Nico Steel Solutions
Think Innovation

GEARING TOWARDS
SUSTAINABLE FUTURE

2023
ANNUAL
REPORT

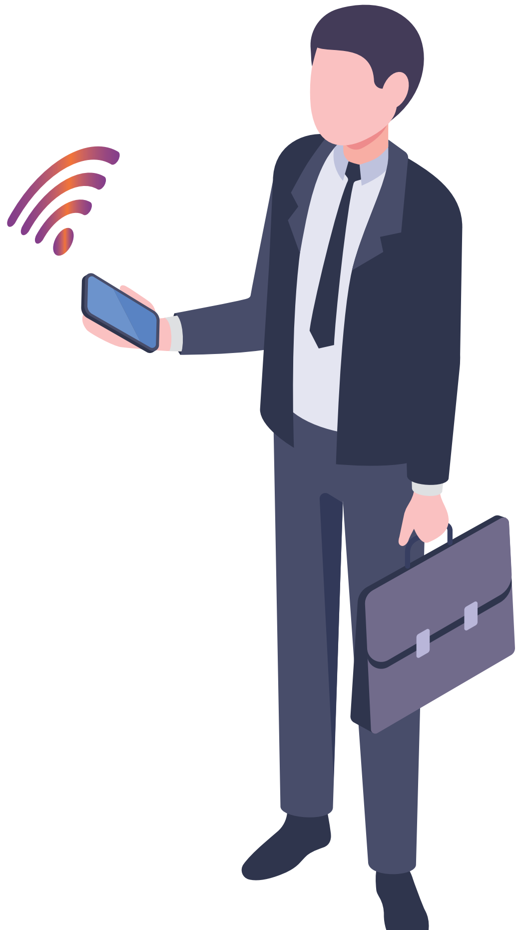
VISION

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.

CONTENTS



ABOUT NICO STEEL

Nico Steel Holdings Limited 尼尔金属控股有限公司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 is 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 SGX-ST. On 9 March 2023, the Company received a letter from the SGX-ST in relation to the notification of delisting ("**Notification Letter**"). In the Notification Letter, the SGX-ST has stated the Company would need to obtain shareholders' approval for its delisting without an exit offer made to the Company's shareholders and holders of any other classes of listed securities to be delisted pursuant to Rule 1309 of the Listing Manual. The shareholders' resolution for the Company's delisting without an exit offer shall be tabled at a general meeting of the Company to be convened not be later than 30 June 2023.

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

GEARING TOWARDS SUSTAINABLE FUTURE

NICO HAS BEEN WORKING HARD TO ESTABLISH THE FIRST ECO-RECYCLED SUPPLY CHAIN IN SOUTHEAST ASIA

DEAR FELLOW SHAREHOLDERS,

As 2023 began, we started to see some positive signs of improvement in the global economy as inflation and energy prices recovered from their highs. However, China's zero-COVID policy, the Ukraine-Russia conflict, trade sanctions and restrictions imposed by the U.S. on China continue unabated, and are expected to continue to adversely impact the Group's global supply chain and, consequently, its financial performance in FY2023.

China's zero-COVID policy led to factory closures and production disruptions that affected global supply chains. The disruptions in China's supply chains led to shortages of goods, higher prices for some products, and delays in the delivery of goods. Ukraine is a major steel producer, and the conflict disrupted its steel production and exports. Trade sanctions and restrictions imposed by the U.S. on China have also disrupted long-standing trade relations between the two countries, resulting in higher costs and delays and uncertainty for businesses and investors. The pandemic and geopolitical tensions have highlighted the importance of diversifying supply chains and reducing reliance on a single country or region for production and supply.

As a result, the trend of shifting electronics manufacturing supply chains out of China to other countries such as Vietnam, Mexico, or India is likely to continue as companies seek to diversify their supply-chain locations and reduce risks associated with over-reliance on a single country. However, the process of relocating manufacturing supply-chain centers can be complex and costly, requiring significant investment in infrastructure, logistics, and skilling-up labor. China is, nevertheless, likely to remain a major player in the global electronics industry due to its large domestic market, skilled workforce, and strong manufacturing capabilities for the foreseeable future.

Due to concerns about the impact of human activities on the environment, climate change, deforestation, pollution, and natural resource depletion, both Europe and the United States are taking steps toward carbon neutrality. Europe is pursuing a more aggressive policy and has adopted the EU Directive on the Use of Recycled Materials, which aims to promote a circular economy and reduce the amount of waste generated in industries such as electronics. The directive sets a goal of using 30% recycled plastics in new products, including electronic devices, by 2025.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Many international electronics companies have committed to becoming carbon neutral by 2030-2050. This shift is driven by a number of factors, including increasing customer demand for sustainable products, the need to comply with environmental regulations, and the desire to reduce operating costs through greater efficiency. The commitment made by these international companies reflects a growing recognition that the manufacture and use of electronic products contributes to greenhouse gas emissions, which are a major cause of climate change.

In 2020, NICO became the first company in the aluminum industry to be certified twice by SCS Global Services to be able to achieve a minimum of 80% recycled pre-consumer aluminum scrap in its A5052 R80 and A1060 R80 aluminum-based alloy. To achieve the high-recycled content, NICO collects scrap from its stamping suppliers, cleaning and remelting the collected scrap into aluminum ingots. The process is rigorously and continuously repeated throughout identified supply chains. Over the past two years, NICO has been working hard to establish the first eco-recycled supply chain in Southeast Asia so as to serve its customers outside China. The goal is to achieve this by the end of 2023.

NICO's liquid forging technology, developed in collaboration with the Singapore Institute of Manufacturing Technology (SIMTech), is a manufacturing process that combines the advantages of casting and forging. The process involves injecting liquid magnesium into a die and then applying pressure to fill the mold cavity and solidifying the metal. This patented technology offers several advantages over conventional forging or casting processes. First, it enables the production of complex shapes and geometries that would be difficult or impossible to achieve using conventional forging techniques. Second, the high pressure applied during the process reduces porosity and increases the strength and density of the final product. In addition, the process can also reduce the amount of material required for a given part, resulting in less waste and lower material costs. The plan to add liquid forging capacity to NICO's manufacturing facilities in Singapore and Thailand is on schedule, allowing us to be closer to our customers in the U.S. and Indochina, respectively.

On both a strategic and tactical level, NICO continues to focus on two primary core competencies: Metallurgical Technology and Total Solutions Provider. Our years of commitment to customer success, pursuit of innovations that matter, and setting standards of trust and accountability have instilled in the Group a mind-set of being strategically focused, technologically capable, and committed to environmental sustainability.

On behalf of the Board of Directors, I would like to express my sincere gratitude to our colleagues on the Board for their invaluable advice and leadership, and to the Executive Committee and employees for their dedication and commitment over the past year.

I would also like to express our sincere gratitude to our shareholders, customers, business partners and associates for their trust and continued support for the Group as we continue to build on our foundation to strengthen and improve the Group's metallurgical solutions business. Thank you.

Danny Tan
Chairman and 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 29 June 2021.

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 more than 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 27 June 2022.

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 29 June 2021.

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, Vibropower Corporation Limited and Ecowise Holdings Limited.

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

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

From 2013 to 2015, he worked as a practice director with a boutique valuation services firm with a strong regional presence in Asia. Prior to that, he was holding the position of Chief Financial Officer of a listed company in Singapore for five years where he worked closely with the board of directors to review projects in the fields of mineral extraction, telecommunications, and general manufacturing and distribution.

Gavin was appointed to the board of Biolidics Limited as an Independent Director on 23 November 2021 and was redesignated as the Non-Executive Independent Chairman on 7 February 2022. Since February 2017, he is also an independent director of VCPLUS Limited and is the Chairman of the Audit Committee.

Gavin graduated from Curtin University, Australia in 1989 with a degree in Accounting and holds the status of a non-practicing CPA with CPA Australia.

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 27 June 2022.

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

Group's revenue decreased by 21.4% from US$20.9 million for the twelve months ended 28 February 2022 ("**FY2022**") to US$16.4 million for the twelve months ended 28 February 2023 ("**FY2023**"). The decrease was mainly due to market disruption and lower demand owing to various factors including, supply chain disruption arising from COVID-19 containment measures, worldwide inflationary pressures on many items, including commodities like steel and other metals that the Group purchases for its businesses. Trade sanctions and restrictions on China imposed by the US, especially on its technology sectors.

Revenue analysis by product segments

	FY2023		FY2022		
	USD'000	% of revenue	USD'000	% of revenue	YoY Change
Customised Solutions	13,611	82.9	17,532	84.0	–22.4%
NICO Brand of Metal Alloys	2,808	17.1	3,350	16.0	–16.2%
	16,419	100.0	**20,882**	100.0	**–21.4%**
Composite Gross Profit	3,193		3,774		–15.4%
Composite Gross Margin	19.4%		18.1%		7.2%

Geographically, China remained as the key revenue contributor to the Group in FY2023, contributing 83.2% of the Group's total revenue, compared to 76.6% in FY2022. Revenue contribution from Thailand decreased from 21.8% in FY2022 to 12.4% in FY2023 due to the decrease of customers' orders.

In tandem with the decrease in revenue, cost of sales decreased by 22.7% from US$17.1 million in FY2022 to US$13.2 million in FY2023.

Gross profit decreased by 15.4% from US$3.8 million in FY2022 to US$3.2 million in FY2023. This was mainly due to the raising of raw materials' prices during the reporting period, owing to the same factors as explained above under "Performance Review". However, as the share of Nico Brand of Metal Alloys in sales rose from 16.2% in FY2022 to 17.1% in FY2023, gross profit margin increased slightly from 18.1% in FY2022 to 19.4% in FY2023.

Interest income increased from US$3,000 in FY2022 to US$27,000 in FY2023, mainly due to (i) interest income settled from foreign currency option entered by two of Group's China subsidiaries with the bank during the reporting period; and (ii) Singapore subsidiary placed fixed deposit with bank during the reporting period.

PERFORMANCE REVIEW

Total operating expenses including distribution and administrative expenses, increased slightly from US$2.94 million in FY2022 to US$2.95 million in FY2023. In tandem with the decrease in revenue, distribution expenses decreased by 12.7% from US$558,000 in FY2022 to US$487,000 in FY2023. Administrative expenses increased by 3.4% from US$2.4 million in FY2022 to US$2.5 million in FY2023 mainly due to marketing expenses increase (a majority of which was applied to marketing the Group's recycled materials products as well as the acquisition of new customers) in the financial period reported.

Other expenses were US$135,000 in FY2022 which represented foreign exchange loss recorded. Group recognised foreign exchange gain US$275,000 under other (gains)/expenses in FY2023.

Finance costs increased 8.9% from US$203,000 in FY2022 to US$221,000 in FY2023. The increase was mainly due to the increase in interest rate of bank loans and bills payable during the financial period.

Income tax expenses decreased 10.8% from US$287,000 in FY2022 to US$256,000 in FY2023, as a result of one of the Group's China subsidiaries reported loss before income tax in FY2023.

In sum, the Group recorded a net profit attributable to the equity holders of the Company of US$71,000 in FY2023, a decrease of 78% compared to a net profit attributable to the equity holders of the Company of US$322,000 in FY2022.

FINANCIAL POSITION

The balance sheet of the Group remained positive as at 28 February 2023. Non-current assets decreased by US$388,000 from US$3.8 million as at 28 February 2022 to US$3.4 million as at 28 February 2023. This was mainly due to the depreciation of property, plant and equipment of the Group during the financial year.

