

NICO STEEL HOLDINGS LIMITED

尼尔金属控股有限公司

(Incorporated in Singapore with Unique Entity No. 200104166D)
(SGX Stock Code: 5GF)



**UNAUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR
ENDED 28 FEBRUARY 2019**

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 28 FEBRUARY 2019 (“FY2019”)

	FY2019 28-Feb-19	FY2018 28-Feb-18 (Restated)	Increase / (Decrease)
	USD'000	USD'000	
Revenue	15,094	13,215	14%
Cost of sales	(10,557)	(9,767)	8%
Gross profit	4,537	3,448	32%
Other income	27	345	(92%)
Marketing and distribution expenses	(648)	(538)	20%
Administrative expenses	(3,159)	(2,890)	9%
Other expenses	(125)	-	N.M.
Results from operating activities	632	365	73%
Finance costs	(163)	(156)	4%
Profit before income tax	469	209	> 100%
Income tax expenses	(141)	(144)	(2%)
Profit for the year	328	65	> 100%
Other comprehensive (loss)/income for the year			
Translation differences relating to financial statements of foreign subsidiaries	(334)	595	N.M.
Total comprehensive (loss)/income for the year	(6)	660	N.M.
Profit attributable to:			
Owners of the Company	243	34	> 100%
Non-controlling interests	85	31	> 100%
	328	65	> 100%
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(126)	682	N.M.
Non-controlling interests	120	(22)	N.M.
	(6)	660	N.M.

N.M. denotes not meaningful

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

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

	Group	
	FY2019 28-Feb-19	FY2018 28-Feb-18
	USD'000	USD'000
Amortisation of intangible assets	1	1
Bad debts	1	-
Depreciation of property, plant and equipment	235	236
Loss/(Gain) on disposal of property, plant and equipment	2	(45)
Directors' fees	85	91
Gain on deconsolidation of a subsidiary	(4)	-
Foreign exchange loss/(gain)	125	(190)
Interest expense	164	156
Interest income from bank deposits	(1)	(1)
Fair value loss/(gain) from long term investment	38	(59)
Operating lease expenses	275	247
Staff costs	1,627	1,579
- Key management remuneration	703	542
- Other staff salaries and related costs	924	1,037

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

	Group		Company	
	As at	As at	As at	As at
	28-Feb-2019	28-Feb-2018 (Restated)	28-Feb-2019	28-Feb-2018
	USD'000	USD'000	USD'000	USD'000
Non-current assets				
Property, plant and equipment	3,210	3,316	-	-
Investment in subsidiaries	-	-	7,697	7,697
Long-term investments	39	77	39	77
Intangible assets	3	3	-	-
Deferred tax assets	121	121	-	-
	<u>3,373</u>	<u>3,517</u>	<u>7,736</u>	<u>7,774</u>
Current assets				
Inventories	8,096	7,932	-	-
Trade and other receivables	4,940	5,592	2,897	2,377
Cash at banks and in hand	5,044	2,204	2,079	1,231
Tax recoverable	32	-	-	-
	<u>18,112</u>	<u>15,728</u>	<u>4,976</u>	<u>3,608</u>
Total assets	<u>21,485</u>	<u>19,245</u>	<u>12,712</u>	<u>11,382</u>
Equity				
Share capital	15,851	13,568	15,851	13,568
Reserves	(1,954)	(1,680)	-	-
Accumulated profits/(losses)	3,300	3,152	(3,381)	(2,465)
Equity attributable to owners of the Company	17,197	15,040	12,470	11,103
Non-controlling interests	(541)	(661)	-	-
Total equity	<u>16,656</u>	<u>14,379</u>	<u>12,470</u>	<u>11,103</u>
Non-current liabilities				
Deferred tax liabilities	10	10	-	-
	<u>10</u>	<u>10</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	1,791	1,785	241	240
Bill payables	485	520	-	-
Bond payables	-	38	-	38
Financial liabilities	2,542	2,488	-	-
Current tax payable	1	25	1	1
	<u>4,819</u>	<u>4,856</u>	<u>242</u>	<u>279</u>
Total liabilities	<u>4,829</u>	<u>4,866</u>	<u>242</u>	<u>279</u>
Total equity and liabilities	<u>21,485</u>	<u>19,245</u>	<u>12,712</u>	<u>11,382</u>

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

	Group	
	As at <u>28-Feb-2019</u>	As at <u>28-Feb-2018</u>
	USD'000	USD'000
Amounts repayable in one year or less, or on demand		
Secured bank loans	2,542	2,487
Obligations under hire purchase	-	1
	<u>2,542</u>	<u>2,488</u>

Details of any collateral

- Secured bank loans are secured against trade receivables in China, amounting to USD 3,483,309 (FY2018: USD 3,253,527), legal mortgages over a personal property of a director of the Group, and are guaranteed by the Company and its subsidiaries.
- As at 28 February 2019, the net book value of property, plant and equipment for the Group under hire purchase arrangements was USD Nil (28 February 2018: USD 707).

