	(3,159)	3%
Other expenses	(66)	(125)	(47%)
Results from operating activities	(983)	632	N.M.
Finance costs	(197)	(163)	21%
(Loss)/profit before income tax	(1,180)	469	N.M.
Income tax expenses	(179)	(141)	27%
(Loss)/profit for the year	(1,359)	328	N.M.
Other comprehensive loss for the year			
Currency translation differences arising on consolidation	(326)	(334)	(2%)
Total comprehensive loss for the year	(1,685)	(6)	> 100%
(Loss)/profit attributable to:			
Owners of the Company	(1,377)	243	N.M.
Non-controlling interests	18	85	(79%)
	(1,359)	328	N.M.
Total comprehensive loss attributable to:			
Owners of the Company	(1,728)	(126)	> 100%
Non-controlling interests	43	120	(64%)
	(1,685)	(6)	> 100%

N.M. denotes not meaningful

1(a)(ii) NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Loss)/Profit before tax is arrived at after charging / (crediting) the following items:

	Group	
	FY2020 29-Feb-20	FY2019 28-Feb-19
	USD'000	USD'000
Amortisation of intangible assets	1	1
Impairment loss on trade receivables	133	1
Written down for inventory obsolescence	56	-
Depreciation of property, plant and equipment	277	235
Depreciation on right-of-use assets	267	-
Impairment loss on right-of-use assets	189	-
Loss on disposal of property, plant and equipment	-	2
Directors' fees	89	85
Gain on strike-off of a subsidiary	-	(4)
Foreign exchange loss	66	125
Interest expense	197	163
Interest income from banks	(32)	(1)
Net fair value loss on financial assets at fair value through profit and loss	9	38
Operating lease expenses	1	275
Staff costs	1,586	1,627
- Key management remuneration	654	703
- Other staff salaries and related costs	932	924

1(b)(i) STATEMENT OF FINANCIAL POSITION OF THE GROUP AND THE COMPANY

	Group		Company	
	As at <u>29-Feb-2020</u> USD'000	As at <u>28-Feb-2019</u> USD'000	As at <u>29-Feb-2020</u> USD'000	As at <u>28-Feb-2019</u> USD'000
Non-current assets				
Property, plant and equipment	3,681	3,210	-	-
Investment in subsidiaries	-	-	7,597	7,697
Long-term investments	30	39	30	39
Intangible assets	3	3	-	-
Deferred tax assets	2	121	-	-
	<u>3,716</u>	<u>3,373</u>	<u>7,627</u>	<u>7,736</u>
Current assets				
Inventories	6,741	8,096	-	-
Trade and other receivables	4,465	4,396	3,386	2,897
Contract assets	651	544	-	-
Cash and cash equivalents	3,427	5,044	753	2,079
Tax recoverable	-	32	-	-
	<u>15,284</u>	<u>18,112</u>	<u>4,139</u>	<u>4,976</u>
Total assets	<u>19,000</u>	<u>21,485</u>	<u>11,766</u>	<u>12,712</u>
Equity				
Share capital	15,851	15,851	15,851	15,851
Reserves	(2,265)	(1,954)	-	-
Accumulated profits/(losses)	1,883	3,300	(4,299)	(3,381)
Equity attributable to owners of the Company	15,469	17,197	11,552	12,470
Non-controlling interests	(498)	(541)	-	-
Total equity	<u>14,971</u>	<u>16,656</u>	<u>11,552</u>	<u>12,470</u>
Non-current liabilities				
Lease liabilities	527	-	-	-
Deferred tax liabilities	10	10	-	-
	<u>537</u>	<u>10</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	1,142	1,676	213	241
Bill payables	706	485	-	-
Financial liabilities	1,324	2,542	-	-
Contract liabilities	20	114	-	-
Lease liabilities	261	-	-	-
Current tax payable	39	2	1	1
	<u>3,492</u>	<u>4,819</u>	<u>214</u>	<u>242</u>
Total liabilities	<u>4,029</u>	<u>4,829</u>	<u>214</u>	<u>242</u>
Total equity and liabilities	<u>19,000</u>	<u>21,485</u>	<u>11,766</u>	<u>12,712</u>

1(b)(ii) AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES

	Group	
	As at 29-Feb-2020	As at 28-Feb-2019
	USD'000	USD'000
Amounts repayable in one year or less, or on demand		
Secured bank loans	1,324	2,542
	<u>1,324</u>	<u>2,542</u>