Current assets decreased by US$3.6 million from US$20.3 million as at 28 February 2022 to US$16.7 million as at 28 February 2023, mainly due to:

(i) inventories decreased by US$800,000 from US$8.5 million as at 28 February 2022 to US$7.7 million as at 28 February 2023. The decrease was in line with the Group's efforts to manage its inventories in response to the overall decrease in the Group's revenue in FY2023;

(ii) trade and other receivables and contract assets decreased by US$2.0 million from US$7.3 million as at 28 February 2022 to US$5.4 million as at 28 February 2023. The reduction was mainly due to the improvement in debtors' turnover as the Group closely monitor and manage its credit risks; and

(iii) cash and cash equivalents decreased by US$814,000 from US$4.5 million as at 28 February 2022 to US$3.7 million as at 28 February 2023. The decrease was mainly due to the repayment of bank borrowings by Singapore subsidiary and two of the Group's China subsidiaries in FY2023.

Non-current liabilities decreased by US$678,000 from US$1.3 million as at 28 February 2022 to US$645,000 as at 28 February 2023. The decrease was mainly due to the repayment of long-term loan US$488,000 of Singapore subsidiary under Temporary Bridging Loan Programme for SMEs during the financial period.

Current liabilities decreased by US$2.4 million from US$5.7 million as at 28 February 2022 to US$3.3 million as at 28 February 2023. This was mainly due to the increase in repayment of bank borrowings to reduce the reliance on banking facilities.

Equity comprises share capital, reserves, accumulated profits, and non-controlling interests. The total equity of the Group decreased by US$954,000 or 5.6% from US$17.1 million as at 28 February 2022 to US$16.1 million as at 28 February 2023.

PERFORMANCE REVIEW

REVIEW OF CASH FLOW STATEMENT

Net cash generated from operations amounted to US$2.0 million in FY2023, as compared to net cash used in operations of US$529,000 in FY2022. The positive cash flow was mainly due to better cash-flow management and cash inflow from changes in working capital increased in FY2023, including inventories, trade and other receivables and contract assets.

Net cash used in investing activities was decreased from US$338,000 in FY2022 to US$226,000 in FY2023 due to costs expended on the purchase of property, plant and equipment decreased in FY2023.

Net cash used in financing activities amounted to US$2.6 million in FY2023, as compared to net cash generated from financing activities US$1.5 million in FY2022. The negative cash flow was mainly due to the repayment of bank loans, bills payable and lease liabilities in FY2023.

Overall, the Group generated net cash outflows of US$814,000 in FY2023 as compared to net cash inflows of US$673,000 in FY2022.

As at 28 February 2023, the Group was in a net cash position and had cash and cash equivalents of US$3.7 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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Singapore 508744
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Email: corporateaffairs@nico.com.sg
Website: www.nicosteel.com

SHARE REGISTRAR

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112 Robinson Road #05-01
Singapore 068902

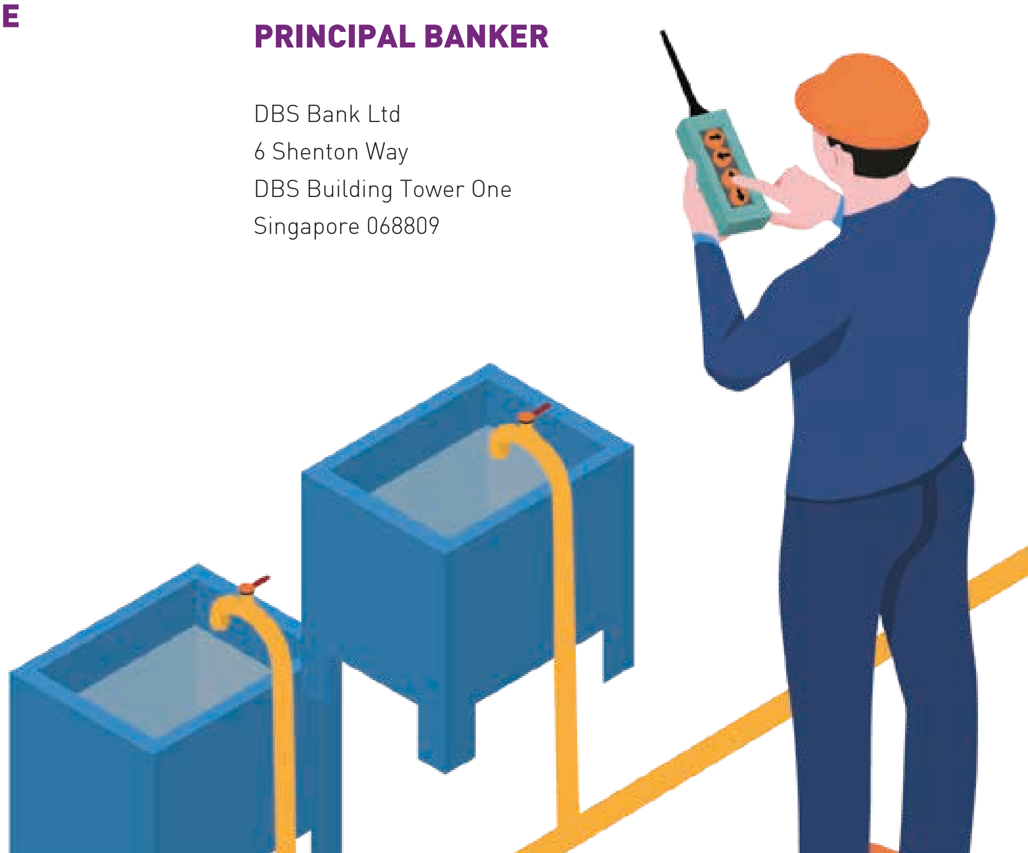
AUDITOR

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 2023 ("**FY2023**"), 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.

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 2023, the Board met on two (2) 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 2023 is disclosed on page 43 of this Annual Report.

CORPORATE **GOVERNANCE 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 FY2023, 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.

CORPORATE GOVERNANCE REPORT

For the year under review, the directors 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 and 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

CORPORATE **GOVERNANCE REPORT**

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 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 in the current or immediate past financial year (i) had 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.

CORPORATE **GOVERNANCE REPORT**

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.

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, 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. On gender diversity, while the Board is firmly supportive of the principle, it takes the view that Board appointments should be based on competencies, skills, experiences, merit, suitability, ability to contribute effectively, rather than on gender alone. Considering the nature of the Group's core businesses, the Board is satisfied that the size and composition of the Board and its Board Committees are appropriate at present. Gender diversity will be an important criteria under consideration when a vacancy on the Board is to be filled in future.

In view thereof, the Company has adopted the Board Diversity Policy, which has an established framework for setting the board diversity approach, including measurable objectives to ensure diversity of its composition. The selection process for Board candidates is structured to account for a range of diversity perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service are considered. The current composition of the Board has achieved the diversity objectives under the Board Diversity Policy of having international and industry experience, expertise in related fields including real estate, investing, financial and legal, gender and age diversity. Gender diversity is also considered an important aspect of diversity. The NC is committed to implementing the Board Diversity Policy and 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 NC will also review the Policy periodically to ensure its effectiveness and alignment with best practice and the requirements of the Code, or as amended from time to time, and any other relevant legislation.

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.

CORPORATE GOVERNANCE REPORT

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 among 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.

CORPORATE **GOVERNANCE REPORT**

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 and in line with the Board Diversity Policy, 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.

CORPORATE **GOVERNANCE REPORT**

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 Gavin Mark McIntyre and Mr Tan Chee Khiong Danny shall retire at the Company's forthcoming AGM and shall be eligible for re-election.

The NC has recommended to the Board that Mr Gavin Mark McIntyre and Mr Tan Chee Khiong Danny 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 Tan Chee Khiong Danny 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.

CORPORATE GOVERNANCE REPORT

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 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	Nico Steel Solutions (S) Pte. Ltd. D.S.A.G Investment Pte. Ltd. D.S.A.G Trading Pte. Ltd.
Tang Chee Wee Andrew	Executive Director	10 April 2002	27 June 2022	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	29 June 2021	None	None	Nico Steel Solutions (S) Pte. Ltd. D.S.A.G Investment Pte. Ltd. D.S.A.G Trading Pte. Ltd.
Gavin Mark McIntyre	Independent Director	22 August 2016	14 August 2020	VCPlus Limited (formerly known as Anchor Resources Limited) Biolidics Limited	None	# Equitasasia Pte. Ltd. # Aegis Interaktif Asia Pte. Ltd. Equitas Financial Services Pte. Ltd. Equitasasia Holdings Pte. Ltd. Equitasasia Sdn Bhd Equitasasia (Thailand) Co., Limited Equitasasia Limited Da Guang Tankers (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Da Zhong Tankers (Pte) Ltd (Under Judicial Management) Dong Sheng Tankers (Pte) Ltd (In Liquidation – Members' Voluntary Winding Up)

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
						Dong Ya Tankers (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Xin An Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Xin Kang Shipping (Pte) Ltd (In Liquidation – Members' Voluntary Winding Up) Dafa Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Dong Jiang Tankers (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Dong Nan Tankers (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Xin Chun Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Xin Ying Shipping (Pte) Ltd (Under Judicial Management) Xin Hui 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 Dun Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) An He Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Xin Bo Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Xin Guang Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) 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)

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
						Nan Ya Maritime (Pte.) Ltd. (In Liquidation – Members' Voluntary Winding up) 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) An Hui Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Nan Yi Maritime (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Nan King Maritime (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Hua Sheng Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Nan Zhou Maritime (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Xin Sheng Shipping (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up)

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
						An Guang Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Da Xin Tankers (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) Hua Zhong Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) Da Zhong Tankers (Pte) Ltd. Nan Chuan Maritime (Pte.) Ltd. Nan Chiau Maritime (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up) An Xing Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) An Sheng Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) An Hua Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) An Ya Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) An Kang Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up)

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
Lee Eng Yew Michael	Independent Director	26 June 2014	27 June 2022	None	None	# Ready Autocare Pte. Ltd. Scash Technologies Employees Pte. Ltd. Scash Global Pte. Ltd. Nexdata Technologies Pte. Ltd.
Tan Poh Chye Allan	Lead Independent Director	16 February 2015	29 June 2021	CNMC Goldmine Holdings Limited Vibropower Corporation Limited Ecowise Holdings Limited	Xyec Limited Affinity Energy & Health Limited (formerly known as Algae.tec Limited) (listed on ASX	# Altum Law Corporation # Allan Tan Corporate Services (formerly known as Allan Tan Law Practice) Resort Marketing Corp Pte. Ltd. Wealthy Genius Private Limited

* 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 2023, 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.

CORPORATE **GOVERNANCE REPORT**

In respect of the financial year ended 28 February 2023, 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.

CORPORATE **GOVERNANCE REPORT**

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 2023, 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 2023, 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.

CORPORATE GOVERNANCE REPORT

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 AGM. No Director is involved in deciding his own remuneration.

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

CORPORATE **GOVERNANCE REPORT**

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 2023:–

Remuneration Band and Name of Director	Salary %	Fees %	Bonus %	Other benefits %	Total %
Less than S$250,000					
Tan Chee Khiong Danny	94.8	–	5.2	–	100.0
Tang Chee Wee Andrew	92.9	–	7.1	–	100.0
Tang Chee Bian Steven	94.8	–	5.2	–	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).

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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 2023:–

Remuneration Band and Name of Executive	Salary %	Fees %	Bonus %	Other benefits %	Total %
Less than S$250,000					
Ong Hock Seng	78.7	–	6.2	15.1	100.0
Wang Lu	93.2	–	6.8	–	100.0
Ng Chin Seng	94.5	–	5.5	–	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 2023 was S$325,806.

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 2023.

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]	93.1	–	6.9	–	100.0

Note:
(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.