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	FY2019	FY2018
	28-Feb-19	28-Feb-18
	USD'000	USD'000
Operating activities		
Profit before income tax	469	209
Adjustments for:		
Depreciation of property, plant and equipment	235	236
Amortisation of intangible assets	1	1
Bad debts	1	-
Loss/(gain) on disposal of property, plant and equipment	2	(45)
Gain on deconsolidation of a subsidiary	(4)	-
Write-back of impairment on trade receivables	-	(11)
Interest expense	164	156
Dividend income	(2)	(6)
Interest income from banks	(1)	(1)
Fair value loss/(gain) from financial asset	38	(59)
Operating cash flows before working capital changes	903	480
Changes in working capital:		
Inventories	(164)	(668)
Trade and other receivables	652	(1,317)
Trade and other payables	6	(76)
Bills payable	(36)	(252)
Secured bank loan	54	1,604
Currency translation adjustments	(258)	500
Cash generated from operations	1,157	271
Income taxes paid, net	(195)	(136)
Interest paid	(164)	(133)
Cash flows generated from operating activities	798	2
Investing activities		
Interest received	1	1
Dividend received	2	6
Purchase of property, plant and equipment	(226)	(55)
Proceeds from disposal of property, plant and equipment	1	45
Purchase of intangible assets	(1)	(1)
Cash flows used in investing activities	(223)	(4)

	GROUP	
	FY2019	FY2018
	28-Feb-19	28-Feb-18
	USD'000	USD'000
Financing activities		
Interest paid	-	(23)
Repayments of bank loans	-	(1,150)
Repayment of finance lease liabilities	(1)	(6)
Proceeds from issue of redeemable convertible bonds	2,245	2,202
Cash flows generated from financing activities	2,244	1,023
Net increase in cash and cash equivalents	2,819	1,021
Cash and cash equivalents at beginning of the year	2,204	1,224
Effect of exchange rate fluctuations on cash held	21	(41)
Cash and cash equivalents at end of the year	5,044	2,204

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

	Group	
	As at	As at
	28-Feb-2019	28-Feb-2018
	USD'000	USD'000
Cash at banks and in hand	5,044	2,204
Cash and cash equivalents at end of the year	5,044	2,204

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

The Group	Share capital	Merger deficit	Currency translation reserve	Statutory surplus reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2017 (As previously reported)	11,366	(2,825)	851	381	2,383	12,156	(639)	11,517
Adoption of SFRS(I)	-	-	(851)	-	851	-	-	-
As at 1 March 2017 (restated)	11,366	(2,825)	-	381	3,234	12,156	(639)	11,517
Total comprehensive income for the year								
Profit for the year	-	-	-	-	34	34	31	65
Transfer of statutory surplus reserve	-	-	-	116	(116)	-	-	-
Other comprehensive income/(loss)								
Foreign currency translation differences	-	-	648	-	-	648	(53)	595
	-	-	648	116	(82)	682	(22)	660
Transactions with owners, recognised directly in equity								
Issue of ordinary shares related to redeemable convertible bonds	2,202	-	-	-	-	2,202	-	2,202
At 28 February 2018	13,568	(2,825)	648	497	3,152	15,040	(661)	14,379
The Group								
At 1 March 2018 (As previously reported)	13,568	(2,825)	1,499	497	2,301	15,040	(661)	14,379
Adoption of SFRS(I)	-	-	(851)	-	851	-	-	-
As at 1 March 2018 (restated)	13,568	(2,825)	648	497	3,152	15,040	(661)	14,379
Total comprehensive income for the year								
Profit for the year	-	-	-	-	243	243	85	328
Transfer of statutory surplus reserve	-	-	-	95	(95)	-	-	-
Other comprehensive (loss)/income								
Foreign currency translation differences	-	-	(369)	-	-	(369)	35	(334)
	-	-	(369)	95	148	(126)	120	(6)
Transactions with owners, recognised directly in equity								
Issue of ordinary shares related to redeemable 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

STATEMENT OF CHANGES IN EQUITY

The Company

	Share capital	Accumulated losses	Total
	USD'000	USD'000	USD'000
At 1 Mar 2017	11,366	(2,044)	9,322
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 2018	13,568	(2,465)	11,103
Loss and total comprehensive loss for the year	-	(916)	(916)
Issue of ordinary shares related to redeemable convertible bonds	2,283	-	2,283
At 28 Feb 2019	15,851	(3,381)	12,470

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.

