NICO STEEL HOLDINGS LIMITED

Nico Steel Solutions
Think Innovation

CREATING GLOBAL OPPORTUNITIES

ANNUAL REPORT 2021

VISION

To be Asia's most innovative metallurgical solutions provider in the mobile communications, high-tech electronics and automotive industries.

MISSION

To meet our customers' demands for innovative and state-of-the-art solutions through unique partnerships with them and their suppliers in the value chain.

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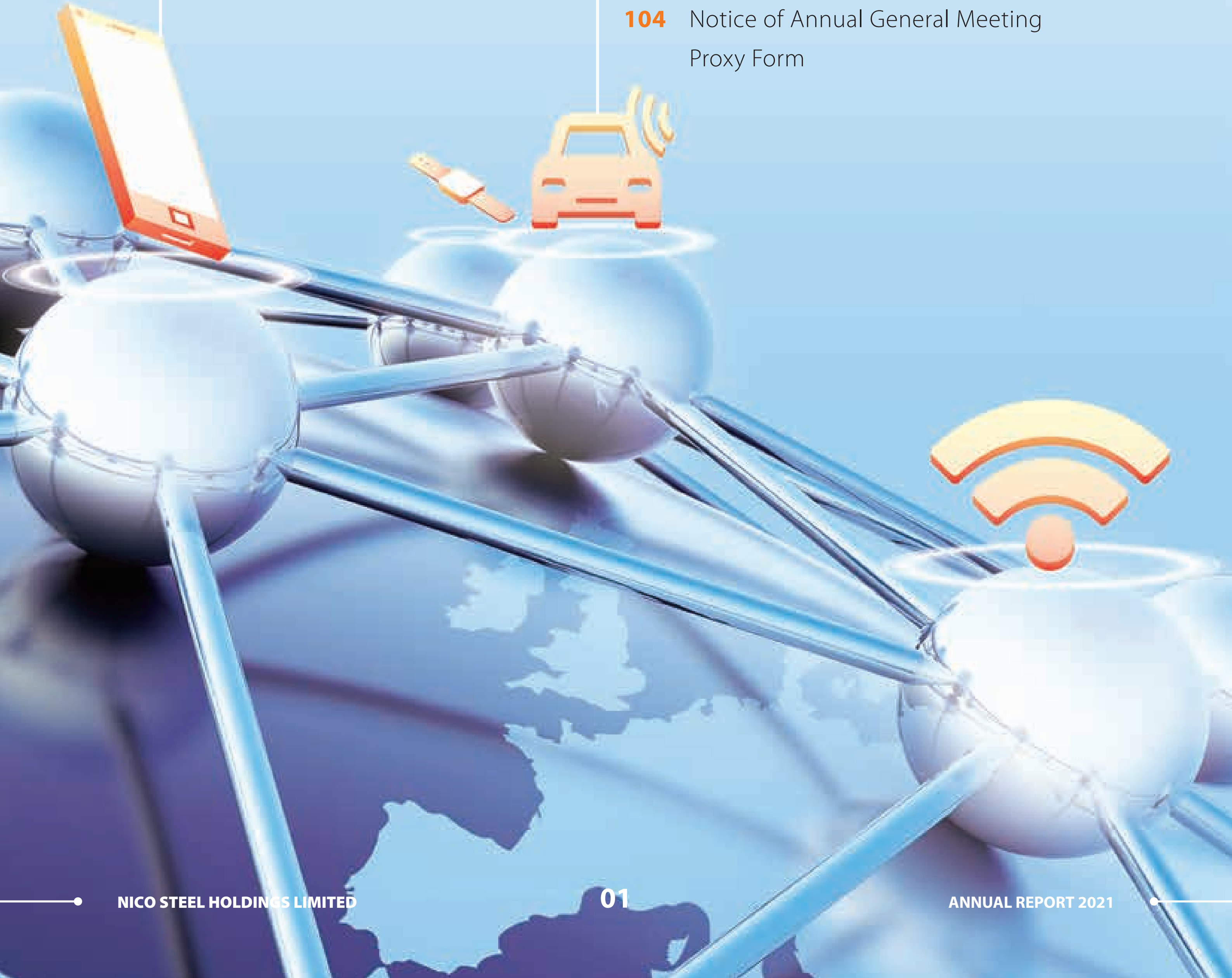


ABOUT NICO STEEL

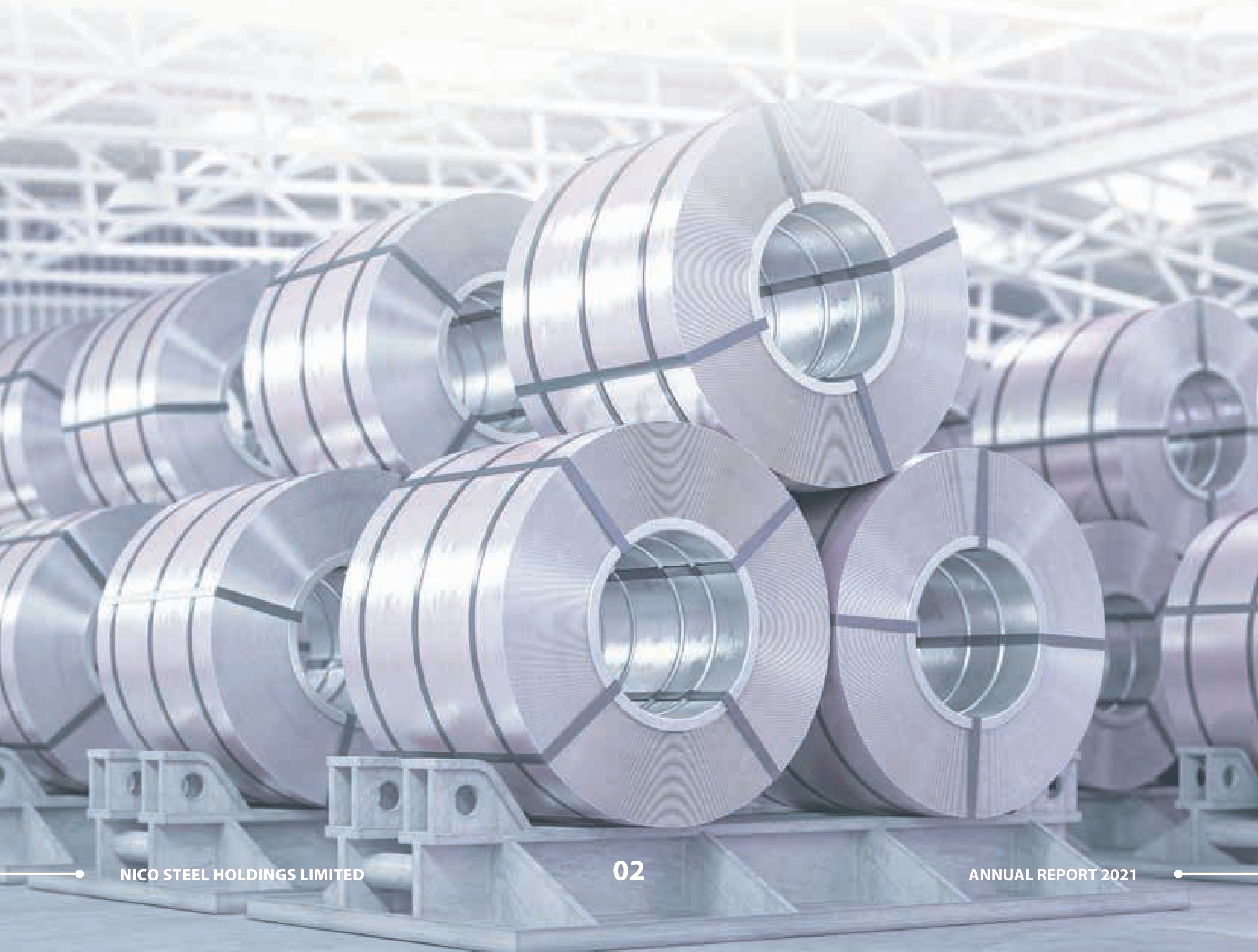
Nico Steel Holdings Limited尼尔金属控股有限公司 ("Nico Steel" and together with its subsidiaries, the "Group") is a metallurgical and materials solutions specialist with a focus on customising technologically innovative metal alloys and materials under its proprietary "NICO" brand.

The Group's patented production techniques allow customisation of metallurgical and materials solutions to meet the evolving functionality, performance, and aesthetic requirements of the mobile and electronic device products for the brand owners, particularly those in the mobile communications, consumer electronics, industrial and automotive sectors.

Well-established in the upstream metal materials industry, the Group drives growth through (i) providing customised solutions as value-added services to component and contract manufacturers to meet their metal material fabrication requirements, and (ii) cultivating demand from brand owners and leaders of mobile communications, consumer electronics, industrial and automotive sectors, for its NICO brand of innovative and specialised metal alloys and materials that will meet evolving and stringent performance requirements of new mobile and electronic devices.

Headquartered in Singapore, the Group owns and operates processing and production facilities in China and Thailand, while the production facility in Singapore acts as its R&D centre.

Nico Steel was listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 7 April 2005 and was upgraded to the Mainboard on 5 January 2009 under the stock code 5GF. On 16 November 2020, Nico Steel's shares were suspended from trading and continue to be suspended pursuant to the delisting notification from the SGX-ST.



CORPORATE VALUES

Nico Steel's DRIVE distinguishes Nico Steel and our employees. At Nico Steel, we embrace and live by these values throughout our organisation and also with our customers and suppliers. We call this 'Inside-Out Branding'

D

DARING CREATIVITY

This involves breaking out of established patterns and problem-solving in order to look at things from a fresh perspective.

R

REGARDS CHANGE AS AN OPPORTUNITY

Nico Steel is always sensitive to the evolving change in the business environment, locally and globally, to seize opportunities.

I

INTENSE PASSION

It is Nico Steel's attitude that we have the capabilities and efforts to deliver to our customers, from concept to reality.

V

VISIONARY PARTNERSHIP

Nico Steel's strategy of collaborating with our customers and suppliers is pivotal in achieving the desired performance of end-user electronic devices.

E

EXCELLENCE

The culture of excellence at Nico Steel has instilled pride and motivation in our employees and is the driving force behind our innovative spirit.

CHAIRMAN'S LETTER TO SHAREHOLDERS

INNOVATION FOR GROWTH

SUSTAINED INNOVATIONS CREATE NEW MARKET INROADS

DEAR FELLOW SHAREHOLDERS

It's been a year like no other for NICO, just as it has been for the wider world. The COVID-19 pandemic has posed significant unforeseen challenges for all businesses, including NICO. The Group's financial performance was undermined by the uncertainties from the protracted trade disputes and the outbreak of COVID-19, which led to the temporary closure of our operations in China in February 2020, immediately after the Lunar New Year festive break in January 2020.

However, the transformative organizational changes that we put into action more than 12 months ago and the resilience that we built into the business have enabled us to navigate the uncertainties with confidence and rigour. Our management team has demonstrated expert leadership, and for this, I wish to express my gratitude. Thanks to their commitment and the effort of the entire NICO team to deliver the objectives we set out last year, we are ready to emerge from the current situation as a nimble, faster-growing business, with the technologies and capabilities we need to achieve our ambitions.

LEVERAGING EXCLUSIVE GREEN CERTIFICATIONS FOR THE GLOBAL CARBON NEUTRAL MARKET

Undoubtedly, our 2021 financial year ("FY2021") was a challenging one for NICO. Regaining our momentum meant taking a critical look at our internal operations and our deployment of spending across the business and refocusing on the core elements of what we do and what differentiates NICO. We're really proud of our work developing NICO Branded Products, which is deserving of the position it occupies at the front and centre of our offering.

I am also pleased to announce that in FY2021, NICO became the first in the Aluminum industry to be twice-certified with 80% minimum pre-consumer scrap recycled aluminum alloy by SCS Global Services (A5052 R80 and A1060 R80). NICO is also the only company that can provide Aluminum materials with recycled content of 80% and above.

This is especially significant because of the regulations set by the European Union Metals Ecosystem Directive. By 2025, hi-tech electronic-enabled products need to meet the minimum 50% recycled metals content before they can be imported into the EU. Global brands like Apple, Amazon, Google, Microsoft, Dell, HP, Lenovo, Facebook, Samsung and Sony are all moving quickly to incorporate this new directive into their products. By using NICO's SCS certified recycled materials, these brands can gather carbon credit points. Our SCS's certification is the official document that brand users can use to apply for these carbon credit points and hence enter the EU market after 2025.

CHAIRMAN'S LETTER TO SHAREHOLDERS

ENHANCING NICO BRANDED MATERIALS THROUGH PATENTED LIQUID FORGING TECHNOLOGY

Magnesium alloys have recently begun to pick up steam and have been heralded as the light-weight solution in the aerospace, electronics and automobile industry in efforts to cut carbon emissions. Its high specific strength, second only to titanium, heat treatability, low creep resistance and abundant supply paves the way for magnesium as the next lightweight alloy of choice. As the industry moves towards a more sustainable future, light alloys such as magnesium have found renewed interest worldwide. These trends are long-lasting and we might even see magnesium replacing steel and aluminum in certain niche applications.

Traditional metal casting methods such as HPDC (High Pressure Die Casting), LPDC (Low Pressure Die Casting) and GC (Gravity Casting) remain the market default for production of magnesium components. However, these methods all possess the main problem of porosity in the final product due to the turbulent flow within the cavity, trapping air in the process which may adversely affect mechanical properties.

Liquid Forging (LF) is a new, patented and advanced casting method where high direct pressure is applied onto the liquid melt during solidification, achieving defect-free near-net shaped components. Singapore Institute of Manufacturing Technology ("SIMTech") has perfected this new casting process with a variety of magnesium alloys. The Liquid Forging process boasts:

- High tolerance and reproducibility
- An ability to form complex geometry and thin wall components
- Excellent surface finishing
- Zero porosity and hot tear-free microstructures
- High production rates
- High yield due to low material wastage

I am also pleased to announce that we have just signed an agreement with SIMTech and Enterprise Singapore for the Liquid Forging project investment in our NICO Singapore production facility. NICO will work with SIMTech's Liquid Forging technology exclusively for the electronics industry worldwide. The project will begin operations by the middle of 2022.

ACKNOWLEDGEMENT AND APPRECIATION

The past year has been one of significant challenges, but we have emerged a better business for it. With our internal capabilities aligned to our growth ambitions, we are ready for whatever the future may hold. To our fellow Board Directors, the Management and staff, our shareholders, customers, business associates and partners, I want to take this opportunity to thank you all for your unwavering support during the most turbulent of times. The superb response from everyone at NICO, at every level, as well as all of our business partners, has ensured that we have come through this stronger together. Your talent, passion and enthusiasm is what drives our success. Thank you.

Danny Tan
Chairman & President

BOARD OF DIRECTORS

TAN CHEE KHIONG DANNY

Executive Chairman & President

Mr Danny Tan is the co-Founder and Executive Chairman and President of the Company. He was appointed to the Board on 10 April 2002 and was re-elected on 14 August 2020.

Mr Danny Tan has been instrumental in building the Group to become an established player in the metal materials industry. He is primarily responsible for oversight and management of the Group's business and corporate development, and works together with Mr Steven Tang to formulate the overall business and corporate policies and strategies for the Group.

In October 2004, he received the Special Mention Award during the 2004 ASME – Rotary Entrepreneur of the Year Award.

Mr Danny Tan is the brother of the Executive Directors, Mr Steven Tang and Mr Andrew Tang.

TANG CHEE BIAN STEVEN

Executive Director

Mr Steven Tang is the co-Founder and Executive Director of the Company. He was appointed to the Board on 23 March 2018 and was re-elected on 26 June 2018.

Mr Steven Tang stepped down from the Board on 26 June 2014 to focus on the research and development efforts in both technological processes and metallurgical solutions. He is responsible for the Group's sales, marketing and product innovation division, and focuses on developing the Group's marketing strategies and working closely with the customers' product development teams.

Mr Steven Tang has been with the Group for approximately 20 years and played an important role in the co-development of the proprietary Nico range of innovative metallurgical solutions and services over the years. Prior to joining the Group, he was with various mills in the metallurgical industry in Japan, Korea, China, Taiwan, USA and Europe.

Mr Steven Tang is the brother of Mr Danny Tan and Mr Andrew Tang.

TANG CHEE WEE ANDREW

Executive Director

Mr Andrew Tang is the Executive Director of the Company. He was appointed to the Board on 10 April 2002 and was re-elected on 25 June 2019.

Mr Andrew Tang is responsible for corporate development, corporate branding and employee training of the Group. He joined the Group in 2001 with his knowledge and experience in the areas of corporate development and corporate branding.

Mr Andrew Tang is the brother of Mr Danny Tan and Mr Steven Tang.

BOARD OF DIRECTORS

TAN POH CHYE ALLAN

Lead Independent Director

Mr Allan Tan is the Lead Independent Director of the Company, and Chairman of the Remuneration Committee and member of the Audit and Nominating Committees. He was appointed to the Board on 16 February 2015 and was re-elected on 26 June 2018.

He is a lawyer and practises in the field of corporate finance, regulatory and compliance laws. He was admitted to the Singapore Bar in 1994. He is also an Independent Director of CNMC Goldmine Holdings Limited listed on the Catalist of the SGX-ST.

He holds a Bachelor of Laws (Honours) degree from the University of Buckingham (United Kingdom) and a Master's degree in Law from the London-Guildhall University (now named as the London Metropolitan University). He is also a Barrister-at-law of Gray's Inn.

GAVIN MARK MCINTYRE

Independent Director

Mr McIntyre is the Independent Director of the Company, and the Chairman of the Audit Committee and member of the Nominating and Remuneration Committees. He was appointed to the Board on 22 August 2016 and was re-elected on 14 August 2020.

From 2013 till 2015, Mr McIntyre worked as a practice director with a boutique valuation services firm with a strong regional presence in Asia. Between 2008 and 2013, he was holding the position of Chief Financial Officer of a listed company in Singapore where he worked closely with the Board to review projects in the fields of mineral extraction, telecommunications and general manufacturing & distribution. He is also an Independent Director of Anchor Resources Limited listed on the Catalist of the SGX-ST.

Mr McIntyre graduated from Curtin University in Australia with a degree in Accounting in 1989 and he holds the status of non-practicing CPA with CPA Australia since 1994.

LEE ENG YEW MICHAEL

Independent Director

Mr Michael Lee is the Independent Director of the Company, and the Chairman of the Nominating Committee and member of the Audit and Remuneration Committees. He was appointed to the Board on 26 June 2014 and was re-elected on 25 June 2019.

Mr Michael Lee was a Senior Director with Manulife Singapore. Previously, he was a District Manager with the American International Assurance. Mr Michael Lee has more than 20 years of experience specializing in the areas of financial, investment and estate planning.

Mr Michael Lee graduated from Nanyang Technological University with a Bachelor of Accountancy in 1993. He also holds a MBA in Strategic Wealth Management from the University of Vienna, Austria. He is a Chartered Accountant with the Institute of Singapore Chartered Accountants.

EXECUTIVE OFFICERS

ONG HOCK SENG

General Manager, Thailand

Mr Ong is the General Manager of the Group's Thailand subsidiary. He joined the Group in 2004.

Mr Ong is responsible for the Group's operations in Thailand. He brought with him more than 12 years of production experience in the metal stamping industry with exposure in various overseas subsidiaries of the local stamping houses.

WANG LU

Group Finance Manager

Ms Wang is the Group Finance Manager of the Company. She joined the Group in 2008 as our Group Accountant and was promoted to her present position in 2011.

She is responsible for the Group's finance, accounting, tax and management information system functions. Prior to joining the Group, Ms Wang was a finance officer of a Group of Companies in the manufacturing industries.

NG CHIN SENG

General Manager, Suzhou Electroplating

Mr Ng is the General Manager of the Group's electroplating subsidiary based in Suzhou, China. He joined the Group in 2007 and was appointed as Executive Officer on 1 April 2011.

Mr Ng has more than 25 years of experience in the electroplating industry. He is responsible for the oversight, as well as the day-to-day operations and sales of the electroplating company in Suzhou.