CORPORATE **GOVERNANCE REPORT**

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, including 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 losses, 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 subsidiaries in China had on 16 May 2023 obtained GB/T24001-2016/IS014001:2015.

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

CORPORATE GOVERNANCE REPORT

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 review 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 24(b) of the Notes to the Financial Statements on pages 92 to 101 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 ongoing conflict between Russia and Ukraine, continued US-China tensions, global shortage of electronic chipset, worldwide inflationary pressures as well as a growing division in what was a globalized world insofar as trade and manufacturing were concerned, 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.

CORPORATE **GOVERNANCE REPORT**

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 2023, the Board and the AC have received assurances from:

a) 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; and
b) the President and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.

Based on the internal controls assessed by the AC, internal controls established and maintained by the Group; work performed and audit findings by the independent external auditors; regular reviews undertaken by the Management and AC; additional internal controls instituted by the Executive Chairman and President and Group Finance Manager; as well as the assurance received from the Executive Chairman and President and Group Finance Manager, the AC concurs with the Board that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for the financial year ended 28 February 2023.

The AC will continue to monitor the effectiveness of these controls and augment them with new controls implementation to ensure that the controls remain relevant and adequate in our ever-changing operational and business landscape.

CORPORATE GOVERNANCE REPORT

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 2023. 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.

CORPORATE GOVERNANCE REPORT

The AC is responsible for the oversight and monitoring of whistleblowing. 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 Company undertakes to independently investigate such complaints made in good faith and in an objective manner with appropriate follow up actions being taken thereafter. The identity of the whistleblower is kept confidential and the Group will ensure he/she will not be victimized and will be protected against detrimental or unfair treatment. 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 2023, 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 on the Chairman of the AC, and will 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")/practicing 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 Mr Shawn Lee who directly oversees the engagement team and has over 13 years of experience in providing risk management/internal audit services.

Due to the Covid-19 pandemic and travelling restrictions to China between 2020 and early of 2023, the full scope of the internal audit has not performed. Nonetheless, the Group has strict measures in place for the internal controls (including financial, operational, compliance and information technology controls) and risk management systems to safeguard shareholders' investment and the Group assets, some of which are briefly described below:–

(a) Stringent approval procedures, documentation and checks with respect to the flow of raw materials, assets and finished products are implemented
(b) All department 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.

CORPORATE GOVERNANCE REPORT

Our internal controls are inspected yearly by external parties as described below:–

(a) Bureau Veritas Singapore Pte Ltd
(b) Bureau Veritas Certification China
(c) Bureau Veritas Certification (Thailand) Ltd

Auditing is based on a sampling process of the available information and the audit methods used were interviews, observations, sampling of activities and review of documentation and records.

As testament to the effective implementation of our internal control and stringent risk management system, there were no major non-conformities raised in Bureau Veritas audit.

Reference is made to the announcement released via SGXNET on 7 March 2023, an internal audit was performed in FY2023 by the major world-class personal electronic devices' supplier and seller (the "**Major Customer**") to supply certain Eco-Recycle Material produced by the Group to the Major Customer.

In view of the above, the AC is satisfied that the Company's internal audit function is independent, effective and adequately resourced in line with Rule 1207(10C) of the SGX-ST Listing Manual.

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.

CORPORATE GOVERNANCE REPORT

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 2023	S$
– fees payable to the external auditors in respect of audit services	80,000
– fees payable to the external auditors in respect of non-audit services [Preparation of tax return]	4,800
– fees payable to the external auditors in respect of other audit related services	2,500
Total	87,300

The company's subsidiaries are audited by Sukhum International Audit Co Ltd and Suzhou Fangben Certified Public Accountants respectively. The Board and AC are satisfied that the appointments of Sukhum International Audit Co Ltd ("**Sukhum International**") and Suzhou Fangben Certified Public Accountants ("**Suzhou Fangben**") would not compromise the standard and effectiveness of the audit of the issuer for the following reasons.

(i) Sukhum International has been appointed as auditor of the Company's subsidiary in Thailand since 2005 and has been reporting on an annual basis directly to Messrs Baker Tilly TFW LLP, the Company's main auditor. Till date, there have been no adverse observations by Messrs Baker Tilly TFW LLP on the work performed by Sukhum International. Aside from that, the Company intends to continue with Sukhum International's appointment as auditor due to the familiarity with the Subsidiary's operational profile in Thailand.

(ii) Suzhou Fangben has been the statutory auditor for the Company's subsidiaries in China since 2002. It is a legal requirement for all China registered entities to submit audited reports for the calendar year i.e. January 1 to December 31. The audit work performed by Suzhou Fangben is not part of the Group audit managed and conducted by Messrs Baker Tilly TFW LLP for the purposes of the Company's statutory reporting in Singapore.

(iii) Messrs Baker Tilly TFW LLP, working with Baker Tilly China Certified Public Accountants (an independent member firm of Baker Tilly International), however, conducts the audit review for the Company's subsidiaries in China for its financial year ending on 28 February. Baker Tilly China conducts the field work for the audit for the financial year ending 28 February and reports directly to Messrs Baker Tilly TFW LLP and does not use, rely on, nor review, the work performed by Suzhou Fangben.

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.

CORPORATE GOVERNANCE REPORT

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.

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.

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 disclosed in the general meeting and announced after the meetings via SGXNET. The Company has employed electronic polling since the Company's AGM 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 27 June 2022, 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.

CORPORATE **GOVERNANCE REPORT**

Whilst the AGM of the Company is a principal forum for dialogue and interaction with all shareholders, the Company will continue to rely on the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 for the upcoming AGM of the Company for FY2023. Alternative arrangements relating 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 prior to, or at the AGM (if any) and voting at the AGM (i) live by the shareholder or his/her/its duly appointed proxy(ies) (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on the shareholder's behalf at the AGM, will be put in place for the AGM. To facilitate high levels of shareholder engagement, real-time electronic communication and real-time electronic voting will be conducted during the AGM for shareholders and proxy(ies) attending the AGM via electronic means. The Company will adhere to the SGX-ST's guiding principle to allow shareholders sufficient time from the date of the Notice of AGM to raise questions and provide answers to such questions within reasonable timelines. Please refer to the Notice of AGM of the Company, which may be accessed at the Company's corporate website and via SGXNET for more information.

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.

The Company would publish the minutes of general meeting 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 2023 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.

CORPORATE GOVERNANCE REPORT

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 2023 which will be released by 30 June 2023.

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.

CORPORATE GOVERNANCE REPORT

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 FY2023

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

Note:

* By invitation

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

Mr Tan Chee Khiong and Mr Gavin Mark Mcintyre are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be held 30 June 2023 ("AGM") under Ordinary Resolutions 2 and 3 as set out in the Notice of AGM dated 15 June 2023.

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

Name of Director	**Tan Chee Khiong Danny ("Mr Danny Tan")**	**Gavin Mark Mcintyre ("Mr Gavin Mcintyre")**
Date of Initial Appointment	10 April 2002	22 August 2016
Date of last re-appointment (if applicable)	14 August 2020	14 August 2020
Age	58	58
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 Danny Tan's experience and contribution, the Nominating Committee has recommended that Mr Danny Tan be re-elected as Director of the Company.	After assessing Mr Gavin Mcintyre's experiences and contribution, the Nominating Committee has recommended that Mr Gavin Mcintyre be re-elected as Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive Oversight and management of the Group's business and corporate development, review and formulate the overall business and corporate policies and strategies for the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and President	Independent Director and Chairman of Audit Committee
Professional qualifications	NIL	Certified Practising Accountant with CPA Australia Bachelor of Accountancy from Curtin University in Australia
Working experience and occupation(s) during the past 10 years	Mr Danny Tan is responsible for oversight and management of the Group's business and corporate development, and works together with the rest of the Executive Directors to formulate the overall business and corporate policies and strategies for the Group.	2018 – Present: Executive Director, Aegis Interaktif Asia Pte. Ltd. 2015 – Present: Executive Director and Consult, Equitasasia Pte. Ltd. 2013 – 2015: Director, Censere Singapore Pte. Ltd. 2008 – 2013: Chief Financial Officer, Adventus Holdings Limited

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

Name of Director	Tan Chee Khiong Danny ("Mr Danny Tan")	Gavin Mark Mcintyre ("Mr Gavin Mcintyre")
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest – 1,186,977,925 Deemed Interest – 21,042,162 (held in the name of D.S.A.G Investment Pte. Ltd. and Mr Danny Tan's spouse)	Nil
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	Mr Danny Tan is the brother of the Executive Directors, Mr Tang Chee Bian Steven and Mr Tang Chee Wee Andrew. Ms Ang Bee Choo is a spouse of Mr Danny Tan.	Nil
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)	Nil	Nil
*** Present**	• 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.	• Nico Steel Holdings Limited • VCPlus Ltd • Biolidics Limited • Equitasasia Pte. Ltd.* • Equitas Financial Services Pte. Ltd. • Equitasasia Holdings Pte. Ltd. • Aegis Interaktif Asia Pte. Ltd.* • Da Guang Tankers (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up)

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

Name of Director	**Tan Chee Khiong Danny („Mr Danny Tan")**	**Gavin Mark Mcintyre („Mr Gavin Mcintyre")**
		• Da Zhong Tankers (Pte) Ltd (Under Judicial Management) • Dong Sheng Tankers (Pte) Ltd (In Liquidation – Members' Voluntary Winding Up) • Dong Ya Tankers (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) • Xin An Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) • Xin Kang Shipping (Pte) Ltd (In Liquidation – Members' Voluntary Winding Up) • Dafa Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) • Dong Jiang Tankers (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) • Dong Nan Tankers (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) • Xin Chun Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) • Xin Ying Shipping (Pte) Ltd (Under Judicial Management) • Xin Hui Shipping (Pte) Ltd (Under Judicial Management) • Xin Dun Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) • An He Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • Xin Bo Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) • Xin Guang Shipping (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up)

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

Name of Director	Tan Chee Khiong Danny ("Mr Danny Tan")	Gavin Mark Mcintyre ("Mr Gavin Mcintyre")
		• 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) • 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) • An Hui Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • Nan Yi Maritime (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • Nan King Maritime (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • Hua Sheng Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • Nan Zhou Maritime (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up)

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

Name of Director	Tan Chee Khiong Danny ("Mr Danny Tan")	Gavin Mark Mcintyre ("Mr Gavin Mcintyre")
		• Xin Sheng Shipping (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • An Guang Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • Da Xin Tankers (Pte) Ltd (In Liquidation – Creditors' Voluntary Winding Up) • Hua Zhong Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • Da Zhong Tankers (Pte) Ltd. • Nan Chuan Maritime (Pte.) Ltd. • Nan Chiau Maritime (Pte.) Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • An Xing Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • An Sheng Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • An Hua Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • An Ya Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) • An Kang Shipping Pte. Ltd. (In Liquidation – Creditors' Voluntary Winding Up) * principal commitments Please refer to pages 22 to 27.

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

Name of Director	Tan Chee Khiong Danny ("Mr Danny Tan")	Gavin Mark Mcintyre ("Mr Gavin Mcintyre")
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**		
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
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 Danny Tan and Mr Gavin Mcintyre have confirmed negative on items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Rules.

DIRECTORS' STATEMENT

The directors are pleased to 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 2023.

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 58 to 108 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 2023 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 1967 (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' STATEMENT

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 1.3.2022	At 28.2.2023
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 2023.

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.

DIRECTORS' STATEMENT

Directors' interest in shares or debentures (Continued)

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

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.

(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

Except as disclosed in financial statements, 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.

DIRECTORS' STATEMENT

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)

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 section of the Annual Report 2023.