The changes to the Company's issued share capital since 28 February 2018 are as follows:

Date	Description	No. of shares converted	Conversion Price
24 May 2018	Conversion of remaining seventh sub-tranche under Tranche 1 Bonds issued on 26 January 2018 Conversion of part of eighth sub-tranche under Tranche 1 Bonds issued on 18 April 2018	350,000,000	S\$0.001
18 Jun 2018	Conversion of part of eighth sub-tranche under Tranche 1 Bonds issued on 18 April 2018	350,000,000	S\$0.001
19 Jun 2018	Conversion of part of eighth sub-tranche under Tranche 1 Bonds issued on 18 April 2018	300,000,000	S\$0.001
25 Jun 2018	Conversion of remaining eighth sub-tranche under Tranche 1 Bonds issued on 18 April 2018 Conversion of part of ninth sub-tranche under Tranche 1 Bonds issued on 25 June 2018	300,000,000	S\$0.001
6 Aug 2018	Conversion of part of ninth sub-tranche under Tranche 1 Bonds issued on 25 June 2018	350,000,000	S\$0.001
7 Aug 2018	Conversion of part of ninth sub-tranche under Tranche 1 Bonds issued on 25 June 2018	350,000,000	S\$0.001
30 Aug 2018	Conversion of remaining ninth sub-tranche under Tranche 1 Bonds issued on 25 June 2018 Conversion of part of tenth sub-tranche under Tranche 1 Bonds issued on 28 Aug 2018	500,000,000	S\$0.001
5 Sept 2018	Conversion of remaining tenth sub-tranche under Tranche 1 Bonds issued on 28 Aug 2018	550,000,000	S\$0.001

The Company and the Subscriber Premier Equity Fund Sub Fund H terminated the Subscription Agreement on 11 September 2018. As at 28 February 2019, all outstanding Bonds had been converted into Shares. As at 28 February 2018, SGD 50,000 of the seventh sub-tranche under Tranche 1 Bonds had yet to be converted.

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)	
	FY2019 28-Feb-19	FY2018 28-Feb-18
Number of ordinary shares issued and fully paid		
At 1 March	1,912,166	497,621
Issuance of new ordinary shares	3,050,000	1,420,000
Less: cancellation of ordinary shares erroneously allotted	-	(5,455)
At 28 February	<u>4,962,166</u>	<u>1,912,166</u>

There were no treasury shares as at 28 February 2019 and 28 February 2018.

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.

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

The Group has applied the same accounting policies and methods of computation for the current financial year ended compared to those of the audited financial statements for the year ended 28 February 2018, except for the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") which are effective for annual periods beginning on or after 1 January 2018.

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.

The Group and the Company have adopted all the SFRS(I) that are mandatory for the financial year beginning on or after 1 January 2018. The adoption has no material financial impact on the financial statements of the Group and Company for the current financial year reported on and prior reporting periods except as disclosed below.

Under the adoption of SFRS(I) 1, the Group elected the optional exemption in SFFRS (I) 1 to reset its foreign currency translation differences for all foreign operations to Nil at 1 March 2017. As a result,

cumulative translation gain of US\$851,000 was reclassified from currency translation reserve to accumulated profits as at 1 March 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

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.

	FY2019 28-Feb-19 USD'000	FY2018 28-Feb-18 USD'000
Net profit for the year attributable to Owners of the Company	<u>243</u>	<u>34</u>
	Number of shares ('000)	
	FY2019 28-Feb-19	FY2018 28-Feb-18
Weighted average number of ordinary shares during the year	3,754,769	629,650
Profit per share (US cents) - basic and diluted	0.01	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	
	FY2019 28-Feb-19 USD'000	FY2018 28-Feb-18 USD'000	FY2019 28-Feb-19 USD'000	FY2018 28-Feb-18 USD'000
Net assets	<u>16,656</u>	<u>14,379</u>	<u>12,470</u>	<u>11,103</u>
Net asset value per ordinary share based on the existing issued share capital as at the respective period (US cents)	0.4	2.3	0.3	1.8

**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 phase out lower value-add services gradually to providing customised solutions with its proprietary Nico brand of metal alloys to meet the increasing demand for functional and performance applications of its customers' end-user products.