PERFORMANCE REVIEW

PERFORMANCE REVIEW

The Group continued to drive its business focusing on higher value-add services and customised metallurgical solutions with its range of proprietary NICO brand of metal alloys and materials, to overcome limitations and achieve functional and performance applications of its customers' end-user products. It was making good progress with its NICO brand of metal alloys, gaining recognition for its own-brand metallurgical solutions with the global brand owners of electronic communication devices. However, the intensified trade dispute between the United States and China, led the Group to place more efforts to work with the dominant Chinese companies in the electronic communication devices sector.

Group's revenue increased by 23.3% year-on-year from US$14.0 million for the financial year ended 29 February 2020 ("FY2020") to US$17.3 million for the financial year ended 28 February 2021 ("FY2021"). This was mainly due to the increasing in customers' orders from the Chinese companies.

Revenue analysis by product segments

	FY2021		FY2020		
	USD'000	% of revenue	USD'000	% of revenue	YoY Change
Customised Solutions	13,670	79.1	11,626	83.0	+ 17.6%
NICO Brand of Metal Alloys	3,605	20.9	2,383	17.0	+ 51.3%
	17,275	100.0	**14,009**	100.0	**+ 23.3%**
Composite Gross Profit	4,257		2,810		+ 51.5%
Composite Gross Margin	24.6%		20.1%		+ 4.5%

Geographically, China remained as the key revenue contributor to the Group in FY2021, contributing 87.4% of the Group's total revenue, an increase from 85.3% in FY2020. Revenue contribution from Thailand decreased from 13.2% in FY2020 to 11.2% in FY2021.

PERFORMANCE REVIEW

In tandem with the increase in revenue, cost of sales increased by 16.2% from US$11.2 million in FY2020 to US$13.0 million in FY2021. Gross profit increased by 51.5% from US$2.8 million in FY2020 to US$4.3 million in FY2021. This was mainly due to the increase in the Group's revenue on higher margin value-add customised solutions including electroplating services. Correspondingly, gross profit margin increased from 20.1% in FY2020 to 24.6% in FY2021.

Interest income decreased from US$32,000 in FY2020 to US$7,000 in FY2021, mainly due to the interest rate decreased significantly in FY2021. Other income increased significantly from US$24,000 in FY2020 to US$154,000 in FY2021. This was mainly due to Jobs Support Scheme grant income received from Singapore government by the Company and one of the Group's subsidiary in Singapore during FY2021 and net fair value gain from disposal of financial assets at fair value through profit or loss.

Total operating expenses including marketing and distribution, and administrative expenses, decreased 20.3% from US$3.8 million in FY2020 to US$3.0 million in FY2021. Marketing and distribution expenses decreased by 15.9% from US$529,000 in FY2020 to US$445,000 in FY2021. The decrease was mainly due to lesser marketing expenses incurred as a result of travel restrictions amidst the COVID-19 pandemic. Administrative expenses decreased by 17.7% from US$3.1 million in FY2020 to US$2.6 million in FY2021 as a result of the Group's efforts to manage expenses.

Other expenses decreased 24.8% from US$66,000 in FY2020 to US$50,000 in FY2021, due to the decrease in foreign exchange loss as the Renminbi depreciated against the US dollar during the financial year under review.

Finance costs decreased 32.9% from US$197,000 in FY2020 to US$132,000 in FY2021. The decrease was mainly due to:

(i) the decrease in interest rate on trade facilities and secured bank loans in FY2021 for raw material purchases; and

(ii) the prompt repayment of bill payables of a subsidiary in Singapore in FY2021.

Income tax expenses increased 90.8% from US$179,000 in FY2020 to US$340,000 in FY2021, as a result of two of the Group's China subsidiaries reporting higher profit before income tax in FY2021.

Taking into account the above mentioned, the Group recorded a net profit attributable to the equity holders of the Company of US$817,000 in FY2021, a reverse from a net loss attributable to the equity holders of the Company of US$1.4 million in FY2020.

Financial Position

The balance sheet of the Group remained sound as at 28 February 2021. Non-current assets decreased by US$326,000 from US$3.8 million as at 29 February 2020 to US$3.5 million as at 28 February 2021. This was mainly due to depreciation of property, plant and equipment and right-of-use assets.

Current assets increased by US$2.6 million from US$15.3 million as at 29 February 2020 to US$17.9 million as at 28 February 2021, mainly due to:

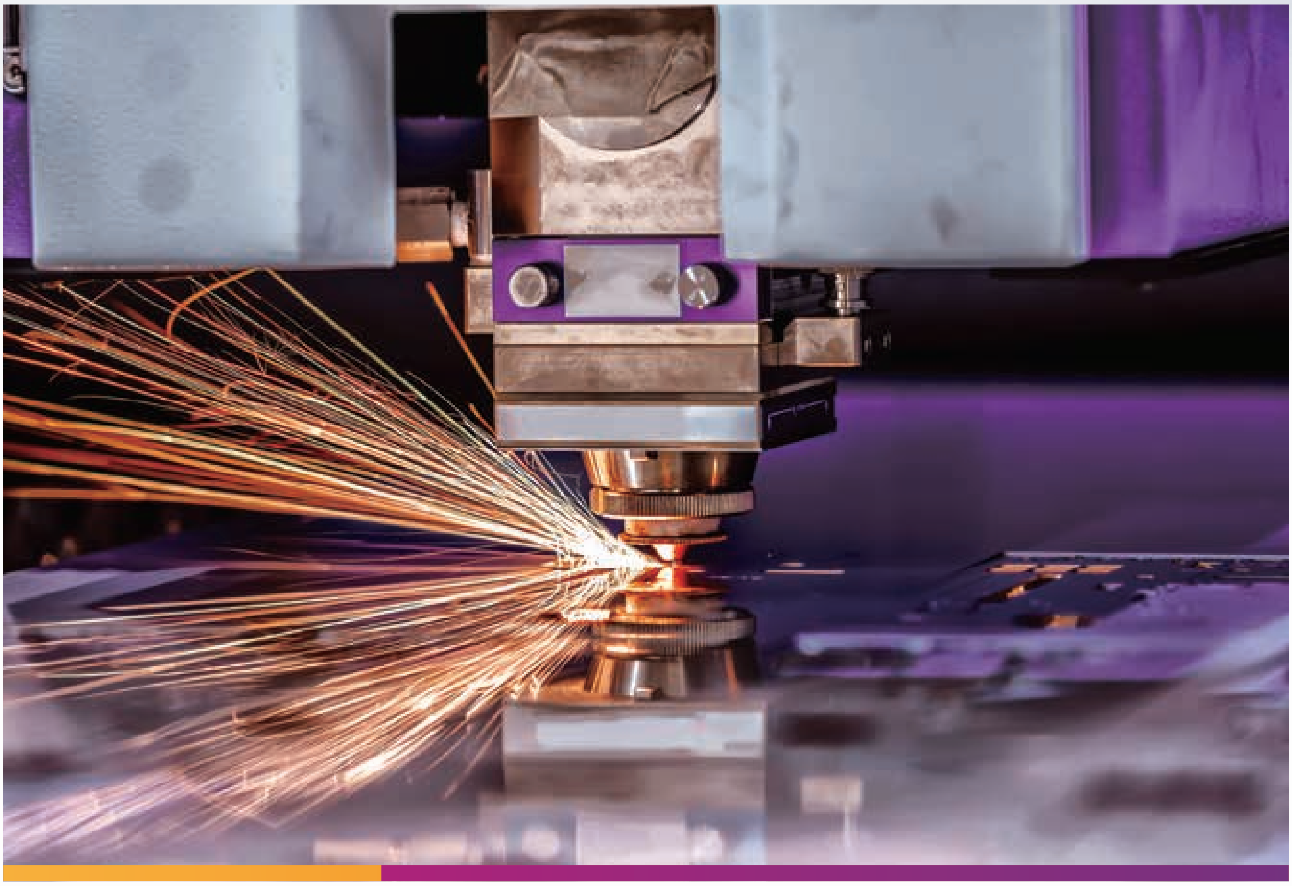
(i) inventories increased by 7.8% from US$6.7 million as at 29 February 2020 to US$7.3 million as at 28 February 2021, as a result of an increase in purchases of raw materials and reversal of inventories write-down during FY2021;

(ii) trade and other receivables, and contract assets increased by 33.1% from US$5.1 million as at 29 February 2020 to US$6.8 million as at 28 February 2021 as a result of higher sales towards the end of FY2021; and

(iii) cash and cash equivalents increased by 11.9% from US$3.4 million as at 29 February 2020 to US$3.8 million as at 28 February 2021. The increase was mainly due to the receipts from trade receivables by a subsidiary in Singapore and two of the Group's China subsidiaries in FY2021.

Non-current liabilities decreased by US$298,000 from US$636,000 as at 29 February 2020 to US$338,000 as at 28 February 2021. The decrease was mainly due to repayments of lease liabilities amounting to US$299,000 made in FY2021.

Current liabilities increased by US$963,000 from US$3.5 million as at 29 February 2020 to US$4.5 million as at 28 February 2021. This was mainly due to the increased in working capital bank loan by one of the Group's China subsidiary to finance the purchase raw materials in FY2021.



Equity comprises share capital, reserves, accumulated profits and non-controlling interests. The total equity of the Group increased by US$1.6 million or 10.8% from US$15.0 million as at 29 February 2020 to US$16.6 million as at 28 February 2021.

Review of Cash Flow Statement

Net cash generated from operations amounted to US$790,000 in FY2021, as compared to net cash used in operations of US$1.1 million in FY2020. The positive cash flow was mainly due to cash inflow from operating profits in FY2021.

Net cash used in investing activities was decreased from US$201,000 in FY2020 to US$66,000 in FY2021 due to:

(i) lesser costs expended on the purchases of property, plant and equipment; and

(ii) proceeds from disposal of financial assets at fair value through profit or loss in 2nd half of FY2021.

Net cash used in financing activities was decreased from US$327,000 in FY2020 to US$299,000 in FY2021 due to advance loan from directors had been fully repaid in FY2020.

Overall, the Group generated net cash inflows of US$425,000 in FY2021 as compared to net cash outflows of US$1.7 million in FY2020.

As at 28 February 2021, the Group was in a net cash position and had cash at bank of US$3.8 million.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Tan Chee Khiong Danny
Executive Chairman and President

Mr Tang Chee Bian Steven
Executive Director

Mr Tang Chee Wee Andrew
Executive Director

Mr Tan Poh Chye Allan
Lead Independent Director

Mr Gavin Mark McIntyre
Independent Director

Mr Lee Eng Yew Michael
Independent Director

AUDIT COMMITTEE

Mr Gavin Mark McIntyre *(Chairman)*
Mr Tan Poh Chye Allan
Mr Lee Eng Yew Michael

REMUNERATION COMMITTEE

Mr Tan Poh Chye Allan *(Chairman)*
Mr Gavin Mark McIntyre
Mr Lee Eng Yew Michael

NOMINATING COMMITTEE

Mr Lee Eng Yew Michael *(Chairman)*
Mr Tan Poh Chye Allan
Mr Gavin Mark McIntyre

COMPANY SECRETARY

Ms. Sharon Yeoh Kar Choo, ACIS

REGISTERED OFFICE

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Email: corporateaffairs@nico.com.sg
Website: www.nicosteel.com

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS

Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
(Since 25 February 2016)

Partner-in-charge: Ms. Guo Shuqi
(with effect from financial year 2021)

PRINCIPAL BANKER

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

CORPORATE GOVERNANCE REPORT

The Board and management of Nico Steel Holdings Limited (the "**Company**") recognise the importance of corporate governance in maintaining high standards of accountability to its shareholders by complying with the recommendations made by the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018 (the "**Code**").

For the financial year ended 28 February 2021, the Company has generally adhered to the principles and guidelines as set out in the Code. Where there are variations from any of the provisions of the Code, an explanation has been provided within this Corporate Governance Report, which includes the reason(s) for the variation. The Company has also complied with the guidelines of the Code of Corporate Governance 2012 which are still in effect.

(A) BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company is headed by an effective Board which is collectively responsible and works with management for the long-term success of the Company.

Provision 1.1 – Role of the Board and conflict of interests

The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Company and its subsidiaries (collectively, the "**Group**") and supervises the management. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including providing leadership, setting its strategic direction, establishing risk policy and goals for the management as well as monitoring the achievement of these goals.

Where a Director is conflicted in a matter, he or she will recuse himself or herself from the deliberations and abstain from voting on the matter.

Provisions 1.4 and 1.5 – Board Committees and Attendance of Meetings of the Board and Board Committees

To assist in the execution of its responsibilities, the Board has established a number of committees, including an Audit Committee ("**AC**"), a Nominating Committee ("**NC**") and a Remuneration Committee ("**RC**"). These committees are chaired by Independent Directors and function within clearly defined terms of reference and operating procedures.

The Board conducts regular scheduled meetings. Ad hoc meetings are also convened when circumstances require. To facilitate the attendance and participation of Directors at Board meetings, the Company's Constitution allow Board meetings to be conducted by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means.

For the financial year ended 28 February 2021, the Board met on three (3) occasions. The attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings for the financial year ended 28 February 2021 is disclosed on page 37 of this Annual Report.

The names of the Committee Members are as follows:

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Tan Chee Khiong Danny	Chairman & President	–	–	–
Tang Chee Wee Andrew	Executive Director	–	–	–
Tang Chee Bian Steven	Executive Director	–	–	–
Tan Poh Chye Allan	Lead Independent Director	Member	Member	Chairman
Lee Eng Yew Michael	Independent Director	Member	Chairman	Member
Gavin Mark McIntyre	Independent Director	Chairman	Member	Member

Provision 1.3 – Board's approval

The functions of the Board include the following which are also part of the matters reserved for the Board's approval:–

- approval of the Group's strategic objectives;
- approvals of the annual operating and capital expenditure budgets and any material changes to them;
- review of performance in the light of the Group's strategic objectives, business plans;
- changes relating to the Group's capital structure including reduction of capital, share issues, share buy backs;
- major changes to the Group's corporate structure, including, but not limited to acquisitions and disposals;
- changes to the Group's management and control structure;
- approval of the quarterly/half-yearly/full year's results announcements; annual reports and accounts, including the corporate governance report;
- approval of the dividend policy and declaration of the interim dividend and recommendation of the final dividend;
- approval of any significant changes in accounting policies or practices;
- ensuring maintenance of a sound system of internal control and risk management;
- approval of major capital projects;
- contracts regarding acquisitions or disposals of fixed assets (including intangible assets such as intellectual property); substantial bank borrowings etc;
- major investments; and
- consider sustainability issues such as environmental and social issues as part of its strategic formulation.

Provision 1.2 – Directors' Training

The Company recognises the importance of appropriate training for its Directors. Newly appointed Directors will be given briefings and orientation of the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors. The directors have been briefed by the auditors on the key audit matters and briefings by the Company's Chairman and President at each Board meeting on business and strategic developments of the Group. News release issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are also circulated to the Board.

Going forward and in accordance with Listing Rules, the NC would ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. During FY2021, no new Director was appointed to the Board.

The Company has set aside funding and will be responsible for arranging and funding the training of Directors.

For the year under review, none of the Directors attended any relevant courses. Nonetheless, they have been updated by the Company Secretary on relevant updates to the Mainboard Rules, the Code of Corporate Governance and the Companies Act.

Provision 1.6 – Access to information

Directors are from time to time furnished with complete, adequate information concerning the Group to enable them to be fully cognizant of the decisions and actions of the management. All Directors have unrestricted access to the Company's records and information. The agenda for Board meetings is prepared in consultation with the Chairman. Detailed Board papers are prepared for each meeting of the Board and are normally circulated three (3) days in advance of each meeting. The Board papers include sufficient information from management on financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. All Independent Directors have access to all levels of senior executives in the Group, and are encouraged to speak to other employees to seek additional information if they so require.

The Company Secretary assists the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees meetings. She administers and attends all Board and Board Committees meetings of the Company and prepares minutes of meetings. She is also responsible for, among other things, ensuring that Board procedures are observed and that the relevant rules and regulations, including requirements of the Companies Act, Securities and Futures Act and SGX-ST Listing Manual (the "**SGX-ST Listing Manual**"), are complied with. Her responsibilities also include advising the Board on all governance matters as well as facilitating orientation and assisting with professional developments as directed by the Chairman.

The appointment and removal of the Company Secretary are subject to the approval of the Board.

Provision 1.7 – Access to Management, company secretary and independent professional advice

The Board has separate and independent access to the Company Secretary. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board committees and between management and Independent Directors.

The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge its or their responsibilities effectively. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, to assist them in their duties.

The cost of such professional advice will be borne by the Company.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Board presently comprises the following members:–

1. Tan Chee Khiong Danny – Chairman & President
2. Tang Chee Wee Andrew – Executive Director
3. Tang Chee Bian Steven – Executive Director
4. Tan Poh Chye Allan – Lead Independent Director
5. Lee Eng Yew Michael – Independent Director
6. Gavin Mark McIntyre – Independent Director

Key information regarding the Directors is given in the section entitled "Board of Directors" in this Annual Report.

Provision 2.1 – Board Independence

The independence of each Director is reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an Independent Director in its review. Each Independent Director is required to complete a Director's independent checklist annually to confirm his independence based on the guidelines as set out in the Code. As set out under the Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.

Each of them has confirmed that they are independent despite not having any relationship identified in the Code. The NC has determined that all the three (3) Independent Directors are independent. Through the NC, the Board considers all the three (3) Directors to be independent including independent from the substantial shareholders* of the Company.

* *"substantial shareholders" refers to a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company. "Voting shares" exclude treasury shares.*

Based on the confirmation of independence submitted by the Independent Directors, the NC was of the view that each Independent Director is independent on the following basis:

(a) The Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; and (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration on is determined by the RC.

(b) None of the Independent Directors has served on the Board beyond nine (9) years from the date of first appointment.

(c) None of the Independent Directors and their immediate family member had in the current or immediate past financial year (i) provided or received payments from the Group aggregated over any financial year in excess of S$50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organisation which provided or received payments from the Group aggregated over any financial year in excess of S$200,000 for services rendered.

(d) None of the Independent Directors are directly associated with a substantial shareholder of the company in the current or immediate past financial year.

Provisions 2.2, 2.3 and 2.4 – Board composition and diversity

Currently, there are three (3) Independent Directors, who make up half (1/2) of the Board composition. Although the company has deviated from Provisions 2.2 & 2.3 of the Code, with three (3) Independent Directors and three (3) Executive Directors of a total of six (6) Directors, the Board believes that there is a sufficiently strong independent element on the Board to exercise objective judgement on Board affairs, maintain appropriate checks and balances and avoid undue influence on the Board's decision-making process. The Board is of the opinion that given the scope and nature of the Group's operations, the size of the Board is appropriate in facilitating effective decision making.

The Company believes that the existing Board composition is consistent with the intent of Principle 2 of the Code as the Non-Executive Directors, who are also Independent Directors, chair the Board committees, are independent and are able to provide the appropriate level of independence and diversity of thought and background and to make decisions in the best interests of the Company. Furthermore, leadership of the Board is not concentrated in the Executive Chairman as the Board has a lead independent director.

Nevertheless, the Board will seek to identify suitable candidates to further develop the Board and comply with the requirement of Provision 2.2 of the Code for Independent Directors to make up a majority of the Board. However, the current situation surrounding the prevalence of Covid19 globally, has continued to present some challenges to initiate the process of attracting another Independent Director to the Board.

The Board and the NC recognise the importance of having an effective and diverse Board, and are satisfied that the current composition of the Board possesses the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age and other relevant factors.

Further, the Board and its committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, and knowledge of the Company and the Group with core competencies in accounting and finance, legal & regulatory practices, business and management experience and industry knowledge and customer-based experience required for an effective Board. At Board and committee meetings, key issues and strategies, challenges arising from the changes in the evolving competitive landscape are critically examined, taking into consideration the long-term interests of the Group and its shareholders.

In light of the foregoing, although the Company does not have a written policy on Board Diversity, it is evident that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company. The NC will continue to assess on an annual basis the diversity of the Board and ensure that the diversity would be relevant to the business of the Group. The Board believes that the practices adopted above are consistent with the intent of Provision 2 of the Code.

