2017 Annual Report

NIPPECRAFT

Our Vision

"To develop new and better innovative concepts for business and personal enrichment."

Corporate Statement

Nippecraft Limited ("Nippecraft") is an established provider of innovative information and organising tools for personal and professional users. This includes a wide range of diaries, notebooks, organisers and other stationery products for the office, home or school environment.

Headquartered in Singapore, Nippecraft has established core businesses in the United Kingdom, Australia, Singapore, and other parts of Asia. Furthermore, Nippecraft will actively expand its business into other new markets.

Our core brands are Collins and Debden. Collins has a strong heritage that dates back to the late 1700's in the United Kingdom. The first Collins diaries for the mass market were published in 1881. The Debden brand was introduced into Australia and New Zealand in 1978. The brand is named after the old Debden road in Singapore, near the Changi International Airport. Throughout the years, Collins and Debden have been providing our customers with the assurance of quality, value and choice in all our products.

Going forward, Nippecraft will continue to develop products that improve the daily lives of our customers by ensuring that they receive the very best features long before they are available elsewhere. The Company aims to continually remain at the forefront of offering solutions to customer needs, especially in a rapidly changing environment with technological advances that bring with it new pressures in daily life.

Our Mission

"To be one of the leading consumer-recognised brands globally."

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Initiatives

Nippecraft Limited (or "Company") is dedicated to support and promote responsible forestry practices through our purchasing of materials and products. Our company is dedicated to maintaining a chain of custody (CoC) programme.

Our company has successfully implemented the sourcing and procurement program. Our company is committed to continually increasing the proportion of material from sources that are verified or certified under CoC program.

As a responsible environmental company, we will continue to maintain our core focus well into the future and our proactive commitment to environmental awareness and stewardship. Increase consumer confidence, ensuring better access to the markets through strong differentiation.

We encourage all our employees to embrace the responsibilities of environmental protection both individually or as a team, to promote more effective awareness with our customers and building an effective and efficient environmental management in our organisation.

FSC®
www.fsc.org

The mark of
responsible forestry

CORPORATE INFORMATION

Executive Chairlady and Chief Executive Officer	Connie Oi Yan Chan
Independent Directors	Khoo Song Koon (Lead Independent Director) Lim Yu Neng Paul Chow Wai San
Audit Committee	Khoo Song Koon (Chairman, Lead Independent Director) Lim Yu Neng Paul (Independent Director) Chow Wai San (Independent Director)
Remuneration Committee	Chow Wai San (Chairman, Independent Director) Khoo Song Koon (Independent Director) Lim Yu Neng Paul (Independent Director)
Nominating Committee	Lim Yu Neng Paul (Chairman, Independent Director) Khoo Song Koon (Independent Director) Chow Wai San (Independent Director)
Auditors	Crowe Horwath First Trust LLP (Appointed on 19 September 2014) 8 Shenton Way #05-01 AXA Tower Singapore 068811 Partner-in-charge: Kow Wei-Jue Duncan (Appointed on 4 August 2017)
Company Secretaries	Raymond Lam Kuo Wei Lee Lih Feng
Registered Office	9 Fan Yoong Road Singapore 629787 Tel: (65) 6262 2662 Fax: (65) 6262 1551 Email: investors@nippecraft.com.sg
Registrar	M & C Services Pte Ltd 112 Robinson Road #05-01 Singapore 068902

KEY FINANCIAL DATA

	2017	2016	2015	2014	2013
Group Financial Highlights					
US$'000					
Sales for the Group	**125,810**	114,569	239,169	248,577	89,294
Profit / (Loss) before tax	**97**	(2,053)	718	(7,298)	(1,192)
EBITDA*	**1,064**	183	2,304	1,185	947
At year-end (US$'000)					
Shareholders' funds	**32,287**	31,222	34,475	35,928	44,443
Total assets	**66,662**	52,284	64,871	72,828	79,507
Net assets	**32,287**	31,222	34,475	35,928	41,398
Net borrowings	-	43	13	52	137
Per Share Data (cents)					
Net (loss) / earnings **	**0.005**	(0.56)	0.12	(1.98)	(0.48)
Net tangible assets **	**9.19**	8.89	9.81	10.22	11.78
Financial Ratios					
Return on equity (%)	0.05	(6.29)	1.26	(19.36)	(4.11)
Net gearing (times)	0.00	0.00	0.00	0.00	0.00

** EBITDA means earnings before interest, taxes, depreciation, amortisation, impairment and exceptional items.*
*** Net (loss) / earnings and net assets per share are based on the weighted average number of shares.*

Chairlady's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Nippecraft Limited ("Nippecraft" or the "Group") for the financial year ended 31 December 2017 ("FY2017").

From 5 March 2014, following three years of consecutive net losses and an average market capitalisation of less than S$40 million, the Group has been placed on the Singapore Exchange Securities Trading Limited ("SGX-ST") Financial Watch-list. The SGX-ST granted the Company an extension on 1 June 2017 to meet the requirements by 1 March 2018. The Group has also been placed on the Minimum Trading Price Watch List with effect from 5 June 2017.

The Group submitted an application to SGX-ST on 27 February 2018 to seek a further 6 months extension to exit the financial watch lists. The application was made on the basis that the Group was profitable for FY2017 and the Group intends to seek a transfer from the Mainboard to Catalist Board. With this transfer, the Group would be able to exit both the financial and Minimum Trading Price Watchlists. The Group is in the process of appointing a Continuing Sponsor and making preparations for the transfer. The Group believes that the listing on Catalist will position the Group appropriately and better allow the Group to attract investors in the future. Furthermore, the market capitalization of the Group best resemble that of the companies on the Catalist. With this transfer, it provides an alternative means to safeguard and provide greater value to our shareholders.

FY2017 was a challenging year. While the Group achieved an overall 9.8% increase in Group revenue to US$125.8 million, the growth was driven by the trading business. The stationery business saw a drop of 10.1% of revenue to US$22 million, driven by weak fourth quarter general market demand resulting in slower sales replenishments and the Group shifting away from low margin business. There was also further impact from the shipment delays and quality issues in 2016 and some customers did not buy from us in 2017 as a result. However, the Group was able to stabilize the supply chain in 2017, and significantly improved delivery and quality performance.

The Group next focus will be to improve revenue and profitability of the stationery business. The Group is actively developing new customers and new markets for the stationery business. Ecommerce sales through Amazon, our online portal and other ecommerce channels are also bearing positive results.

The strength of the Collins and Debden brands remain one of the Group's strongest assets. The Group launched the new Collins brand design in 2017 along with the new Metropolitan range of that which is more lifestyle-oriented. Both have received warm feedback from our customers.

The Gross Profit Margin ("GPM") for stationery in FY2017 was 30.9%, a slight improvement from 29.6% achieved in FY2016. Normalising the stationery GPM, excluding the restructuring of Singapore plant in FY2016, excluding claims from customers incurred in FY2017 due to 2016 late deliveries and normalizing the high stock provisions in FY2017, the adjusted GPM in FY2016 and FY2017 would be

32.3% and 35.2% respectively. The improvement in normalized GPM indicates that the Group's approach and effort in the past few years to improve the profitability of the stationery business is showing positive results.

During the year, the Group generated a positive EBITDA (earnings before interest, taxation, depreciation, amortisation and exceptional items) of US$1.06 million. An improvement of US$0.9 million over the past year. The improvement arose from cost savings and reductions as the Group continue to streamline and improve its operations. The Group remains financially strong in our cash balances. The drop in cash balances in FY2017 was mostly due to changes in working capital, ie timing of collection of our trade receivables due to increase in trade receivables balances arising from increase in pulp sales in the last quarter of FY2017.

Corporate actions can have an impact on the environment and our community. We hope to make environmental consciousness a collaborative effort on the part of every employee of the Group, from senior management to employees.

There were some changes to the Board of the Company. Ms Linda Suryasari Wijaya Limantara and Ms Indah Suryasari Wijaya Limantara resigned as directors during the year. I wish to put on record for their contributions to the Group and I wish them both the very best in the years ahead. I would also like to extend my appreciation to Ms Linda Suryasari Wijaya Limantara and the Board for nominating me as the Chairlady of Board of Directors. I thank the Board for demonstrating strong confidence in me.

On behalf of the Board, I would like to take this opportunity to express my deepest gratitude to our valued customers, outsourcing vendors and business partners for their unrelenting support of the Group in the past year.

I would also like to thank our management and staff for their hard work and contribution to the Group that has kept the Group going and progressing to where it is today.

Last but not least, I would llike to extend my heartfelt appreciation to our shareholders who have demonstrated great faith in the Group. We will strive to deliver sustainable shareholders' value in the coming years.

Thank you.

Sincerely,

Connie Oi Yan Chan
Executive Chairlady and Chief Executive Officer

28 March 2018

DIRECTOR'S PROFILE

Connie Oi Yan Chan
Executive Chairlady and Chief Executive Officer

Ms Chan was appointed as Chief Executive Officer ("CEO") and Executive Director on 2 December 2015. She was appointed as Chairlady on 3 August 2017.

Ms Chan has over 20 years' of professional experience. She worked for General Electric from 1997 to 2009 across different business units and countries. She joined British American Tobacco in 2009 and was the Head of Strategy & Business Development, Greater China. She was appointed as General Manager of British American Tobacco Singapore from 2012 to 2014.

Ms Chan has a bachelor's degree in Economics from the University of Chicago, and a joint Master of Business Administration degree from the Kellogg Business School at Northwestern University and the Hong Kong University of Science & Technology.

Date of last re-election as a Director: 28 April 2016.

Khoo Song Koon
Lead Independent Director

Mr Khoo joined the Board on 27 February 2015 and was appointed as an independent director on the same date. Mr. Khoo was appointed Lead Independent Director on 26 October 2016.

Mr Khoo is currently the executive director of JKhoo Consultancy Pte. Ltd. He has more than 20 years of professional experience including previously working in international accounting firms as well as a boutique corporate advisory firm.

Mr Khoo graduated with a Bachelor of Accountancy degree from Nanyang Technological University of Singapore. He is a member of the Institute of Singapore Chartered Accountants and a member of CPA Australia. He is also a member of the Singapore Institute of Directors.

He is also an Independent Director of Resources Prima Group Limited.

Date of last re-election as a Director: 27 April 2017.

Lim Yu Neng Paul
Independent Director

Mr Lim joined the Board on 29 July 2011 and was appointed as an independent director on the same date.