Revenue increased by 14.2% year-on-year from US\$13.2 million for the financial year ended 28 February 2018 ("FY2018") to US\$15.1 million for the financial year ended 28 February 2019 ("FY2019"). This was mainly due to stronger demand and sales for its own Nico brand of metal alloys

amid the ongoing trade dispute between the United States and China that started in July 2018 and global economic slowdown.

Revenue Analysis by Product Categories

	FY2019		FY2018		YoY Change
	USD'000	% of revenue	USD'000	% of revenue	
Customised Solutions	10,865	72.0	10,154	76.8	+ 7.0%
Nico Brand of Metal Alloys	4,229	28.0	3,061	23.2	+ 38.2%
	15,094	100.0	13,215	100.0	+ 14.2%

Geographically, China remained as the key revenue contributor to the Group in FY2019, contributing 83.6% of the Group's total revenue, increased from 81.9% in FY2018. Revenue from Thailand remained relatively similar at US\$1.7 million, but contribution declined from 13.5% in FY2018 to 11.8% in FY2019. Malaysia contributed 3.6% to the Group's revenue in FY2019, increased 97.8% from US\$0.3 million in FY2018 to US\$0.6 million in FY2019.

Cost of Sales

In tandem with the increase in revenue, cost of sales increased by 8.1% from US\$9.8 million in FY2018 to US\$10.6 million in FY2019.

Gross Profit and Gross Profit Margin

Gross profit increased by 31.6% from US\$3.4 million in FY2018 to US\$4.5 million in FY2019, mainly due to higher profit derived from the Group's focus on (i) higher margin value-add customised solutions including electroplating services, and (ii) own Nico brand of metal alloys. Gross profit margin increased from 26.1% in FY2018 to 30.1% in FY2019.

Other Income

Other income decreased by 92.2% from US\$345,000 in FY2018 to US\$27,000 in FY2019. This was mainly due to foreign exchange loss recognised in FY2019, as compared to foreign exchange gain in FY2018.

Marketing and Distribution, Administrative, Other Operating and Finance Expenses

Marketing and distribution expenses increased by 20.4% from US\$538,000 in FY2018 to US\$648,000 in FY2019 as the Group continued its marketing effort to promote its own Nico brand of metal alloys to new and existing customers.

Administrative expenses increased by 9.3% from US\$2.9 million in FY2018 to US\$3.2 million in FY2019. The increase was mainly due to the professional fees incurred in relation to the redeemable convertible bond program which was terminated in September 2018.

Other expenses of US\$125,000 in FY2019 was due to the Group's recognition of an exchange loss of US\$125,000 during the year under review as a result of the movement in market exchange rates.

Finance costs increased by 4.5% from US\$156,000 in FY2018 to US\$163,000 in FY2019. The

increase was mainly due to additional bank loan taken up by one of the Group's China subsidiary in the second half of FY2018 for raw material purchases.

Income tax expenses decreased 2.1% from US\$144,000 in FY2018 to US\$141,000 in FY2019, as a result of one of the Group's China subsidiaries reported lower profit before income tax in FY2019.

UTILISATION OF NET PROCEEDS FROM THE REDEEMABLE CONVERTIBLE BONDS 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

USE OF PROCEEDS FROM BOND 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*	5,699	
Legal and professional fee in relation to RCB issued	347	
Total usage of proceeds		(6,946)
Balance of Net Proceeds		2,584

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 decreased marginally by US\$144,000 from US\$3.5 million as at 28 February 2018 to US\$3.4 million as at 28 February 2019. This was mainly due to depreciation and amortisation of property, plant and equipment.

Current assets increased by US\$2.4 million from US\$15.7 million as at 28 February 2018 to US\$18.1 million as at 28 February 2019, mainly due to:

- i) inventories increased marginally by 2.1% from US\$7.9 million as at 28 February 2018 to US\$8.1 million as at 28 February 2019, as a result of an increase in purchases of raw materials by one of the Group's China subsidiaries near the closing of the financial year-end in FY2019 to meet customers' orders;
- ii) trade and other receivables decreased by 11.7% from US\$5.6 million as at 28 February 2018 to US\$4.9 million as at 28 February 2019. The reduction was mainly due to the improvement in debtors' turnover as the Group continued to closely monitor and manage its credit risks; and

iii) cash at bank and in hand increased 128.9% from US\$2.2 million as at 28 February 2018 to US\$5.0 million as at 28 February 2019. The increase was mainly due to the proceeds from the Bonds issued by the Company in FY2019 and positive cash flow from the Group's operating business.

Current liabilities decreased by US\$37,000 from US\$4.9 million as at 28 February 2018 to US\$4.8 million as at 28 February 2019. This was mainly due to increase in repayments to lower trade and payables in order to reduce reliance on trade facilities.