Details of any collateral

- Secured bank loans are secured against trade receivables in China, amounting to USD 2,698,999 (FY2019: USD 3,483,309), legal mortgages over a personal property of a director of the Group, and are guaranteed by the Company and its subsidiaries.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	FY2020	FY2019
	29-Feb-20	28-Feb-19
	USD'000	USD'000
Operating activities		
(Loss)/profit before income tax	(1,180)	469
Adjustments for:		
Depreciation of property, plant and equipment	277	235
Depreciation on right-out-use assets	267	-
Amortisation of intangible assets	1	1
Impairment loss on trade receivables	133	1
Impairment loss on right-of-use assets	189	-
Written down for inventory obsolescence	56	-
Loss on disposal of property, plant and equipment	-	2
Gain on strike-off of a subsidiary	-	(4)
Write-back of impairment on trade receivables	(12)	-
Interest expense	197	163
Dividend income	(1)	(1)
Interest income from banks	(32)	(1)
Net fair value loss on financial assets at fair value through profit or loss	9	38
Operating cash flows before working capital changes	(96)	903
Changes in working capital:		
Inventories	1,359	(164)
Trade and other receivables	(294)	651
Trade and other payables	(594)	7
Bills payable	221	(36)
Secured bank loan	(1,218)	54
Currency translation adjustments	(373)	(258)
Cash generated from operations	(995)	1,157
Income taxes paid, net	10	(195)
Interest paid	(148)	(163)
Cash flows (used in)/ generated from operating activities	(1,133)	798
Investing activities		
Interest received	32	1
Dividend received	1	2
Purchase of property, plant and equipment	(233)	(226)
Proceeds from disposal of property, plant and equipment	-	1
Purchase of intangible assets	(1)	(1)
Cash flows used in investing activities	(201)	(223)

	GROUP	
	FY2020	FY2019
	29-Feb-20	28-Feb-19
	USD'000	USD'000
Financing activities		
Repayment of finance lease liabilities	(245)	(1)
Interest paid on lease liabilities	(48)	-
Repayment of loan from directors	(34)	-
Proceeds from issue of redeemable convertible bonds	-	2,245
Cash flows (used in)/generated from financing activities	(327)	2,244
Net (decrease)/ increase in cash and cash equivalents	(1,661)	2,819
Cash and cash equivalents at beginning of the year	5,044	2,204
Effect of exchange rate fluctuations on cash held	44	21
Cash and cash equivalents at end of the year	3,427	5,044

Cash and cash equivalents included in the consolidated cash flow statement comprise the following:

	Group	
	As at	As at
	29-Feb-2020	28-Feb-2019
	USD'000	USD'000
Cash at banks and in hand	3,427	5,044
Cash and cash equivalents at end of the year	3,427	5,044

1(d)(i) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital USD'000	Merger reserve USD'000	Currency translation reserve USD'000	Statutory surplus reserve USD'000	Accumulated profits USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
The Group								
At 1 March 2018	13,568	(2,825)	1,499	497	2,301	15,040	(661)	14,379
Effect of adoption of new accounting standard	-	-	(851)	-	851	-	-	-
At 1 March 2018, restated	13,568	(2,825)	648	497	3,152	15,040	(661)	14,379
Profit for the year	-	-	-	-	243	243	85	328
Other comprehensive loss, net of tax								
Currency translation differences arising from consolidation	-	-	(369)	-	-	(369)	35	(334)
Total comprehensive loss for the year	-	-	(369)	-	243	(126)	120	(6)
Transfer of statutory surplus reserve	-	-	-	95	(95)	-	-	-
Transactions with owners, recognised directly in equity								
Conversion of shares from convertible bonds	2,283	-	-	-	-	2,283	-	2,283
At 28 February 2019	15,851	(2,825)	279	592	3,300	17,197	(541)	16,656

The Group								
At 1 March 2019	15,851	(2,825)	279	592	3,300	17,197	(541)	16,656
Loss for the year	-	-	-	-	(1,377)	(1,377)	18	(1,359)
Other comprehensive loss, net of tax								
Currency translation differences arising from consolidation	-	-	(351)	-	-	(351)	25	(326)
Total comprehensive loss for the year	-	-	(351)	-	(1,377)	(1,728)	43	(1,685)
Transfer of statutory surplus reserve	-	-	-	40	(40)	-	-	-
At 29 February 2020	15,851	(2,825)	(72)	632	1,883	15,469	(498)	14,971

STATEMENT OF CHANGES IN EQUITY

The Company	Share capital USD'000	Accumulated losses USD'000	Total USD'000
At 1 Mar 2018	13,568	(2,465)	11,103
Loss and total comprehensive loss for the year	-	(421)	(421)
Issue of ordinary shares related to redeemable convertible bonds	2,202	-	2,202
At 28 Feb 2019	15,851	(3,381)	12,470
Loss and total comprehensive loss for the year	-	(918)	(918)
At 29 Feb 2020	15,851	(4,299)	11,552

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the period reported on, there is no change in the Company's issued share capital.