Mr Lim has over 25 years of banking experience with international investment banks including Morgan Stanley, Deutsche Bank, Citigroup and Bankers Trust. He is currently the Managing Director and Head of Private Equity of SBI Ven Capital Pte Ltd.

Mr Lim is an Independent Director of China Everbright Water Limited and Golden Energy and Resources Limited. He obtained his Master Degree in Business Administration, Finance and Bachelor of Science in Computer Science from University of Wisconsin-Madison, USA. He is also a Chartered Financial Analyst ("CFA").

Date of next re-election as a Director: 27 April 2018.

Chow Wai San
Independent Director

Mr Chow joined the Board on 26 October 2016 and was appointed as an Independent Director on the same date.

Currently, Mr Chow is the Managing Director of Aquifer Consulting Pte Ltd, a corporate advisory firm. In his professional career of more than 20 years, he has worked in one of the Big Four accounting firms as well as a boutique corporate advisory firm.

After graduating from Nanyang Technological University of Singapore with a Bachelor of Accountancy, Mr Chow went on to qualify as a Chartered Financial Analyst of CFA Institute, USA. He is also a current member of the Institute of Singapore Chartered Accountants, CPA Australia as well as the Singapore Institute of Directors.

At present, he also sits on the board of Universal Resource and Services Limited and Resources Prima Group Limited as an Independent Director.

Date of last re-election as a Director: 27 April 2017.

Corporate Governance Statement

Nippecraft Limited (the "Company") strongly believes that good corporate governance is essential for long term sustainability of the Company's businesses and performance. The Company is committed to maintain a high standard of corporate governance through effective disclosure and transparency. The Company believes that there is a link between good corporate governance and creating sustainable long term value to all the shareholders and stakeholders of the Company. In complying with the need for good and responsible governance, the Company has established mechanisms and best practices in accordance with the Code of Corporate Governance 2012 ("Code").

BOARD MATTERS

Principle 1: Every company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long term success of the Company. The Board works with management to achieve this and the management remains accountable to the Board.

The Board is accountable to the shareholders for overseeing the effective management of the business. The Board works closely with management and management remains accountable to the Board. It supervises management of the business and affairs of the Company and its subsidiaries ("Group"), provides corporate direction, monitor managerial performance and review financial results of the Group. In addition to its statutory responsibilities, the Board's role is to:

(a) guide the formulation of the Group's overall long term strategic plans and performance objectives as well as operational initiatives;
(b) establish and oversee the processes of evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
(c) monitor the financial performance of the business including the approval of release of the annual, interim financial reports and interested party transactions;
(d) identify the key shareholder groups and recognise that their perceptions affect the company's reputation;
(e) approve the nomination of directors and appointment of key executives;
(f) approve major proposals involving funding, investments, acquisitions and/or divestments;
(g) set the Company's values and standards;
(h) ensure the obligations to shareholders and other stakeholders are understood and met; and
(i) consider sustainability issues such as environmental factors.

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.

To assist the Board in discharging its responsibilities and to enhance the Company's corporate framework, the Board has established a number of Board committees which include the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively, the "Board Committees"), each of which functions within clearly defined terms of reference and operating procedures which are reviewed on a regularly basis.

The Board convenes scheduled meetings at least on a half yearly basis to coincide with the announcement of the Company's half yearly results. Ad-hoc meetings are convened as and when necessary to review the Group's performance, and/or to deliberate on specific issues. To facilitate the Board's decision making process, the Company's Constitution provides for Directors to participate in Board meetings by teleconference.

Our directors have made a conscious effort to make themselves available and accessible to management for discussion and consultation outside the framework of formal meetings. Directors contribute by providing management with guidance and counsel on the strategic direction of the Company's plan, business and operations. As a consequence, the contribution of our directors goes beyond attendance at formal Board and committee meetings. Attendance at formal meetings alone is not a fair reflection of the true value and substance of their invaluable contributions.

The number of Board and Board Committees meetings held during the financial year ended 31 December 2017 and the attendances of the directors at these meetings are set out below:

	Board Meetings		Board Committees Meetings					
			Audit		Nominating		Remuneration	
Name of Directors	A	B	A	B	A	B	A	B
Linda Suryasari Wijaya Limantara (1)	4	2	-	-	2	-	-	-
Connie Oi Yan Chan	4	4	-	-	-	-	-	-
Indah Suryasari Wijaya Limantara (2)	4	-	-	-	-	-	2	-
Lim Yu Neng Paul (3)	4	4	4	4	2	2	2	1
Khoo Song Koon	4	4	4	4	2	2	2	2
Chow Wai San (4)	4	4	4	4	2	1	2	2

Notes: A - Represents number of meetings held
B - Represents number of attendance
(1) Resigned as Chairlady, non-executive Director and member of Nominating Committee on 3 August 2017
(2) Resigned as non-executive director and member of Remuneration Committee on 3 August 2017
(3) Appointed as member of Remuneration Committee on 3 August 2017
(4) Appointed as member of Nominating Committee on 3 August 2017

Some of the Directors also sit on the boards of other listed companies, and are therefore not only well aware of their duties and responsibilities but how to discharge such duties.

The Company conducts an induction program for newly appointed Director which seeks to familiarise Directors with the Group's businesses, board processes, internal controls and governance practice. The induction programme includes meetings with various key executives of the management and briefings on key areas of the Company's operations.

If a new Director has no prior experience as a director of a listed company, the Company will endeavor to arrange for training appropriate to the level of his prior experience in areas such as accounting, legal and industry knowledge. The Company provides a formal letter to each new Director upon his appointment setting out clearly the Director's duties and obligations.

The Directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, management and the Company Secretary in areas such as directors' duties and responsibilities, corporate governance practices, risk management matters and changes in financial reporting standards.

Directors also attended seminars, conferences and presentations to supplement and keep themselves updated on areas such as accounting, legal and industry specific knowledge. The Company, will also, where it feels appropriate, arrange for training courses for Directors which it will fund. In addition, Directors are also at liberty to approach management should they require any further information or clarification concerning the Group's operations.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board has four (4) Directors of whom three (3) are independent. The list of directors is as follows:

Ms Connie Oi Yan Chan (Executive Chairlady and Chief Executive Officer)
Mr Khoo Song Koon (Lead Independent Director)
Mr Lim Yu Neng Paul (Independent Director)
Mr Chow Wai San (Independent Director)

This composition complies with the Code's requirement that at least half of the Board should be made up of independent directors. The criterion for independence is based on the definition set out in the Code. Mr Khoo Song Koon was appointed as the Lead Independent Director on 26 October 2016.

All appointments and retirements of Directors would be recommended by the NC to the Board. In addition, the NC also reviews annually the independence of each Director and the board succession planning. The Independence of each director is assessed and reviewed annually by the NC. In its deliberation as to the independence of a director, the NC took into account examples of relationships as set out in the Code, considered whether a director had business relationships with the Group, and if so, whether such relationships could interfere or be reasonably perceived to interfere, with the exercise of the director's independent judgements.

With three (3) of the four (4) directors deemed to be independent, including independence from the substantial shareholders of the Company, the Board is able to exercise independent and objective judgement on corporate affairs. It also ensures key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into consideration the long term interests of the Group and its shareholders. No individual or small group of individuals dominates the Board's decision making.

As at the date of this Annual Report, none of the Independent Directors has served on the Board for nine (9) years or beyond.

The independent Directors and their immediate family members have no relationship with the Company, its related corporations, its 10% shareholders or its officers. None of the independent directors have received payment in excess of S$200,000 from a 10% shareholder.

The Board comprises business leaders and professionals taking into account the scope and nature of the operations of the Group. The standing of the members of the Board in the business and professional communities, and with their combined business, management and professional experience, knowledge and expertise, provide the necessary core competencies to meet the Group's needs and to allow for diverse and objective perspectives on the Group's strategic direction and growth. The Directors' academic and professional qualifications are shown on pages 10 to 11. The Board believes its current Board size and the existing composition of the Board committees effectively serve the Group. It provides sufficient diversity without interfering with efficient decision making.

The NC is responsible for examining the Board size and composition to ensure effective decision making and that the Directors as a group possess core competencies in relevant areas, and will make recommendations to the Board in relation to these matters. The NC takes into account such factors such as the scope and nature of the Group's operations, balance of skills, perspectives, knowledge and experience of Directors and the balance of executive director and non-executive directors ("NEDs"). The NC also places importance on diversity of age, gender, ethnicity and tenure on the Board so as to form a quality Board that can contribute to the more robust decision making and thereby increase governance and shareholder value.

The Board has one female director in recognition of the importance and value of gender diversity.

The Board and management fully appreciate that an effective and robust board whose members engage in open and constructive debate and challenge management on its assumptions and proposals is fundamental to good corporate governance. A Board should also aid in the development of the strategic proposals and oversees the effective implementation by management to achieve agreed goals and objectives. For this to happen, the Board, particularly the Independent Directors, which are non-executive directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to management, and have sufficient time and resources to discharge their oversight functions effectively. The Independent Directors also receive board briefings on prospective deals and potential development at an early stage before formal board approval is sought. Relevant information on latest market development and trends, and key business initiatives in relation to the Group or the industries in which it operates are also circulated to the Board.

The Independent Directors meet on a need-basis without the presence of the management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the executive director.

CHAIRLADY AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Chairlady and the CEO is the same person. The role of the Chairlady is not separate from that of the CEO as the Board believes that there is an appropriate balance of power, adequate accountability and capacity of the Board for independent decision making. The Independent Directors make up more than half (1/2) of the Board. Mr Khoo Song Koon is the Lead Independent Director. All major proposals and decisions made by the Chairlady and CEO are discussed and reviewed by the AC. Furthermore, all members of the AC, RC and NC are Independent Directors.

The Chairlady is responsible for:

(a) Providing leadership and upholding the highest standards of integrity and probity;
(b) With the assistance of the company secretary, schedules Board meetings and setting the agenda and ensuring adequate time is available for discussion of all agenda items (in particular strategic issues);
(c) Promoting a culture of openness and debate at the Board;
(d) Constructively determining and approving the Group's strategies together with the Board;
(e) Ensuring that the Board matters are effectively organised to enable Directors to receive timely and clear information in order to make sound decisions;
(f) Promoting constructive relations amongst Directors and within Board Committees as well as between Directors and management;
(g) Facilitating the effective contribution of NEDs in particular;
(h) Promoting high standards of corporate governance;
(i) Establishing a relationship of trust with the CEO; and
(j) Ensuring effective communication with shareholders.