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 independent external auditor;

(b) reviewed the financial statements of the Company and of the Group for the financial year ended 28 February 2023 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 (if any) 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 external auditor and has nominated Baker Tilly TFW LLP for re-appointment as independent external 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 Danny
Director

Tang Cee Bian Steven
Director

13 June 2023

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 58 to 108, which comprise the statements of financial position of the Group and of the Company as at 28 February 2023, 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 1967 (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 2023 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 2023, the Group's inventories amounted to US$7,656,251, representing 38% of the Group's total assets. During the financial year, a reversal of write-down of inventories of US$648,136 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. Given the significance of inventories and the significant management judgement and estimation involved in assessing the net realisable value of inventories, we have identified this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NICO STEEL HOLDINGS LIMITED

Report on the Audit of the Financial Statements (cont'd)

Valuation of inventories (cont'd)

Description of key audit matter: (cont'd)

The significant estimates and judgement applied in the valuation of inventories are included in Note 3 and disclosures for inventories are included in Note 13 to the financial statements.

Procedures performed by component auditors and us to address the matter:

The audit procedures performed included observing the year-end inventory count including management's identification of damaged items. We performed sample count and reviewed management's reconciliation of inventory count results to inventory record to ensure that damaged items identified, if any, during the inventory count are appropriately written down. We also obtained an understanding of relevant internal controls and process for assessing the net realisable value of inventories and tested the design and implementation of the Group's relevant key controls. We assessed the adequacy of the allowance made as at year end and the corresponding reversal of write-down of inventories recognised in profit and loss during the financial year by reviewing the aging of inventories, checking the estimated selling prices of inventories by types of material to recent sale transactions of the Group during the current financial year and subsequent to year end, checking the estimated selling expenses to recent supplier's invoices or quotations, where relevant and reviewing the gross margins. Where there are recent sales for that particular inventory item, the amount of write-down will be reversed such that the new carrying amount is the lower of cost and the revised net realisable value. Conversely, where there is no recent sale, we checked the estimated selling price to the scrap value of the type of material quoted by the suppliers.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2023, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NICO STEEL HOLDINGS LIMITED

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements (cont'd)

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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NICO STEEL HOLDINGS LIMITED

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.

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 the 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

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

	Note	2023 US$	2022 US$
Revenue	4	**16,418,997**	20,882,139
Cost of sales		**(13,226,037)**	(17,108,469)
Gross profit		**3,192,960**	3,773,670
Interest income from banks		**27,242**	2,629
Other income	5	**18,530**	115,294
Distribution expenses		**(487,450)**	(558,254)
Administrative expenses		**(2,458,859)**	(2,377,681)
Other gains/(expenses)		**275,365**	(135,327)
Finance costs	6	**(220,696)**	(202,683)
Profit before tax	7	**347,092**	617,648
Tax expense	8	**(256,144)**	(287,191)
Profit for the financial year		**90,948**	330,457
Other comprehensive (loss)/income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(1,087,283)**	162,450
Items that will not be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**42,419**	(11,074)
Other comprehensive (loss)/income for the financial year, net of tax		**(1,044,864)**	151,376
Total comprehensive (loss)/income for the financial year		**(953,916)**	481,833
Profit attributable to:			
Equity holders of the Company		**71,016**	321,677
Non-controlling interests		**19,932**	8,780
Profit for the financial year		**90,948**	330,457
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(1,016,267)**	484,127
Non-controlling interests		**62,351**	(2,294)
Total comprehensive (loss)/income for the financial year		**(953,916)**	481,833
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
Basic and diluted	9	**0.00**	0.01

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

STATEMENTS OF ***FINANCIAL POSITION***

AT 28 FEBRUARY 2023

	Note	Group 2023 US$	Group 2022 US$	Company 2023 US$	Company 2022 US$
Non-current assets					
Property, plant and equipment	10	**3,425,974**	3,813,671	**–**	–
Intangible assets	11	**2,351**	2,249	**–**	–
Subsidiaries	12	**–**	–	**12,647,439**	12,647,439
Total non-current assets		**3,428,325**	3,815,920	**12,647,439**	12,647,439
Current assets					
Inventories	13	**7,656,251**	8,456,594	**–**	–
Trade and other receivables	14	**4,710,181**	6,724,573	**2,368,763**	2,993,879
Contract assets	15	**737,744**	582,157	**–**	–
Cash and cash equivalents	16	**3,696,562**	4,510,656	**18,439**	47,689
Total current assets		**16,800,738**	20,273,980	**2,387,202**	3,041,568
Total assets		**20,229,063**	24,089,900	**15,034,641**	15,689,007
Equity and liabilities					
Share capital	17	**15,851,114**	15,851,114	**15,851,114**	15,851,114
Reserves	18	**(2,110,173)**	(1,125,751)	**–**	–
Accumulated profits/(losses)		**2,782,087**	2,813,932	**(1,015,440)**	(379,746)
Equity attributable to equity holders of the Company, total		**16,523,028**	17,539,295	**14,835,674**	15,471,368
Non-controlling interests	12(c)	**(411,462)**	(473,813)	**–**	–
Total equity		**16,111,566**	17,065,482	**14,835,674**	15,471,368
Non-current liabilities					
Borrowings	19	**624,485**	1,301,525	**–**	–
Provisions	20	**10,188**	10,944	**–**	–
Deferred tax liabilities	21	**9,928**	9,928	**–**	–
Total non-current liabilities		**644,601**	1,322,397	**–**	–
Current liabilities					
Borrowings	19	**2,265,438**	4,181,091	**–**	–
Trade and other payables	22	**1,124,140**	1,423,449	**198,967**	205,833
Provisions	20	**21,232**	21,491	**–**	–
Current tax payable		**62,086**	75,990	**–**	11,806
Total current liabilities		**3,472,896**	5,702,021	**198,967**	217,639
Total liabilities		**4,117,497**	7,024,418	**198,967**	217,639
Total equity and liabilities		**20,229,063**	24,089,900	**15,034,641**	15,689,007

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

	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 2022	15,851,114	(2,824,780)	860,279	838,750	2,813,932	17,539,295	(473,813)	17,065,482
Profit for the financial year	–	–	–	–	71,016	71,016	19,932	90,948
Other comprehensive (loss)/income, net of tax								
Currency translation differences arising from consolidation	–	–	(1,087,283)	–	–	(1,087,283)	42,419	(1,044,864)
Total comprehensive (loss)/income for the financial year	–	–	(1,087,283)	–	71,016	(1,016,267)	62,351	(953,916)
Transfer of statutory surplus reserve	–	–	–	102,861	(102,861)	–	–	–
At 28 February 2023	**15,851,114**	**(2,824,780)**	**(227,004)**	**941,611**	**2,782,087**	**16,523,028**	**(411,462)**	**16,111,566**
At 1 March 2021	15,851,114	(2,824,780)	697,829	746,790	2,584,215	17,055,168	(471,519)	16,583,649
Profit for the financial year	–	–	–	–	321,677	321,677	8,780	330,457
Other comprehensive income/(loss), net of tax								
Currency translation differences arising from consolidation	–	–	162,450	–	–	162,450	(11,074)	151,376
Total comprehensive income/(loss) for the financial year	–	–	162,450	–	321,677	484,127	(2,294)	481,833
Transfer of statutory surplus reserve	–	–	–	91,960	(91,960)	–	–	–
At 28 February 2022	15,851,114	(2,824,780)	860,279	838,750	2,813,932	17,539,295	(473,813)	17,065,482

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

	Share capital US$	Accumulated losses US$	Total equity US$
Company			
At 1 March 2021	15,851,114	(4,742,522)	11,108,592
Profit and total comprehensive income for the financial year	–	4,362,776	4,362,776
At 28 February 2022	15,851,114	(379,746)	15,471,368
Loss and total comprehensive loss for the financial year	–	(635,694)	(635,694)
At 28 February 2023	**15,851,114**	**(1,015,440)**	**14,835,674**

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

	2023 US$	2022 US$
Cash flows from operating activities		
Profit before tax	**347,092**	617,648
Adjustments for:		
Amortisation of intangible assets	**538**	565
Depreciation of property, plant and equipment	**514,034**	489,062
Interest expenses	**220,696**	202,683
Loss of disposal of property, plant and equipment	**–**	2,513
Interest income from banks	**(27,242)**	(2,629)
Reversal of inventories write-down	**(648,136)**	(562,083)
Operating profit before working capital changes	**406,982**	747,759
Changes in working capital:		
Inventories	**1,448,480**	(628,347)
Trade and other receivables and contract assets	**1,858,804**	(496,931)
Trade and other payables and contract liabilities	**(299,313)**	35,390
Provisions	**(1,014)**	(87,406)
Currency translation adjustments	**(1,138,331)**	145,526
Cash generated from/(used in) operations	**2,275,608**	(284,009)
Income tax paid	**(270,045)**	(224,636)
Interest paid	**(33,551)**	(19,673)
Net cash generated from/(used in) operating activities	**1,972,012**	(528,318)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**–**	187
Purchase of property, plant and equipment (Note 10)	**(252,048)**	(340,971)
Purchase of intangible assets	**(640)**	(568)
Interest received	**27,242**	2,629
Net cash used in investing activities	**(225,446)**	(338,723)
Cash flows from financing activities		
Proceeds from bank loan	**147,200**	2,239,500
Repayment of bank loan	**(468,319)**	(983,559)
Proceeds from working capital bank loans	**5,553,710**	6,832,272
Repayment of working capital bank loans	**(7,203,879)**	(6,895,387)
Proceeds from bills payable	**2,035,656**	2,570,869
Repayment of bills payable	**(2,232,405)**	(1,775,744)
Repayment of lease liabilities	**(205,323)**	(265,069)
Interest paid on bank loan	**(20,056)**	(18,879)
Interest paid on working capital bank loan	**(122,308)**	(134,217)
Interest paid on bills payable	**(14,578)**	(5,743)
Interest paid on lease liabilities	**(30,204)**	(24,171)
Net cash (used in)/generated from financing activities	**(2,560,506)**	1,539,872
Net (decrease)/increase in cash and cash equivalents	**(813,940)**	672,831
Cash and cash equivalents at 1 March	**4,510,656**	3,836,022
Effect of exchange rate fluctuations on cash held	**(154)**	1,803
Cash and cash equivalents at 28 February (Note 16)	**3,696,562**	4,510,656

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

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.

The Company announced on 5 September 2016 that it had been placed on the watch-list of the Singapore Exchange Securities Trading Limited ("SGX-ST") as it had recorded pre-tax losses for the 3 most recently completed consecutive financial years (based on audited full year consolidated accounts) and had an average daily market capitalisation of less than S$40 million over the last 6 months prior to being placed on the watch-list pursuant to Rule 1311. 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. On 16 October 2020, the Company received from the SGX-ST a notification of delisting from the official list of the SGX-ST. 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 the Company's controlling shareholder, Tan Chee Khiong Danny.

On 9 March 2023, the Company received a letter from the SGX-ST in relation to the notification of delisting ("Notification Letter") after several correspondences with SGX-ST. In the Notification Letter, the SGX-ST has stated that the Company would need to obtain shareholders' approval for its delisting without an exit offer made to the Company's shareholders and holders of any other classes of listed securities to be delisted pursuant to Rule 1309 of the Listing Manual.

The shareholders' resolution for the Company's delisting without an exit offer shall be tabled at a general meeting of the Company to be convened not be later than 30 June 2023.

As at 28 February 2023, the Group was in a net asset and net current asset position of US$16,111,566 and US$13,327,842 respectively. The Directors are of the view that while the Company was not in a financial position to make a distribution or an exit offer that is fair and reasonable to meet the requirements under Rule 1309 of the Listing Manual, it was not under any financial difficulty, and was able to pay its debts as and when they fell due. Therefore, the Directors are of the view that the Group and the Company are a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

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 1967 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

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 (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

New and revised standards that are adopted

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. 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.