There were no outstanding convertibles as at 29 February 2020 and 28 February 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Number of Shares ('000)	
	FY2020 29-Feb-20	FY2019 28-Feb-19
Number of ordinary shares issued and fully paid		
At 1 March	4,962,166	1,912,166
Issuance of new ordinary shares	-	3,050,000
At 29 February 2020 & 28 February 2019	4,962,166	4,962,166

There were no treasury shares as at 29 February 2020 and 28 February 2019.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (This is not required for any audit issue that is a material uncertainty relating to going concern).**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the Financial statements have been adequately disclosed.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting year as those of the audited financial statements for the financial year ended 28 February 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

SFRS(I) 16 replaces the existing SFRS(I) 1-17 *Leases* for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability.

The Group adopted the new standard on the required effective date using the modified retrospective approach as of 1 March 2019, with no restatement of comparative figures. On the adoption of SFRS(I) 16, the Group has recognised right-of-use assets and lease liabilities of US\$1,060,042 on the statements of financial position as at 1 March 2019.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	FY2020 29-Feb-20	FY2019 28-Feb-19
	USD'000	USD'000
Net (loss)/ profit for the year attributable to Owners of the Company	(1,377)	243
	Number of shares ('000)	
	FY2020 29-Feb-20	FY2019 28-Feb-19
Weighted average number of ordinary shares during the year	4,962,166	3,754,769
Profit per share (US cents) - basic and diluted	(0.03)	0.01

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	FY2020 29-Feb-20	FY2019 28-Feb-19	FY2020 29-Feb-20	FY2019 28-Feb-19
	USD'000	USD'000	USD'000	USD'000
Net assets	14,971	16,656	11,552	12,470
Net asset value per ordinary share based on the existing issued share capital as at the respective period (US cents)	0.3	0.4	0.2	0.3

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors;

Review of Group's Results

The Group continued to focus on higher value-add services and customised solutions with its range of proprietary NICO Brand of Metal Alloys and materials to meet evolving requirements of metallurgical and materials for functional and performance applications of its customers' end-user products.

Revenue decreased by 7.2% year-on-year from US\$15.1 million for the financial year ended 28 February 2019 ("**FY2019**") to US\$14.0 million for the financial year ended 29 February 2020 ("**FY2020**"). This was mainly due to the adverse impact from the ongoing trade dispute between the United States and China, which started in July 2018, and the outbreak of the Coronavirus Disease 2019 ("**COVID-19**") that led to the temporary closure of the Group's China operations in February 2020.

Revenue Analysis by Product Categories

	FY2020		FY2019		YoY Change
	USD'000	% of revenue	USD'000	% of revenue	
Customised Solutions	11,626	83.0	10,865	72.0	+ 7.0%
NICO Brand of Metal Alloys	2,383	17.0	4,229	28.0	- 43.7%
	14,009	100.0	15,094	100.0	- 7.2%

Geographically, China remained as the key revenue contributor to the Group in FY2020, contributing 85.3% of the Group's total revenue, an increase from 83.6% in FY2019. Revenue from Thailand increased from 11.7% in FY2019 to 13.2% in FY2020, while Malaysia contributed 0.7% to the Group's revenue in FY2020, which decreased 80.6% from US\$0.6 million in FY2019 to US\$0.1 million in FY2020.

Cost of Sales

Cost of sales increased by 6.0% from US\$10.6 million in FY2019 to US\$11.2 million in FY2020. This was mainly due to the reduction of revenue generated from its NICO Brand of Metal Alloys.

Gross Profit and Gross Profit Margin

Gross profit decreased by 37.9% from US\$4.5 million in FY2019 to US\$2.8 million in FY2020. This was mainly due to the decrease in the Group's revenue from its NICO Brand of Metal Alloys. Correspondingly, the gross profit margin was affected, declining from 30.1% in FY2019 to 20.1% in FY2020.