The primarily role of the CEO is to effectively manage and supervise the day to day business operations of the Group in accordance with the strategies and policies, budgets and business plans as approved by the Board.

The Board has appointed Mr Khoo Song Koon as the lead independent director to lead and coordinate the activities of the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the principal liaison on Board issues between the independent directors and the Chairlady. He is available to the shareholders where they have concerns, which contact through the normal channels of the Chairlady and CEO or CFO has failed to resolve or is inappropriate. Mr Khoo serves as the Chairman of AC and members of NC and RC.

The independent directors, led by the lead independent director, meet amongst themselves without the presence of the other directors where necessary, and the lead independent director will provide feedback to the Chairlady after such meetings that requires her attention.

With the existence of Board Committees imbued with the power and authority to perform key functions, the Board believes that there are sufficient strong and independent elements and adequate safeguards in place against an uneven concentration of power and authority in any single individual.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC currently comprises of three (3) Directors, all of whom are Independent Directors and they are:-

Mr Lim Yu Neng Paul (Chairman, Independent Director)
Mr Khoo Song Koon (Member, Independent Director)
Mr Chow Wai San (Member, Independent Director)

The responsibilities of the NC are to make recommendations to the Board on all Board appointments. In addition, the functions of the NC include:

(a) developing and maintaining a formal and transparent process for the appointment of new Directors, including the nomination and selection process of the new Director and how he/she will fit in the overall competency of the Board;
(b) reviewing the Board succession plans for Directors, in particular, the Chairman/Chairlady and CEO;
(c) determining annually whether a Director is independent, bearing in mind the circumstances set forth in the Code;
(d) recommending to the Board as to whether the Director is considered to be independent, based on returns submitted by the Directors upon appointment and subsequently on an annual basis as set out in the NC's terms of reference;
(e) reviewing the change in circumstances upon notification of an Independent Director to the Board that he no longer meets the criteria for independence as a result of a change in circumstances and making its recommendation to the Board;
(f) deciding whether a director is able to and has adequately carried out his duties as a Director of the Company, in particular where the Director concerned has multiple board representations;
(g) developing and maintaining a formal assessment process for the evaluation of the effectiveness of the Board as whole and the contributions of each individual Director to the Board's effectiveness;
(h) developing a process for evaluation of the performance of the Board, its Board Committees and Directors;
(i) retaining such professional consultancy firm as it may deem necessary to enable it to discharge its duties hereunder satisfactorily;
(j) reviewing the training and professional development programs for the Board; and
(k) considering the various disclosure requirements for the appointment of Directors, particularly those required by regulatory bodies such as the SGX-ST.

The NC reviews annually the nomination of the relevant Directors for re-election and re-appointment as well as the independence of Directors. The NC conducts an annual performance assessment of individual directors. When considering the nomination of Directors for re-election and re-appointment, the NC takes into account their contributions to the effectiveness of the Board, the preparedness, participation and competing time commitments faced by Directors who are faced with multiple board representations. The NC, in assessing the performance of each individual Director, considers sufficient time and attention has been given by the Director to the affairs of the Company.

To ensure directors devote sufficient time to and attention to the affairs of the Group, if a Director is holding a full time commitment, the maximum number of directorships he may hold in listed companies is four (4) and if he is not holding a full time commitment, the maximum number of directorships he may hold in listed companies is six (6). Notwithstanding that some of the Directors have multiple board representations, the NC was satisfied that where Directors had other listed company board representations and/or other principal commitments, all Directors were able to carry out and had been adequately carrying out their duties as Directors of the Company. The NC took into account attendance and contribution at Board and Board Committee meetings and ad-hoc discussions by each Director in deciding the capacity of the Directors.

No alternate Director has been appointed to the Board in the year under review.

The NC's criteria for the selection and appointment of new Directors is based on potential candidates' skills, knowledge and experience. The NC would conduct a review of the skills and experience that is needed of a potential candidate and thereafter actively seek out such potential nominees that can provide positive contributions in those areas to the Board by conducting external searches. The NC will take an active role in screening and interviewing potential candidates before assessing the candidate's suitability and recommending him for nomination to the Board. The NC will also consider the need to position and shape the Board in line with the evolving needs of the Company and the business.

The NC has fulfilled its duty of making the requisite recommendations to the Board on all Board appointments, re-nominations and re-elections.

The Company's Constitution provides that at each Annual General Meeting of the Company ("AGM"), one-third (1/3) of the Directors for the time being shall retire from office by rotation and subject themselves to re-election by shareholders at every AGM. This means that no Director stays in office for more than three (3) years without being re-elected by shareholders.

The Company's Constitution also provides that any director appointed by the Board shall hold office until the next AGM and shall then be eligible for re-election but shall not be taken into the account in determining the number of directors who are retired by rotation. No new Director was appointed by the Board in FY2017.

The NC has recommended the re-election of Mr Lim Yu Neng Paul as director of the Company at the forthcoming AGM.

Particulars of interests of directors who held office at the end of the financial year in shares and share options (if any) in the Company and its subsidiaries are set out in the Directors' Statement.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

We believe that Board performance is ultimately reflected in the long term performance of the Company.

The Board, through the NC, has used its best effort to ensure that the Directors appointed to the Board and the Board Committees whether individually or collectively, possess the background, experience, knowledge in the business, competencies in finance and management skills critical to the Group's business. It has also ensured that each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, 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.

During the financial year, all directors were requested to complete a Board Evaluation Questionnaire designed to seek their views on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. The completed evaluation forms were submitted to the Company Secretary or CFO for collation and the consolidated responses were presented to the NC for review before they were submitted to the Board for discussion and determining areas for improvement and enhancement of the 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 performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and board committee performance in relation to discharging their responsibilities as set out in their respective terms of reference.

The NC has also made available a process of assessment of the contribution made by each individual Director towards the effectiveness of the Board and Board committees, taking into account factors such as Director's attendance, participation and contribution at Board and Board Committee meetings. The NC also takes into consideration the feedback from individual Directors on areas relating to the Board and the Board Committee's competencies and effectiveness.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to the board meetings and an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Board members are provided with adequate and timely information prior to Board meetings on an on-going basis and have separate and independent access to Company's senior management. Detailed Board papers are prepared for each meeting of the Board and are normally circulated in advance of each meeting. However, sensitive matters may be tabled at the meeting itself or discussed without papers being distributed. The Board papers provide sufficient background and explanatory information from the management on financial impact, business strategies, risk analysis, regulatory implications and corporate issues to enable the directors to be properly briefed on issues to be considered at Board and Board Committee meetings. Such explanatory information may also be in the form of briefings to provide insights to the directors or formal presentations made by the management in attendance at the meetings, or by external consultants engaged on specific projects.

The Board receives quarterly management financial statements, annual budgets and explanation on material forecasts variances to enable them to oversee Group's operational and financial performance. Directors are also informed on regular basis as and when there are significant developments or events relating to the Group business operations.

The Board has separate and independent access to the Company Secretary. The Company Secretary assists the Chairlady and the Chairman of each Board Committees in the development of the agendas for the various Board and Board Committees meetings. He/She administers and attends all Board and Board Committees meetings of the company and prepares minutes of meetings. The Company Secretary or in his/her absence, or an alternative person as appointed by the Board to attend all Board and Board Committee meetings. He/She is responsible to ensure that established procedures and all relevant statutes and regulations which are applicable to the Company are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The Board also has in place procedures for Directors to seek independent professional advice concerning any aspect of the Group's operations or undertakings in order to fulfill his duties and responsibilities as a director to assist such director, if necessary, at the Company's expense. The Company Secretary also assists the Chairlady and the Board in implementing and strengthening corporate governance practice and processes with a view to enhancing long-term shareholder value.

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises of three (3) Directors, all of whom are Independent Directors and they are:-

Mr Chow Wai San (Chairman, Independent Director)
Mr Khoo Song Koon (Member, Independent Director)
Mr Lim Yu Neng Paul (Member, Independent Director)

The RC is responsible for the following functions:

(a) developing and maintaining a formal and transparent policy for the determination of the Directors' remuneration including but not limited to the Directors' fees, salaries, allowances, bonuses, options and benefits in kind;
(b) recommending to the Board a framework of remuneration for the Directors and specific remuneration packages for each Executive Director and CEO;
(c) reviewing the remuneration of senior management;
(d) to administer the share option scheme (if any) to decide on the allocations and grants of options to eligible participants under the share option;
(e) considering what compensation commitments the Directors' contracts of service, if any, would entail in the event of early termination;
(f) ensuring that the level of remuneration offered is appropriate to the level of contribution, taking into account factors such as effort and time spent, pay and employment conditions within the industry and comparable companies and responsibilities undertaken;
(g) reviewing whether the Directors should be eligible for benefits under long form incentive schemes and to evaluate the costs and benefits of long term incentive schemes;
(h) making recommendations in consultation with the CEO and submitting its recommendations for endorsement by the entire Board;
(i) retaining such professional consultancy firm as it may deem necessary to enable it to discharge its duties here under satisfactorily; and
(j) considering the various disclosure requirements for the Directors' remuneration, particularly those required by regulatory bodies such as SGX-ST, and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties.

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, has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. In FY2017, the RC relied on the report issued by an independent remuneration consultant, Aon Hewitt Pte Ltd, on board and executive remuneration. The external remuneration consultant does not have relationship with the Company or any of its Directors. In its deliberations, the RC also took into consideration industry practices and norms in compensation.

The RC reviews the Company's obligations arising in the event of termination of the Executive Director 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.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors needed to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, Companies should avoid paying more than is necessary for this purpose.

The RC is responsible for ensuring that a formal and transparent procedure is in place for developing policy on executive remuneration and for determining the remuneration packages of individual director and key management personnel. It reviews the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progression policies. The RC recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, benefits in kinds and specific remuneration packages for each director. In addition, the RC reviews the performance of the Group's key management personnel taking into consideration the CEO's assessment and recommendation for remuneration and bonus.

In setting the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration the remuneration and employment conditions within the same industry or comparable companies as well as the Group's size and scope of operations. A significant and appropriate portion of the Executive Director's and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Such performance related remuneration takes into account the risk policies of the Company, is symmetric with risk outcomes and is sensitive to the time horizon of risks. In assessing the performance of the Executive Director and key management personnel, the RC takes into account the financial and operational performance of the Group as well as the management's execution and expansion growth of the Company.

Executive Director does not receive director's fees but are remunerated as members of the management. The remuneration package of the Executive Director and key management personnel comprises a basic salary component and a variable component which is the annual bonus based on the performance of the Group as a whole and their individual performance. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long term sustainability of the Group. The RC has the discretion not to award incentives in any year if an executive is involved in misconduct or fraud resulting in financial loss to the Company.