Equity comprises share capital, reserves, accumulated profits, and non-controlling interests. The total equity of the Group increased by US\$2.3 million or 15.9% from US\$14.4 million as at 28 February 2018 to US\$16.7 million as at 28 February 2019.

REVIEW OF CASH FLOW STATEMENT

Net cash generated from operations amounted to US\$798,000 in FY2019, as compared to net cash generated from operations of US\$2,000 in FY2018. The positive cash flow was due to cash inflow from operating profits in FY2019.

Net cash used in investing activities amounted to US\$223,000 in FY2019, as compared to the net cash outflow of US\$4,000 in FY2018. This was due to the purchases of property, plant and equipment of US\$226,000, which was partially offset by interest and dividend received in FY2019.

Net cash generated from financing activities amounted to US\$2.2 million in FY2019, as compared with the cash inflow of US\$1.0 million in FY2018. This was due to the net proceeds arising from the issuance of Redeemable Convertible Bonds and the cash inflow in FY2018 was partially offset by repayment of bank loans.

Overall, the Group generated net cash inflows of US\$2.8 million in FY2019 compared to net cash inflows of US\$1.0 million in FY2018.

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 5 April 2019, we stated that we expect to record a significant increase in the unaudited consolidated profit attributable to Owners of the Company for the full year ended 28 February 2019 ("FY2019") as compared to the corresponding period in 2018 ("FY2018").

The Group's profit attributable to Owners of the Company increased from US\$34,000 in FY2018 to 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 Group continues to build on the growing acceptance of its innovative and customised metal alloy solutions by global market leaders in the communications, automotive and consumer electronics sectors. The Group is mindful of the global economic slowdown arising from the trade dispute between

the U.S. and China, geopolitical uncertainties, and fluctuations in commodity prices and currencies that continue to weigh on the implementation of 5G networks in various countries, which led to delay for some of the Group's key customers in their new product development projects and launches.

Nevertheless, the Group believes that the 5G revolution will continue to raise expectations for functional and user experience of mobile devices, and this in turn will prompt manufacturers to upgrade the hardware specs in their mobile devices to stay ahead of competition. The upgrading of hardware specs opens up opportunities for the Group's proprietary Nico range of customised metallurgy solutions for customers looking to replace conventional metal materials/components and seeking for breakthroughs in their products.

The Group is well-positioned to meet evolving requirements for a diverse range of customers through its value-creation customised metallurgical solutions. In January 2019, the Group announced the increase of its electroplating production capacity with an additional production line that includes a customised wastewater treatment and water recycling system in anticipation of an increase in new orders. There are a few key projects involving 'single metal with cross or multi-properties' that are currently in various stages of testing and trial production with prominent mobile devices brand owners.

As a result of the ongoing urbanisation plan by the city government in Suzhou, China, in the vicinity where the Group's Suzhou production facilities are located, plans to shift its operations to the northern region of Jiangsu Province is still in the cost-benefits analysis stage.

Barring any unforeseen circumstances, the Board and Management are reasonably optimistic that the Group will remain profitable for FY2020. The Group will update shareholders on its corporate developments as and when is appropriate.

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 for the period under review.

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 28 February 2019.

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

	FY2019		FY2018	
	USD’000	%	USD’000	%
Singapore	146	1.0	221	1.7
PRC	12,618	83.6	10,832	82.0
Malaysia	550	3.6	278	2.1
Thailand	1,776	11.7	1,779	13.5
Other Countries *	4	0.1	105	0.7
Total	15,094	100.0	13,215	100.0

* Other Countries comprise mainly Japan and Taiwan.

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.**

	FY2019 28-Feb-19	FY2018 28-Feb-18 (Restated)	Change
	USD'000	USD'000	
(a) Sales reported for first half year	8,022	6,135	30.8%
(b) Operating profit after tax for first half year	177	32	> 100%
(c) Sales reported for second half year	7,072	7,080	(0.1%)
(d) Operating profit after tax for second half year	151	33	> 100%

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	54	<p>Wife of Tan Chee Khiong, Executive Director/Chairman and President of the Company</p> <p>Sister-in-law of Tang Chee Bian and Tang Chee Wee, Executive Directors of the Company</p> <p>Daughter-in-law of Tang Hee Kya, substantial shareholder of the Company</p>	<p>Administrative Manager since 7 July 1995, responsible for office administration and human resource matters.</p>	NIL

Tan Chee Khiong, Tang Chee Bian, Tang Chee Wee and Tang Hee Kya 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. Tang Hee Kya is their father.

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
26 April 2019