Interest Income from Banks

Interest income increased significantly from US\$1,000 in FY2019 to US\$32,000 in FY2020, mainly due to the interest income from banks.

Other Income

Other income decreased by 7.7% from US\$26,000 in FY2019 to US\$24,000 in FY2020. This was mainly due to lower grant received by one of the Group's subsidiary in China during FY2020.

Marketing and Distribution, Administrative, Other Operating and Finance Expenses

In tandem with the decrease in revenue, marketing and distribution expenses decreased by 18.4% from US\$648,000 in FY2019 to US\$529,000 in FY2020.

Administrative expenses increased by 3.3% from US\$3.2 million in FY2019 to US\$3.3 million in FY2020. The increase was mainly due to the impairment loss on trade receivables of US\$133,000 recognised in FY2020.

Other expenses decreased by 46.8% from US\$125,000 in FY2019 to US\$66,000 in FY2020, due to the decrease in foreign exchange loss as the Renminbi depreciated against the US dollar during the financial year under review.

Finance costs increased by 20.2% from US\$163,000 in FY2019 to US\$197,000 in FY2020. The increase was mainly due to (i) the increase in interest rate on trade facilities in FY2020 for raw material purchases; and (ii) interest expense on lease liabilities with the adoption of SFRS(I) 16.

Income tax expenses increased by 27.2% from US\$141,000 in FY2019 to US\$179,000 in FY2020, this was mainly due to the reversal of deferred tax assets of the Group's subsidiary in Thailand in FY2020.

Utilisation of Net Proceeds from the Redeemable Convertible Bonds (“RCB”) Issued on 15 March 2016, 29 November 2016, 10 January 2017, 24 January 2017, 13 June 2017, 28 November 2017, 26 January 2018, 18 April 2018, 25 June 2018, and 28 August 2018. The RCB was terminated on 11 September 2018.

Use of Proceeds from RCB Issue	S\$'000	S\$'000
Net Proceeds from the Initial Bond [#]		9,530
<i>Less:</i>		
Repayment of loans from Parot Tovot LLC	260	
Repayment of loans from Nico Steel Solutions (S) Pte Ltd	300	
Repayment of loans from Affiliated Companies	340	
Group’s general working capital*	7,474	
Legal and professional fee in relation to RCB issued	347	
Total usage of proceeds		(8,721)
Balance of Net Proceeds		809

Notes:

Net Proceeds from the Initial Bond of S\$9,530,000 was derived after the deduction of transaction costs amounting to S\$470,000 including arranger’s fee and legal fees incurred.

* Funds used for the Group’s general working capital were mainly for staff costs and other operating expenses.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Non-current assets increased by US\$343,000 from US\$3.4 million as at 28 February 2019 to US\$3.7 million as at 29 February 2020. This was mainly due to the classification of certain operating lease expenses as right-of-use assets with the adoption of SFRS(I) 16 for the financial year beginning on or after 1 March 2019.

Current assets decreased by US\$2.8 million from US\$18.1 million as at 28 February 2019 to US\$15.3 million as at 29 February 2020, mainly due to:

- i) inventories decreased by 16.7% from US\$8.1 million as at 28 February 2019 to US\$6.7 million as at 29 February 2020. The decrease was in line with the Group’s efforts to manage its inventories in response to the overall decrease in the Group’s revenue in FY2020; and
- ii) trade and other receivables, and contract assets increased by 3.6% from US\$4.9 million as at 28 February 2019 to US\$5.1 million as at 29 February 2020. The increase was mainly due to higher sales from some major customers towards the end of HY2020; and
- iii) cash and cash equivalents decreased by 32.1% from US\$5.0 million as at 28 February 2019 to US\$3.4 million as at 29 February 2020. The decrease was mainly due to the repayment of bank borrowings by one of the Group’s China subsidiaries in FY2020.

Non-current liabilities increased by US\$527,000 from US\$10,000 as at 28 February 2019 to US\$537,000 as at 29 February 2020. The increase was mainly due to the recognition of the Group's lease liabilities arising from the adoption of SFRS(I) 16 on 1 March 2019.

Current liabilities decreased by US\$1.3 million from US\$4.8 million as at 28 February 2019 to US\$3.5 million as at 29 February 2020. This was mainly due to the increase in repayments of bank borrowings to reduce the reliance on banking facilities.

Equity comprises share capital, reserves, accumulated profits, and non-controlling interests. The total equity of the Group decreased by US\$1.7 million or 10.1% from US\$16.7 million as at 28 February 2019 to US\$15.0 million as at 29 February 2020.