Provision 2.5 – Non-executive directors and/or independent directors meet without presence of management

All the independent Directors meet at least annually without the presence of the other executive directors to discuss matters of significance which are thereon reported to the Board accordingly. Ad-hoc meetings will be held if there is a need to discuss any other matters without the presence of Management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provisions 3.1 & 3.2 – Separation of the role of the Chairman and the CEO and role of non-executive Chairman and CEO

Mr Tan Chee Khiong Danny, is the Chairman and President. Mr Tan Chee Khiong Danny, who is responsible for the Group's business operations, has played an instrumental role in developing the business of the Group and has provided the Group with strong leadership and vision.

The Board has not adopted the recommendation of Provision 3.1 of the Code to have separate Directors appointed as the Chairman and Chief Executive Officer. This is because the Board is of the view that the current composition and culture of the Board have enabled the independent exercise of objective judgement on affairs and operations of the Group by members of the Board taking into account factors such as the contributions made by each member at Board meetings which relate to the affairs and operations of the Group. Furthermore, half of the Board consists of Independent Directors (including a Lead Independent Director) and all the Board Committees are chaired by the independent directors. The Board, with the concurrence of the Nominating Committee and Audit Committee, believes that vesting the roles of both Chairman and CEO in the same person, who has vast knowledge in the Group's business provides strong and consistent leadership effective planning and execution of long-term business strategies. In addition, the role of Chairman and CEO will be rotated among the three Executive Directors for a period of two year each. As such, there is no need for the role of the Chairman and the CEO to be separated.

Besides being responsible for the day-to-day running of the Group, Mr Tan Chee Khiong Danny, the Chairman, ensures that each member of the Board and the management work well together with integrity and competency. As the Chairman, he schedules Board meetings as and when required, sets the agenda for Board meetings and ensures that quality, quantity, accuracy and timeliness of information flow between the Board, management and shareholders of the Company. He encourages constructive relations between the Board and management and between the Executive Directors and the Independent Directors. He keeps Board members abreast of key developments affecting the Group as well as material transactions in order that the Board is fully aware of the affairs of the Group. He is also responsible for ensuring compliance with corporate governance guidelines.

Provision 3.3 – Lead Independent Director

Mr Tan Poh Chye Allan was appointed as the Lead Independent Director of the Company on 16 February 2015. The role of the Lead Independent Director includes meeting with shareholders where they have concerns which contact through the normal channels of the Chairman or the Group Finance Manager has failed to resolve or for which such contact is inappropriate. In addition, the Lead Independent Director will co-ordinate and lead the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints to the Board. Where necessary, the Lead Independent Director will chair meeting with Independent Directors without Executive Directors being present so as to facilitate well-balanced viewpoints to the Board.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2 – Composition of the NC

Nominating Committee ("NC")

The NC comprises three (3) independent Directors including the NC Chairman namely, Mr Lee Eng Yew Michael (Independent Director), Mr Tan Poh Chye Allan (Lead Independent Director), and Mr Gavin Mark McIntyre (Independent Director).

The key terms of reference of the NC includes the following functions:–

- evaluate and review nominations for appointment and re-appointment to the Board and the various committees;
- nominate a Director for re-election at the annual general meeting ("**AGM**"), having regard to the Director's contribution and performance;
- determine annually and as and when circumstances require if a Director is independent,
- recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director;
- annual assessment of the effectiveness of the Board;
- decide whether a Director who has multiple board representations is able to and has been adequately carrying out his duties as Director of the Company;
- review and make recommendations to the Board on relevant matters relating to the succession plans of the Board (in particular, the Chairman/CEO) and senior management personnel; and
- review training and professional development programmes for Board members.

The responsibilities of the NC are to determine the criteria for the appointment of new directors; to set up a process for the selection of such appointment and to review nominations for the appointment of Directors to the Board and also to decide on how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval.

Provision 4.3: Process for selection, appointment and re-appointment of directors

When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, determines the selection criteria such as integrity, diversity, ability to commit time and effort to the Board and selects candidates with the appropriate expertise and experience for the position. The NC then nominates the most suitable candidate who is appointed to the Board.

In identifying suitable candidates, the NC may:

(a) advertise or use services of external consultants to facilitate a search;
(b) approach alternative sources such as the Singapore Institute of Directors; or
(c) consider candidates from a wide range of backgrounds from internal or external sources.

No new director was appointed in the last financial year.

Provision 4.4 – Continuous Review of Directors' independence

The NC reviews and recommends to the Board the re-nomination of retiring Directors standing for re-election and appointment of new Directors. The review ensures that the Director to be re-nominated or appointed is able to contribute to the ongoing effectiveness of the Board, has the ability to exercise sound business judgement, and has demonstrated leadership experience, high level of professional skills and appropriate personal qualities.

Regulation 107 of the Company's Constitution requires one-third (1/3) of the Directors to retire from office by rotation and subject themselves to re-election by shareholders at the AGM. In line with Rule 720(5) of the Listing Manual, every Director must retire from office and submit themselves for re-nomination and re-election at least once every three (3) years. Pursuant to Regulation 107, Mr Tan Poh Chye Allan and Mr Tang Chee Bian Steven shall retire at the Company's forthcoming AGM and shall be eligible for re-election.

The NC has recommended to the Board that Mr Tan Poh Chye Allan and Mr Tang Chee Bian Steven be nominated for re-appointment at the forthcoming AGM.

In recommending the above Directors for re-appointment, the NC has given regard to the results of the Board assessment (please refer to paragraphs under Board Performance regarding assessment of Board performance) in respect of their competencies in fulfilling their responsibilities as Directors to the Board. In respect of the nomination of Mr Tang Chee Bian Steven for re-appointment as a Director, the NC took note that Mr Tan Chee Khiong Danny, Mr Tang Chee Wee Andrew and Mr Tang Chee Bian Steven are brothers. The NC has also reviewed the independence of Mr Tan Poh Chye Allan, Mr Lee Eng Yew Michael and Mr Gavin Mark McIntyre. In assessing their independence, the NC having considered the guidelines set out in the Code, is of the view that Mr Tan Poh Chye Allan, Mr Lee Eng Yew Michael and Mr Gavin Mark McIntyre are independent and there are no relationships identified in the Code which deem them not to be independent. Each Mr Tan Poh Chye Allan, Mr Lee Eng Yew Michael and Mr Gavin Mark McIntyre have also declared that they are independent.

In its annual review of independence, the NC, having considered the guidelines set out in the Code, is of the view that Mr Tan Poh Chye Allan, Mr Lee Eng Yew Michael and Mr Gavin Mark McIntyre, are independent. The Board, after taking into consideration the views of the NC, is of the view that Mr Tan Poh Chye Allan, Mr Lee Eng Yew Michael and Mr Gavin Mark McIntyre are considered independent.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested.

There is no alternate Director on the Board.

Provision 4.5 – Commitments of Directors

All Directors are required to declare their board representations. When a Director has multiple board representation, the NC will consider whether the Director is able to adequately carry out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.The NC has reviewed and is satisfied that Mr Tan Poh Chye Allan, Mr Lee Eng Yew Michael and Mr Gavin Mark McIntyre, who sit on multiple boards, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Director of the Company, notwithstanding their multiple board appointments.

To address the competing time commitments that are faced when Directors serve on multiple boards, the NC has reviewed and made recommendation to the Board accordingly on the maximum number of listed company board appointments which any Director may hold. Based on the recommendation, the Board has currently and set the maximum number of listed company board appointments at not more than five (5) listed companies. None of the Directors hold more than five (5) directorships in listed companies.

Succession Planning

Board succession planning and Management succession planning are both crucial to business continuity and to ensure sustainable future. In view of this, the NC has deliberated with the Executive Directors on board succession planning and a structured succession planning is being put in place. Currently, the Group's business operation is being run by the three Executive Directors, Messrs Tan Chee Khiong Danny, Tang Chee Bian Steven and Tang Chee Wee Andrew who are siblings, while the Board is collectively responsible for the long-term success of the Group. The NC is of the view that the three Executive Directors have in the past years been put under rigorous operational training, leadership training, grooming process that involves portfolio rotation and performance evaluation.

The NC has recommended and the Board has accepted that the title and office of the Executive Chairman and President of the Group be rotated among the three Executive Directors for a period of two years each, and this shall form the core basis of the Group's succession planning.

Key information regarding the Directors, including their present and past three (3) years' directorships in other listed companies and principal commitments are set out below:–

Name of Director	Board Membership	Date of appointment	Date of last re-appointment	Directorships in other listed companies		* Principal Commitments
				Current	Past three (3) years	Current
Tan Chee Khiong Danny	Executive Director	10 April 2002	14 August 2020	None	None	D.S.A.G Trading Pte. Ltd. Nico Steel Solutions (S) Pte. Ltd. D.S.A.G Investment Pte. Ltd.
Tang Chee Wee Andrew	Executive Director	10 April 2002	25 June 2019	None	None	Nico Steel Solutions (S) Pte. Ltd. Nicolabs Biotech (S) Pte. Ltd. D.S.A.G Investment Pte. Ltd. D.S.A.G Trading Pte. Ltd.

CORPORATE GOVERNANCE REPORT

Name of Director	Board Membership	Date of appointment	Date of last re-appointment	Directorships in other listed companies		* Principal Commitments
				Current	Past three (3) years	Current
Tang Chee Bian Steven	Executive Director	23 March 2018	26 June 2018	None	None	D.S.A.G Trading Pte. Ltd. Nico Steel Solutions (S) Pte. Ltd. D.S.A.G Investment Pte. Ltd.
Gavin Mark McIntyre	Independent Director	22 August 2016	14 August 2020	VCPlus Limited (formerly known as Anchor Resources Limited)	None	#Equitasasia Pte. Ltd. #Aegis Interaktif Asia Pte. Ltd. Da Guang Tankers (Pte) Ltd (Under Judicial Management) Da Zhong Tankers (Pte) Ltd (Under Judicial Management) Dong Sheng Tankers (Pte) Ltd (Under Judicial Management) Dong Ya Tankers (Pte) Ltd (Under Judicial Management) Xin An Shipping (Pte) Ltd (Under Judicial Management) Xin Kang Shipping (Pte) Ltd (Under Judicial Management) Dafa Shipping (Pte) Ltd (Under Judicial Management) Dong Jiang Tankers (Pte) Ltd (Under Judicial Management) Dong Nan Tankers (Pte) Ltd (Under Judicial Management) Xin Chun Shipping (Pte) Ltd (Under Judicial Management)

CORPORATE GOVERNANCE REPORT

Name of Director	Board Membership	Date of appointment	Date of last re-appointment	Directorships in other listed companies		* Principal Commitments
				Current	Past three (3) years	Current
						Xin Ying Shipping (Pte) Ltd (Under Judicial Management) Xin Hui Shipping (Pte) Ltd (Under Judicial Management) Xin Dun Shipping (Pte) Ltd (Under Judicial Management) An He Shipping Pte.Ltd (In Receivership) Xin Bo Shipping (Pte) Ltd (Under Judicial Management) Xin Guang Shipping (Pte) Ltd (In Receivership) Dong Fang Shipping & Trading (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Hua An Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Hua Kang Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Nan Hai Maritime (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Nan Sia Maritime (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Nan Ya Maritime (Pte.) Ltd. (In Liquidation – Members' Voluntary Winding up)

Name of Director	Board Membership	Date of appointment	Date of last re-appointment	Directorships in other listed companies		* Principal Commitments
				Current	Past three (3) years	Current
						Xin Ya Shipping & Trading (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Hua Guang Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Hua Xin Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up)
Lee Eng Yew Michael	Independent Director	26 June 2014	25 June 2019	None	None	#iCreate wPlanners Pte. Ltd. #Ready Autocare Pte. Ltd. #Allwins Best International Pte. Ltd. Data Zoo Pte. Ltd. #Scash Technologies Pte. Ltd. Scash Technologies Employees Pte. Ltd. Scash Global Pte. Ltd.
Tan Poh Chye Allan	Lead Independent Director	16 February 2015	26 June 2018	CNMC Goldmine Holdings Limited	Xyec Limited Avexa Limited (listed on ASX) Affinity Energy & Health Limited (formerly known as Algae.tec Limited) (listed on ASX)	Vibropower Corporation Limited Altum Law Corporation Allan Tan Corporate Services (formerly known as Allan Tan Law Practice)

* Those that marked "#" are principal commitments for the Directors. Those unmarked are the directorships of the Directors for additional disclosure purposes only.

For the financial year ended 28 February 2021, the NC met on one (1) occasion.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of the effectiveness as a whole, and that each of its board committees and the individual directors.

Provisions 5.1 and 5.2 – Board Evaluation Process

The Board through the NC has used its best efforts to ensure that Directors appointed to the Board and Board committees, whether individually or collectively possess the necessary background, experience and knowledge in our industry and relevant geographic areas, and in business and finance and have the appropriate management skills critical to the Company's business. It has also ensured that each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC has established a review process to assess the performance and effectiveness of the Board as a whole and the contribution by individual Directors to the effectiveness of the Board. No external facilitator has been engaged to perform the Board assessment process. The NC will, however, review from time to time the scope of the assessment, and may recommend to the Board additional areas or factors to include in the assessment.

In respect of the financial year ended 28 February 2021, all Directors are requested to complete a Board Assessment Checklist designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The performance criteria for the Board evaluation covers amongst other criteria, composition structure and processes of the Board, access to information, corporate strategy, internal control and risk management and standard of conduct of the Board.

The completed checklists were submitted to the Company Secretary for compilation and the consolidated responses were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement with a view to enhance Board effectiveness.

Following the review, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

The factors taken into consideration for the re-nomination of the Directors for the current year are based on the Directors' attendance at meetings held during the year including their preparation and participation made by the Directors at the meetings.

ACCESS TO INFORMATION

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provisions 6.1 and 6.2 – Composition of the RC

Remuneration Committee

In compliance with Provision 3.1 & 3.2, the Board has established a RC and the RC comprises three (3) board members and they are non-executive directors. The RC members are Mr Tan Poh Chye Allan (Lead Independent Director), Mr Lee Eng Yew Michael (Independent Director) and Mr Gavin Mark McIntyre (Independent Director). The Chairman of the RC is Mr Tan Poh Chye Allan. All the members of the RC are Non-Executive Directors. While none of the members is an expert in the area of executive compensation, the RC, where necessary, has the right to engage independent professional for expert advice.

The key terms of reference of the RC includes the following functions:–

(i) make recommendations to the Board a framework of remuneration for the Board and key management personnel of the Group;
(ii) review the specific remuneration packages for each Director (executive, non-executive and independent) as well as for the key management personnel;
(iii) review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous;
(iv) consider whether Directors, and key management personnel should be eligible for benefits under share schemes and such other long-term incentive schemes as may from time to time be implemented.

Provision 6.3 – Remuneration framework

The RC is responsible for recommending to the Board, a general framework of remuneration for the Board and key management personnel. The RC reviews and recommends remuneration policies and packages that attract, retain and motivate Directors and key management personnel to run the Company successfully. The review of remuneration packages takes into consideration the longer term interests of the Group and ensures that the interests of the Directors align with those of the shareholders. The review covers all aspects of remuneration, including but not limited to Directors' salaries, fees, allowances, bonuses, options, share-based incentive and award and benefits-in-kind. The management is responsible for recommending a framework of remuneration for the key executives to the RC. In reviewing and recommending remuneration policies for the key executives, the management uses various criteria including the aforesaid guidelines. For the financial year ended 28 February 2021, the RC met on one (1) occasion.

No member of the RC is involved in deliberating in respect of any remuneration, compensation or any form of benefits to be granted to him.

The RC reviews the Company's obligations arising in the event of termination of the executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Each member of the RC abstains from voting on any resolutions and making any recommendation and/or participating in discussion regarding his own remuneration package or on matters in which he is interested.

Provision 6.4 – Remuneration consultant

The RC has access to appropriate expert advice inside and/or outside the Company on remuneration of all the Directors. For the financial year ended 28 February 2021, the RC has not consulted any external remuneration consultant.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the company.

Provisions 7.1 and 7.3 – Remuneration of Executive Directors and key Management

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate the Directors. The RC is of the view that the remuneration policy and amounts paid to Directors are adequate and are reflective of present market conditions.

Mr Tan Chee Khiong Danny, Mr Tang Chee Wee Andrew and Mr Tang Chee Bian Steven are the Executive Directors at present and they do not receive any Director's fees.

Service Agreements

The service agreements ("**Service Agreements**") with the Executive Directors, namely, Mr Tan Chee Khiong Danny, Mr Tang Chee Bian Steven and Mr Tang Chee Wee Andrew have been renewed for a one-year period accordingly. Service Agreements are renewed annually and may be terminated by either the Company or the Executive Directors, each giving not less than six (6) months' notice in writing. The Company may also terminate the respective Service Agreements if any of these Executive Directors is guilty of dishonesty, or serious or persistent misconduct, becomes bankrupt or otherwise acts to the prejudice of the Company. None of these Executive Directors will be entitled to any benefits upon termination of their respective Service Agreements. The Service Agreements cover the term of employment, specifically salaries and bonuses.

All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by each Executive Director in the process of discharging his duties on behalf of the Group will be borne by the Company.

The Company does not use contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company will avail itself to remedies in law generally and under the Companies Act against the Executive Directors in the event of such breach of fiduciary duties.

Provision 7.2 – Remuneration of Non-Executive Directors

The Independent Directors receive Directors' fees, in accordance with their contribution, taking into account factors such as effort and time spent and responsibilities of the Directors. The Directors' fees are recommended by the entire Board for shareholders' approval at each annual general meeting. No Director is involved in deciding his own remuneration.

The Company currently does not have a formal service contract with the Independent Directors.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationship between remuneration, performance and value creation.

Provision 8.1 – Disclosure of remuneration

While the Code recommends that companies fully disclose the amount and breakdown of remuneration for each individual director and the CEO on a named basis, for confidentiality reasons and prevention of poaching, the Board has deviated from complying with Provision 8.1(a) of the Code, and provide herein below a breakdown, showing the level and mix of each Director's remuneration in bands of S$250,000 for the financial year ended 28 February 2021:–

Remuneration Band and Name of Director	Salary %	Fees %	Bonus %	Other benefits %	Total %
Less than S$250,000					
Tan Chee Khiong Danny	92.8	–	7.2	–	100.0
Tang Chee Wee Andrew	93.1	–	6.9	–	100.0
Tang Chee Bian Steven	92.9	–	7.1	–	100.0
Tan Poh Chye Allan	–	100.0	–	–	100.0
Lee Eng Yew Michael	–	100.0	–	–	100.0
Gavin Mark McIntyre	–	100.0	–	–	100.0
S$250,000 to S$499,999					
Nil					
S$500,000 to S$749,999					
Nil					

Provision 8.1(b) of the Code provides that companies should name and disclose the remuneration of at least the top five (5) key management personnel (who are not Directors or the CEO) in bands of S$250,000. In addition, the companies should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO).

Given the confidentiality of remuneration matters and competitiveness, key talent poaching or retention may prejudicial to the Group's business interests and not in the best of the Company, the Board has deviated from complying with Provision 8.1(b) of the Code. The Company only partially complies with the above recommendation by providing below a breakdown, showing the level and mix of each of the top five (5) management personnel's remuneration (who are not Directors or the CEO) in bands of S$250,000 for the financial year ended 28 February 2021:–

Remuneration Band and Name of Executive	Salary %	Fees %	Bonus %	Other benefits %	Total %
Less than S$250,000					
Ong Hock Seng	83.7	–	6.7	9.6	100.0
Wang Lu	93.1	–	6.9	–	100.0
Ng Chin Seng	94.0	–	6.0	–	100.0
S$250,000 to S$499,999					
Nil					
S$500,000 to S$749,999					
Nil					

The aggregate remuneration paid to the top five (5) key management personnel (who are not directors or the CEO) for the financial year ended 28 February 2021 was S$311,704.

Provision 8.2 – Remuneration of related employees

Except as disclosed below, the Group does not have any employee who is a substantial shareholder of the Company, or who is an immediate family member of a Director or the CEO or substantial shareholder of the Company and whose remuneration exceeds S$100,000 for the year ended 28 February 2021.