The Company has no share-based compensation scheme or any long term scheme involving the offer of shares or options in place for Executive Director, CEO and key management personnel.

Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

The Board concurred with the RC that the proposed directors' fees of S$82,000 (equivalent to US$60,000) for the year ended 31 December 2017 is appropriate and that the independent directors receive fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board committees, as well as the responsibilities and obligations of the directors. Having considered the findings and recommendations of the benchmarking exercise conducted in 2017 by an external remuneration consultant, which takes into consideration including but not limited to the industry practices and norms in compensation, the Board is recommending an increase in proposed directors' fees to S$106,000 (equivalent to US$79,000) for the financial year ending 31 December 2018. The Directors' fees in 2018 will be paid quarterly in arrears instead of the current payment of one year in arrears. The Board also accepted the RC's recommendation that a benchmarking exercise to be done every 3 years for the directors' fees. The 2018 Directors' fees are set out in ordinary resolution 4 of the notice of AGM.

The Company does not have any share-based compensation scheme or any long term scheme involving the offer of share in place to encourage independent directors to hold shares in the Company.

Having reviewed and considered the variable components of the Executive Director and the key management personnel, the RC is of the view that there is no requirement to institute contractual provisions to allow Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss. In addition, the Executive Director owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel and performance.

A summary compensation table of the directors' and key executives' remuneration of the Company and the Group for the year ended 31 December 2017 is set out below:

	Base/ Fixed Salary inclusive of AWS and Employer's CPF	Variable component or Bonuses inclusive of Employer's CPF	Benefits in kind, allowances and other incentives	Share Options	Director Fees	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Linda Suryasari Wijaya Limantara (1)	-	-	-	-	-	-
Connie Oi Yan Chan	430	-	-	-	-	430
Indah Suryasari Wijaya Limantara (2)	-	-	-	-	-	-
Lim Yu Neng Paul (3)	-	-	-	-	19	19
Khoo Song Koon	-	-	-	-	22	22
Chow Wai San (4)	-	-	-	-	19	19
	430	-	-	-	60	490

(1) Resigned on 3 August 2017
(2) Resigned on 3 August 2017
(3) Appointed as member of RC on 3 August 2017
(4) Appointed as members of NC on 3 August 2017

Remuneration Band & Name of Top 5 Key Management Personnels	Base/ Fixed Salary inclusive of AWS and Employer's CPF	Variable component or Bonuses inclusive of Employer's CPF	Benefits in kind, allowances and other incentives	Share Options	Director Fees	Total
US$181,677 and below (S$250,000 and below)	**%**	**%**	**%**	**%**	**%**	**%**
Lim Poon Kheng	100%	0%	0%	0%	0%	100%
Myles Uwin	81%	12%	7%	0%	0%	100%
Tan Siew Shuen	88%	12%	0%	0%	0%	100%
Jacqueline Darroch	91%	0%	9%	0%	0%	100%
Shahrazz Hayat (5)	92%	0%	8%	0%	0%	100%

(5) Joined on 19 June 2017

The Board is of the view that full disclosure in aggregate of the total remuneration paid to each of the above key management personnel would not be in the interests of the Company as such information was confidential and sensitive and would be exploited by competitors. The aggregate amount of the total remuneration paid to the five (5) top key management and senior management for the financial year ended 31 December 2017 is US$685,982.

There is no employee of the Group who is an immediate family member of a director or CEO whose remuneration exceeds US$36,335 (equivalent to S$50,000) for FY2017. The Company does not employ any immediate family member of a director or a CEO.

ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

The Board undertakes the responsibility of overseeing the corporate performance of the Group and is accountable to shareholders for the processes and structure of directing and managing the Company's businesses and affairs. The management's role is to report to the Board on the operational and financial performance of the Group by keeping the Board informed and updated with the provision of comprehensive financial and management reports as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Aside from adopting corporate governance practices in line with the spirit of the Code, the Company also observes obligations of continuing disclosure under the listing manual of the SGX-ST (the "Listing Manual"). The Company undertakes to circulate timely, adequate and non-selective disclosure of information. The Board also issues half-yearly and annual financial statements as reviewed by the AC to provide shareholders with comprehensive information and a balanced view on the Group's performance, position and prospects.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises its responsibilities over the governance of risks and has set in place management procedures for ensuring a sound system of risk management and internal controls. These procedures include introducing a structured Enterprise Risk Management ("ERM") programme to the Group, management reviews of key transactions, and the assistance of independent consultants such as the Group's external and internal auditors to review financial statements and internal controls covering key risk areas.

RISK MANAGEMENT

The following are key components of the ERM programme:

- **Risk Management Manual**

  The overall framework for risk management will be documented in a manual to be disseminated to personnel responsible for oversight of risks and operations of risk countermeasures. This ERM manual will include the terms of reference of the various personnel and committees responsible for monitoring and managing risks in the Group. The ERM process will also require ongoing identification of risks and whether appropriate measures have been taken to address relevant risks.

- **Risk appetite of the company**

  The Group will be assessing its tolerance to various risk events as they emerge. Generally, the Group will rely on management to monitor day to day operations while subjecting key corporate decisions, such as investments or acquisitions of businesses to Board approval. The company has also taken a strict stance towards avoiding any risks that might result in breaching relevant laws and regulations and risks that could adversely affect the reputation of the Group.

- **Risk assessment and monitoring**

  Based on the ERM framework, the nature and extent of risks to the company will be assessed regularly and risk reports covering top risks to the Group will be submitted to the Board and the Audit committee at least on a yearly basis. A set of risk registers to document risks arising from this ERM exercise will also be maintained to list the various risks faced by the company, measures in place to address them and who the risk owners are.

By identifying and managing risks through this ERM programme, the Group should be able to make more informed and collective decisions and to benefit from a better balance between risk and reward. This can help protect and also create shareholders' value. As part of the programme, Management will also have more structured review processes as new risks emerge so as to be cognisant of the potential impact from such new risks and to undertake meaningful measures to address them.

INTERNAL CONTROLS

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

The Board recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Company's internal and external auditors conduct an annual review of the effectiveness of the Company's material internal control systems including financial, operational, compliance, information technology controls and risk assessment at least annually to ensure the adequacy thereof. This is to ensure that safeguards, checks and balances are put in place to prevent any conflict of interest or any weakening of internal controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors in this respect.

The Board has also received assurance from the CEO and CFO that (i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and (ii) the Company's risk management and internal control systems in place are effective. The CEO and CFO have obtained similar assurance from the subsidiaries' General Managers and Finance Managers.

Based on the Group's framework of management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, the Board with the concurrence of the AC, is of the view that the risk management and internal controls systems of the Group, addressing the financial, operational, compliance and information technology controls and risk management systems are adequate and effective as at 31 December 2017.

AUDIT COMMITTEE

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC oversees the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group. All the AC members are independent directors.

Mr Khoo Song Koon (Chairman, Independent Director)
Mr Lim Yu Neng Paul (Member, Independent Director)
Mr Chow Wai San (Member, Independent Director)

All members are appropriately qualified to discharge their responsibilities. The Chairman and members have many years of experience in senior management positions and have extensive management and financial experiences. The Board is of the view that the AC members, having accounting and related financial management expertise of experience are appropriately qualified to discharge their responsibilities. The AC meets at least two (2) times a year.

The functions of the AC include:

(a) reviewing the audit plans of the external and internal auditors of the Company, and their reports arising from the audit;
(b) ensuring the adequacy of the assistance and cooperation given by the Company's management to the external and internal auditors;
(c) reviewing the financial statements of the Company and the consolidated financial statements of the Group;
(d) reviewing the half yearly and annual announcements of the results of the Group before submission to the Board for approval;
(e) ensuring the adequacy of the Group's internal controls;
(f) reviewing the Group's risk management structure and any oversight of our risk management processes and activities to mitigate risk at acceptable levels determined by the Board;
(g) reviewing the auditors' audit report, their management letter (if any) and management's response on internal control;
(h) discussing problems and concerns, if any, arising from the internal and external audits, and any matters which the auditors may wish to discuss (in the absence of management, where necessary);
(i) reviewing and discussing with the external and internal auditors, any suspected fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the management's response;
(j) reporting to the Board on its findings from time to time on matters arising and requiring the attention of the AC;
(k) undertaking such other reviews and projects as may be requested by the Board;
(l) reviewing interested person transactions to ensure that the current procedures for monitoring of interested party transactions have been complied with; and
(m) considering the appointment/re-appointment of the external and internal auditors, the audit fee and matters relating to the resignation or dismissal of the auditors.

The AC has explicit authority to conduct or authorise investigations into any aspect of the Group's financial affairs, audits and exposure to risks of a regulatory or legal nature, with full access to records, resources and personnel, to enable it to discharge its functions properly. The AC has full access to and cooperation of management, and has full discretion to invite any Director and executive officer to attend its meetings. Management is invited to attend all meetings of the AC.

The AC has reviewed and is satisfied with the effectiveness of the Company's system of accounting controls including financial, operational, risk management system, information technology and compliance controls. The AC also conducted a review of the Group's interested person transactions.

In performing its functions, the AC met with the external and internal auditors, at least once a year, without the presence of the management. The external and internal auditors have unrestricted access to the AC. Reasonable resources were made available to the AC to enable it to discharge its functions properly.

The meetings with external auditors will include a review of the Group's financial statements, the internal control procedures, prospects of the Group and the independence of the independent auditor. Where there are changes to the various accounting standards that have an important bearing on the Company's disclosure obligations, the Directors are kept informed of such changes from time to time through circulation of the relevant changes which are also tabled during the Board meetings. The Independent Auditors also provide periodic updates and briefings to the AC on changes or amendments to accounting standards to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

No former partner or Director of the Company's existing auditing firm or audit corporation is a member of the AC.

The AC, having reviewed all non-audit services provided by Crowe Horwath First Trust LLP ("CHFT"), the external auditors, is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors and recommends to the Board, the nomination of the external auditors for re-appointment.

The Group's external auditors, CHFT, is an accounting firm registered with the Accounting and Corporate Regulatory Authority. The AC is satisfied that CHFT and the audit engagement partner assigned to the audit have adequate resources and experience to meet its audit obligations. In this connection, the Group confirms that it is in compliance with Rules 712 and 715 of the Listing Manual of the SGX-ST.

The statement of the external auditors of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditors' Report".