REVIEW OF CASH FLOW STATEMENT

Net cash used in operations amounted to US\$1.1 million in FY2020, as compared to net cash generated from operations of US\$798,000 in FY2019. The negative cash flow was mainly due to the repayment of a secured bank loan in FY2020.

Net cash used in investing activities amounted to US\$201,000 in FY2020, as compared to the net cash outflow of US\$223,000 in FY2019. This was due to the increase in purchases of property, plant and equipment of US\$7,000, which was partially offset by interest and dividend received in FY2020.

Net cash used in financing activities amounted to US\$327,000 in FY2020, as compared with the cash inflow of US\$2.2 million in FY2019 due to the RCB issue before the termination in September 2018.

Overall, the Group generated net cash outflows of US\$1.7 million in FY2020 as compared to net cash inflows of US\$2.8 million in FY2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

In our profit guidance announcement on 31 March 2020, we stated that we expect to record a net loss for the full year ended 29 February 2020 ("FY2020").

The Group reported a net loss attributable to the Owners of the Company of US\$1.4 million in FY2020, a reversal from a net profit of US\$243,000 in FY2019.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The protracted trade dispute between the United States and China is expected to continue to weigh on the supply chain of global market leaders, particularly those in mobile communications, consumer electronics, and industrial sectors. The uncertainties continue to slow down progress in product development efforts and new product launches of hi-tech consumer products, which in turn lead to lower demand for the Group's metallurgical and material solutions including the NICO Brand of Metal Alloys products.

The challenging business environment is further aggravated with lockdowns and restrictive operations as a result of the ongoing global COVID-19 pandemic. However, the lockdowns have driven demand for mobile communications and consumer electronics devices as working adults work from home via telecommuting and children adopt home-based learning through virtual lessons.

“5G will be the main driver for mobility for this year with the market for 5G infrastructure expected to hit \$4.2 billion, with two-thirds of companies deploying 5G in 2020, according to Gartner.

5G is a driving force of the enterprise because it allows companies to opt for lower latency, higher bandwidth alternatives to existing networks. This means more devices connected with more capabilities such as artificial intelligence, edge computing, and automation.”¹

Despite the challenging business environment and economic slowdown, the Group remains committed to working with its customers in enhancing their electronically-related devices with its value-adding services and customised metallurgical and materials solutions, in preparation for the impending 5G trend.

The Group will update shareholders on any material developments as and when appropriate.

1 <https://www.techrepublic.com/article/biggest-trends-for-5g-as-infrastructure-to-hit-4-2-billion/>

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended because the Group wants to conserve cash for expansion and growth amid the current challenging business environment.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

There were no interested person transactions, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into by the Group or by the Company during the financial year ended 29 February 2020.

PART II: ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

ANALYSIS OF GROUP’S REVENUE BY GEOGRAPHICAL REGIONS

	FY2020		FY2019	
	USD’000	%	USD’000	%
Singapore	103	0.7	146	1.0
PRC	11,943	85.3	12,618	83.6
Malaysia	94	0.7	550	3.6
Thailand	1,851	13.2	1,776	11.7
Taiwan	18	0.1	4	0.1
Total	14,009	100.0	15,094	100.0

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1).

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to the section on “Review of Results of Operations” in paragraph 8 of this announcement for details.

17. **A breakdown of sales.**

	FY2020 29-Feb-20	FY2019 28-Feb-19	Change
	USD'000	USD'000	
(a) Sales reported for first half year	7,115	8,022	(11.3%)
(b) Operating (loss)/profit after tax for first half year	(269)	177	N.M.
(c) Sales reported for second half year	6,894	7,072	(2.5%)
(d) Operating (loss)/profit after tax for second half year	(1,090)	151	N.M.

18. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not Applicable.

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ang Bee Choo	55	Wife of Tan Chee Khiong, Executive Director/Chairman and President of the Company Sister-in-law of Tang Chee Bian and Tang Chee Wee, Executive Directors of the Company	Administrative Manager since 7 July 1995, responsible for office administration and human resource matters.	NIL

Tan Chee Khiong, Tang Chee Bian, Tang Chee Wee are substantial shareholders of the Company. Tan Chee Khiong (Executive Chairman & President), Tang Chee Bian (Executive Director) and Tang Chee Wee (Executive Director) are siblings.

Save as disclosed above, there are no other persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries.

BY ORDER OF THE BOARD

Tan Chee Khiong Danny
 Chairman and President
 28 April 2020