Remuneration Band and Name of any employee Who is an immediate Family member of a Director	Salary %	Fees %	Bonus %	Other benefits %	Total %
S$50,000 and S$99,999					
Ang Bee Choo[(1)]	92.1	–	7.9	–	100.0

<u>Note:</u>

(1) Spouse of Mr Tan Chee Khiong Danny, Executive Chairman and President of the Company

The profiles of our key executives are found on page 8 of this Annual Report.

While this practice varies from Provision 8.1 and 8.2 of the Code, the Board is of the view that full disclosure of the specific remuneration of each director and key executive is not in the best interest of the Company as this disclosure may adversely affect the Company's talent retention efforts, given the competition in the industry for key talent. The disclosure of the total remuneration paid to the executive directors, non-executive directors and key management personnel provides further information consistent with the intent of Principle 8 of the Code.

Provision 8.3 – Forms of remuneration and details of employee share schemes

Details pertaining to the form of remuneration and other payments and benefits of Directors and key Management are disclosed under Provisions 8.1 and 8.2 above.

The Group has in place the Nico Employee Performance Share Plan 2017 (the "Scheme") on the basis that it is important to retain staff whose contributions are essential to the well-being, long-term growth and prosperity of the Group and to give recognition to outstanding employees and directors of the Group who have contributed to the growth of the Group. The Scheme is also designed to align the interest of the employees and directors of the Group with those of shareholders.

The non-executive directors (including independent directors) are eligible to participate in the Scheme to give them due recognition for their services and contributions to the growth and development of the Group, and further motivate them in their contribution towards the future success of the Group.

There was no award granted under the Scheme since its implementation on 12 October 2017.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 – Nature and extent of risks

The Board is responsible for the governance of risks and oversees the management in the design, implementation and monitoring of internal controls and risk management systems to safeguard Shareholders' interest and the Group's assets. The system of internal controls and risk management systems established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management systems can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The management is responsible for the design and implementation of internal controls (including financial, operational, compliance and information technology controls) and risk management systems to safeguard shareholders' investment and the Group assets. The internal controls maintained by the management, includes the ISO 9001: 2015 Quality Management System ("**QMS**") was put in place throughout the financial year to provide reasonable assurance against material financial misstatements or loss, include the safeguarding of assets, the maintenance of proper accounting records, compliance with appropriate legislation, regulations and best practices, and the identification and containment of operational and business risks. The QMS process would require all departments to complete the risk assessment forms to review external and internal issues such as sales process, purchasing process, production process, logistic process, inspection, training, information technology and quality management system. In renewing the ISO certification every 3 years, the Group is required to comply with the stringent risk management standards and complete a satisfactory audit of, inter alia, its process controls and records annually.

The review of the adequacy and effectiveness of such internal controls and risk management systems is under the purview of the AC.

The report of the external auditors and the work of internal controls carried out by management, have enabled the identification of key risks which are reported to the AC to facilitate the Board's oversight of the effectiveness of risk management and the adequacy of mitigating measures taken by management to address the underlying risks.

The AC assists the Board in providing risk management oversight while the ownership of day-to-day management and monitoring of existing internal control systems are delegated to management which comprises the President, the Group Finance Manager and Head of each business division.

The Board has, at least annually reviewed the adequacy and effectiveness of the Group's risk management systems as well as the internal control systems including financial, operational, compliance and information technology controls based on procedures established and maintained by the Group and the reviews by the management.

The Group's financial risk management objectives are discussed under Note 25b) of the Notes to the Financial Statements on pages 85 to 94 of this Annual Report.

The risks that the Group faces can be broadly classified as follows:

Business/Operational Risks

This relates to the day-to-day business operations and the sustainability of the Group's business amid the evolving situations in the macro environment. While the Company endeavours to monitor the evolving situations including the trade dispute between the United States and China, as well as the COVID-19 pandemic, such events could not have been anticipated or reasonably foreseen. Such events could potentially lead to market disruptions and consequently, our sales revenue can be adversely affected and/or experience slowdown. Other business risks could include security threats, occupational health and safety of employees, ability to recruit and retain competent employees, and business competition from similar businesses.

The Head of each business division and the management work closely to monitor the evolving situations and respond retrospectively to maintain business continuity. Management regularly (and as and when requested) updates the Board on the operating business environment. The Group is committed to doing business in a responsible manner.

Compliance Risks

Compliance with local laws and government policies or regulations in various geographical locations where the Group has operations are monitored by the Group Finance Manager and Executive Directors. The Board is also responsible for ensuring compliance with legislative and regulatory requirements, including requirements under the Listing Rules. In line with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its half-yearly financial statement announcements, confirming to the best of its knowledge that nothing has come to the attention of the Board which may render the financial statements false or misleading in any material aspect. In addition, the Company also completes and submits compliance checklists to the SGX-ST (if applicable and when required) to ensure that all announcements, circulars or letters to shareholders comply with the requirements set out in the SGX-ST Listing Manual.

Management regularly (and as and when requested) presents the Board with the Group's half-yearly financial results, prospects and annual financial statements to enable the Board to discharge its duties and responsibilities. When there are major developments in the Group's businesses, Board members may arrange to visit the subsidiaries' offices, plants and project sites to obtain updates and also to gain a comprehensive understanding of the Group's latest businesses and operating environments. In this respect, the Management is obliged to provide the Board with a balanced and understandable assessment of the Group's performance, position and prospects on a regular basis.

Financial Risks

Some of the financial risks such as credit risks, foreign exchange risks, and interest rate risks are set out in the notes to the financial statements. Generally, the Group is conservative in its financial dealings and does not engage in speculative instruments or investments that would expose the Group to unnecessary financial risks.

The Board has not established a separate board risk committee as the Board is already assisted by the AC, the internal auditor, the external auditor and management in carrying out its respective responsibility of overseeing the Company's internal controls and risks.

Provision 9.2 – Assurance from the CEO and CFO

For the financial year ended 28 February 2021, the Board and the AC have received assurance from the President and the Group Finance Manager that the financial records have been properly maintained and that the financial statements give a true and fair view of the company's operations and finances.

Based on the Group's internal controls put in place and the procedures established and maintained by the Group, as well as work and review performed by the external auditors, the management, various Board Committees and the Board, the Board with the concurrence of the AC is of the view that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place are adequate and effective as at 28 February 2021.

Audit Committee

Principle 10 – The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1, 10.2 and 10.3 – Composition of the AC

The AC comprises three (3) members namely, Mr Gavin Mark McIntyre (Independent Director), Mr Tan Poh Chye Allan (Lead Independent Director) and Mr Lee Eng Yew Michael (Independent Director). The Chairman of the AC is Mr Gavin Mark McIntyre. The Directors recognise the importance of corporate governance and the offering of high standards of accountability to the shareholders of the Company. Two (2) members of the AC, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. The AC held two (2) meetings during the financial year ended 28 February 2021. The AC members are kept abreast of any changes to the accounting standards and issues affecting the financials by the external auditors and management at the AC meetings, where appropriate.

The key terms of reference of the AC are:–

(a) to review the external auditors' audit plan, their evaluation of the system of internal controls, their audit report, their management letter and management's response;

(b) to review the financial statements and statement of financial position and comprehensive income statement before submission to the Board for approval;

(c) to review the internal controls (including financial, operational, compliance and information technology controls) and risk management systems and the procedures and ensure co-ordination between the external/internal auditors and the management; and review the assistance given by management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits any matters which the auditors may wish to discuss (in the absence of management where necessary);

(d) to review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the management's response;

(e) to consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors, and approving the remuneration and terms of engagement of the external auditors;

(f) to review interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

(g) to review potential conflict of interest, if any;

(h) to review the adequacy, effectiveness, independence, scope and results of the external audit and company's internal audit function;

(i) to undertake such other review and projects as may be requested by the Board, and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(j) generally undertake such other functions and duties as may be required by statue or the SGX-ST Listing Manual, or by such amendments as may be made from time to time.

The Company has put in place a whistle blowing policy which has been reviewed, endorsed by the AC and approved by the Board. Under the whistle blowing policy, employees can, in confidence, raise concerns about improper conduct for investigation. The procedures for the whistle blowing policy are made public to the employees of the Group. Reports of suspected fraud, corruption, dishonest practices or other similar matters can be lodged via email at corporateaffairs@nico.com.sg. For the financial year ended 28 February 2021, there were no reported incidents pertaining to whistle blowing.

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Each member of the AC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he is interested.

Provision 10.4 – Internal audit function

The AC approves the hiring, removal, evaluation and compensation of the internal auditors. Where appropriate, the internal audit function of the Company is outsourced to a professional accounting firm, Wensen Consulting Asia (S) Pte. Ltd. and will be performed as and when necessary. The internal auditors report primarily to the Chairman of the AC, and have full access to the documents, records properties and personnel including access to the AC.

Where an internal audit is conducted, the AC will review the internal audit program and function to ensure the adequacy and effectiveness of the Group's internal audit function as well as to align it to the changing needs and risk profile of the Group's activities.

The internal audit team is led by Mr Edward Yap, of Wensen Consulting Asia (S) Pte. Ltd. He is a certified Internal Auditor under the Institute of Internal Auditors ("**IIA**")/practising member of the Institute of Singapore Chartered Accountants ("**ISCA**") and has more than 20 years of working experience in internal audit and accounting. Mr Edward Yap is assisted by Ms Sin Siew Mun who directly oversees the engagement team and has over 14 years of experience in providing risk management/internal audit services.

The Company had commenced its internal audit work for the Group's China based operations. Due to the COVID-19 outbreak, the internal audit for the China based operations only covered a desk top review of the supporting documentation, where possible. The full scope of the internal audit will be performed as soon as the situation permits given that travel and movement restrictions are still in place.

The AC is satisfied that the internal audit function is independent and the internal auditors has adequate resources to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience.

The Board recognises its responsibilities in ensuring a sound system of internal controls (including financial, operational, compliance and information technology controls) and risk management systems to safeguard shareholders' investments and the Company's assets. Rule 719(1) of the SGX-ST Listing Manual requires an issuer to have a robust and effective system of internal controls, addressing financial, operational, compliance and information technology controls and risk management systems. Effective internal controls not only refer to financial controls but include, among others, business risk assessment, operational and compliance controls.

Provision 10.5 – AC activities during the year

The AC meets with the external auditors without the presence of the management, at least annually. Matters to discuss include the reasonableness of the financial reporting process, the internal control process, the adequacy of resources, audit arrangements with particular emphasis on the observations and recommendations of the external auditors, the scope and quality of their audits and the independence and objectivity of the external auditors and any matters that may be raised.

The AC has reviewed the independence of the external auditors annually. The AC has conducted an annual review of the volume of non-audit services provided by the external auditors to satisfy the AC that the nature and extent of such services will not prejudice the independence of the external auditors. The AC is satisfied with the external auditors' confirmation of their independence. Please refer to the table below for the aggregate fees paid to the external auditors and breakdown of fees paid in total to audit and non-audit services respectively.

The AC has recommended to the Board the reappointment of Baker Tilly TFW LLP as the Company's external auditors at the forthcoming AGM. Baker Tilly TFW LLP is registered with ACRA.

For the financial year ended 28 February 2021	**S$**
– fees payable to the external auditors of the Company in respect of audit services	45,000
– fees payable to the independent member firms of the Baker Tilly International network	30,000
– fees payable to the external auditors of the Company in respect of non-audit services (Tax return preparation service)	4,800
Total	79,800

The Company is in compliance with Rules 712 and 715 of the SGX-ST Listing Manual in relation to its external auditors.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1, 11.2, 11.3 and 11.4 – Conduct of general meetings

The Group's corporate governance culture and awareness promote fair and equitable treatment for all shareholders. All shareholders enjoy specific rights under the Companies Act and the Constitution of the Company. All shareholders are treated fairly and equitably. The Group respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure.

it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the company's performance, position and prospects. The Board reviews and approves the results as well as any announcements before their release to the SGX-ST and the media. Shareholders are provided with the half-yearly and full year results and annual financial reports on a timely manner. Financial reports and other price-sensitive information are disseminated to shareholders through announcement via SGXNET, press releases and the Company's website. The Company's Annual Report is accessible on the Company's website.

In compliance with the Listing Rules of the SGX-ST, the Board provides a negative assurance statement to the shareholders in its half-yearly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company. At general meetings, shareholders will be informed of the rules, voting procedures relating to the general meetings.

Whilst there is no limit imposed on the number of proxy votes for nominee companies, the Constitution of the Company allow each shareholder to appoint up to two (2) proxies to attend AGMs. The Companies Act now allows corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

All shareholders receive reports or circulars of the Company including notice of general meeting by post within the prescribed period. Notice of general meeting is announced through SGXNET and published in the Business Times.

The Company supports active shareholders' participation. If shareholders are unable to attend the general meeting, the Company's Constitution allow a shareholder (not a relevant intermediary pursuant to Section 181(6) of the Companies Act) to appoint up to two (2) proxies to attend and vote in place of the shareholder. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised and is also subject to legislative amendment to recognise electronic voting. These methods of voting are, therefore, currently not available to shareholders.

Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions.

CORPORATE GOVERNANCE REPORT

To comply with SGX-ST Listing Manual, the Company has conducted poll voting at all its general meetings held after 1 August 2015. Where a poll is conducted at a general meeting, the detailed voting results of each of the resolutions tabled will be announced at the meeting. The results of the poll voting stating total number of votes cast for or against the resolutions will also be announced after the meeting via SGXNET. The Company has employed electronic polling since the Company's Annual General Meeting held in 2016.

At general meetings, all the Directors, chairman of the Board and the respective chairman of the AC, NC and RC as well as the external auditors should be present and available to address shareholders' queries at these meetings. At the Company's last AGM held on 14 August 2020, all the directors, company secretary and external auditors have attended the AGM. The Chairman of the meeting with the assistance of the Company Secretary and service provider briefed the shareholders on the rules of the meeting including voting procedures.

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of FY2021 can be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 i.e. this Order provides that the alternative arrangements apply to meetings held during the period commencing from 27 March 2020 to 30 June 2021. Alternative arrangements relate to attendance at the AGM via electronic means i.e. live audio-visual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM (if any) and appointing the Chairman of the Meeting as the proxy at the AGM, will be put in place.

Provision 11.5 – Minutes of general meetings

The Company with the help of the Company Secretary prepares minutes of general meetings that include substantial and relevant comments relating to the agenda of the meetings and responses from the Board and management and such minutes, where relevant will be made available to shareholders upon their written request.

In view of the regulatory announcement released by SGX-ST on 27 April 2020 providing the issuers on additional guidance on the conduct of general meetings during safe management period, the Company would publish minutes of the AGM within one month after the general meeting on SGXNET. The minutes would record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting and responses from the Board of Directors and management.

Provision 11.6 – Dividend policy

The Group does not have a concrete dividend policy at present and deviated from Provision 11.6 of the Code. In considering the declaration of dividends, the Company will have to take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. No dividend has been declared for the financial year ended 28 February 2021 as the Group intends to conserve cash for future business growth amid the current challenging business environment.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company..

Provisions 12.1, 12.2 and 12.3 – Stakeholder engagement

The Company is committed to maintaining high standards of corporate disclosure and transparency.

The Company values regular, effective and fair communication with its shareholders. In line with the continuing obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Material information is disclosed in a comprehensive, accurate and timely manner through SGXNET announcements, press releases and on the corporate website http://www.nicosteel.com. To ensure parity of information and to provide confidence to shareholders, unpublished price sensitive information is not selectively disclosed. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Company's interactions with the investing community, a media release or announcement will be released to the public via SGXNET as soon as practicable.

The Company's corporate website is the key resource of information for shareholders. In addition to the financial results materials, it contains a wealth of information of investor related information on the Group, including annual reports.

The Company's finance department also acts as an investor relations function to facilitate the communications with all stakeholders – shareholders, analysts and media, to attend to their queries or concerns as well as to keep the investors apprised of the Group's corporate developments and financial performance.

MANAGING STAKEHOLDER RELATIONSHIPS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provision 13.1, 13.2 and 13.3 – Stakeholder engagement

The Group places great importance to having open and transparent engagement with our key stakeholders. Stakeholders play an important role to ensure the sustainability of our business and products. The Company holds briefings with the investing community and media when announcing half-yearly and year-end results.

The Group has a Sustainability Committee which is responsible for reviewing the company's sustainability performance, material topics, stakeholder concerns, setting targets and goals that will enhance and sustain our performance both economically and socially, and establishing systems to collect, verify, monitor and report information required for our sustainability reporting.

The sustainability report published provides more details about the strategy and key areas of focus in relation to the management of stakeholder relationships which include:

- Established policies to uphold the highest standards of ethical business practices with a strong stance against corruption
- Protecting our environment by using a customized inhouse wastewater treatment and water recycling system, to increase cost savings at production sites in China
- Providing training and education opportunities for our employees and a cohesive and performance driven work environment and is committed to fair employment practices

The Group has identified the environmental, social and governance factors that are important to these stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in our sustainability report. Further details can be found in our sustainability report for the year ended 28 February 2021 which will be released by 31 July 2021.

To enable shareholders to contact the Company easily, the contact details of the company are set out in the Corporate Information page of this Annual Report as well as on the Company's website.

DEALING IN SECURITIES

The Company has adopted an internal compliance code which prohibits the Company, Directors and its officers and their immediate family members from dealing in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year results and ending on the date of the announcement of the results or if they are in possession of unpublished material price-sensitive information of the Group. In addition, Directors and officers are also expected to observe all applicable insider trading laws at all times even when dealing in securities within permitted trading periods. They are also discouraged from dealing in the Company's shares on short-term considerations. Accordingly, the Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Company adopts a set of procedures governing all interested person transactions to ensure that they are carried out on arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders. The Group did not enter into any IPTs during the financial year.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the President, each Director or Controlling Shareholder, which was either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

ATTENDANCE AT BOARD/AUDIT COMMITTEE/REMUNERATION COMMITTEE/NOMINATING COMMITTEE MEETINGS FY2021

	Board	Audit Committee	Remuneration Committee	Nominating Committee
Number of meetings held	3	2	1	1
Number of meetings attended				
Tan Chee Khiong Danny	3	2*	1*	1*
Tang Chee Wee Andrew	3	1*	0*	0*
Tang Chee Bian Steven	3	1*	0*	0*
Tan Poh Chye Allan	3	2	1	1
Lee Eng Yew Michael	3	2	1	1
Gavin Mark McIntyre	3	2	1	1

Note:

* *By invitation*

USE OF PROCEEDS FROM THE REDEEMABLE CONVERTIBLE BONDS ("RCB") WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S$50,000,000 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.

As at the date of this Annual Report, the net proceeds from the Company's bond issue have been utilised as follows:

Usage of bond issue proceeds	**Net proceeds earmarked for working capital of the Company (S$'000)**
Total net proceeds from the initial bond[(1)]	9,530
Less amount utilised:	
– Repayment of loans to Parot Tovot LLC	(260)
– Repayment of loans to Nico Steel Solutions (S) Pte. Ltd.	(300)
– Repayment of loans to affiliated companies	(340)
– Group's general working capital[(2)]	(8,283)
– Legal and professional fee in relation to the issuance of RCB	(347)
	–

Notes:

(1) *Net proceeds from the initial bond issue of S$9,530,000 was derived after the deduction of transaction costs amounting to S$470,000, including the arranger's fee and the legal fee incurred.*

(2) *Funds used for the Group's general working capital were mainly for staff costs and other operating costs.*

Appended below is a table showing the breakdown of the category entitled "Group's general working capital".

	S$'000
Staff cost	4,233
Repayment of advances from Directors[(1)]	1,212
Repayment of loan receivable from affiliated company (D.S.A.G Investment Pte. Ltd.)[(1)]	730
Directors' fee	633
Repayment of loan receivable from subsidiary (Nico Steel Solutions (S) Pte. Ltd.)[(1)]	475
Audit fees	404
Legal & professional fees	204
Upkeep of office equipment	135
SGX/CDP listing fees	144
Secretarial fees/Share registrar's fees/Tax agent's fees	52
Travelling expenses for business trips	31
Entertainment expenses for business purpose	21
Upkeep of motor vehicle	9
Total:	**8,283**

Note:

(1) *The advances from Directors, D.S.A.G Investment Pte Ltd, and Nico Steel Solutions (S) Pte Ltd were for the Group's working capital purposes.*

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

Mr Tan Poh Chye Allan and Mr Tang Chee Bian Steven are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be held 29 June 2021 ("AGM") under Ordinary Resolutions 2 and 3 as set out in the Notice of AGM dated 14 June 2021.