The AC has recommended to the Board the nomination of CHFT for re-appointment as external auditors of the Company at the forthcoming AGM.

AC's Commentary on Key Audit Matters for FY2017

For the FY2017 financial statements, the most significant matters have now been included in the Independent Auditors' Report to the members of the Company under the segment called "Key Audit Matters". After discussions with the management and external auditors on any significant issues and assumptions that will impact the financial statements, the completeness of pulp trading revenue has been identified as the Key Audit Matter for FY2017. The AC recognises that the pulp trading revenue has been the most material source of revenue for the Group in the recent few years. As such, the completeness and accuracy of the reported pulp revenue will have a significant impact on the financial statements. The AC has appointed BDO LLP ("BDO") in FY2016 as the Group's Internal Auditors and commissioned them to perform a comprehensive internal audit on the subsidiary, Paperich Pte Ltd , which is the entity responsible for the pulp trading business in the Group. Further, in 2017, BDO also reviewed on the compliance of the interested person transactions mandate (since the interested person transaction accounted for 43.7% of the pulp trading business) as part of their internal audit review of the procurement and purchases function. The AC has also, in consultation with both the Group's internal and external auditors, been updated that based on their work performed, the relevant controls and sample testing results in relation to the completeness of pulp trading revenue are deemed satisfactory.

As a result of the above procedures, the AC was satisfied that correct accounting treatment has been adopted and consistently applied in the financial statements to ensure the completeness and accuracy of reported pulp trading revenue. Based on the recommendations by the AC, the Board had approved the audited financial statements on 28 March 2018.

Whistle Blowing Policy

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud and corruption. It undertakes to investigate complaints of suspected fraud and corruption in an objective manner. As such, the Company has put in place a whistle blowing policy. In order to promote an environment conducive to employees to raise or report genuine concerns about possible improprieties in matters of business activities, financial reporting or other matters they may encounter in confidence and without fear of retaliatory action, all whistle blowing reports, shall be received by AC Chairman, who will conduct an initial review of the report received and recommend the remedial, disciplinary or other action to be taken by the Company. All investigations shall be reported to the AC for their attention and further action as necessary.

All employees who make a disclosure or raise a concern in accordance with such policy shall be protected if such employee (a) discloses the information in good faith; (b) has reasonable grounds to believe disclosure or concern is substantially true; (c) does not act maliciously; and (d) does not seek any personal or financial gain. While employees are strongly encouraged to disclose their identity when lodging complaints, efforts will be made to ensure confidentiality as far as reasonably practicable. Furthermore, anonymous complaints will not be disregarded and will be considered by the Independent Directors. The contact details of the Independent Directors have been made known to the employees for the purposes of raising their concerns under the whistle blowing policy. The Company has policies and procedures to protect an employee who reveals illegal or unethical behaviour from retaliation.

On an on-going basis, the whistle blower policy is covered during the employee training and periodic communication to employee as part of the Group's efforts to promote awareness of fraud control.

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits

The Company recognises the importance of the internal audit function as an integral part of an effective system of good corporate governance. The AC reviews, on an annual basis, the adequacy and effectiveness of the Internal Audit ("IA") function.

The AC approves the hiring, removal and evaluation and compensation of the internal auditors. For FY2017, the Group outsources its internal audit function to a professional service firm, BDO LLP who is independent of the Company's business activities. The internal auditors report primarily to the AC Chairman and report administratively to Chief Financial Officer. The internal auditors have unrestricted access to the documents, records, properties and personnel of the Company and the Group. The AC is satisfied that the internal audit function is adequately resourced to perform its function effectively. The AC is also satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors are used as a reference and guide by the Company's internal auditors. The annual conduct of audit by the internal auditors assesses the effectiveness of the Group's internal control procedures and provides reasonable assurance to the AC that the Group's risk management, controls and governance processes are adequate and effective.

The IA functions plans its internal audit schedules in consultation with, but independent of the management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit work. In addition, the AC worked closely with management to ensure that the internal audit controls are being reviewed and discussed with management of the significant internal audit observations. Summary of findings and recommendations are discussed at the AC meetings. The status of implementation of the actions agreed by management is tracked and reported to the AC.

The Board recognises that it is responsible for maintaining a system of internal control to safeguard shareholders' investments and the Group's businesses and assets, while management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the IA is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas.

SHAREHOLDER RIGHTS AND GREATER SHAREHOLDER PARTICIPATION

Principle 14: Companies should treat shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. The Company is committed to timely dissemination of information and proper transparency and disclosure of relevant information to the public via SGXNET system and the press when appropriate.

The Company also encourages active shareholder participation at its general meetings. Notices of meetings are published in Business Times together with explanatory notes or a circular on items of special business, at least fourteen (14) clear days before the meeting. Reports or circulars of the general meetings are despatched to all shareholders by post. Shareholders are invited to attend general meetings to put forth any questions they may have on the motions to be debated and decided upon. All shareholders are entitled to vote in accordance with the established voting rules and procedures. The Company conducted poll voting for all resolutions tabled at the general meetings. Resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are single item resolutions. The rules, including the voting process, will be explained by the scrutineers at such general meetings. The Company's Constitution permit a shareholder to appoint up to two (2) proxies to attend and vote in his stead at these meetings. The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.

Voting in absentia and by electronic mail may only be possible following careful study to ensure integrity of the information and authentication of the identity of shareholder through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. The Chairmen of the AC, RC and NC are normally available at the AGM to answer those questions relating to the work of these committees. The external auditors are also usually present to assist the Directors in addressing any relevant queries by shareholders.

The Company Secretaries prepare minutes of general meetings which incorporate substantial comments or queries from shareholders and responses from the Board and management. These minutes are available to shareholders upon requests.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should engage in regular, effective and fair communication with shareholders

The Company is firmly committed to corporate governance and transparency by disclosing to its stakeholder, including its shareholder, as much relevant information as possible, fair and transparent manner as well as to hearing its shareholders' views and addressing their concerns. All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through the SGXNET. The Company does not practise selective disclosure of material information.

Material information is excluded from briefings with investor or analyst, unless it has been publicly released either before or concurrently with such meetings. Communication to Shareholders is normally made through:

(a) annual reports that are prepared and issued to all Shareholders;
(b) financial results containing a summary of the financial information and affairs of the Group for the period;
(c) notices and explanatory memoranda for AGM and extraordinary general meetings;
(d) disclosures to the SGX-ST; and
(e) the Group's website at http://www.nippecraft.com.sg at which shareholders can access information of the Group.

The Group currently does not have a formal dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other relevant factors as the Board may deem appropriate. No dividends have been declared for FY2017.

CODE OF BUSINESS CONDUCT

The Group has adopted a Code of Business Conduct to regulate the standards of ethical conduct of the Group, which provides that its Directors, officers and employees are required to observe and maintain high standards of integrity in compliance with the law, regulations and Company policies.

DEALINGS IN SECURITIES

In line with Rule 1207(19) of the Listing Manual of the SGX-ST, the Group has issued a policy on share dealings by Directors and key officers of the Company, setting out the implications of insider trading and recommendations of the best practices set out in Rule 1207(19). The Group adopts a code of conduct to provide guidance to its Directors and officers with regard to dealing in the Company's shares, which includes an annual declaration by the Company's Directors and officers with regard to securities trading and disclosure by the Company's Directors and officers when they deal in the Company's shares.

The Group also issues periodic circulars to its Directors, officers and employees reminding them that the issuer and its officer must not have dealings in the Company's shares:

(i) on short term considerations;
(ii) during the period commencing one (1) month before the announcement of the Company's half yearly or full year financial results, as the case may be; and
(iii) if they are in possession of unpublished material price sensitive information.

During the year under review, there was no trading of the Company's shares by insiders.

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Company's interested person transactions.

The interested person transactions conducted under the shareholders' mandate for the financial year ended 31 December 2017 are set out in the appendix.

MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or a controlling shareholder of the Company except those announced via SGXNET from time to time in compliance with the Listing Manual of the SGX-ST.

Save as mentioned above, there are no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, Director or controlling shareholder for FY2017.

FINANCIAL REPORT CONTENTS

CONTENTS

The directors present their statement to the members together with the audited financial statements of Nippecraft Limited (the "Company") and subsidiaries (the "Group") for the financial year ended 31 December 2017 and the statement of financial position of the Company as at 31 December 2017.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 34 to 76 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(b) 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.

The board of directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Connie Oi Yan Chan	(Executive Chairlady and Chief Executive Officer)
Khoo Song Koon	(Lead Independent Director)
Lim Yu Neng Paul	
Chow Wai San	

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations either at the beginning or the end of financial year or as at 21 January 2018.

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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.

Share options

During the financial year, no options to take up unissued shares of the Company or any subsidiaries were granted and no shares were issued by virtue of the exercise of options to take up unissued shares of the Company or any subsidiaries. There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit committee

The members of the Audit Committee at the end of the financial year are as follows:

Khoo Song Koon	(Chairman, Lead Independent Director)
Lim Yu Neng Paul	(Independent Director)
Chow Wai San	(Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance.

DIRECTORS' STATEMENT (Continued)

Audit Committee (Continued)

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditors and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditors;
- the periodic results announcements prior to their submission to the Board for approval;
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2017 prior to their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited).

The Audit Committee has recommended to the Board of Directors that the independent auditors, Crowe Horwath First Trust LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit Committee has conducted an annual review of non-audit services provided by the auditors to satisfy itself that the nature and extent of such services will not affect the independence and objectivity of the external auditors before confirming their re-nomination.

In appointing the external auditors for the Company and subsidiaries, the Company has complied with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Further details regarding the Audit Committee are disclosed in the Corporate Governance statement.