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 2023 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.

2 Summary of significant accounting policies (Continued)

(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.

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.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2 Summary of significant accounting policies (Continued)

(c) Basis of consolidation (Continued)

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.

(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.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

2 Summary of significant accounting policies (Continued)

(e) Property, plant and equipment (Continued)

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 estimated 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.

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 patents

Acquired trademarks and patents 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 patents over 10 years, which is the shorter of their estimated useful lives and periods of contractual rights.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2 Summary of significant accounting policies (Continued)

(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.

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.

(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 a 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.

2 Summary of significant accounting policies (Continued)

(i) Leases (Continued)

***When a Group entity is the lessee* (Continued)**

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.

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.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2 Summary of significant accounting policies (Continued)

(i) Leases (Continued)

***When a Group entity is the lessee* (Continued)**

Right-of-use assets (Continued)

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.

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.

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2 Summary of significant accounting policies (Continued)

(j) Income taxes (Continued)

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

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.

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 at amortised cost.

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.

Subsequent measurement

Debt instruments include cash and cash equivalents, trade 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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2 Summary of significant accounting policies (Continued)

(k) Financial assets (Continued)

Subsequent measurement (Continued)

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.

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").

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.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2 Summary of significant accounting policies (Continued)

(k) Financial assets (Continued)

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, 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.

(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.

(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.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

2 Summary of significant accounting policies (Continued)

(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.

The Group recognises the estimated costs of dismantlement, removal or restoration items of assets arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value. Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related asset unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

(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.

(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.

NOTES TO THE *FINANCIAL STATEMENTS*

2 Summary of significant accounting policies (Continued)

(r) Employee benefits (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

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.

2 Summary of significant accounting policies (Continued)

(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 and for the effects of all dilutive potential ordinary shares.

3 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet 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.

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.

When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed market condition, the amount of the write-down is reversed so that the new carrying amount is the lower of cost and the revised net realisable value.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 13.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions 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 receivables and contract assets 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 receivables and contract assets.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

3 Key sources of estimation uncertainty (Continued)

Calculation of loss allowance (Continued)

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 forecasts of future economic conditions.

Details of ECL measurement, carrying values of trade receivables and contact assets at reporting date are disclosed in Notes 24(b), 14 and 15 respectively.

4 Revenue

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

5 Other income

	Group	
	2023	**2022**
	US$	**US$**
Government grant income*	**17,430**	59,619
Others	**1,100**	55,675
	18,530	115,294

* In the previous financial year, Government grant income of US$13,488 was recognised under the Jobs Support Scheme (the "JSS").

6 Finance costs

	Group	
	2023	**2022**
	US$	**US$**
Interest expenses:		
– bank loans and bills payable	**190,492**	178,512
– lease liabilities	**30,204**	24,171
	220,696	202,683

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

7 Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2023 US$	**2022 US$**
Staff costs		
Wages and salaries	**1,533,444**	1,520,116
Contributions to defined contribution plans	**70,102**	72,610
Other staff costs	**266,402**	285,901
	1,869,948	1,878,627
Cost of sales		
Cost of inventories included in cost of sales	**11,129,836**	13,880,534
Depreciation of property, plant and equipment	**142,901**	128,467
Other expense		
Depreciation of property, plant and equipment	**371,133**	360,595
Amortisation of intangible assets	**538**	565
Directors' fees	**83,678**	85,526
Lease expense – short-term lease	**757**	800
Audit services		
– auditor of the Company	**36,382**	37,169
– other auditors*	**33,165**	37,482
Non-audit services		
– auditor of the Company	**3,380**	3,553
– other auditors	**3,389**	1,382
Foreign currency exchange (gain)/loss	**(275,365)**	135,327
Reversal of inventories write-down	**(648,136)**	(562,083)

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

8 Tax expense

	Group	
	2022 US$	**2021 US$**
Tax recognised in profit or loss		
Current tax expense		
Current year	**256,034**	295,021
Under/(over) provision for prior years	**110**	(7,830)
	256,144	287,191

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

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	
	2023 US$	**2022 US$**
Profit before tax	**347,092**	617,648
Tax calculated at the applicable tax rates in the respective countries	**137,506**	183,413
Income not subject to tax	**(2,302)**	(8,996)
Expenses not deductible for tax purposes	**280,260**	251,239
Under/(over) provision for prior years	**110**	(7,830)
Deferred tax assets not recognised	**20,708**	32,437
Singapore statutory stepped income exemption	**–**	(2,799)
Utilisation of previously unrecognised tax losses	**–**	(158,125)
Changes in other temporary differences	**(172,625)**	–
Others	**(7,513)**	(2,148)
	256,144	287,191

The Company incorporated in Singapore and is subject to a tax rate of 17% (2022: 17%).

The corporate tax rate applicable to subsidiaries in Thailand and the People's Republic of China is 20% (2022: 20%) and 12.5% to 25% (2022: 25%) respectively.

9 Earnings per share

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

	2023	**2022**
Profit attributable to equity holders of the Company (US$)	**71,016**	321,677
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 per share (cents per share)	**0.00**	0.01

Basic earnings per share is calculated by dividing the profit 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 per share is same as basic earnings per share as there is no dilutive potential ordinary shares.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

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 2021	4,623,778	224,562	2,741,471	126,036	304,534	533,556	–	8,553,937
Additions	470,693	11,490	35,925	1,368	6,199	–	285,989	811,664
Derecognition	(718,717)	–	–	–	–	–	–	(718,717)
Disposals	–	–	–	–	–	(26,994)	–	(26,994)
Effect of movements in exchange rates	29,553	(2,831)	37,504	90	(92)	(6,043)	–	58,181
At 28 February 2022	4,405,307	233,221	2,814,900	127,494	310,641	500,519	285,989	8,678,071
Additions	32,486	4,918	43,636	702	3,035	–	199,757	284,534
Lease modification	6,386	–	–	–	–	–	–	6,386
Reclassification	–	–	485,746	–	–	–	(485,746)	–
Write off	–	–	–	–	(1,112)	–	–	(1,112)
Effect of movements in exchange rates	(219,156)	(13,031)	(221,878)	(8,819)	(7,074)	(26,268)	–	(496,226)
At 28 February 2023	**4,225,023**	**225,108**	**3,122,404**	**119,377**	**305,490**	**474,251**	**–**	**8,471,653**
Accumulated depreciation								
At 1 March 2021	1,944,983	222,134	2,118,158	115,356	268,527	429,585	–	5,098,743
Depreciation for the financial year	323,707	2,150	109,266	1,154	18,172	34,613	–	489,062
Derecognition	(718,717)	–	–	–	–	–	–	(718,717)
Disposals	–	–	–	–	–	(24,294)	–	(24,294)
Effect of movements in exchange rates	4,215	(2,764)	25,043	67	(102)	(6,853)	–	19,606
At 28 February 2022	1,554,188	221,520	2,252,467	116,577	286,597	433,051	–	4,864,400
Depreciation for the financial year	352,115	4,895	109,875	1,128	11,991	34,030	–	514,034
Write off	–	–	–	–	(1,112)	–	–	(1,112)
Effect of movements in exchange rates	(107,890)	(12,260)	(173,797)	(7,935)	(6,067)	(23,694)	–	(331,643)
At 28 February 2023	**1,798,413**	**214,155**	**2,188,545**	**109,770**	**291,409**	**443,387**	**–**	**5,045,679**
Carrying amount								
At 28 February 2022	2,851,119	11,701	562,433	10,917	24,044	67,468	285,989	3,813,671
At 28 February 2023	**2,426,610**	**10,953**	**933,859**	**9,607**	**14,081**	**30,864**	**–**	**3,425,974**

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

10 Property, plant and equipment (Continued)

As at 28 February 2023, the net carrying amount of the Group's property, plant and equipment under right-of-use assets were US$1,851,746 (2022: US$2,141,877) (Note 27).

Non-cash transactions

	Group	
	2023 US$	**2022 US$**
Aggregate cost of property, plant and equipment	**284,534**	811,664
Less: Additions to right-of-use assets (Note 27)	**(32,486)**	(470,693)
Net cash outflow for purchase of property, plant and equipment	**252,048**	340,971

11 Intangible assets

	Patents US$	**Trademarks US$**	**Total US$**
Cost			
At 1 March 2021	30,303	18,846	49,149
Additions	568	–	568
At 28 February 2022	30,871	18,846	49,717
Additions	640	–	640
At 28 February 2023	**31,511**	**18,846**	**50,357**
Accumulated amortisation			
At 1 March 2021	28,476	18,427	46,903
Amortisation for the financial year	425	140	565
At 28 February 2022	28,901	18,567	47,468
Amortisation for the financial year	399	139	538
At 28 February 2023	**29,300**	**18,706**	**48,006**
Carrying amount			
At 28 February 2022	1,970	279	2,249
At 28 February 2023	**2,211**	**140**	**2,351**

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

12 Subsidiaries

	Company	
	2023	**2022**
	US$	**US$**
Unquoted equity shares, at cost		
At 1 March	**12,813,439**	7,762,767
Addition	**–**	5,050,672
At 28 February	**12,813,439**	12,813,439
Accumulated impairment loss		
At 1 March and 28 February	**(166,000)**	(166,000)
Balance at 28 February	**12,647,439**	12,647,439

(a) Details of subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation/ Place of business	Effective equity held by the Group	
				2023 %	**2022 %**
[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
[4]	Nico Precision Technology Solutions (Jiangsu) Co., Ltd	Processing and sales of metal products and foreign trade operations, sales of self-owned structural machinery products for metal products, metal manufacturing, metal processing machinery manufacturing, casting manufacturing, metal mould manufacturing and metal cutting tools manufacturing.	People's Republic of China	**100**	100

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

12 Subsidiaries (Continued)

(a) Details of subsidiaries are as follows: (Continued)

(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.

(b) Significant restrictions

Cash and cash equivalents of US$1,913,445 (2022: US$3,334,143) 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	
	2023 US$	**2022 US$**
NCI percentage	**20%**	20%
Revenue	**1,482,857**	1,378,828
Profit for the financial year	**99,658**	43,898
Other comprehensive income/(loss)	**212,096**	(55,368)
Total comprehensive income/(loss)	**311,754**	(11,470)
Attributable to NCI:		
Profit for the year	**19,932**	8,780
Other comprehensive income/(loss)	**42,419**	(11,074)
Total comprehensive income/(loss)	**62,351**	(2,294)
Non-current assets	**375,698**	596,269
Current assets	**1,177,351**	969,482
Non-current liabilities	**–**	(134,513)
Current liabilities	**(3,610,359)**	(3,800,304)
Net liabilities	**(2,057,310)**	(2,369,066)
Net liabilities attributable to NCI	**(411,462)**	(473,813)
Cash flows generated from operating activities	**178,101**	205,381
Cash flows generated from/(used in) investing activities	**31,420**	(3,798)
Cash flows used in financing activities	**(235,841)**	(168,096)
Net (decrease)/increase in cash and cash equivalents	**(26,320)**	33,487

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

12 Subsidiaries (Continued)

(d) In the previous financial year, the Company incorporated Nico Precision Technology Solutions (Jiangsu) Co., Ltd for CNY32,267,480 (or US$5,050,672) on 30 September 2021, representing 100% of equity interest. The purpose of the incorporation of this subsidiary is to relocate the Group's existing factory in Suzhou to Jiangsu, one of the provinces in the People's Republic of China.