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the information relating to the Retiring Directors is set out below :

Name of person	Tan Poh Chye Allan ("Mr Allan Tan")	Tang Chee Bian Steven ("Mr Steven Tang")
Date of Appointment	16 February 2015	23 March 2018
Date of last re-appointment (if applicable)	26 June 2018	26 June 2018
Age	56	54
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After assessing Mr Allan Tan's work experiences and qualification, the Nominating Committee has recommended that Mr Allan Tan be re-elected as Director of the Company.	After assessing Mr Steven Tang's experiences and qualifications, the Nominating Committee has recommended that Mr Steven Tang be re-elected as Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive, Sales and Marketing. He is responsible for the Group's sales, marketing and product innovation division, and focuses on developing the Group's marketing strategies and working closely with the customers' product development teams.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director	Executive Director
Professional qualifications	Barrister-at-law of Gary's Inn Master's Degree in Law from the London Metropolitan University (formerly known as London-Guildhall University Bachelor of Laws (Honours) Degree from University of Buckingham, United Kingdom	Diploma in Mechanical Engineering from Ngee Ann Polytechnic
Working experience and occupation(s) during the past 10 years	April 2020 – Present: Director to Altum Law Corporation April 2019 – April 2020: Allan Tan Law Practice – Sole Proprietor May 2013 – September 2018: Partner to Virtus Law LLP May 2006 – May 2013: Partner to Colin Ng & Partners LLP	Mr Steven Tang has more than 20 years of experience in sales and marketing of raw material from various mills in Japan, Korea, China, Taiwan, United States and Europe.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

Name of person	Tan Poh Chye Allan ("Mr Allan Tan")	Tang Chee Bian Steven ("Mr Steven Tang")
Shareholding interest in the listed issuer and its subsidiaries	Nil	Direct Interest – 5,515,725 Deemed Interest – 20,697,700 (held in the name of D.S.A.G Investment Pte. Ltd.)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Mr Steven Tang is the brother of Mr Tan Chee Khiong Danny, Executive and President and Mr Tang Chee Wee Andrew, Executive Director
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	Nil	Nil
Past (for the last 5 years)	• Xyec Limited • Avexa Limited • Affinity Energy & Health Limited (f.k.a. Algae.tec Limited)	Nil
Present	• Nico Steel Holdings Limited • CNMC Goldmine Holdings Limited • Vibropower Corporation Limited • Altum Law Corporation – Director • Allan Tan Corporate Services Please refer to page 23.	• Nico Steel Holdings Limited • Nico Steel Solutions (S) Pte. Ltd. • D.S.A.G Investment Pte. Ltd. • D.S.A.G Trading Pte. Ltd. Please refer to page 21.
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange?	NA	NA
If yes, please provide details of prior experience.	NA	NA

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE SGX-ST LISTING MANUAL

Name of person	Tan Poh Chye Allan ("Mr Allan Tan")	Tang Chee Bian Steven ("Mr Steven Tang")
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	NA	NA
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	NA	NA

Mr Allan Tan and Mr Steven Tang have confirmed negative on items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Rules.

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 28 February 2021.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 50 to 101 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 28 February 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are:

Tan Chee Khiong Danny (Chairman)
Tang Chee Bian Steven
Tang Chee Wee Andrew
Tan Poh Chye Allan
Lee Eng Yew Michael
Gavin Mark McIntyre

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

Name of director and corporation in which interests are held	Number of ordinary shares Shareholdings registered in the name of directors	
	At 1.3.2020	At 28.2.2021
The Company		
Ordinary shares		
Tan Chee Khiong Danny		
– interests held	1,186,977,925	1,186,977,925
– deemed interests	21,042,162	21,042,162
Tang Chee Wee Andrew		
– interests held	5,503,725	5,503,725
– deemed interests	20,697,700	20,697,700
Tang Chee Bian Steven		
– interests held	5,515,725	5,515,725
– deemed interests	20,697,700	20,697,700

By virtue of Section 7 of the Act, Tan Chee Khiong Danny is deemed to have interests in the other subsidiary corporations of the Company at the end of the financial year.

There were no changes in any of the abovementioned interests in the Company between the end of the financial year and 21 March 2021.

Nico Employee Performance Share Plan 2017 (the "Plan")

The Plan was approved by shareholders at an extraordinary general meeting held on 12 October 2017.

The Remuneration Committee administering the Plan comprises directors, Tan Poh Chye Allan (Chairman of the Remuneration Committee), Gavin Mark McIntyre and Lee Eng Yew Michael.

The Plan was introduced to retain staff whose contributions are essential to the well-being, long-term growth and prosperity of the Group and to give recognition to outstanding employees and directors (including executive, non-executive and independent directors) of the Group who have contributed to the growth of the Group.

Principal Terms of the Plan

(a) Participants

Under the rules of the Plan, executive and non-executive directors (including independent directors) and employees of the Group, including controlling shareholders or their associates, are eligible to participate in the Plan.

Directors' interest in shares or debentures (Continued)

Nico Employee Performance Share Plan 2017 (the "Plan") (Continued)

Principal Terms of the Plan (Continued)

(b) Size of the Plan

The aggregate number of shares which may be issued pursuant to the Plan, when added to (i) the number of new shares issued and issuable and/or existing shares transferred and transferable in respect of all share awards granted or to be granted there under; and (ii) all shares, options or share awards granted or to be granted under any other share option schemes or share plans of the Company (if any), shall not exceed 15% of the total number issued shares of the Company (excluding treasury shares) from time to time.

(c) Duration of the Plan

The Plan shall continue in operation for a maximum duration of 10 years from 12 October 2017 and may be continued for any further period thereafter with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Shares granted under the Plan

During the financial year, no awards have been granted by the Company, and consequently, no shares have been issued. The shares under the Plan if and when issued under an award would rank pari passu with all other issued shares of the Company.

Material contracts

There are no material contracts of the Group and of the Company involving the interests of the Executive Chairman, the Managing Director (both of whom are deemed to be in the position of the Chief Executive Officer), each other director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

Share options

No options to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit Committee

The Audit Committee comprises three members, all of whom are independent directors. The members of the Audit Committee during the financial year and at the date of this statement are:–

Gavin Mark McIntyre (Chairman, Independent director)
Tan Poh Chye Allan (Lead independent director)
Lee Eng Yew Michael (Independent director)

Audit Committee (Continued)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act. Their functions are detailed in the Corporate Governance Report.

In performing its functions, the Audit Committee evaluated the Company's internal accounting controls and the procedures established and maintained by the Company, and also met with the Company's independent auditors to discuss the scope of their work and the results of their examination.

The Audit Committee also reviewed the following:

(a) reviewed the independence and objectivity of the external auditor;

(b) reviewed the financial statements of the Company and of the Group for the financial year ended 28 February 2021 and the independent external auditor's report thereon;

(c) reviewed the overall scope of the audit work carried out by the independent external auditor and also met with the independent external auditor to discuss the results of their audit and their evaluation of the internal accounting control system and internal control procedures;

(d) reviewed the overall scope and timing of the work to be carried out by the internal auditors and also met with the internal auditors to discuss the results of their internal audit procedures (if any); and

(e) reviewed interested person transactions.

The Audit Committee is satisfied with the independence and objectivity of the independent auditors and has nominated Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Tan Chee Khiong Director	Tang Chee Bian Director

7 June 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NICO STEEL HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nico Steel Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 50 to 101, which comprise the statements of financial position of the Group and of the Company as at 28 February 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 28 February 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of inventories

Description of key audit matter:

As at 28 February 2021, the Group's inventories amounted to US$7,266,164, representing 34% of the Group's total assets. During the financial year, a reversal of write-down of inventories of US$167,913 was recognised. The Group's inventories consist of ferrous and non-ferrous materials in coils and are carried at the lower of cost and net realisable value. Inventories are written down below cost to net realisable value if they are damaged, if they are slow-moving, or if their selling prices have declined. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Management determined the net realisable value based on the conditions, aging and types of material of inventories, current market conditions and the gross margins of the inventories. As the determination of net realisable value of inventories requires significant management judgement, we have identified this as a key audit matter.

The significant estimates and judgement applied in the valuation of inventories are included in Note 3 and disclosures for inventories are included in Note 15 to the financial statements.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Valuation of inventories (Continued)

Our procedures to address the matter:

Together with the auditors of the subsidiaries, the audit procedures performed included observing the year-end inventory count including management's identification of damaged items and performing sample count, reviewing management's reconciliation of inventory count results to inventory record and performing roll forward of inventory count to year end quantity to ensure that damaged items identified during the inventory count are fully provided for. We reviewed management's assessment of inventory allowance and the process in which the allowance was developed. We assessed the adequacy of the allowance made by reviewing the aging of inventories, checking the estimated selling prices of inventories by types of material to recent sale transactions of the Group and reviewing the gross margins. Where there are no recent sale, we checked the estimated selling price to the scrap value of the type of material. For damaged items identified during the year-end count, we checked that these have been fully written-down.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NICO STEEL HOLDINGS LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Guo Shuqi.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

7 June 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	Note	2021 US$	2020 US$
Revenue	4	**17,275,415**	14,008,750
Cost of sales		**(13,018,508)**	(11,198,934)
Gross profit		**4,256,907**	2,809,816
Interest income from banks		**7,336**	31,561
Other income	5	**153,918**	24,669
Distribution expenses		**(445,019)**	(528,739)
Administrative expenses		**(2,569,846)**	(3,121,353)
Other expenses		**(49,994)**	(66,470)
Impairment loss on trade receivables		**–**	(132,853)
Finance costs	6	**(132,025)**	(196,641)
Profit/(loss) before tax	7	**1,221,277**	(1,180,010)
Tax expense	8	**(340,678)**	(178,540)
Profit/(loss) for the financial year		**880,599**	(1,358,550)
Other comprehensive income/(loss), net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**767,701**	(349,167)
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(37,506)**	24,223
Other comprehensive income/(loss) for the financial year, net of tax		**730,195**	(324,944)
Total comprehensive income/(loss) for the financial year		**1,610,794**	(1,683,494)
Profit/(loss) attributable to:			
Equity holders of the Company		**816,608**	(1,376,897)
Non-controlling interests		**63,991**	18,347
Profit/(loss) for the financial year		**880,599**	(1,358,550)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**1,584,309**	(1,726,064)
Non-controlling interests		**26,485**	42,570
Total comprehensive income/(loss) for the financial year		**1,610,794**	(1,683,494)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company (cents per share)			
Basic and diluted	9	**0.02**	(0.03)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 28 FEBRUARY 2021

	Note	Group 2021 US$	Group (Reclassified) 2020 US$	Company 2021 US$	Company 2020 US$
Non-current assets					
Property, plant and equipment	10	**3,455,194**	3,780,962	**–**	–
Intangible assets	11	**2,246**	2,498	**–**	–
Subsidiaries	12	**–**	–	**7,596,767**	7,596,767
Other investment	13	**–**	30,397	**–**	30,397
Deferred tax assets	14	**–**	2,437	**–**	–
Total non-current assets		**3,457,440**	3,816,294	**7,596,767**	7,627,164
Current assets					
Inventories	15	**7,266,164**	6,740,501	**–**	–
Trade and other receivables	16	**6,159,723**	4,465,293	**3,771,368**	3,386,453
Contract assets	17	**650,077**	651,174	**–**	–
Cash and cash equivalents	18	**3,836,022**	3,427,303	**14,656**	753,311
Tax recoverable		**7,897**	–	**–**	–
Total current assets		**17,919,883**	15,284,271	**3,786,024**	4,139,764
Total assets		**21,377,323**	19,100,565	**11,382,791**	11,766,928
Equity and liabilities					
Share capital	19	**15,851,114**	15,851,114	**15,851,114**	15,851,114
Reserves	20	**(1,380,161)**	(2,262,847)	**–**	–
Accumulated profits/(losses)		**2,584,215**	1,882,592	**(4,742,522)**	(4,298,964)
Equity attributable to equity holders of the Company, total		**17,055,168**	15,470,859	**11,108,592**	11,552,150
Non-controlling interests	12	**(471,519)**	(498,004)	**–**	–
Total equity		**16,583,649**	14,972,855	**11,108,592**	11,552,150
Non-current liabilities					
Borrowings	21	**328,503**	527,618	**–**	–
Provisions	23	**–**	98,350	**–**	–
Deferred tax liabilities	14	**9,928**	9,928	**–**	–
Total non-current liabilities		**338,431**	635,896	**–**	–
Current liabilities					
Borrowings	21	**2,926,012**	1,584,400	**–**	–
Trade and other payables	22	**1,376,620**	1,841,184	**272,793**	213,449
Provisions	23	**111,108**	7,186	**–**	–
Contract liabilities	17	**20,172**	20,172	**–**	–
Current tax payable		**21,331**	38,872	**1,406**	1,329
Total current liabilities		**4,455,243**	3,491,814	**274,199**	214,778
Total liabilities		**4,793,674**	4,127,710	**274,199**	214,778
Total equity and liabilities		**21,377,323**	19,100,565	**11,382,791**	11,766,928

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	Attributable to equity holders of the Company							
	Share capital US$	Merger reserve US$	Currency translation reserve US$	Statutory surplus reserve US$	Accumulated profits US$	Total US$	Non-controlling interests US$	Total equity US$
Group								
At 1 March 2020	15,851,114	(2,824,780)	(69,872)	631,805	1,882,592	15,470,859	(498,004)	14,972,855
Profit for the financial year	–	–	–	–	816,608	816,608	63,991	880,599
Other comprehensive income/ (loss), net of tax								
Currency translation differences arising from consolidation	–	–	767,701	–	–	767,701	(37,506)	730,195
Total comprehensive income for the financial year	–	–	767,701	–	816,608	1,584,309	26,485	1,610,794
Transfer of statutory surplus reserve	–	–	–	114,985	(114,985)	–	–	–
At 28 February 2021	**15,851,114**	**(2,824,780)**	**697,829**	**746,790**	**2,584,215**	**17,055,168**	**(471,519)**	**16,583,649**
At 1 March 2019	15,851,114	(2,824,780)	279,295	592,223	3,299,071	17,196,923	(540,574)	16,656,349
Profit/(loss) for the financial year	–	–	–	–	(1,376,897)	(1,376,897)	18,347	(1,358,550)
Other comprehensive (loss)/ income, net of tax								
Currency translation differences arising from consolidation	–	–	(349,167)	–	–	(349,167)	24,223	(324,944)
Total comprehensive (loss)/ income for the financial year	–	–	(349,167)	–	(1,376,897)	(1,726,064)	42,570	(1,683,494)
Transfer of statutory surplus reserve	–	–	–	39,582	(39,582)	–	–	–
At 29 February 2020	15,851,114	(2,824,780)	(69,872)	631,805	1,882,592	15,470,859	(498,004)	14,972,855

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	Share capital US$	Accumulated losses US$	Total equity US$
Company			
At 1 March 2019	15,851,114	(3,380,693)	12,470,421
Loss and total comprehensive loss for the financial year	–	(918,271)	(918,271)
At 29 February 2020	15,851,114	(4,298,964)	11,552,150
Loss and total comprehensive loss for the financial year	–	(443,558)	(443,558)
At 28 February 2021	**15,851,114**	**(4,742,522)**	**11,108,592**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

	2021 US$	2020 US$
Cash flows from operating activities		
Profit/(loss) before tax	**1,221,277**	(1,180,010)
Adjustments for:		
Amortisation of intangible assets	**744**	991
Depreciation of property, plant and equipment	**590,635**	635,384
Interest expense	**132,025**	196,641
Impairment loss on trade receivables	**–**	132,853
Written off of property, plant and equipment	**408**	–
Net fair value (gain)/loss on financial assets at fair value through profit or loss	**(29,763)**	8,749
Write-down of inventories	**–**	134,185
Interest income from banks	**(7,336)**	(31,561)
Bad debts recovered	**–**	(443)
Dividend income	**(573)**	(1,411)
Reversal of inventories write-down	**(167,913)**	(78,158)
Write-back of impairment loss on trade receivables	**–**	(11,188)
Operating profit/(loss) before working capital changes	**1,739,504**	(193,968)
Changes in working capital:		
Inventories	**(357,750)**	1,359,098
Trade and other receivables	**(1,694,430)**	(188,411)
Contract assets	**1,097**	(107,152)
Contract liabilities	**–**	(94,282)
Trade and other payables	**(464,564)**	(285,606)
Provisions	**5,572**	105,536
Proceeds from working capital bank loans	**5,773,266**	3,841,805
Repayment of working capital bank loans	**(4,575,147)**	(4,959,026)
Currency translation adjustments	**824,664**	(472,125)
Cash generated from/(used in) operations	**1,252,212**	(994,131)
Income (paid)/tax received, net	**(363,679)**	9,620
Interest paid	**(98,410)**	(148,328)
Net cash generated from/(used in) operating activities	**790,123**	(1,132,839)
Cash flows from investing activities		
Proceeds from disposal of quoted shares	**60,160**	–
Purchase of property, plant and equipment	**(133,349)**	(233,398)
Purchase of intangible assets	**(492)**	(485)
Interest received	**7,336**	31,561
Dividend received	**573**	1,411
Net cash used in investing activities	**(65,772)**	(200,911)
Cash flows from financing activities		
Repayment of lease liabilities	**(265,948)**	(244,912)
Repayment of loan from directors	**–**	(34,155)
Interest paid on lease liabilities	**(33,615)**	(48,313)
Net cash used in financing activities	**(299,563)**	(327,380)
Net increase/(decrease) in cash and cash equivalents	**424,788**	(1,661,130)
Cash and cash equivalents at 1 March	**3,427,303**	5,044,392
Effect of exchange rate fluctuations on cash held	**(16,069)**	44,041
Cash and cash equivalents at 28 February/29 February (Note 18)	**3,836,022**	3,427,303

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

Nico Steel Holdings Limited (the "Company") is a company incorporated in Singapore. The registered office and principal place of business of the Company is located at 51 Loyang Way, Singapore 508744.

On 16 October 2020, the Company received from the Singapore Exchange Securities Trading Limited ("SGX-ST") the notification of delisting from the official list of the SGX-ST and the Company's application made on 30 June 2020 for a further extension of 12 months to meet the requirements under Rule 1314(1) of the Listing Manual for its removal from the watch-list has been rejected by the SGX-ST. Consequently, trading in the Company's securities has been suspended with effect from 16 November 2020 until the completion of an exit offer to the shareholders. As at date of authorisation of the financial statements, the Company was not able to make an exit offer as no exit offer has been received by either of the Company's controlling shareholders, Value Capital Asset Management Private Limited and Tan Chee Khiong Danny.

The principal activities of the Company are those relating to an investment holding company and a service company providing support services as required by its subsidiaries. The principal activities of the subsidiaries are set out in Note 12.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are presented in United States dollar ("US$"), which is the Company's functional currency. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

New and revised standards

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. In addition, the Group has also early adopted the Amendment to SFRS(I) 16 COVID-19 – Related Rent Concessions. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as disclosed below:

During the financial year, the Group has elected to early adopt the amendment to SFRS(I) 16: COVID-19 – Related Rent Concessions which provided practical relief for lessees in accounting for rent concessions. Under the practical expedient, the lessees are not required to assess whether a rent concession is a lease modification and instead are permitted to account for them as if they were not lease modifications, if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to property leases. As a result of applying the practical expedient, rent concessions of US$8,025 was recognised as other income in the profit or loss during the financial year. The amendment has no impact on accumulated profits at 1 March 2020.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 28 February 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

(b) Revenue recognition

Sales of goods

The Group transfers control and recognises a sale when they deliver goods to their customers. Revenue from these sales is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. A contract asset is recognised when the Group has delivered the goods to the customer based on the contract but has not yet billed the customer. Where there is advance billing to customer, a contract liability is recognised for billing in excess of revenue recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (Continued)

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the Company and the amount of dividend can be reliably measured.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation

Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Leasehold improvements	5 years
Plant and machinery	10 years
Furniture, fittings and office equipment	5 years
Computers	3 years
Motor vehicles	5 years

Leasehold land and buildings are depreciated based on the lease period.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of the reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (Continued)

Construction work-in-progress represents assets in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies (Note 2(q)). Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(f) Intangible assets

Trademarks and licences

Acquired trademarks and licences are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over 10 years, which is the shorter of their estimated useful lives and periods of contractual rights.