Independent auditors

The independent auditors, Crowe Horwath First Trust LLP, have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

CONNIE OI YAN CHAN
Director

KHOO SONG KOON
Director

28 March 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIPPECRAFT LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nippecraft Limited (the "Company") and subsidiaries (the "Group") set out on pages 34 to 76, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2017, 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 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 of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) 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 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIPPECRAFT LIMITED (Continued)

Key Audit Matters *(Continued)*

Completeness of revenue – Pulp Trading	***How the matter was addressed in our audit***
The Group's pulp trading forms a significant portion (83%) of the Group's revenue, amounting to US$103,843,000. As each transaction is individually material, errors in recording of the sales in the correct financial period represents a significant risk of misstatement. Manual, rather than automated process, also increase the risk that transactions might not be captured in the accounting books completely. Periodic reviews are undertaken by management to ensure that internal controls in place and proper revenue recognition policies are complied with. The Group's accounting policy on the recognition of trading revenue is included in Note 2.	Our audit of revenue, focused on whether the group's revenue recognition policies complied with FRS. Our procedures applied include: • Assess whether the Group's revenue recognition policies complied with FRS and test the implementation of these policies; • Perform sales expectation analysis to ensure sales are in line with our expectation; and • Perform sales cut off testing to ensure that revenue was recognised based on the transfer of the risks and rewards of ownership to the customer and the accounting period in which the trade occurred by testing a sample of revenue items to contract and shipping documents, with a specific focus on transactions which occurred near the reporting date. Based on the results of the above procedures, we found no significant exceptions with regard to completeness of revenue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIPPECRAFT LIMITED (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' 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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIPPECRAFT LIMITED (Continued)

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

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

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

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

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

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

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

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 corporations 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 Kow Wei-Jue Duncan.

Crowe Horwath First Trust LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2018

STATEMENTS OF FINANCIAL POSITION

(Amounts in United States dollars)

	Note	Group		Company	
		2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	**3,882**	4,232	**3,815**	4,184
Intangible assets	4	**-**	-	**-**	-
Subsidiaries	5	**-**	-	**16,512**	16,512
		3,882	4,232	**20,327**	20,696
Current assets					
Inventories	6	**4,537**	4,174	**589**	677
Trade and other receivables	7	**45,955**	27,185	**2,148**	3,304
Prepayments		**654**	292	**488**	140
Cash and bank balances	8	**11,634**	16,401	**2,061**	736
		62,780	48,052	**5,286**	4,857
TOTAL ASSETS		**66,662**	52,284	**25,613**	25,553
LIABILITIES					
Current liabilities					
Trade and other payables	9	**34,021**	20,624	**2,535**	3,131
Borrowings	10	**-**	43	**-**	43
Income tax payable		**144**	185	**-**	-
		34,165	20,852	**2,535**	3,174
Non-current liability					
Deferred tax liabilities	11	**210**	210	**210**	210
TOTAL LIABILITIES		**34,375**	21,062	**2,745**	3,384
NET ASSETS		**32,287**	31,222	**22,868**	22,169
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	**36,817**	36,817	**36,817**	36,817
Reserves	13	**(5,646)**	(6,695)	**748**	748
Retained earnings / (Accumulated losses)	14	**1,116**	1,100	**(14,697)**	(15,396)
TOTAL EQUITY		**32,287**	31,222	**22,868**	22,169

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts in United States dollars)

	Note	2017	2016
		US$'000	US$'000
Revenue from sales of goods		**125,810**	114,569
Cost of sales		**(116,279)**	(104,805)
Gross profit		**9,531**	9,764
Distribution and marketing expenses		**(4,995)**	(6,140)
Administrative expenses		**(4,251)**	(4,039)
Other income / (expenses), net	15	**252**	(1,256)
Finance expense, net	16	**(440)**	(382)
Profit / (Loss) before tax	17	**97**	(2,053)
Tax (expense) / credit	18	**(81)**	89
Profit / (Loss) for the year		**16**	(1,964)
Other comprehensive income / (loss):			
Item that may be reclassified subsequently to profit or loss			
- Foreign currency translation differences for foreign operations		**1,049**	(1,289)
Other comprehensive income / (loss) for the year, net of tax		**1,049**	(1,289)
Total comprehensive income / (loss) for the year		**1,065**	(3,253)
Earnings / (loss) per share (cents)			
Basic and diluted	20	**0.005**	(0.56)

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in United States dollars)

	Attributable to equity holders of the Company				
	Share capital	Asset revaluation reserve	Foreign currency translation reserve	Retained earnings	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1.1.2016	31,688	644	78	2,065	34,475
Loss for the year	-	-	-	(1,964)	(1,964)
Other comprehensive loss, net of tax					
- Currency translation differences	-	-	(1,289)	-	(1,289)
Total comprehensive loss	-	-	(1,289)	(1,964)	(3,253)
Effect of changes in functional currency	5,129	104	(6,232)	999	-
Balance at 31.12.2016	36,817	748	(7,443)	1,100	31,222
Balance at 1.1.2017	36,817	748	(7,443)	1,100	31,222
Profit for the year	-	-	-	16	16
Other comprehensive income, net of tax					
- Currency translation differences	-	-	1,049	-	1,049
Total comprehensive income	-	-	1,049	16	1,065
Balance at 31.12.2017	36,817	748	(6,394)	1,116	32,287

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in United States dollars)

	Note	2017	2016
		US$'000	US$'000
Cash flows from operating activities			
Profit / (loss) before tax		**97**	(2,053)
Adjustments:			
Depreciation of property, plant and equipment	3	**436**	525
(Gain) / loss on disposal of property, plant and equipment		**(79)**	2
Gain arising on liquidation and strike off of subsidiaries		**-**	(10)
Impairment loss / (write back) on trade receivables		**25**	(8)
Interest income		**(8)**	(13)
Interest expense		**448**	395
Write-down of inventories		**1,680**	924
Operating profit / (loss) before working capital changes		**2,599**	(238)
Inventories		**(1,747)**	242
Trade and other receivables		**(18,243)**	9,269
Trade and other payables		**12,489**	(8,618)
Cash (used in) / generated from operations		**(4,902)**	655
Income tax paid, net of tax refund		**(79)**	(115)
Net cash (used in) / from operating activities		**(4,981)**	540
Cash flows from investing activities			
Acquisition of property, plant and equipment	3	**(154)**	(73)
Interest received		**8**	13
Proceeds from disposal of property, plant and equipment		**151**	23
Net cash from / (used in) investing activities		**5**	(37)
Cash flows from financing activities			
Deposits pledged		**(77)**	(44)
Interest paid		**(448)**	(395)
Proceeds from bills payable		**-**	43
Repayment of bills payable		**(43)**	(13)
Net cash used in financing activities		**(568)**	(409)
Net (decrease) / increase in cash and cash equivalents		**(5,544)**	94
Cash and cash equivalents at beginning of year		**14,378**	15,515
Effects of exchange rate changes on cash and cash equivalents		**700**	(1,231)
Cash and cash equivalents at end of year	8	**9,534**	14,378

The accompanying notes are an integral part of the financial statements.

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

1. GENERAL INFORMATION

Nippecraft Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited. The address of the Company's registered office and principal place of business is 9 Fan Yoong Road, Singapore 629787.

APP Printing (Holding) Pte Ltd ("APP Printing"), a company incorporated in Singapore, holds 63.69% (2016: 63.69%) of the share capital of the Company and is deemed as its immediate holding company. APP Printing is a wholly-owned subsidiary of PT Andalan Prapanca Pertiwi ("PT APP"), and Asia Pulp & Paper Company Ltd ("APP") owns 89.9% of the shares in PT APP. APP Golden Limited, a company incorporated with limited liability under the laws of the British Virgin Islands, currently controls approximately 63.32% (2016: 63.32%) of the voting power of APP and is considered as the ultimate holding company.

The principal activities of the Group and the Company are those relating to the design, manufacture, distribution and trading of paper, personal and business organising tools, as well as general trading of pulp, chemical, and recycled waste and other products.

The financial statements for the financial year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 28 March 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"). These financial statements are presented in United States dollars ("US$") and all values are rounded to the nearest thousand (US$'000), unless otherwise stated.

The preparation of the financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of 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, actual results may ultimately differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement or complexity, are disclosed in this Note.

Adoption of new and revised standards

On 1 January 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as disclosed below.

Amendments to FRS 7: Disclosure Initiative

The amendments introduce additional disclosure requirement intended to enable users of financial statements to

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amendments to FRS 7: Disclosure Initiative (continued)

evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

The Group's liabilities arising from financing activities and a reconciliation between the opening and closing balances of these liabilities are set out in Note 10. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in Note 10, the application of these amendments has had no impact on the Group's consolidated financial statements.

Standards issued but not yet effective

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards, Singapore Financial Reporting Standards (International) (SFRS(I)). The Group has adopted the new financial reporting framework on 1 January 2018. The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

The Group is currently performing an analysis of the available policy choices, transitional optional exemptions and transitional mandatory exceptions under *SFRS(I) 1 First-time Adoption of Financial Reporting Standards*.

In addition to the adoption of the new framework, the Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Descriptions	Effective for annual periods beginning on or after
SFRS(I) 15 *Revenue from Contracts with Customers (including Clarifications)*	1 January 2018
SFRS(I) 9 *Financial Instruments*	1 January 2018
Amendments to SFRS(I) 2: *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to SFRS(I) 1-40: *Transfers of Investment Property*	1 January 2018
Improvements to IFRS Standards 2014-2016 cycle (December 2016)	
- SFRS(I) 1 *First-time Adoption of Financial Reporting Standards*	1 January 2018
- SFRS(I) 1-28 *Investments in Associates and Joint Ventures*	1 January 2018
SFRS(I) INT 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to SFRS(I) 4: *Applying SFRS (I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts*	1 January 2019
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23: *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9: *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Improvements to SFRS(I)s 2015-2017 cycle (March 2018)	
- SFRS(I) 3 *Business Combinations*	1 January 2019
- SFRS(I) 11 *Joint Arrangements*	1 January 2019
- SFRS(I) 1-12 *Income Taxes*	1 January 2019
- SFRS(I) 1-23 *Borrowing Costs*	1 January 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

Except for Amendments to SFRS (I) 15, SFRS (I) 9, SFRS (I) INT 22, SFRS (I) 16 and SFRS (I) INT 23, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of these new or revised FRSs are described below.

SFRS(I) 15 *Revenue from Contracts with Customers (including Clarifications)*

SFRS(I) 15 establishes a single comprehensive model in accounting for revenue arising from contracts with customers, and will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective in 2018.

The core principle of SFRS(I) 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under SFRS (I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. Specifically, the standard introduces a 5-step approach to revenue recognition:
• Step 1: Identify the contract(s) with a customer
• Step 2: Identify the performance obligations in the contract
• Step 3: Determine the transaction price
• Step 4: Allocate the transaction price to the performance obligations in the contract
• Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

SFRS(I) 15 will take effect from financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively. The Group is in the process of assessing the impact of the new standard for the future periods.

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 replaces FRS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for classification and measurement, impairment and hedge accounting. The adoption of SFRS(I) 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities. SFRS(I) 9 also introduces a new forward-looking expected credit loss (ECL) impairment model and adds detailed guidance on impairment-related presentation and disclosures. SFRS(I) 9 also contains new requirements on hedge accounting, which adopts a more principle-based approach, and allows entities to choose between applying hedge accounting requirements of SFRS(I) 9 or continue to apply the existing hedge accounting requirements in SFRS (I) 1-39 for all hedge accounting.