13 Inventories

	Group	
	2023 US$	**2022 US$**
Raw materials	**3,448,763**	3,717,094
Finished goods	**4,207,488**	4,739,500
	7,656,251	8,456,594
The following amounts are recognised in profit or loss:		
Inventories recognised as an expense in cost of sales	**11,129,836**	13,880,534
Reversal of inventories write-down (Note 7)	**(648,136)**	(562,083)

As at reporting date, the cumulative write-down of inventories to net realisable value amounted US$807,070 (2022: US$1,561,623).

During the financial year, the Group recognised a reversal of US$648,136 (2022: US$562,083), being part of an inventory write-down made in the previous financial years, as the selling prices of the inventories increased.

14 Trade and other receivables

	Group		Company	
	2023 US$	**2022 US$**	**2023 US$**	**2022 US$**
Trade receivables	**4,514,939**	6,574,426	**–**	–
Less: Loss allowance	**(166,768)**	(180,083)	**–**	–
	4,348,171	6,394,343	**–**	–
Non-trade amounts due from subsidiaries	**–**	–	**2,351,667**	2,977,310
Deposits	**64,026**	69,744	**–**	–
Other receivables	**200,256**	36,294	**–**	–
Prepayments	**97,728**	224,192	**17,096**	16,569
	4,710,181	6,724,573	**2,368,763**	2,993,879

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 24(b).

NOTES TO THE ***FINANCIAL STATEMENTS***
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

15 Contract assets

Contract assets relate to the Group's rights to consideration for goods delivered but not billed at the reporting date.

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

	Group		
	2023 US$	**2022 US$**	**1.3.2021 US$**
Trade receivables from contracts with customers	**4,352,756**	6,394,343	5,586,033
Contract assets	**737,744**	582,157	650,077

Contract assets balance increased as the Group has delivered goods ahead of billing.

16 Cash and cash equivalents

	Group		Company	
	2023 US$	**2022 US$**	**2023 US$**	**2022 US$**
Cash at banks	**3,168,640**	4,496,172	**18,439**	47,689
Cash in hand	**27,922**	14,484	**–**	–
Fixed deposits with banks	**500,000**	–	**–**	–
	3,696,562	4,510,656	**18,439**	47,689

17 Share capital

	2023		2022	
	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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

18 Reserves

	Group	
	2023	**2022**
	US$	**US$**
Merger reserve	**(2,824,780)**	(2,824,780)
Currency translation reserve	**(227,004)**	860,279
Statutory surplus reserve	**941,611**	838,750
	(2,110,173)	(1,125,751)

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.

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.

19 Borrowings

	Group	
	2023	**2022**
	US$	**US$**
Non-current		
Bank loan C (unsecured)	**278,474**	760,897
Lease liabilities	**346,011**	540,628
	624,485	1,301,525
Current		
Working capital bank loan A (unsecured)	**434,717**	976,675
Working capital bank loan B (secured)	**405,113**	1,720,737
Bank loan C (unsecured)	**486,756**	474,423
Bank loan D (unsecured)	**143,800**	–
Bills payable	**584,554**	795,125
Lease liabilities	**210,498**	214,131
	2,265,438	4,181,091
	2,889,923	5,482,616

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

19 Borrowings (Continued)

(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) Unsecured bank loan C is guaranteed by the Company and existing joint and several personal guarantee from the directors of the Group.

(iv) Unsecured bank loan D is guaranteed by a subsidiary.

(v) 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.

(vi) Bills payables as at 28 February 2022 were guaranteed by the Company. As at 28 February 2023, the bills payables is unsecured.

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

	Bank loan A & B US$	**Bank loan C & D US$**	**Bills payable US$**	**Lease liabilities US$**	**Total US$**
Balance at 1 March 2021	2,695,965	–	–	558,550	3,254,515
Changes from financing cash flows:					
– Proceeds	6,832,272	2,239,500	2,570,869	–	11,642,641
– Repayments	(6,895,387)	(983,559)	(1,775,744)	(265,069)	(9,919,759)
– Interest paid	(134,217)	(18,879)	(5,743)	(24,171)	(183,010)
Non-cash changes:					
– New leases	–	–	–	470,693	470,693
– Interest expenses	134,217	18,879	5,743	24,171	183,010
Effect of change in foreign exchange rates	64,562	(20,621)	–	(9,415)	34,526
Balance at 28 February 2022	2,697,412	1,235,320	795,125	754,759	5,482,616
Changes from financing cash flows:					
– Proceeds	5,553,710	147,200	2,035,656	–	7,736,566
– Repayments	(7,203,879)	(468,319)	(2,232,405)	(205,323)	(10,109,926)
– Interest paid	(122,308)	(20,056)	(14,578)	(30,204)	(187,146)
Non-cash changes:					
– Additions	–	–	–	32,486	32,486
– Lease modification	–	–	–	6,386	6,386
– Interest expenses	122,308	20,056	14,578	30,204	187,146
Effect of change in foreign exchange rates	(207,413)	(5,171)	(13,822)	(31,799)	(258,205)
Balance at 28 February 2023	**839,830**	**909,030**	**584,554**	**556,509**	**2,889,923**

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

19 Borrowings (Continued)

Terms and conditions of outstanding bank loans are as follows:

	Nominal interest rate %	Financial year of maturity	2023 Fair value US$	2023 Carrying amount US$	2022 Fair value US$	2022 Carrying amount US$
Group						
RMB floating rate loan A	120% of bank's board rate	2024	**434,717**	**434,717**	976,675	976,675
RMB floating rate loan B	China's Loan Prime Rate + 1.6%	2024	**405,113**	**405,133**	1,720,737	1,720,737
SGD fixed rate loan C	2.0%	2024/2025	**765,230**	**765,230**	1,235,320	1,235,320
RMB fixed rate loan D	4.8%	2024	**143,800**	**143,800**	–	–
			1,748,860	**1,748,860**	3,932,732	3,932,732

Fair values

The carrying amounts of current borrowings approximate their fair values at the end of the reporting period.

Based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar borrowings which the management expects would be available to the Group at the end of the reporting period, the fair values of the fixed rate borrowings at the end of the reporting period approximate their carrying values as there are no significant changes in the market lending interest rates available to the Group at the end of the reporting period.

20 Provisions

		Group 2023 US$	Group 2022 US$
Non-current			
Provision for restoration costs	**(a)**	**10,188**	10,944
Current			
Provision for unutilised annual leave	**(b)**	**21,232**	21,491

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

20 Provisions (Continued)

(a) Provision for restoration costs

	Group	
	2023	**2022**
	US$	**US$**
At 1 March	**10,944**	98,350
Net reversal during the financial year	**(756)**	(78,803)
Utilised during the financial year	**–**	(8,603)
Balance at 28 February	**10,188**	10,944

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 leases is 1.83 years (2022: 2.83 years). The effect of time value of money is not significant.

(b) Provision for unutilised annual leave

	Group	
	2023	**2022**
	US$	**US$**
At 1 March	**21,491**	12,758
Net (reversal)/additions during the financial year	**(259)**	8,733
Balance at 28 February	**21,232**	21,491

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

21 Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities represent the excess of the net carrying value over the tax written down value of property, plant and equipment.

Unrecognised deferred tax assets

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

	2023	**2022**
	US$	**US$**
Tax losses	**2,635,000**	2,521,000
Write-down of inventories	**807,000**	1,560,000
Other deductible temporary differences	**747,000**	921,000

21 Deferred tax liabilities (Continued)

Unrecognised deferred tax assets (Continued)

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. At the end of the previous financial year, tax losses of US$145,000 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 2022. The unutilised tax losses of US$137,000 have expired as at the end of the reporting date.

Unrecognised temporary differences relating to investment in subsidiaries

At 28 February 2023, temporary differences of US$3,386,000 (2022: US$2,665,000) 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.

22 Trade and other payables

	Group		Company	
	2023	2022	**2023**	2022
	US$	US$	**US$**	US$
Trade payables	**397,536**	662,627	**–**	–
Non-trade amounts due to subsidiaries	**–**	–	**47,817**	47,817
Accrued operating expenses	**337,680**	299,585	**143,282**	141,258
Other payables	**388,924**	461,237	**7,868**	16,758
	1,124,140	1,423,449	**198,967**	205,833

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

The Group and the Company's exposures to currency and liquidity risks related to trade and other payables are disclosed in Note 24(b).

23 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$1,748,860 (2022: bank loans and bills payable amounting to US$4,727,857) 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.

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.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

24 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	
	2023	**2022**	**2023**	**2022**
	US$	**US$**	**US$**	**US$**
Financial assets				
Financial assets at amortised cost	**8,309,015**	11,011,037	**2,370,106**	3,024,999
Financial liabilities				
Financial liabilities at amortised cost	**3,976,982**	6,906,065	**198,967**	205,833

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

24 Financial instruments (Continued)

(b) Financial risk management (Continued)

***Credit risk* (Continued)**

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.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

24 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.

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

24 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 4 debtors (2022: 5 debtors) that individually represented 5% – 9% (2022: 5% – 12%) of the trade receivables.

The Company has significant credit risk exposures arising on amounts due from subsidiaries of US$2,351,667 (2022: US$2,977,310) which represented 99% (2022: 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$1,681,046 (2022: US$3,440,254) 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$1,748,860 (2022: US$4,727,857) 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 and contract assets.

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.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

24 Financial instruments (Continued)

(b) Financial risk management (Continued)

Credit risk **(Continued)**

Trade receivables and contract assets (Continued)

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 forecasts of future economic conditions.

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$166,768 (2022: US$180,083) 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.

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

24 Financial instruments (Continued)

(b) Financial risk management (Continued)

Credit risk **(Continued)**

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 2023 and 28 February 2022.

Movement in credit loss allowance are as follows:

	Trade receivables	
	2023	**2022**
	US$	**US$**
Balance at 1 March	**180,083**	191,603
Currency translation difference	**(13,315)**	(11,520)
Balance at 28 February	**166,768**	180,083

Financial guarantee

The Company has issued financial guarantees to banks for borrowings of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual cash flow obligations and does not expect significant credit losses arising from these guarantees.

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.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

24 Financial instruments (Continued)

(b) Financial risk management (Continued)

***Liquidity risk* (Continued)**

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					
2023					
Non-derivative financial liabilities					
Bank loans	1,748,860	1,814,038	1,533,767	280,271	–
Bills payable	584,554	584,554	584,554	–	–
Lease liabilities	556,509	723,586	230,523	133,849	359,214
Trade and other payables	1,124,140	1,124,140	1,124,140	–	–
	4,014,063	**4,246,318**	**3,472,984**	**414,120**	**359,214**
2022					
Non-derivative financial liabilities					
Bank loans	3,932,732	4,119,410	3,345,966	773,444	–
Lease liabilities	754,759	949,190	245,451	330,013	373,726
Bills payable	795,125	795,125	795,125	–	–
Trade and other payables	1,423,449	1,423,449	1,423,449	–	–
	6,906,065	7,287,174	5,809,991	1,103,457	373,726
Company					
2023					
Non-derivative financial liabilities					
Other payables	198,967	198,967	198,967	–	–
Financial guarantee contracts	–	1,605,060	1,605,060	–	–
	198,967	**1,804,027**	**1,804,027**	**–**	**–**
2022					
Non-derivative financial liabilities					
Other payables	205,833	205,833	205,833	–	–
Financial guarantee contracts	–	4,727,857	4,727,857	–	–
	205,833	4,933,690	4,933,690	–	–

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

24 Financial instruments (Continued)

(b) Financial risk management (Continued)

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.