(g) Impairment of non-financial assets excluding goodwill

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss unless the revalued amount is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Group determines the net realisable value based on the conditions, aging and types of material of inventories, current market conditions and the gross margins of the inventories.

(i) Leases – When the Group entity is the lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities are presented within "borrowings" in the statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(i) **Leases – When the Group entity is the lessee** (Continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provision, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within "property, plant and equipment" in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Asset* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(g).

(j) **Income taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income taxes (Continued)

Deferred income tax is provided on temporary differences arising on investment in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

(k) Financial assets

(i) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

(ii) Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(k) Financial assets (Continued)

(iii) Subsequent measurement

Debt instruments

Debt instruments include cash and cash equivalents, trade receivables and other receivables (excluding prepayments). These are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristic of the asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Equity instruments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other income or Other expenses". On disposal of an equity investment classified as FVTPL, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss. Dividends from equity investments are recognised in profit or loss and presented in "Other income".

(iv) Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(k) Financial assets (Continued)

(iv) Impairment (Continued)

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

(v) Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(l) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits. Bank overdrafts are presented as current borrowings on the statements of financial position.

(m) Financial liabilities

Financial liabilities include trade and other payables and borrowings. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values.

Subsequent to initial measurement, the financial guarantees are measured at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

(o) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(p) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

(q) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting date.

(s) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates ('the functional currency'). The financial statements of the Group and the Company are presented in United States dollar, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(s) **Foreign currencies** (Continued)

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the statements of financial position;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(t) **Government grants**

Government grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised.

(u) **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Chairman for making decisions about allocating resources and assessing performance of the operating segments.

(v) **Earnings per share ("EPS")**

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the financial year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations):

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of leasehold land and buildings, the following factors are considered to be most relevant:

- If any leasehold land and buildings are expected to have a significant remaining value, the Group typically includes the extension option in lease liabilities; and

- Otherwise, the Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

As at 28 February 2021, potential future cash outflows of US$424,609 (undiscounted) have not been included in the lease liabilities because it is not reasonably certain that the leases will be extended.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Inventories

Where necessary, inventories are written down to net realisable value where the cost of inventories may not be recoverable. Management determined the net realisable value based on the conditions, aging and types of material of inventories, current market conditions and the gross margins of the inventories. The required level of write-down could change significantly as a result of changes in market conditions. Adjustments to the carrying amount of inventories may be made in future periods in the event that their carrying amounts may not be recoverable resulting from future loss events.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 15.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

(ii) Impairment of non-financial assets

At each reporting date, the Group and Company assess whether there are any indications of impairment for all non-financial assets. If any such indication exists, the Group and Company estimate the recoverable amount of that asset or the cash-generating unit ("CGU") to which the asset belongs. The identification of CGU, assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amount of the CGU require judgement. An impairment loss exists when the carrying value of an asset (or CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset (or CGU) and a suitable discount rate in order to determine the present value of the cash flows. Where fair value less cost of disposal are undertaken, management has evaluated and is satisfied that the valuer has appropriate recognised professional qualifications, are competent, used appropriate valuation methodology and has provided estimates which are reflective of current market conditions at the end of each reporting period.

The carrying amount of the property, plant and equipment is disclosed in Note 10.

(iii) Calculation of loss allowance for financial assets at amortised cost

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration on the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables.

The Group determined the ECL of trade receivables by making full allowance for debtors regarded as credit-impaired where one or more credit impairment events have occurred and a provision matrix on the remaining trade receivables and contract assets. The Group categorises the trade receivables and contract assets based on shared credit risk characteristics and days past due. The Group estimates the ECL rates for each category of past due status of the debtors based on historical credit loss experience, adjusted as appropriate to reflect COVID-19 impact considerations and forecasts of future economic conditions.

Details of ECL measurement and carrying values of trade receivables and other receivables at reporting date are disclosed in Notes 25 and 16 respectively.

4 REVENUE

Revenue represents consideration to which the Group expects to be entitled in transferring the promised goods to customers. Revenue is predominantly attributable from the People's Republic of China.

5 OTHER INCOME

	Group	
	2021 US$	**2020 US$**
Bad debts recovered	**–**	443
Dividend income	**573**	1,411
Government grant income*	**96,463**	2,297
COVID-19 related rent concessions	**8,025**	–
Write-back of impairment loss on trade receivables	**–**	11,188
Net fair value gain on financial assets at fair value through profit or loss	**29,763**	–
Others	**19,094**	9,330
	153,918	24,669

* Government grant income of US$90,676 (2020: $Nil) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started affecting the Group's operations.

6 FINANCE COSTS

	Group	
	2021 US$	**2020 US$**
Interest expenses:		
– bills payable, bank overdraft and bank loans	**98,410**	148,328
– lease liabilities	**33,615**	48,313
	132,025	196,641

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

7 PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	2021 US$	**2020 US$**
Staff costs		
Wages and salaries	**1,320,664**	1,284,633
Contributions to defined contribution plans	**67,215**	74,424
Other staff costs	**151,084**	226,722
	1,538,963	1,585,779
Cost of sales		
Cost of inventories included in cost of sales	**11,726,192**	11,012,347
Depreciation of property, plant and equipment	**107,539**	151,791
Other expenses		
Depreciation of property, plant and equipment	**483,096**	483,593
Amortisation of intangible assets	**744**	991
Write-off of property, plant and equipment	**408**	–
Directors' fees	**79,582**	88,512
Lease expense – short-term lease	**754**	744
Audit services		
– auditor of the Company	**32,754**	32,992
– other auditors*	**36,601**	37,168
Non-audit services		
– auditor of the Company	**3,544**	3,529
– other auditors	**1,436**	1,445
Exchange loss	**49,994**	66,470
Net fair value loss with respect to financial assets at FVTPL	**–**	8,749
Write-down of inventories	**–**	134,185
Reversal of inventories write-down	**(167,913)**	(78,158)

* Includes independent member firms of the Baker Tilly International network.

8 TAX EXPENSE

	Group	
	2021 US$	**2020 US$**
Tax recognised in profit or loss		
Current tax expense		
Current year	**336,340**	54,812
Under provision for prior years	**1,870**	2,995
	338,210	57,807
Deferred tax expense		
Origination and reversal of temporary difference (Note 14)	**2,468**	120,733
Tax expense	**340,678**	178,540

8 TAX EXPENSE (CONTINUED)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic statutory income tax rates applicable to the countries where the Group operates due to the following factors:

	Group	
	2021 US$	2020 US$
Profit/(loss) before tax	**1,221,277**	(1,180,010)
Tax calculated at the applicable tax rates in the respective countries	**362,592**	(176,530)
Income not subject to tax	**(28,295)**	–
Expenses not deductible for tax purposes	**129,579**	257,610
Under provision for prior years	**1,870**	2,995
Deferred tax assets not recognised	**40,443**	179,276
Singapore statutory stepped income exemption	**(1,144)**	–
Utilisation of previously unrecognised tax losses	**(165,270)**	(80,170)
Tax incentives	**–**	(3,965)
Others	**903**	(676)
	340,678	178,540

9 EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share are calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2021	2020
Profit/(loss) attributable to equity holders of the Company (US$)	**816,608**	(1,376,897)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	**4,962,166,175**	4,962,166,175
Basic and diluted earnings/(loss) per share (cents per share)	**0.02**	(0.03)

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares of the Company outstanding during the financial year. As at the end of the respective financial year, diluted earnings/(loss) per share is same as basic earnings/(loss) per share as there is no dilutive potential ordinary shares.

10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings US$	Leasehold improvements US$	Plant and machinery US$	Furniture, fittings and office equipment US$	Computers US$	Motor vehicles US$	Construction work-in-progress US$	Total US$
Group								
Cost								
At 1 March 2019	3,473,665	217,682	2,267,991	120,845	251,587	420,838	178,074	6,930,682
Recognition of right-of-use assets at initial application of SFRS(I) 16	794,562	–	–	–	–	–	–	794,562
Additions	265,480	847	115,649	1,274	42,186	73,442	–	498,878
Reclassification	–	–	169,973	–	–	–	(169,973)	–
Effect of movements in exchange rates	(104,011)	(4,115)	(80,251)	(3,505)	(2,615)	(8,415)	(8,101)	(211,013)
At 29 February 2020	4,429,696	214,414	2,473,362	118,614	291,158	485,865	–	8,013,109
Additions	–	371	97,034	1,421	7,889	26,634	–	133,349
Write-off	–	–	–	(1,021)	–	–	–	(1,021)
Effect of movements in exchange rates	194,082	9,777	171,075	7,022	5,487	21,057	–	408,500
At 28 February 2021	**4,623,778**	**224,562**	**2,741,471**	**126,036**	**304,534**	**533,556**	**–**	**8,553,937**
Accumulated depreciation								
At 1 March 2019	996,126	213,842	1,808,212	109,765	240,719	351,782	–	3,720,446
Depreciation for the financial year	492,575	1,788	98,231	1,793	8,775	32,222	–	635,384
Effect of movements in exchange rates	(42,745)	(4,127)	(64,014)	(3,197)	(2,251)	(7,349)	–	(123,683)
At 29 February 2020	1,445,956	211,503	1,842,429	108,361	247,243	376,655	–	4,232,147
Depreciation for the financial year	393,125	920	145,324	1,253	16,574	33,439	–	590,635
Write-off	–	–	–	(613)	–	–	–	(613)
Effect of movements in exchange rates	105,902	9,711	130,405	6,355	4,710	19,491	–	276,574
At 28 February 2021	**1,944,983**	**222,134**	**2,118,158**	**115,356**	**268,527**	**429,585**	**–**	**5,098,743**
Carrying amount								
At 29 February 2020	2,983,740	2,911	630,933	10,253	43,915	109,210	–	3,780,962
At 28 February 2021	**2,678,795**	**2,428**	**623,313**	**10,680**	**36,007**	**103,971**	**–**	**3,455,194**

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Computers US$
Company	
Cost	
At 1 March 2019, 29 February 2020 and 28 February 2021	**1,112**
Accumulated depreciation	
At 1 March 2019, 29 February 2020 and 28 February 2021	**1,112**
Carrying amount	
At 1 March 2019, 29 February 2020 and 28 February 2021	**–**

As at 28 February 2021, the net carrying amount of the Group's property, plant and equipment under right-of-use assets were US$1,911,123 (2020: US$2,205,409) (Note 28).

Non-cash transactions

	Group	
	2021 US$	**2020 US$**
Aggregate cost of property, plant and equipment	**133,349**	498,878
Less: Additions to right-of-use assets (Note 28)	**–**	(265,480)
Net cash outflow for purchase of property, plant and equipment	**133,349**	233,398

11 INTANGIBLE ASSETS

	Patents US$	Trademarks US$	Total US$
Cost			
At 1 March 2019	29,326	18,846	48,172
Additions	485	–	485
At 29 February 2020	29,811	18,846	48,657
Additions	492	–	492
At 28 February 2021	**30,303**	**18,846**	**49,149**
Accumulated amortisation			
At 1 March 2019	27,021	18,147	45,168
Amortisation for the financial year	851	140	991
At 29 February 2020	27,872	18,287	46,159
Amortisation for the financial year	604	140	744
At 28 February 2021	**28,476**	**18,427**	**46,903**
Carrying amount			
At 29 February 2020	1,939	559	2,498
At 28 February 2021	**1,827**	**419**	**2,246**

12 SUBSIDIARIES

	2021 US$	2020 US$
Unquoted equity shares, at cost		
At 1 March, 28 February/29 February	**7,762,767**	7,762,767
Accumulated impairment loss		
At 1 March	**(166,000)**	(66,000)
Addition during the financial year	**–**	(100,000)
At 28 February/29 February	**(166,000)**	(166,000)
Balance at 28 February/29 February	**7,596,767**	7,596,767

(a) Details of subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation/ Place of business	Effective equity held by the Group 2021 %	Effective equity held by the Group 2020 %
(1)	Nico Steel Solutions (S) Pte Ltd	Provision of metal slitting services and import and export trading	Singapore	**100**	100
(2)	Nico Steel Centre (Thailand) Co., Ltd	Provision of ferrous and non-ferrous raw materials in strip-in coils for the stamping and metal fabricating industries	Thailand	**100**	100
(3)	Nico Steel Solutions (Suzhou) Pte Ltd	Provision of metallurgical solutions and metal slitting services for local market in China	People's Republic of China	**100**	100
(3)	Nico Steel Centre (Suzhou) Co., Ltd	Provision of metallurgical solutions and metal slitting services for export oriented customers in China	People's Republic of China	**100**	100
(3)	Nico Steel Technology (Suzhou) Co., Ltd	Provision of electro-plating process, material surface treatment and chemistry blending for electronic products	People's Republic of China	**80**	80
(4)	Nico SIP Trading Company Limited	Provision of ferrous and non-ferrous raw materials for metal and plastic fabricating industries including import and export trading and distribution	People's Republic of China	**100**	100

(1) Audited by Baker Tilly TFW LLP, Singapore.

(2) Audited by Sukhum International Audit Co., Ltd., a member of the Institute of Certified Accountants and Auditors of Thailand.

(3) Audited by Suzhou Fangben Certified Public Accountants, a member of the Chinese Institute of Certified Public Accountants for statutory audit purposes and by Baker Tilly China Certified Public Accountants for consolidation purposes.

(4) Not required to be audited under the law of country of incorporation.

12 SUBSIDIARIES (CONTINUED)

(b) Significant restrictions

Cash and cash equivalents of US$2,987,789 (2020: US$1,027,124) are held in the People's Republic of China and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported from the country, other than through dividends.

(c) Summarised financial information of subsidiary with material non-controlling interest ("NCI")

The following summarises the financial information of the Group's subsidiary with material non-controlling interests, based on its financial statements prepared in accordance with SFRS(I), adjusted for differences in the Group's accounting policies but before inter-company eliminations.

	Nico Steel Technology (Suzhou) Co., Ltd	
	2021 US$	**2020 US$**
NCI percentage	**20%**	20%
Revenue	**1,558,363**	1,302,067
Profit for the financial year	**319,955**	91,735
Other comprehensive (loss)/income	**(187,531)**	121,113
Total comprehensive income	**132,424**	212,848
Attributable to NCI:		
Profit for the year	**63,991**	18,347
Other comprehensive (loss)/income	**(37,506)**	24,223
Total comprehensive income	**26,485**	42,570
Non-current assets	**493,200**	571,113
Current assets	**620,132**	284,173
Non-current liabilities	**–**	(121,334)
Current liabilities	**(3,470,927)**	(3,223,972)
Net liabilities	**(2,357,595)**	(2,490,020)
Net liabilities attributable to NCI	**(471,519)**	(498,004)
Cash flows generated from/(used in) operating activities	**392,686**	(87,066)
Cash flows used in investing activities	**(51,864)**	(102,603)
Cash flows (used in)/generated from financing activities	**(343,975)**	198,629
Net (decrease)/increase in cash and cash equivalents	**(3,153)**	8,960

13 OTHER INVESTMENT

	Group and Company 2021 US$	Group and Company 2020 US$
Financial assets measured at FVTPL		
– quoted equity securities	**–**	30,397

As at 29 February 2020, the above equity securities were measured at fair value categorised as Level 1 in the fair value hierarchy, with quoted prices in active markets.

14 DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2021 US$	Assets 2020 US$	Liabilities 2021 US$	Liabilities 2020 US$
Group				
Property, plant and equipment	**–**	–	**(9,928)**	(9,928)
Trade and other payables	**–**	2,437	**–**	–
Deferred tax assets/(liabilities)	**–**	2,437	**(9,928)**	(9,928)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

Movement in temporary differences during the financial year:

	Balance as at 1 March 2019 US$	Recognised in profit or loss (Note 8) US$	Exchange differences US$	Balance as at 29 February 2020 US$	Recognised in profit or loss (Note 8) US$	Exchange differences US$	Balance as at 28 February 2021 US$
Group							
Deferred tax assets							
Inventories	120,080	(121,952)	1,872	–	–	–	**–**
Trade and other payables	1,218	1,219	–	2,437	(2,468)	31	**–**
	121,298	(120,733)	1,872	2,437	(2,468)	31	**–**
Deferred tax liabilities							
Property, plant and equipment	(9,928)	–	–	(9,928)	–	–	**(9,928)**
	111,370	(120,733)	1,872	(7,491)	(2,468)	31	**(9,928)**

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2021 US$	2020 US$
Tax losses	**2,805,000**	3,139,000
Write-down of inventories	**2,072,000**	2,229,000

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Tax losses of US$205,000 (2020: US$694,000) arising from the Group's entities in the People's Republic of China have an expiry period of 5 years and will expire by 31 December 2021 (2020: between 31 December 2020 and 31 December 2021).

Unrecognised temporary differences relating to investment in subsidiaries

At 28 February 2021, temporary differences of US$6,855,000 (2020: US$5,684,000) related to undistributed earnings of certain investment in subsidiaries were not recognised because the Company is able to control the timing of the reversal of the temporary differences and is satisfied that the temporary differences will not reverse in the foreseeable future.

15 INVENTORIES

	Group	
	2021 US$	2020 US$
Raw materials	**2,523,343**	2,199,231
Finished goods	**4,742,821**	4,541,270
	7,266,164	6,740,501
The following amounts are recognised in profit or loss:		
Inventories recognised as an expense in cost of sales	**11,726,192**	11,012,347
Write-down of inventories (Note 7)	**–**	134,185
Reversal of inventories write-down (Note 7)	**(167,913)**	(78,158)

As at reporting date, the inventories are stated after write-down of inventories to net realisable value of US$2,153,401 (2020: US$2,199,975).

During the financial year, the Group recognised a reversal of US$167,913 (2020: US$78,158), being part of an inventory write-down made in the previous financial years, as the selling prices of the inventories increased.

16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$	**US$**	**US$**	**US$**
Trade receivables	**5,777,636**	4,135,137	**–**	–
Less: Loss allowance	**(191,603)**	(181,249)	**–**	–
	5,586,033	3,953,888	**–**	–
Non-trade amounts due from subsidiaries	**–**	–	**3,694,773**	3,370,347
Deposits	**92,101**	83,375	**–**	–
Other receivables	**117,612**	24,181	**60,160**	–
Prepayments	**363,977**	403,849	**16,435**	16,106
	6,159,723	4,465,293	**3,771,368**	3,386,453

Non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. There is no credit loss allowance recognised on these outstanding balances.

The Group and the Company's exposures to credit and currency risks, and expected credit loss related to trade receivables are disclosed in Note 25(b).

17 CONTRACT ASSETS AND LIABILITIES

Contract assets relate to the Group's rights to consideration for goods delivered but not billed at the reporting date. Contract liabilities relate to advance consideration received from customers and billings in excess of revenue recognised to-date. Contract liabilities are recognised as revenue as and when the Group satisfies the performance obligations under its contracts.

The following table provides information about contract assets and contract liabilities from contract with customers.

		Group	
	2021	**2020**	**1.3.2019**
	US$	**US$**	**US$**
Trade receivables from contracts with customers	**5,586,033**	3,953,888	3,587,966
Contract assets	**650,077**	651,174	544,022
Contract liabilities	**20,172**	20,172	114,454

There were no significant movements in contract assets and liabilities for the financial years ended 28 February 2021 and 29 February 2020.

18 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 US$	**2020 US$**	**2021 US$**	**2020 US$**
Cash at banks	**3,799,443**	1,570,586	**14,656**	11,319
Cash in hand	**36,579**	14,725	**–**	–
Fixed deposits	**–**	1,841,992	**–**	741,992
	3,836,022	3,427,303	**14,656**	753,311

In the previous financial year, the fixed deposits were placed with a bank and matured within 1 to 3 months from year-end and bore interest ranging from 1.06% to 1.54% per annum.