SFRS(I) 9 will take effect from financial years beginning on or after 1 January 2018. On adoption of SFRS(I) 9, the Group does not expect changes in measurement basis for the financial assets and liabilities. The Group is in the process of calculating the impact of SFRS(I) 9 on impairment allowance.

SFRS(I) INT 22: *Foreign Currency Transactions and Advance Consideration*

SFRS(I) 1-21 requires a foreign currency transaction to be recorded using spot exchange rate at the date of transaction. This interpretation clarifies that when an entity pays or receives consideration in advance in a foreign currency, the date of transaction for the purpose of determining the transaction rate on initial recognition of the related asset, expense or income (or part of it) is the date on which the entity initially recognises the non-monetary asset or liability (such as prepayment or deferred income) arising from the advance consideration. As such, no exchange gain will arise from the transfer of non-monetary asset or liability recognised for advance consideration to the related asset, expense or income at initial recognition. The interpretation applies to annual periods beginning on or after 1 January 2018, which an entity may elect to apply either retrospectively or prospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Standards issued but not yet effective (Continued)

SFRS(I) 16 *Leases*

This new standard on leases supersedes the previous standard (SFRS(I) 1-17) and interpretations and brings in a new definition of a lease that will be used to identify whether a contract is, or contains, a lease. For leases, SFRS(I) 16 reforms lease accounting by introducing a single model similar to the existing finance lease model. Specifically, lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets and the associated obligations for lease payments, with limited exemptions. However, lessor accounting, with the distinction between operating and finance leases, remains largely unchanged. SFRS(I) 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that apply SFRS(I) 15 Revenue from Contracts with Customers at or before the date of initial application of this standard. The Group will apply the new SFRS(I) 16 when it becomes effective in 2019, which may have material impact on the amounts reported and disclosures in the Group's consolidated financial statements. Based on the preliminary assessment, the Group expects these operating leases to be recognised as right of use assets with corresponding lease liabilities under the new standard.

SFRS(I) INT 23: *Uncertainty over Income Tax Treatments*

The interpretation clarifies that, when there is uncertainty over income tax treatments, an entity considers whether it is probable that the tax authority will accept the entity's tax treatment. When it is probable, an entity determine the accounting tax position consistently with the tax treatment used or planned to be used in the entity's income tax filings. Otherwise, an entity should estimate the effect of uncertainty using either the most likely amount or the expected value method, whichever method better predicts the resolution of the uncertainty. Consistent judgements and estimates should be made for both current tax and deferred tax. The interpretation is effective for annual periods beginning on or after 1 January 2019. An entity can apply the interpretation using either full retrospective (without use of hindsight) or modified retrospective approach (without restating comparative information).

Group accounting

Subsidiaries

(a) Basis of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary 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. Acquisition-related costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Group accounting (Continued)

Subsidiaries (Continued)

(b) Acquisition of businesses (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(c) Disposals of subsidiaries or businesses

The assets and liabilities of the subsidiary, including any goodwill, are derecognised when a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss. Subsequently, the retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investment in subsidiaries

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

Currency translation

(i) Functional and presentation currency

The individual financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in United States dollars, which is the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Currency translation (Continued)

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(iii) Translation of the Group's financial statements

The assets and liabilities of foreign operations are translated into United States dollars at the rate of exchange ruling at the reporting date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

All items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for certain leasehold land and buildings, which are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revalued amounts were based on external professional valuations carried out in July 1993 on the open market value basis for the Company's Initial Public Offering of shares in 1994. No subsequent revaluation has been performed and the Company does not have a policy of regularly revaluing the properties.

Any gain arising on revaluation is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific leasehold land and building, with any remaining gain recognised in other comprehensive income and presented in the asset revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the asset revaluation reserve in equity to the extent that an amount had previously been included in the asset revaluation reserve relating to the specific leasehold land and building, with any remaining loss recognised immediately in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

All items of property, plant and equipment are depreciated using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

	Useful lives (Years)
Leasehold land and buildings	Over the terms of the lease which range from 40 to 60 years
Plant and machinery	10 to 25 years
Factory equipment	10 to 25 years
Office equipment	3 to 10 years
Furniture and fittings	3 to 25 years
Motor vehicles	5 to 10 years

The estimated useful life and depreciation method are reviewed, and adjusted as appropriate, at each reporting date to ensure that the amount, method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Fully depreciated assets are retained in the financial statements until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on retirement or disposal is determined as the difference between any sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss within "Other income/ (expenses)" and the asset revaluation reserve related to those asset, if any, is transferred directly to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets consist of brands and are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated based on the cost of the asset. Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets. Where the carrying amount of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecasts calculations are generally covering a period of two years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Financial assets

(i) Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially recognised at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(ii) Subsequent measurement

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and for held-to-maturity investments, re-evaluates this designation at every reporting date. As at the reporting date, the Group has no financial assets in the category of financial assets at fair value through profit or loss, held-to-maturity investment and available-for-sale financial assets other than the category of loans and receivables.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents, trade and other receivables, including amounts due from related parties.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of the assets within the period generally established by regulation or convention in the marketplace concerned.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

The Group considers evidence of impairment for loans or receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories is calculated using the weighted average cost formula, and includes expenditures incurred in acquiring the inventories, production conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to be incurred for selling and distribution.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. As at the reporting date, the Group does not have financial liabilities at fair value through profit or loss.

(ii) Subsequent measurement

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when liabilities are derecognised, and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Borrowings are initially recorded at fair value, net of transaction costs and subsequently carried for at amortised costs using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings which are due to be settled within twelve months after the reporting date are included in current borrowings in the statement of financial position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in this Note. Contingent rents are recognised as revenue in the period in which they are earned.

(ii) As lessee

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (Continued)

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

Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted that the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sale agreement. For sales of stationery, paper products and pulp, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading of the goods onto the relevant carrier at the port.

The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the effective interest rates applicable.

Employee benefits

(i) Retirement benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pensions are recognised as an employee benefit expense in profit or loss in the period during which related services are rendered by employees.

(ii) 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.

(iii) Employee leave entitlement

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

(iv) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jobs credit scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions, and short term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, pledged deposits are excluded and form an integral part of the Group's cash management are included in cash and cash equivalents.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been substantially enacted by the reporting date in the countries where the Group operates and generates taxable income. Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Earnings per share

The Group presents basic and diluted earnings per share (“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 year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person’s family is related to the Group and the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Group’s Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company’s headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

(a) Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories in stationery segment at the end of each period, and makes allowance of inventories that are identified as obsolete or slow-moving. The management estimates the net realisable value for undated products based on the future demand for the inventories by taking into consideration the ageing and condition of the inventories by categories. The allowance of dated products are based on actual sales order and sales subsequent to financial year. The carrying amount of inventories and the expense recognised on the write-down is disclosed in Note 6 to the financial statements.

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

The carrying amount of loans and receivables of the Group and the Company at the end of the reporting period was US$55,197,000 and US$4,199,000 (2016: US$42,444,000 and US$4,029,000) respectively. Out of which US$2,650,000 (2016: US$2,887,000) and US$775,000 (2016: US$1,233,000) relate to trade receivables of the Group and the Company respectively that are past due but not impaired. The relevant credit risk information is disclosed in Note 24 (iii).

If the net present values of estimated cash flows for all past due but not impaired trade receivables decrease by 10% from management's estimates, the Group's and Company's allowance for impairment will increase by US$265,000 and US$77,500 (2016: US$289,000 and US$123,300) in Note 24 (iii).

(ii) Critical judgements in applying the entity's accounting policies

The management is of the opinion that any instances of judgements, other than those arising from the estimates described above, are not expected to have significant effect on the amounts recognised in the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings	Plant and machinery	Factory equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost							
As at 1 January 2016	9,575	25,426	707	1,333	1,391	130	38,562
Additions	-	-	-	54	19	-	73
Disposals	-	(79)	(126)	(30)	(3)	(38)	(276)
Currency translation differences	100	264	8	(21)	(30)	-	321
As at 31 December 2016	9,675	25,611	589	1,336	1,377	92	38,680
As at 1 January 2017	9,675	25,611	589	1,336	1,377	92	38,680
Additions	-	-	-	149	5	-	154
Disposals	-	(6,499)	-	-	(2)	-	(6,501)
Currency translation differences	-	(252)	-	40	35	7	(170)
As at 31 December 2017	9,675	18,860	589	1,525	1,415	99	32,163
Accumulated depreciation and impairment losses							
As at 1 January 2016	5,695	24,813	678	1,273	1,344	94	33,897
Charge for the year	249	193	5	34	11	33	525
Disposals	-	(77)	(107)	(30)	(3)	(34)	(251)
Currency translation differences	60	257	7	(17)	(29)	(1)	277
As at 31 December 2016	6,004	25,186	583	1,260	1,323	92	34,448
As at 1 January 2017	6,004	25,186	583	1,260	1,323	92	34,448
Charge for the year	241	126	1	46	22	-	436
Disposals	-	(6,429)	-	-	(2)	-	(6,431)
Currency translation differences	-	(252)	-	37	36	7	(172)
As at 31 December 2017	6,245	18,631	584	1,343	1,379	99	28,281
Net carrying amount							
As at 31 December 2017	3,430	229	5	182	36	-	3,882
As at 31 December 2016	3,671	425	6	76	54	-	4,232

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Leasehold land and buildings	Plant and machinery	Factory equipment	Office equipment	Furniture and fittings	Motor vehicles	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost							
As at 1 January 2016	9,575	25,172	707	798	936	38	37,226
Additions	-	-	-	24	12	-	36
Disposals	-	(79)	(126)	-	-	(38)	(243)
Currency translation differences	100	264	8	11	11	-	394
As at 31 December 2016	9,675	25,357	589	833	959	-	37,413
As at 1 January 2017	9,675	25,357	589	833	959	-	37,413
Additions	-	-	-	103	5	-	108
Disposals	-	(6,499)	-	-	-	-	(6,499)
As at 31 December 2017	9,675	18,858	589	936	964	-	31,022
Accumulated depreciation and impairment losses							
As at 1 January 2016	5,695	24,559	678	755	908	31	32,626
Charge for the year	249	193	5	23	5	2	477
Disposals	-	(77)	(107)	-	-	(33)	(217)
Currency translation differences	60	257	7	9	10	-	343
As at 31 December 2016	6,004	24,932	583	787	923	-	33,229
As at 1 January 2017	6,004	24,932	583	787	923	-	33,229
Charge for the year	241	126	1	33	6	-	407
Disposals	-	(6,429)	-	-	-	-	(6,429)
As at 31 December 2017	6,245	18,629	584	820	929	-	27,207
Net carrying amount							
As at 31 December 2017	3,430	229	5	116	35	-	3,815
As at 31 December 2016	3,671	425	6	46	36	-	4,184

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) The Group's major properties as at 31 December 2017 are as follows:

Type of property	Location	Approximate land area (in square metres)	Tenure
Four-storey factory cum office building	9 Fan Yoong Road Singapore 629787	4,622.4	60-year lease from 1 November 1967
Single-storey factory building	11 Fan Yoong Road Singapore 629789	4,499.3	60-year lease from 15 July 1982
Single-storey factory building	8 Kwong Min Road Singapore 628711	4,551.4	Lease of 55 years and 11 months from 1 July 1983

(b) The above leasehold land and buildings located at Jurong, Singapore, were revalued by the directors based on external professional valuations carried out in July 1993 on the open market value basis for the Company's Initial Public Offering of shares in 1994. The revaluation was done on a one-off basis and accordingly, the transitional provision in FRS 16 Property, Plant and Equipment was adopted to continue with its existing policy of stating leasehold land and buildings at cost. Subsequent leasehold improvements are carried at cost less accumulated depreciation.