Exposure to currency risk

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

	2023		2022	
	Singapore dollar US$	**US dollar US$**	**Singapore dollar US$**	**US dollar US$**
Group				
Trade and other receivables	**104,637**	**1,102,565**	94,327	2,704,655
Cash and cash equivalents	**106,736**	**1,150,768**	143,845	2,242,560
Intra-group receivables	**1,192,643**	**1,626,436**	1,811,374	1,417,715
Trade and other payables	**(173,792)**	**–**	(182,820)	–
Bank loan	**(765,230)**	**–**	(1,235,320)	–
Lease liabilities	**(319,868)**	**–**	(321,357)	–
Intra-group payables	**(1,192,643)**	**–**	(1,811,374)	–
Net exposure	**(1,047,517)**	**3,879,769**	(1,501,325)	6,364,930

	2023 Singapore dollar US$	**2022 Singapore dollar US$**
Company		
Trade and other receivables	**1,192,643**	1,811,374
Cash and cash equivalents	**18,104**	47,354
Trade and other payables	**(143,282)**	(141,258)
Net exposure	**1,067,465**	1,717,470

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

24 Financial instruments (Continued)

(b) Financial risk management (Continued)

Currency risk (Continued)

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 2022.

	Group Increase/ (decrease) in profit US$	Company Increase/ (decrease) in profit US$
2023		
Singapore dollar	**(104,752)**	**106,747**
US dollar	**387,977**	**–**
	283,225	**217,867**
2022		
Singapore dollar	(150,133)	171,747
US dollar	636,493	–
	486,360	171,747

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	
	2023 US$	**2022 US$**
Fixed rate instruments		
Lease liabilities	**556,509**	754,759
Fixed interest rate bank loan	**909,030**	1,235,320
Bills payable	**584,554**	795,125
	2,050,093	2,785,204
Variable rate instruments		
Variable interest rate bank loans	**839,830**	2,697,412

24 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 2022.

	Profit or loss	
	100 bp increase US$	**100 bp decrease US$**
Group		
2023		
Variable rate instruments	**(8,398)**	**8,398**
2022		
Variable rate instruments	(26,974)	26,974

(c) Fair values

Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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. The basis of determining fair values for non-current borrowings at the end of the reporting period is disclosed in Note 19.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

25 Related party transactions

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.

Key management personnel compensation is analysed as follows:

	Group	
	2023	**2022**
	US$	**US$**
Short-term employee benefits	**765,104**	687,960
Post-employment benefits	**47,887**	47,841
Directors' fee	**83,678**	85,526
	896,669	821,327

Other related party transactions

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

	Group	
	2023	**2022**
	US$	**US$**
Remuneration including contribution to defined contribution plans paid to close member of the family of an executive director	**61,647**	60,416

26 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.

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

26 Operating segments (Continued)

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.

Information about reportable segments

	Coil Centre US$	Plating US$	Others US$	Total US$
2023				
Revenue and expenses				
External revenue	16,418,997	–	–	16,418,997
Inter-segment revenue	–	1,482,857	–	1,482,857
Total revenue of reportable segments	**16,418,997**	**1,482,857**	**–**	**17,901,854**
Interest income	181,622	146	–	181,768
Finance costs	(287,400)	(87,822)	–	(375,222)
Depreciation and amortisation	(306,033)	(208,539)	–	(514,572)
Reversal of inventories write-down	639,930	8,207	–	648,136
Reportable segment profit/(loss) before tax	882,906	102,554	(638,368)	347,092
Tax (expense)/credit	(255,923)	(2,896)	2,675	(256,144)
Reportable segment profit/(loss) after tax	**626,983**	**99,658**	**(635,693)**	**90,948**
Segment assets	19,697,599	493,578	35,535	20,226,712
Intangible assets	2,351	–	–	2,351
Total assets	**19,699,950**	**493,578**	**35,535**	**20,229,063**
Additions to non-current assets	**279,490**	**5,684**	**–**	**285,174**
Segment liabilities	3,570,931	323,402	151,150	4,045,483
Current tax payable	62,086	–	–	62,086
Deferred tax liabilities	9,928	–	–	9,928
Total liabilities	**3,642,945**	**323,402**	**151,150**	**4,117,497**

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

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

26 Operating segments (Continued)

Information about reportable segments (Continued)

	Coil Centre US$	Plating US$	Others US$	Total US$
2022				
Revenue and expenses				
External revenue	20,882,139	–	–	20,882,139
Inter-segment revenue	–	1,378,828	5,049,861	6,428,689
Total revenue of reportable segments	20,882,139	1,378,828	5,049,861	27,310,828
Interest income	152,533	110	–	152,643
Finance costs	(267,803)	(84,894)	–	(352,697)
Depreciation and amortisation	(267,968)	(221,659)	–	(489,627)
Reversal of inventories write-down	554,483	7,600	–	562,083
Reportable segment (loss)/profit before tax	(3,802,877)	43,898	4,376,627	617,648
Tax expense	(273,340)	–	(13,851)	(287,191)
Reportable segment (loss)/profit after tax	(4,076,217)	43,898	4,362,776	330,457
Segment assets	23,292,282	731,111	64,258	24,087,651
Intangible assets	2,249	–	–	2,249
Total assets	23,294,531	731,111	64,258	24,089,900
Additions to non-current assets	808,348	3,864	–	812,212
Segment liabilities	6,248,885	531,599	158,016	6,938,500
Current tax payable	64,183	–	11,807	75,990
Deferred tax liabilities	9,928	–	–	9,928
Total liabilities	6,322,996	531,599	169,823	7,024,418

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

NOTES TO THE *FINANCIAL STATEMENTS*

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

26 Operating segments (Continued)

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

	Group	
	2023 US$	**2022 US$**
Revenue		
Total revenue for reportable segments	**17,901,854**	27,310,828
Elimination of inter-segment revenue	**(1,482,857)**	(6,428,689)
Consolidated revenue	**16,418,997**	20,882,139

	Reportable segment total US$	Adjustments* US$	Consolidated total US$
Other material items			
2023			
Interest income	**181,768**	**(154,526)**	**27,242**
Finance costs	**(375,222)**	**154,526**	**(220,696)**
Depreciation and amortisation	**(514,572)**	**–**	**(514,572)**
2022			
Interest income	152,643	(150,014)	2,629
Finance costs	(352,697)	150,014	(202,683)
Depreciation and amortisation	(489,627)	–	(489,627)

* *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$
2023						
Revenue from external customers	**670,581**	**13,653,194**	**26,004**	**2,032,711**	**36,507**	**16,418,997**
Non-current assets	**1,982,609**	**1,351,579**	**–**	**94,137**	**–**	**3,428,325**
2022						
Revenue from external customers	244,876	15,991,339	48,801	4,546,988	50,135	20,882,139
Non-current assets	1,897,331	1,758,185	–	160,404	–	3,815,920

NOTES TO THE ***FINANCIAL STATEMENTS***

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

26 Operating segments (Continued)

Geographical segment (Continued)

Non-current assets information presented above are non-current assets as presented on the statements of financial position.

Major customers

In the previous financial year, revenue of US$5,156,430 was derived from two external customer with total contribution of 25% of the Group's revenue and are attributable to the Group's Coil Centre segment. During the current financial year, there are no customers who individually contributed 10% or more of the Group's revenue.

		Group	
	Attributable Segment	2023 US$	2022 US$
Customer 1	Coil Centre	-	2,308,478
Customer 2	Coil Centre	-	2,847,952
		-	5,156,430

27 Lease – When the Group as a lessee

<u>Nature of the Group's leasing activities</u>

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 had extended a further lease term of 20 years starting from 1 January 2023. On 31 March 2023, the Group had received JTC's email to approve the lease extension for a further 20 years lease as stated in JTC's Letter of Offer issued on 9 October 2019. Currently, JTC is following up on the paperwork for this lease extension. As at 28 February 2023, the remaining land lease tenure is approximately 19.83 years (2022: 20.83 years).

(b) The Group leases factory buildings from non-related parties with contractual terms of 3 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 24(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

27 Lease – When the Group as a lessee (Continued)

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	
	2023 US$	**2022 US$**
Classified within property, plant and equipment (Note 10)		
Leasehold land and buildings	**1,851,746**	2,141,877
Additions to right-of-use assets	**32,486**	470,693
Lease modification	**6,386**	–
Depreciation charge for the financial year on right-of-use assets	**280,643**	248,205
Interest expenses on lease liabilities (Note 6)	**30,204**	24,171
Leases – short-term lease	**757**	800

Total cash flow for the leases during the financial year amounted to US$236,284 (2022: US$290,040).

28 Capital commitments

Capital commitments not provided for in the financial statements:

	Group	
	2023 US$	**2022 US$**
Capital commitment in respect of plant and machinery	**29,668**	207,518

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2023

29 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 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 18, 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	
	2023	**2022**
	US$	**US$**
Profit before tax and finance costs	**567,788**	820,331
Equity attributable to the equity holders of the Company	**16,523,031**	17,539,295
Less: Statutory surplus reserve (Note 18)	**(941,611)**	(838,750)
Total net equity	**15,581,420**	16,700,545
Return on capital ratio	**0.04**	0.05

30 Authorisation of financial statements

The 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 2023 were authorised for issue in accordance with a resolution of the directors dated 13 June 2023.

SHAREHOLDERS' STATISTICS

AS AT 22 MAY 2023

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 22 May 2023, 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	2.67	18,898	0.00
1,001 – 10,000	210	14.37	1,219,100	0.03
10,001 – 1,000,000	921	63.04	282,908,149	5.70
1,000,001 AND ABOVE	289	19.78	4,678,019,928	94.27
	1,461	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

Notes:

(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 22 MAY 2023

Major Shareholders – Top 21 as at 22 May 2023

NO.	NAME	NO. OF SHARES	%
1	TAN CHEE KHIONG	1,186,977,925	23.92
2	CITIBANK NOMINEES SINGAPORE PTE LTD	768,000,200	15.48
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	600,086,528	12.09
4	HO BENG SIANG	163,500,000	3.30
5	DBS NOMINEES PTE LTD	156,789,100	3.16
6	PHILLIP SECURITIES PTE LTD	136,388,600	2.75
7	OCBC SECURITIES PRIVATE LTD	90,455,050	1.82
8	ABN AMRO CLEARING BANK N.V.	76,307,100	1.54
9	IFAST FINANCIAL PTE LTD	73,131,750	1.48
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	0.95
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	YONG SOONG OOI	20,000,000	0.40
21	TOH BAN CHYE (ZHUO WANCAI)	20,000,000	0.40
		3,629,130,553	73.14

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second 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 Friday, 30 June 2023 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 2023 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 Chee Khiong **(Resolution 2)**

   Mr Gavin Mark Mcintyre **(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 2023 (2022: 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 1967, 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);

NOTICE OF **ANNUAL GENERAL MEETING**

(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 1967, 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, 15 June 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr Tan Chee Khiong will, upon re-election as a Director of the Company, remain as an executive director. Mr Gavin Mark Mcintyre will, upon re-election as a Director of the Company, remain as Independent Director, Chairman of the Audit Committee, and as a member of the Nominating and Remuneration Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Gavin Mark Mcintyre has no relationships with the 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 Annual General Meeting ("**Meeting**" or "**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 in line with the Company's efforts to be environmentally friendly. 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 AGM 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 at the Meeting, are set out in the document entitled "Important notice to shareholders in relation to the conduct and proceedings of the Company's 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 2023 ("**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 15 June 2023 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) Observing and/or listening to the AGM proceedings via the live audio-visual webcast and live audio-only stream ("**Live Webcast**");

   (b) submitting questions ahead of the AGM. Please refer to section under "Submission of Questions" below for more information;

   (c) submitting text-based questions during the Live Webcast of the AGM by clicking the "Ask a Question" feature and then clicking "Type Your Question" to input their queries in the questions text box; and

   (d) voting at the AGM, live and online. Please refer to the section under "Voting at the AGM" below for more information.