19 SHARE CAPITAL

	2021		2020	
	Number of issued shares	**Issued share capital US$**	**Number of issued shares**	**Issued share capital US$**
Balance at beginning and end of financial year	**4,962,166,175**	**15,851,114**	4,962,166,175	15,851,114

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

20 RESERVES

	Group	
	2021 US$	**2020 US$**
Merger reserve	**(2,824,780)**	(2,824,780)
Currency translation reserve	**697,829**	(69,872)
Statutory surplus reserve	**746,790**	631,805
	(1,380,161)	(2,262,847)

Merger reserve

The merger reserve represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares acquired in respect of the acquisition of subsidiaries accounted for under the "pooling of interests" method of accounting.

20 RESERVES (CONTINUED)

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group.

Statutory surplus reserve

According to the relevant People's Republic of China ("PRC") regulations, certain subsidiaries are required to transfer 10% of profit after taxation, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of the subsidiaries registered capital. The transfer to this reserve must be made before the distribution of dividends to equity owners. Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of equity owners.

21 BORROWINGS

	Group	
	2021	**2020**
	US$	**US$**
Non-current		
Lease liabilities	**328,503**	527,618
Current		
Working capital bank loan A (unsecured)	**1,278,503**	805,023
Working capital bank loan B (secured)	**1,417,462**	518,791
Lease liabilities	**230,047**	260,586
	2,926,012	1,584,400
	3,254,515	2,112,018

Secured working capital bank loans

(i) Unsecured working capital bank loan A is guaranteed by the Company and its subsidiaries.

(ii) Secured working capital bank loan B is secured against legal mortgages over a personal property of a director of the Group and is guaranteed by the Company and its subsidiaries.

(iii) Working capital bank loans A and B are obtained to purchase inventories where the loan amounts are disbursed to the supplier subject to the bank's approval of the supplier's invoices and purchase orders submitted by the subsidiary. The repayment term of loan A and loan B are 180 days and 150 days respectively which approximate the general credit terms given by suppliers that the subsidiary trades with.

21 BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loan from directors US$	Lease liabilities US$	Total US$
Balance at 1 March 2019	34,155	–	34,155
Adoption of SFRS(I) 16	–	794,562	794,562
Changes from financing cash flows:			
– Repayments	(34,155)	(244,912)	(279,067)
– Interest paid	–	(48,313)	(48,313)
Non-cash changes:			
– Interest expenses	–	48,313	48,313
– New leases	–	265,480	265,480
Effect of changes in foreign exchange rates	–	(26,926)	(26,926)
Balance at 29 February 2020	–	788,204	788,204
Changes from financing cash flows:			
– Repayments	–	(265,948)	(265,948)
– Interest paid	–	(33,615)	(33,615)
Non-cash changes:			
– Interest expenses	–	33,615	33,615
Effect of changes in foreign exchange rates	–	36,294	36,294
Balance at 28 February 2021	**–**	**558,550**	**558,550**

Terms and conditions of outstanding bank loans are as follows:

	Nominal interest rate %	Financial year of maturity	2021 Fair value US$	2021 Carrying amount US$	2020 Fair value US$	2020 Carrying amount US$
Group						
RMB floating rate loan A	120% of bank's board rate	2021	**1,278,503**	**1,278,503**	805,023	805,023
RMB floating rate loan B	China's Loan Prime Rate +1.6% per annum	2021	**1,417,462**	**1,417,462**	518,791	518,791
			2,695,965	**2,695,965**	1,323,814	1,323,814

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$	**US$**	**US$**	**US$**
Trade payables	**512,379**	568,021	**–**	–
Non-trade amounts due to subsidiaries	**–**	–	**47,817**	47,817
Bills payable	**–**	705,733	**–**	–
Accrued operating expenses	**376,150**	255,909	**208,278**	151,701
Other payables	**488,091**	311,521	**16,698**	13,931
	1,376,620	1,841,184	**272,793**	213,449

Non-trade amounts due to subsidiaries is unsecured, interest-free and repayable on demand.

In the previous financial year, the weighted average effective interest rate of bills payable of the Group was 2.78% per annum. Bills payable were guaranteed by the Company.

The Group and the Company's exposures to currency and liquidity risks related to trade and other payables are disclosed in Note 25.

23 PROVISIONS

		Group	
		2021	**2020**
		US$	**US$**
Non-current			
Provision for restoration costs	(a)	**–**	98,350
Current			
Provision for restoration costs	(a)	**98,350**	–
Provision for unutilised annual leave	(b)	**12,758**	7,186
		111,108	7,186
		111,108	105,536

23 PROVISIONS (CONTINUED)

(a) Provision for restoration costs

	Group	
	2021	**2020**
	US$	**US$**
At 1 March	**98,350**	–
Provision during the financial year	**–**	98,350
Balance at 28 February/29 February	**98,350**	98,350

The provision for restoration costs represents the present value of management's best estimate of the future outflow of economic benefits that will be required to remove leasehold improvements from leased properties. The unexpired term of the leases is less than 1 year (2020: 1.67 years). The effect of time value of money is not significant.

(b) Provision for unutilised annual leave

	Group	
	2021	**2020**
	US$	**US$**
At 1 March	**7,186**	5,914
Provision during the financial year	**5,572**	1,272
Balance at 28 February/29 February	**12,758**	7,186

Provision for unutilised annual leave refers to estimated costs made by management required to compensate its employees for leave benefits.

24 CONTINGENT LIABILITIES

Intra-group financial guarantees comprise corporate guarantees granted by the Company and certain of its subsidiaries to banks in respect of bank loans amounting to US$2,695,965 (2020: bank loans and bills payable of US$2,029,547) to secure funding provided to a subsidiary. The financial guarantees will expire when the borrowings have been paid and discharged and/or when the banking facilities are no longer available to the subsidiaries. These financial guarantees are accounted for as insurance contracts.

There are no terms and conditions attached to the financial guarantees that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows. At reporting date, the Company does not consider that it is probable that a claim will be made against the Company under these financial guarantees. Accordingly, the Company does not expect any net cash outflows resulting from these financial guarantees and there is no provision made in respect of these obligations.

25 FINANCIAL INSTRUMENTS

a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	US$	**US$**	**US$**	**US$**
Financial assets				
Financial assets at amortised cost	**9,631,768**	7,488,747	**3,769,589**	4,123,658
Financial assets at fair value through profit or loss	**–**	30,397	**–**	30,397
	9,631,768	7,519,144	**3,769,589**	4,154,055
Financial liabilities				
Financial liabilities at amortised cost	**4,631,135**	3,953,202	**272,793**	213,449

b) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

25 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. For customers who wish to trade on credit terms, the Group will take into account the quantity of the customer order, background and creditworthiness of the customer, level of risk involved, payment history of the customer and relationship with the customer.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been significant increase in credit risk since initial recognition	Lifetime ECL- not-credit-impaired
Contractual payments are more than 365 days past due or there is evidence of credit impairment	Lifetime ECL-credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

25 **FINANCIAL INSTRUMENTS** (CONTINUED)

b) **Financial risk management** (Continued)

Credit risk (Continued)

Significant increase in credit risk (Continued)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

25 **FINANCIAL INSTRUMENTS** (CONTINUED)

b) **Financial risk management** (Continued)

Credit risk (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

The Group's trade receivables comprise 5 debtors (2020: 5 debtors) that individually represented 4% – 10% (2020: 5% – 9%) of the trade receivables.

The Company has significant credit risk exposures arising on amounts due from subsidiaries of US$3,694,773 (2020: US$3,370,347) which represented 98% (2020: 99%) of total trade and other receivables.

As the Group and the Company do not hold any collateral in respect of its financial assets except that US$2,726,670 (2020: US$2,173,530) of trade receivables are insured by third-party insurance companies, the maximum exposure to credit risk is the carrying amount of each class of financial assets presented in the statements of financial position and the amount of US$2,695,965 (2020: US$2,029,547) relating to corporate guarantees given by the Company and certain of its subsidiaries to a subsidiary's bank borrowings.

Trade receivables and contract assets

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The contract assets relate to unbilled sales of goods, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group determined the ECL of trade receivables by making full allowance for debtors regarded as credit-impaired where one or more credit impairment events have occurred and a provision matrix on the remaining trade receivables and contract assets. The Group categorises the trade receivables and contract assets based on shared credit risk characteristics and days past due. The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience, adjusted as appropriate to reflect COVID-19 impact considerations and forecasts of future economic conditions.

25 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Credit risk (Continued)

Trade receivables and contract assets (Continued)

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor such as when the debtor has been placed under liquidation, has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, including reminders and warning letters issued for debts due for more than 12 months.

The Group has recognised a loss allowance of US$191,603 (2020: US$181,249) for trade receivables over 365 days past due as historical experience has indicated that these receivables are generally not recoverable. The ECL of the remaining trade receivables and contract assets determined based on provision matrix is immaterial.

Non-trade amounts due from subsidiaries

For the non-trade amounts due from subsidiaries where impairment loss allowance is measured using 12 months ECL, the Company assessed the latest performance and financial position of the respective counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Other financial assets at amortised cost

The credit loss exposure in relation to cash and cash equivalents and other receivables are immaterial and accordingly, no credit loss allowance is recognised at 28 February 2021 and 29 February 2020.

Movement in credit loss allowance are as follows:

	Trade receivables	
	2021 US$	**2020 US$**
Balance at 1 March	**181,249**	194,992
Allowance written back as collectable	**–**	(11,188)
Currency translation difference	**10,354**	(2,555)
Balance at 28 February/29 February	**191,603**	181,249

25 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

		Contractual undiscounted cash flows			
	Carrying amount US$	**Total US$**	**Within 1 year US$**	**Within 2 to 5 years US$**	**Over 5 years US$**
Group					
2021					
Non-derivative financial liabilities					
Bank loans	2,695,965	2,838,514	2,838,514	–	–
Lease liabilities	558,550	751,932	249,252	96,515	406,165
Trade and other payables	1,376,620	1,376,620	1,376,620	–	–
	4,631,135	**4,967,066**	**4,464,386**	**96,515**	**406,165**
2020					
Non-derivative financial liabilities					
Bank loans	1,323,814	1,399,203	1,399,203	–	–
Lease liabilities	788,204	1,005,037	293,600	302,261	409,176
Trade and other payables	1,742,834	1,742,834	1,742,834	–	–
	3,854,852	4,147,074	3,435,637	302,261	409,176

25 **FINANCIAL INSTRUMENTS** (CONTINUED)

b) **Financial risk management** (Continued)

Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

		Contractual undiscounted cash flows			
	Carrying amount US$	**Total US$**	**Within 1 year US$**	**Within 2 to 5 years US$**	**Over 5 years US$**
Company					
2021					
Non-derivative financial liabilities					
Other payables	272,793	272,793	272,793	–	–
Financial guarantee contracts	–	2,838,514	2,838,514	–	–
	272,793	**3,111,307**	**3,111,307**	**–**	**–**
2020					
Non-derivative financial liabilities					
Other payables	213,449	213,449	213,449	–	–
Financial guarantee contracts	–	2,124,996	2,124,996	–	–
	213,449	2,338,445	2,338,445	–	–

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, purchases, staff cost and other administrative expenses that are denominated in a currency other than the respective functional currencies of Group entities, which are United States (US) dollar, Thai Baht and Chinese Yuan. The currencies in which these transactions are primarily denominated in Singapore dollar and US dollar.

25 **FINANCIAL INSTRUMENTS** (CONTINUED)

b) **Financial risk management** (Continued)

Currency risk (Continued)

Exposure to currency risk

The Group and Company's exposures to various foreign currencies are as follows:

	2021		2020	
	Singapore dollar US$	**US dollar US$**	**Singapore dollar US$**	**US dollar US$**
Group				
Trade and other receivables	**74,471**	**1,506,493**	39,220	1,118,339
Cash and cash equivalents	**48,680**	**2,412,313**	800,670	533,992
Trade and other payables	**(251,959)**	**–**	(174,027)	–
Lease liabilities	**(337,876)**	**–**	(329,819)	–
Net exposure	**(466,684)**	**3,918,806**	336,044	1,652,331

	2021 Singapore dollar US$	**2020 Singapore dollar US$**
Company		
Trade and other receivables	**2,530,613**	2,211,851
Cash and cash equivalents	**14,321**	752,976
Trade and other payables	**(208,278)**	(146,678)
Net exposure	**2,336,656**	2,818,149

Sensitivity analysis

A 10% strengthening of the Singapore dollar and US dollar, against the respective functional currencies of the Group entities at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

25 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

	Group Increase/ (decrease) in profit US$	Company Increase/ (decrease) in loss US$
2021		
Singapore dollar	**(46,668)**	**(233,666)**
US dollar	**391,881**	**–**
	345,213	**(233,666)**
2020		
Singapore dollar	(33,604)	(281,815)
US dollar	(165,233)	–
	(198,837)	(281,815)

A 10% weakening of the Singapore dollar and US dollar against the respective functional currencies of the Group entities at the end of the reporting period would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Group Nominal amount	
	2021 US$	**2020 US$**
Fixed rate instruments		
Lease liabilities	**558,550**	788,204
Bills payable	**–**	705,733
	558,550	1,493,937
Variable rate instruments		
Variable interest rate bank loans	**2,695,965**	1,323,814

25 FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (Continued)

Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates would have increased/(decreased) profit or loss by the amounts shown below. The sensitivity analysis below have been determined based on the exposure to interest rates for borrowings at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of borrowings that have floating rates. The analysis is performed on the same basis for 2020.

	Profit or loss	
	100 bp increase US$	**100 bp decrease US$**
Group		
2021		
Variable rate instruments	**(26,960)**	26,960
2020		
Variable rate instruments	(13,238)	13,238

c) Fair values

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

26 RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Group and the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior management staff of the Group and the Company are considered as key management personnel.

26 RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel compensation (Continued)

Key management personnel compensation is analysed as follows:

	Group	
	2021 US$	**2020 US$**
Short-term employee benefits	**608,629**	604,228
Post-employment benefits	**47,218**	49,934
Directors' fee	**79,582**	88,512
	735,429	742,674

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group	
	2021 US$	**2020 US$**
Remuneration including contribution to defined contribution plans paid to close member of the family of an executive director	**64,783**	78,645

27 OPERATING SEGMENTS

The Group has the following two strategic business units, which are its reportable segments. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's Chairman (the chief operating decision maker) reviews internal management reports of each business unit at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

– Coil Centre: provision of metallurgical solutions, metal slitting services, and import and export trading

– Plating: provision of electro-plating process, metal surface treatment and chemistry blending for electronic products

– Other operations comprise mainly investment holding

There is integration between the Coil Centre and Plating reportable segments. This integration includes plating services provided to the inventories of Coil Centre. Inter-segment pricing is conducted based on terms agreed between the segments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss after tax, as included in the internal management reports that are reviewed by the Group's Chairman. Segment profit or loss after tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

27 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments

	Coil Centre US$	Plating US$	Others US$	Total US$
2021				
Revenue and expenses				
External revenue	17,275,415	–	–	17,275,415
Inter-segment revenue	–	1,558,363	–	1,558,363
Total revenue of reportable segments	**17,275,415**	**1,558,363**	**–**	**18,833,778**
Interest income	171,265	91	1,043	172,399
Finance costs	(202,114)	(94,974)	–	(297,088)
Depreciation and amortisation	(387,936)	(203,443)	–	(591,379)
Reversal of inventories write-down	167,913	–	–	167,913
Net fair value gain on financial assets at fair value through profit or loss	–	–	29,763	29,763
Reportable segment profit/(loss) before tax	1,344,532	319,955	(443,210)	1,221,277
Tax expense	(340,330)	–	(348)	(340,678)
Reportable segment profit/(loss) after tax	**1,004,202**	**319,955**	**(443,558)**	**880,599**
Other segment assets	20,692,712	591,114	91,251	21,375,077
Intangible assets	2,246	–	–	2,246
Total assets	**20,694,958**	**591,114**	**91,251**	**21,377,323**
Capital expenditure	**44,082**	**89,267**	**–**	**133,349**
Other segment liabilities	4,194,178	343,262	224,975	4,762,415
Current tax payable	19,925	–	1,406	21,331
Deferred tax liabilities	9,928	–	–	9,928
Total liabilities	**4,224,031**	**343,262**	**226,381**	**4,793,674**

Other segment included unallocated Group-level corporate costs and income from investment holding.

27 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments (Continued)

	Coil Centre US$	Plating US$	Others US$	Total US$
2020				
Revenue and expenses				
External revenue	14,008,750	–	–	14,008,750
Inter-segment revenue	–	1,301,821	–	1,301,821
Total revenue of reportable segments	14,008,750	1,301,821	–	15,310,571
Interest income	201,785	74	13,658	215,517
Finance costs	(268,660)	(111,937)	–	(380,597)
Depreciation and amortisation	(480,932)	(155,443)	–	(636,375)
Impairment loss on trade receivables	(132,853)	–	–	(132,853)
Write down of inventories	(111,896)	(22,289)	–	(134,185)
Reversal of inventories write-down	78,158	–	–	78,158
Net fair value gain on financial assets at fair value through profit or loss	–	–	8,749	8,749
Reportable segment (loss)/profit before tax	(356,660)	91,735	(915,085)	(1,180,010)
Tax expense	(175,354)	–	(3,186)	(178,540)
Reportable segment (loss)/profit after tax	(532,014)	91,735	(918,271)	(1,358,550)
Other segment assets	17,622,230	673,586	769,417	19,065,233
Other investment	–	–	30,397	30,397
Intangible assets	2,498	–	–	2,498
Deferred tax assets	2,437	–	–	2,437
Total assets	17,627,165	673,586	799,814	19,100,565
Capital expenditure	132,144	101,254	–	233,398
Other segment liabilities	3,523,646	389,632	165,632	4,078,910
Current tax payable	37,296	247	1,329	38,872
Deferred tax liabilities	9,928	–	–	9,928
Total liabilities	3,570,870	389,879	166,961	4,127,710

Reconciliations of reportable segment revenues, profit or loss and other material items

	Group	
	2021 US$	**2020 US$**
Revenue		
Total revenue for reportable segments	**18,833,778**	15,310,571
Elimination of inter-segment revenue	**(1,558,363)**	(1,301,821)
Consolidated revenue	**17,275,415**	14,008,750

27 OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss and other material items (Continued)

	Reportable segment total US$	Adjustments* US$	Consolidated total US$
Other material items			
2021			
Interest income	**172,399**	**(165,063)**	**7,336**
Finance costs	**(297,088)**	**165,063**	**(132,025)**
Depreciation and amortisation	**(591,379)**	**–**	**(591,379)**
2020			
Interest income	215,517	(183,956)	31,561
Finance costs	(380,597)	183,956	(196,641)
Depreciation and amortisation	(636,375)	–	(636,375)

* Exclude intercompany transactions

Geographical segment

The principal activity of the Company is that of an investment holding company. Subsidiaries of the Group are located in Singapore, People's Republic of China ("PRC") and Thailand.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Singapore US$	PRC US$	Malaysia US$	Thailand US$	Others US$	Total US$
2021						
Revenue from external customers	126,355	15,097,225	86,376	1,930,814	34,645	**17,275,415**
Non-current assets	1,742,914	1,708,591	–	5,935	–	**3,457,440**
2020						
Revenue from external customers	102,629	11,943,237	93,478	1,851,390	18,016	14,008,750
Non-current assets	1,869,431	1,806,957	–	107,072	–	3,783,460

Non-current assets information presented above are non-current assets as presented on the statements of financial position excluding financial instruments and deferred tax assets.

Major customers

Revenue of US$1,880,265 (2020: US$1,623,924) are derived from one external customer (2020: one external customer) who individually contributed 11% (2020: 12%) of the Group's revenue and are attributable to the Group's Coil Centre segment.

28 LEASE – WHEN THE GROUP AS A LESSEE

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

a) The Group leases leasehold land from a non-related party. The land lease is 30 years starting from 1 January 1993. On 29 October 2019, the Group has extended a further lease term of 20 years starting from 1 January 2023. As at 28 February 2021, the remaining land lease tenure is approximately 21.83 years (2020: 22.83 years).

b) The Group leases factory buildings and store from non-related parties with contractual terms of an average of approximately 2 years.

c) In addition, the Group leases car park space with lease terms of 12 months or less. The Group has elected not to recognise right-of-use assets and lease liabilities for this lease.