NOTICE OF **ANNUAL GENERAL MEETING**

Participation in the AGM via Live Webcast

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 join the proceedings of the AGM through a Live Webcast via mobile phone, tablet or computer. To join the Live Webcast, the member must pre-register by **2.00 p.m. on 27 June 2023** (being not less than seventy-two (72) hours before the time fixed for the AGM) (the "**Registration Deadline**") at the following URL: https://conveneagm.sg/nicosteel-registration ("**Registration Link**"), to enable the Company to verify the shareholders' status.

4. Following verification, Shareholders will receive an email containing instructions on how to access the Live Webcast using the login credentials created during pre-registration.

5. Shareholders must not forward the abovementioned instructions to other persons who are not shareholders of the Company and who are, therefore, not entitled to attend the AGM.

6. Shareholder (including CPF/SRS Investors) 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 2023** may contact the Company for assistance at the following email address: gpe@mncsingapore.com, with the following details included: (1) the shareholder's full name, and (2) his/her/its identification/passport/registration number.

7. Non-CPF/SRS Investors 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.

8. Shareholders who are attending the AGM via Live Webcast are reminded that the AGM is private. Invitations to attend the AGM Live Webcast shall not be forwarded to anyone who is not a Shareholder of the Company or who is not authorised and/or authenticated to attend the AGM Live Webcast. Recording of the AGM Live Webcast in whatsoever form by the Shareholders is also strictly prohibited.

9. Shareholders may contact support@conveneagm.com or call +65 68567330 in the event if there are any technical issues relating to the access link prior to the AGM.

Submission of questions prior to and during the AGM

10. Shareholders of the Company (including CPF and SRS investors) may submit questions related to the resolutions to be tabled at the AGM not later than 2.00 p.m. on 23 June 2023 through any one of the following means:–

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

    (b) via the Registration Link, be submitted via the following URL: https://conveneagm.sg/nicosteel-registration; or

    (c) by depositing the same at the registered office of the Company at 51 Loyang Way, Singapore 508744 by hand or post.

11. 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 for the AGM (the "**Proxy Form**"), the following details must be included with the submitted questions: (i) the shareholder's full name; and (ii) his/her/its identification/passport/registration number for verification purposes, failing which the submission will be treated as invalid.

12. Shareholders and/or their proxies (including CPF and SRS investors) may also submit text-based questions during the AGM via the Live Webcast by clicking the "Ask a Question" feature and then clicking "Type Your Question" to put their queries in the questions text box via the webcast platform.

13. Shareholders who hold shares through relevant intermediaries (other than CPF/SRS investors) will not be able to pre-register for the "live" webcast or "live" audio feed. Such Shareholders who wish to participate in the "live" webcast or "live" audio feed of the AGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements.

14. 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 on 26 June 2023 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.

NOTICE OF **ANNUAL GENERAL MEETING**

Voting at AGM

15. A shareholder who wishes to exercise his/her/its voting rights to vote on any or all of the resolutions at the AGM may:

    (a) (where the shareholder is an individual) vote "live" via electronic means at the AGM, or (whether the shareholder is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf; or

    (b) (whether the shareholder is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. Shareholders must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid.

16. CPF and SRS investor who wishes to exercise his/her/its voting rights and vote "live" at the AGM may:

    (a) vote "live" via electronic means at the AGM as proxies appointed by their respective CPF Agent Banks or SRS Operators, should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

    (b) appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on 19 June 2023, being seven (7) working days before the date of AGM. Shareholders are to note that if the Chairman of the AGM is appointed as proxy, Shareholders should remind their CPF Agent Banks or SRS Operators that the proxy form appointing the Chairman must be directed, i.e., it must indicate that the Chairman is to vote for, against or abstain from voting on each resolution to be voted on, failing which the proxy form may be declared invalid.

17. A shareholder who is not a relevant intermediary* is entitled to appoint not more than two (2) proxies to attend and vote at the AGM. Where such shareholder's Proxy Form appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the Proxy Form.

    A shareholder who is a relevant intermediary* is entitled to appoint more than two (2) proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such shareholder's Proxy Form appointing a proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

    * A Relevant Intermediary is:

    (a) a banking corporation licensed under the Banking Act 1970 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 2001 and who holds shares in that capacity; or

    (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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.

18. The Chairman of the Meeting, as proxy, need not be a shareholder of the Company.

19. The Proxy Form for the AGM may be accessed via the Registration Link, the Company's corporate website http://www.nicosteel.com, or the SGX website at the URL: https://www.sgx.com/securities/company-announcements.

20. The Proxy Form must be submitted through any one of the following means:

    (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;

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

    (c) if submitted via Registration Link, be submitted via the following URL: https://conveneagm.sg/nicosteel-registration.

    in either case, by not later than 27 June 2023, 2.00 p.m., being at least seventy-two (72) hours before the time appointed for holding the AGM. Shareholders of the Company are strongly encouraged to submit completed proxy forms electronically via email.

NOTICE OF ANNUAL GENERAL MEETING

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.

21. In the case of submission of the Proxy Form, the Proxy Form must be executed under the hand of the appointor or on his/her attorney duly authorised in writing. Where the Proxy Form 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. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the instrument of proxy may be treated as invalid.

22. A corporation which a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

23. 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.

24. An electronic copy of the Company's annual report for the financial year ended 28 February 2023, 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;

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

25. The Company would like to thank all shareholders for their understanding and cooperation to hold the AGM by way of electronic means.

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**" or "**AGM**") is being convened, and will be held by way of electronic means pursuant to First Schedule of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Company's annual report for the financial year ended 28 February 2023, Notice of AGM and Proxy Form ("**Documents**") for the AGM have been published on SGXNet and the Company's corporate website at http://www.nicosteel.com. Printed copies of the Documents would be sent to members upon their written request to gpe@mncsingapore.com.
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 15 June 2023, 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. 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 and voting rights.
4. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies) or the Chairman of the AGM as a shareholder's proxy on his/her/its behalf at the AGM.

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

Name	**Address**	**NRIC/ Passport Number**	**Email Address*****	**Proportion of Shareholdings**	
				No. of Shares	**%**

and/or (delete as appropriate)

Name	**Address**	**NRIC/ Passport Number**	**Email Address*****	**Proportion of Shareholdings**	
				No. of Shares	**%**

If no specific direction as to voting is given for individual(s) appointed as proxy/proxies above, the proxy/proxies will vote or abstain from voting at his/her/their* discretion, and in addition, as he/she/they* will on any other matter arising at the AGM and at any adjournment thereof.

Shareholders may alternatively appoint the Chairman of the AGM as their proxy to attend and vote for their behalf at the AGM of the Company to be held by way of electronic means on **Friday, 30 June 2023 at 2.00 p.m.** and at any adjournment thereof. If Shareholders appoint the Chairman of the AGM as their proxy, they should insert the word "Chairman of AGM" under the column "Name".

Please note that where the Chairman of the AGM is appointed as proxy, the Proxy Form appointing the Chairman must be directed (i.e. the shareholder must indicate for each resolution proposed at the Meeting as indicated hereunder whether the Chairman of the AGM is directed to vote "for" or "against" or "abstain" from voting.) If no specific direction as to voting is given, the appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid at the AGM and at any adjournment thereof.

The Ordinary Resolutions put to vote at the AGM shall be conducted by poll.

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 2023			
2.	Re-election of Mr Tan Chee Khiong as a Director			
3.	Re-election of Mr Gavin Mark Mcintyre as a Director			
4.	Approval of Directors' fees amounting to S$115,000 for the financial year ended 28 February 2023			
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.*

*** *Compulsory for registration purposes. All shareholders and proxy holders who wish to attend and participate in the Live Webcast of the AGM must pre-register via the pre-registration website. Authenticated shareholders and proxy(ies) will be provided with a confirmation email for the AGM containing details, as well as instructions on attending the AGM, via the email address provided during pre-registration.*

Dated this ______ day of ______________ 2023

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 2001), 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 or Chairman as proxy shall be deemed to relate to all the Shares held by you.

2. The AGM is being convened and will be held by electronic means. Shareholders will not be able to attend the AGM in person. If a Shareholder wishes to exercise his/her/its voting rights at the AGM, he/she/it may cast his/her/its votes remotely in real time via electronic means. A shareholder (whether individual or corporate) may vote live at the AGM or may appoint a proxy or proxies, including the Chairman of the AGM, to vote on his/her/its behalf at the AGM. Shareholder may also vote at the AGM by appointing the Chairman of the AGM as proxy to vote on his/her/its behalf at the AGM. Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of proxy for that resolution will be treated as invalid. In addition, if no specific direction as to voting is given for the individual(s) named above, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM or at any adjournment thereof.

3. Only shareholder of the Company or their appointed proxy(ies) who have been successfully verified will be entitled to attend the AGM.

4. A shareholder who is not a Relevant Intermediary* is entitled to appoint not more than two (2) proxies. Where such shareholder's instrument appointing a proxy(ies) appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

5. An investor who holds shares through a Relevant Intermediary* (including CPFIS members or Supplementary Retirement Scheme investors ("**CPF/SRS Investor**")) and wishes to exercise his/her vote, should approach their respective Agent Banks/SRS operators to submit his/her votes by **19 June 2023 at 5.00 p.m.** to appoint the Chairman of the Meeting as his/her proxy, at least 7 working days before the AGM.

6. A proxy, including the Chairman of the AGM, need not be a shareholder of the Company.

7. The Proxy Form must be submitted to the Company through any one of 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;

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

   (c) if submitted via Registration Link, be submitted via the following URL: https://conveneagm.sg/nicosteel-registration.

   in either case, **by not later 27 June 2023, 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.

   In the case of submission of the Proxy Form other than via the Registration Link, 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.

   Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

8. A corporation which is a shareholder 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 1967 of Singapore and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so presented as the corporation could exercise in person if it were an individual.

9. Where the Proxy Form is executed by an individual, it must be executed under the hand of the individual or his attorney duly authorised. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

10. Where the Proxy Form is executed under the hand of an attorney duly authorised, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.

11 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.

\# A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act 1970 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 2001 and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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 Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject any Proxy Form if the shareholder, being the appointor, is not shown to have shares entered against his/her 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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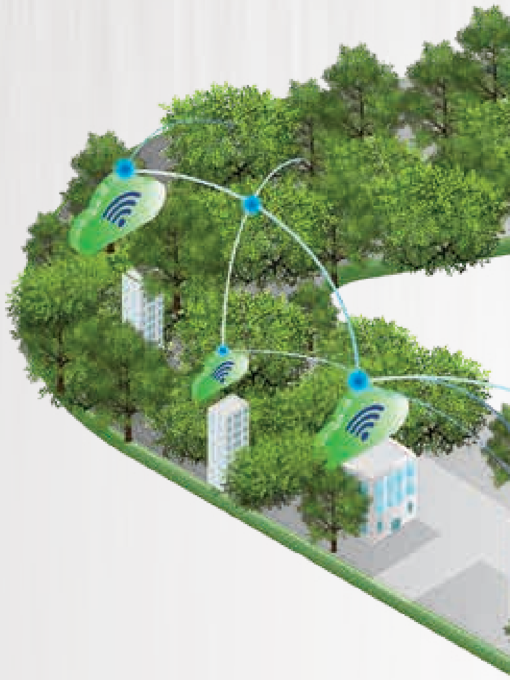

Nico Steel Solutions
Think Innovation

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