The maturity analysis of the lease liabilities is disclosed in Note 25(b).

Information about leases for which the Group is a lessee is presented below:

Carrying amount of right-of-use assets

The carrying amount of right-of-use assets are as follows:

	Group	
	2021	**2020**
	US$	**US$**
Classified within property, plant and equipment (Note 10)		
Leasehold land and buildings	**1,911,123**	2,205,409

Additions to right-of-use assets during the financial year were US$Nil (2020: US$265,480).

Amount recognised in profit or loss

	Group	
	2021	**2020**
	US$	**US$**
Depreciation charge for the financial year on right-of-use asset	**321,944**	422,366
Interest expenses on lease liabilities (Note 6)	**33,615**	48,313
Leases – short-term lease	**754**	744

Total cash flow for the leases during the financial year amounted to US$300,317 (2020: US$293,969).

29 CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements:

	Group	
	2021 **US$**	**2020** **US$**
Capital commitment in respect of plant and machinery	346,794	329,774

30 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital and accumulated profits of the Group. The Board of Directors monitors the return on capital, which the Group defines as profit/(loss) before tax and finance costs divided by total shareholders' equity excluding non-controlling interests' share and statutory surplus reserve. There were no changes in the Group's approach to capital management during the year.

As disclosed in Note 20, the Group's subsidiaries in the People's Republic of China are required to contribute to and maintain a non-distributable statutory surplus reserve.

	Group	
	2021 **US$**	**2020** **US$**
Profit/(loss) before tax and finance costs	**1,353,302**	(983,369)
Equity attributable to the equity holders of the Company	**17,055,168**	15,470,859
Less: Statutory surplus reserve (Note 20)	**(746,790)**	(631,805)
Total net equity	**16,308,378**	14,839,054
Return on capital ratio	**0.08**	N.M

N.M.: not meaningful

31 COMPARATIVE FIGURES

Provision for restoration costs and provision for unutilised annual leave of US$98,350 and US$7,186 respectively were reclassified from other payables to provisions in the statements of financial position at 29 February 2020 to reflect more appropriately the nature of the transactions.

	As previously reported US$	Amount reclassified US$	As reclassified US$
Statements of Financial Position			
At 29 February 2020			
Non-current liabilities			
Provisions	–	98,350	98,350
Current liabilities			
Trade and other payables	1,946,720	(105,536)	1,841,184
Provisions	–	7,186	7,186

The reclassifications did not have any effect on consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the financial year ended 29 February 2020.

32 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Group for the financial year ended 28 February 2021 were authorised for issue in accordance with a resolution of the directors dated 7 June 2021.

SHAREHOLDERS' STATISTICS

AS AT 20 MAY 2021

SHARE CAPITAL

Class of shares	:	Ordinary shares
Number of Shares	:	4,962,166,175
Voting Rights	:	One (1) vote per share
Treasury Shares	:	Nil

Based on the information available to the Company as at 20 May 2021, the percentage of shareholding held in the hands of the public is approximately 47.27% which is more than 10% of the issued share capital of the Company. Therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

Analysis of Shareholders

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	2	0.14	100	0.00
100 – 1,000	39	2.68	18,898	0.00
1,001 – 10,000	210	14.41	1,211,600	0.03
10,001 – 1,000,000	918	63.00	281,917,649	5.68
1,000,001 AND ABOVE	288	19.77	4,679,017,928	94.29
	1,457	100.00	4,962,166,175	100.00

Substantial Shareholder

Name of Substantial Shareholder	Shareholdings registered in the name of substantial shareholder		Shareholdings in which the substantial shareholders are deemed to be interested	
	No. of Shares	%	No. of Shares	%
Tan Chee Khiong[(1)(2)]	1,186,977,925	23.92	21,042,162	0.42
Xu Lei[(3)]	458,000,000	9.23	–	–
Zhang Rong[(4)]	250,000,000	5.04		
Value Capital Asset Management Private Limited[(5)]	684,034,328	13.78	–	–
Premier Equity Fund Sub Fund H[(5)]	–	–	684,034,328	13.78

Note:

(1) Tan Chee Khiong is deemed interested in 20,697,700 shares of the Company held by D.S.A.G Investment Pte. Ltd. by virtue of interest in D.S.A.G Investment Pte. Ltd.

(2) Tan Chee Khiong is deemed interested in 344,462 shares held by spouse, Ang Bee Choo.

(3) Xu Lei's direct interest is derived from the shares held in the name of nominee account.

(4) Zhang Rong's direct interest is derived from the shares held in the name of nominee account.

(5) Value Capital Asset Management Private Limited is the Investment Manager for Premier Equity Fund Sub Fund H. Premier Equity Sub Fund H's aggregate interest in 684,034,328 shares are held by Value Capital Asset Management Private Limited. As such, Premier Equity Fund Sub Fund H is deemed to be interested in all the shares in the Company.

SHAREHOLDERS' STATISTICS

AS AT 20 MAY 2021

Major Shareholders – Top 21 as at 20 May 2021

NO.	NAME	NO. OF SHARES	%
1	TAN CHEE KHIONG	1,186,977,925	23.92
2	CITIBANK NOMINEES SINGAPORE PTE LTD	772,314,900	15.56
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	600,086,528	12.09
4	HO BENG SIANG	163,500,000	3.29
5	DBS NOMINEES PTE LTD	159,530,000	3.21
6	PHILLIP SECURITIES PTE LTD	132,183,900	2.66
7	OCBC SECURITIES PRIVATE LTD	90,508,050	1.82
8	ABN AMRO CLEARING BANK N.V.	76,307,100	1.54
9	IFAST FINANCIAL PTE LTD	73,131,750	1.47
10	LIN SONGXIAN	60,000,000	1.21
11	UTPAL RAY A/L ARUNANANDA RAY	53,900,000	1.09
12	ZHOU YI	46,869,800	0.94
13	RAFFLES NOMINEES (PTE) LIMITED	36,362,200	0.73
14	DB NOMINEES (SINGAPORE) PTE LTD	30,400,000	0.61
15	KANG KOK HOCK	23,264,000	0.47
16	CHAN HORNG DER	23,000,600	0.46
17	TOK WEE MENG	23,000,000	0.46
18	D.S.A.G INVESTMENT PTE. LTD.	20,697,700	0.42
19	TAY WUU YEAN	20,000,000	0.40
20	TOH BAN CHYE (ZHUO WANCAI)	20,000,000	0.40
21	YONG SOONG OOI	20,000,000	0.40
		3,632,034,453	73.15

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth annual general meeting ("**AGM**") of **NICO STEEL HOLDINGS LIMITED** (the "**Company**") will be held by way of electronic means (via live webcast and audio only means) on Tuesday, 29 June 2021 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 28 February 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to regulation 107 of the Company's Constitution:

   Mr Tan Poh Chye Allan **(Resolution 2)**
   Mr Tang Chee Bian Steven **(Resolution 3)**
   [See explanatory Note (i)]

3. To approve the payment of Directors' fees of S$115,000 for the financial year ended 28 February 2021 (2020: S$115,000). **(Resolution 4)**

4. To re-appoint Messrs Baker Tilly TFW LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution as ordinary resolution:

6. **Authority to issue new shares**

   That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this resolution was in force,

   provided that:

   (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) to be issued pursuant to this resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. **(Resolution 6)**
[See explanatory Note (ii)]

7. **Authority to allot and issue shares under the Nico Employee Performance Share Plan 2017**

That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to allot and issue from time to time such number of shares as may be required to be issued pursuant to the vesting of awards granted under the Nico Employee Performance Share Plan 2017 (the "Nico PSP") provided always that the aggregate number of shares to be issued or transferred pursuant to the awards granted under the Nico PSP, when aggregated with the aggregate number of shares over which options or awards are granted under any other share option schemes or share schemes, shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. **(Resolution 7)**
[See explanatory Note (iii)]

By Order of the Board

Sharon Yeoh
Company Secretary

Singapore, 14 June 2021

Explanatory Notes:

(i) Mr Tan Poh Chye Allan will, upon re-election as a Director of the Company, remain as Lead Independent Director, Chairman of the Remuneration Committee, and as a member of the Audit and Nominating Committees respectively. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships including family relationships between Mr Tan Poh Chye Allan and the other Directors, the Company, its related corporations, its substantial shareholders or its officers.

(ii) The ordinary resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this ordinary resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this ordinary resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The ordinary resolution 7 proposed in item 7 above, if passed, will empower Directors of the Company to allot and issue shares pursuant to the exercise of options and vesting of awards under the Nico PSP, provided that the aggregate number of shares to be issued pursuant to the Nico PSP, when aggregated to the number of shares issued and issuable or transferred and to be transferred under any other share option schemes or share schemes of the Company shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.

Notes:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM of the Company will be held by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person. The Notice will be sent to members by electronic means via publication on the SGX website. Hard copy of the annual report would be sent to members upon their written request to gpe@mncsingapore.com.

2. Alternative arrangements relating to attendance at the Annual General Meeting ("**Meeting**") via electronic means (including arrangements by which the Meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in the accompanying document entitled "Important notice to shareholders in relation to the conduct and proceedings of the Company's AGM".

3. A member will not be able to attend the Meeting. The live webcast will not provide for online voting. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy, failing which the appointment will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar's office at M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 not less than seventy-two (72) hours before the time appointed for holding the AGM.

IMPORTANT NOTICE TO SHAREHOLDERS IN RELATION TO THE CONDUCT AND PROCEEDINGS OF THE COMPANY'S AGM

General

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice AGM ("**Notice**") and the Company's annual report for the financial year ended 28 February 2021 ("**Annual Report**") will not be sent to members. Instead, this Notice and Annual Report will be available to members by electronic means via publication on the Company's corporate website http://www.nicosteel.com. This link will be available to shareholders from 14 June 2021 onwards. This Notice and Annual Report will also be made available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:

   (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate will have to pre-register in the manner outlined in Note 3 below;

   (b) submitting questions ahead of the AGM. Please refer to Notes 8 to 10 below for further details; and

   (c) voting by proxy at the AGM. Please refer to Notes 11 to 18 below for further details.

Participation in the AGM via live webcast or live audio feed

3. A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast or listen to the "live" audio - only access via mobile phone, tablet or computer ("**Live Webcast**"). To join the Live Webcast, the member must pre-register by **2.00 p.m. on 26 June 2021** (being not less than seventy-two (72) hours before the time fixed for the AGM) (the "**Registration Deadline**") at the following URL: https://online.meetings.vision/nicosteel-agm-registration ("**Nico AGM Website**"), to enable the Company to verify the shareholders' status.

4. Following the authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast.

5. Shareholder (including CPF/SRS investor) who have registered by the Registration Deadline in accordance with paragraph 3 above but do not receive an email by **2.00 p.m. on 28 June 2021** may contact the Company for assistance at the following email address: gpe@mncsingapore.com, with the following details included: (1) the member's full name, and (2) his/her/its identification/passport/registration number.

6. Non-CPF/SRS holders whose shares are registered under Depository Agents ("**DAs**") must **also** contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceedings.

7. Shareholders may call +65 9625 9827 in the event if there are any technical issues relating to the access link prior to the AGM.

Submission of questions prior to the AGM

8. Please note that shareholders will not be able to ask questions during the Live Webcast, and therefore it is important for shareholders who wish to ask questions to submit their questions in advance. A shareholder of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or at the Company's businesses and operations not later than 2.00 p.m. on 21 June 2021. The Company will endeavour to address all relevant and substantial questions (as may be determined by the Company in its sole discretion) relating to the resolutions to be tabled and for approval at the AGM prior to or at the AGM. The responses to these questions will be published as soon as possible before the AGM via SGXNet and the Company's website or if answered during the AGM, will be included in the minutes of the AGM which shall be published on the SGXNet and the Company's website within one month after the date of AGM.

9. All questions must be submitted not later than 2.00 p.m. on 21 June 2021 through any one of the following means:–

   (a) via email to corporateaffairs@nico.com.sg; or

   (b) via the Nico AGM Website; or

   (c) in physical copy by depositing the same at the registered office of the Company at 51 Loyang Way, Singapore 508744

10. If the questions are deposited in physical copy at the Company's registered office or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/passport/registration number for verification purposes, failing which the submission will be treated as invalid.

Voting by proxy

11. Shareholders may only exercise their voting rights at the AGM via proxy voting. The accompanying proxy form for the AGM may be accessed via the Nico AGM Website, the Company's corporate website http://www.nicosteel.com, and will also be made available on the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

12. Shareholders (including Relevant Intermediary*) who wish to vote on any or all of the resolutions at the AGM must submit a proxy form to appoint the Chairman of the Meeting as their proxy to do so on their behalf.

    * A Relevant Intermediary is:

    (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

    (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Future Act (Chapter 289) and who holds shares in that capacity; or

    (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

13. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

    (a) if submitted by post, be lodged at the Company's Share Registrar's office at M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902; or

    (b) if submitted electronically, be submitted via email to the gpe@mncsingapore.com.

    in either case, by not later than 26 June 2021, 2.00 p.m., being at least seventy-two (72) hours before the time appointed for holding the AGM.

    A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

    In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

14. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.

15. An investor who holds shares under the CPF/SRS Investor Schemes and wishes to vote, should approach their respective CPF Agent Bank or SRS operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least 7 working days (i.e. by **17 June 2021 at 5.00 p.m.**) before the AGM.

16. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

17. An electronic copy of the Company's annual report for the financial year ended 28 February 2021, Notice of AGM, Proxy Form and an accompanying announcement setting out the alternative arrangements for the AGM are available on:

    (a) the Company's corporate website at http://www.nicosteel.com; and

    (b) the SGX website at https://www.sgx.com/securities/company-announcements

18. **Please note that shareholders will not be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration and analysis by the Company (or its agents or service providers) of proxies and representative appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the Meeting. Accordingly, the personal data of a member of the Company (such as his name) may be recorded by the Company for such purpose.

NICO STEEL HOLDINGS LIMITED
(Incorporated In the Republic of Singapore)
(Company Registration No.: 200104166D)

IMPORTANT:

1. The Annual General Meeting ("**Meeting**") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures)(Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Due to the current COVID-19 restriction order, a member will NOT be able to physically attend the Meeting. A member (including Relevant Intermediary#) must appoint the Chairman of the Meeting as proxy to vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
2. Alternative arrangements relating to the attendance of the Meeting through electronic means, as well as conduct of the Meeting and relevant guidance with full details are set out in the accompanying Company's notice of AGM dated 14 June 2021, which can be accessed via the SGX website at: https://www.sgx.com/securities/company-announcements and the Company's corporate website at http://www.nicosteel.com
3. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach in their respective CPF Agent Banks or SRS Operators (being relevant intermediaries) to submit their votes by 5.00 p.m. on 17 June 2021.
4. This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold shares through their CPF/SRS funds. CPF/SRS investors should contact their respective Agent Banks/SRS operators if they have any queries regarding their appointment as proxies.

PROXY FORM

(Please see notes overleaf before completing this form)

*I/We, ______________________________ NRIC/Passport/Co. Registration No. ______________

of ____

being a member/members of NICO STEEL HOLDINGS LIMITED (the "**Company**"), hereby appoint Chairman of the Meeting as *my/our *proxy to attend, speak or vote for *me/us on *my/our behalf at the Meeting of the Company to be convened and held by way of **electronic means** (via live webcast and audio only means) on Tuesday, 29 June 2021 at 2.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy to vote for, against or abstain from voting the resolutions proposed at the Meeting as indicated hereunder.

If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy will vote or abstain from voting at *his/her discretion.

No.	Resolutions relating to:	No. of Votes "For"**	No. of Votes "Against"**	No. of Votes "Abstain"**
	Ordinary Business			
1.	Adoption of Directors' Statement and Audited Financial Statements for the year ended 28 February 2021			
2.	Re-election of Mr Tan Poh Chye Allan as a Director			
3.	Re-election of Mr Tang Chee Bian Steven as a Director			
4.	Approval of Directors' fees amounting to S$115,000 for the financial year ended 28 February 2021			
5.	Re-appointment of Messrs Baker Tilly TFW LLP as Auditors			
	Special Business			
6.	Authority to issue new shares			
7.	Authority to allot and issue shares pursuant to the Nico PSP			

**Delete where inapplicable*
*** If you wish to exercise all your votes "For", "Against" or "Abstain" from Voting, please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.*

Dated this ________ day of ________________ 2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of shareholder(s)/
and, common seal of corporate shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Cap 289)), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. **In light of the current COVID-19 measures in Singapore, members will NOT be able to attend the Meeting in person. A member of the Company (including a Relevant Intermediary#) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**
3. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the Company's Share Registrar's office at M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902; or

   (b) if submitted electronically, be submitted via email to the gpe@mncsingapore.com.

   in either case, **by not later 26 June 2021, 2.00 p.m., being at least seventy-two (72) hours before the time appointed for holding the Meeting**, failing which the instrument of proxy shall not be treated as valid.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-10 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
4. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
6. An investor who holds shares under the CPF or Supplementary Retirement Scheme ("**CPF/SRS Investor**") and wishes to vote, should approach their respective Agent Banks/SRS operators to submit their votes by **17 June 2021 at 5.00 p.m.** to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the AGM.
7. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.
8. **Please note that shareholders will NOT be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

\# A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Future Act (Chapter 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's notice of annual general meeting.

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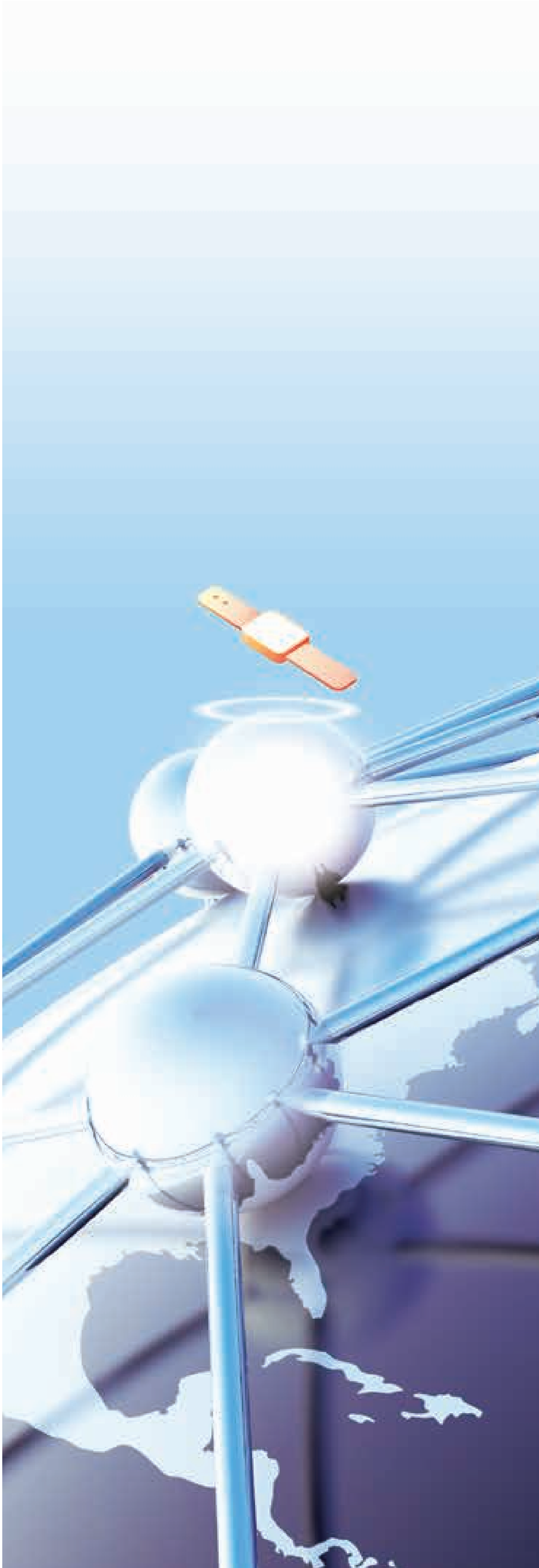

Nico Steel Solutions
Think Innovation

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