If the leasehold land and buildings stated at valuation had been included in the financial statements at cost less accumulated depreciation, their net book values would have been US$2,369,000 (2016: US$2,579,000).

4. INTANGIBLE ASSETS

	Group	
	2017	2016
	US$'000	US$'000
Cost		
As at 1 January	**12,179**	14,696
Currency translation differences	**1,151**	(2,517)
As at 31 December	**13,330**	12,179
Accumulated amortisation and impairment losses		
As at 1 January	**12,179**	14,696
Currency translation differences	**1,151**	(2,517)
As at 31 December	**13,330**	12,179
Net carrying amount		
As at 31 December	**-**	-

Intangible assets were acquired by Collins Debden Limited in the United Kingdom in 1995 and had a deemed useful life of 20 years.

5. SUBSIDIARIES

	Company 2017 US$'000	2016 US$'000
Equity investments, at cost		
At beginning of the year	**26,038**	27,647
Liquidation and strike off of subsidiaries	**-**	(1,898)
Effect of changes in functional currency	**-**	289
At end of the year	**26,038**	26,038
Less: Impairment losses		
At beginning of the year	**(9,526)**	(11,306)
Liquidation and strike off of subsidiaries	**-**	1,898
Effect of changes in functional currency	**-**	(118)
At end of the year	**(9,526)**	(9,526)
Net carrying amount	**16,512**	16,512

Name of companies	Principal activities/ Country of incorporation	Proportion (%) of ownership interest 2017 %	2016 %
Held by Company			
Paperich Pte Ltd [(1)]	Trading of pulp and waste paper / Singapore	**100**	100
Debden Importing (UK) Limited ('DIUK') [(2)]	Design, marketing and sale of branded products / United Kingdom	**100**	100
Collins Debden Pty Ltd ('CDA') [(3)]	Supplier of paper based stationery products / Australia	**100**	100
Collins Office Products International Ltd [(4)]	To hold the Collins trademark in Australia / Mauritius	**100**	100
Held by DIUK			
Collins Debden Limited [(2)]	Design, marketing and sale of branded products / United Kingdom	**100**	100
Held by CDA			
Debden Importing Pty Ltd [(3)]	Dormant / Australia	**100**	100
Diary Specialists Pty Ltd [(3)]	Dormant / Australia	**100**	100

(1) Audited by Crowe Horwath First Trust LLP, Singapore.
(2) Audited by Crowe Clark Whitehill LLP, a member firm of Crowe Horwath International in United Kingdom.
(3) Audited by Crowe Horwath Sydney, a member firm of Crowe Horwath International in Australia.
(4) Not required to be audited or not significant subsidiaries.

6. INVENTORIES

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Raw materials	**431**	502	**431**	502
Finished goods	**3,502**	3,176	**154**	166
Goods in transit	**604**	496	**4**	9
	4,537	4,174	**589**	677

The Group's and the Company's inventories recognised as cost of sales amounted to US$113,460,000 and US$8,397,000 (2016: US$102,007,000 and US$9,137,000). Inventories of the Group and the Company are stated at net realisable value after the write-down of inventories of US$1,680,000 and Nil (2016: US$924,000 and US$32,000) respectively during the year.

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables				
- Subsidiaries [1]	**-**	-	**1,279**	2,092
- Related companies [1]	**9,724**	5,228	**-**	-
- Third parties	**34,249**	20,997	**241**	622
	43,973	26,225	**1,520**	2,714
Less: Impairment losses				
- Subsidiaries	**-**	-	**(32)**	(32)
- Third parties	**(423)**	(406)	**(88)**	(88)
	(423)	(406)	**(120)**	(120)
Net trade receivables	**43,550**	25,819	**1,400**	2,594
Deposits [2]	**2,392**	1,142	**10**	11
Other receivables	**13**	224	**-**	-
- Subsidiaries	**-**	-	**738**	699
	45,955	27,185	**2,148**	3,304

(1) Trade receivables due from subsidiaries and related companies are unsecured, interest-free and with credit term of 30 to 180 days.

(2) The Group's deposits mainly relate to deposits placed with suppliers for the Group's pulp-trading business.

8. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Cash at bank and in hand	**11,567**	15,858	**2,061**	736
Short-term bank deposits (i)	**67**	543	**-**	-
Cash and bank balances	**11,634**	16,401	**2,061**	736
Bank balances and deposits pledged (ii)	**(2,100)**	(2,023)	**-**	-
Cash and cash equivalents per consolidated statement of cash flows	**9,534**	14,378	**2,061**	736

(i) Short-term bank deposits at the reporting date had maturity of 1 month (2016: 1 month) from the end of the financial year.

(ii) Bank balances and deposit are pledged to banks as security by the Group to obtain trade finance facilities (Note 10).

9. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Trade payables				
- Third parties	**30,432**	16,014	**623**	583
- Subsidiaries	**-**	-	**1,251**	2,012
- Related companies	**113**	682	**11**	11
Advance payment received from customers	**51**	39	**40**	31
Accrued operating expenses	**1,352**	1,419	**395**	373
Other payables	**2,073**	2,470	**215**	121
	34,021	20,624	**2,535**	3,131

10. BORROWINGS

This note provides information about the contractual terms of the Group's and the Company's bills payable, which are measured at amortised cost.

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Current liability				
Bills payable	**-**	43	**-**	43

Terms and conditions of bills payable is as follows:

			2017		2016	
	Nominal interest rate %	Year of maturity	**Face value US$'000**	**Carrying amount US$'000**	Face value US$'000	Carrying amount US$'000
Group and Company						
Bills payable	-	(2016: 2017)	**-**	**-**	43	43

Reconciliation of liabilities arising from financing activities

	As at 1 January 2017 US$'000	Financing cash flows US$'000	As at 31 December 2017 US$'000
Bills payable	43	(43)	-

11. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

Group and Company

	Assets		Liabilities	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Property, plant and equipment	**-**	-	**412**	412
Provisions	**(202)**	(202)	**-**	-
Deferred tax (assets) / liabilities	**(202)**	(202)	**412**	412
Offsetting	**202**	202	**(202)**	(202)
Net deferred tax liabilities	**-**	-	**210**	210

The component and movement of deferred tax liabilities and assets of the Group and the Company during the financial year prior to offsetting are as follows:

Deferred tax liabilities / (assets) of the Group and Company	Property, plant and equipment	Provisions	Net
	US$'000	US$'000	US$'000
2017			
At beginning and end of year	412	(202)	210
2016			
At beginning and end of year	416	(204)	212
Currency translation differences	(4)	2	(2)
At end of year	412	(202)	210

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following unused tax losses and credits:

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Tax losses	**6,495**	6,150	**3,141**	3,141

The utilised tax losses do not expire under current tax legislation of Singapore and Australia. These tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

12. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of ordinary shares (‘000)	**US$’000**	Number of ordinary shares (‘000)	US$’000
Issued and fully paid ordinary shares				
At beginning and end of the year	**351,398**	**36,817**	351,398	36,817

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share at meeting of the Company. There is no par value for these ordinary shares.

13. RESERVES

	Group		Company	
	2017	2016	**2017**	2016
	US$’000	US$’000	**US$’000**	US$’000
Asset revaluation reserve	**748**	748	**748**	748
Net exchange differences on translation of financial statements of foreign subsidiaries	**(6,394)**	(7,443)	**-**	-
Total reserve	**(5,646)**	(6,695)	**748**	748

Company	**Asset revaluation reserve**		**Foreign currency translation reserve**	
	2017	2016	**2017**	2016
	US$’000	US$’000	**US$’000**	US$’000
At the beginning of the year	**748**	644	**-**	5,972
Currency translation difference	**-**	-	**-**	260
Effect of change in functional currency	**-**	104	**-**	(6,232)
Total reserve	**748**	748	**-**	-

Asset revaluation reserve

The asset revaluation reserve arose from the one-off revaluation of leasehold land and buildings (Note 3(b)).

Foreign currency translation reserve

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

The above reserves are not distributable as dividends.

14. ACCUMULATED LOSSES

	Company	
	2017	2016
	US$'000	US$'000
At the beginning of the year	**15,396**	12,749
(Profit) / Loss for the year	**(699)**	3,646
Effect of changes in functional currency	**-**	(999)
At the end of the year	**14,697**	15,396

15. OTHER (INCOME) / EXPENSES, NET

	Group	
	2017	2016
	US$'000	US$'000
Redundancy pay-out in respect of restructuring activities	**83**	1,316
Foreign exchange (gain) / loss, net	**(318)**	276
Sale of scrap materials	**-**	(29)
Job credit scheme	**(30)**	(152)
Gain arising on liquidation and strike off of subsidiaries	**-**	(10)
Others	**13**	(145)
	(252)	1,256

16. FINANCE EXPENSE, NET

	Group	
	2017	2016
	US$'000	US$'000
Interest income	**(8)**	(13)
Interest expense	**448**	395
	440	382

17. PROFIT / (LOSS) BEFORE TAX

This is determined after charging / (crediting) the following:

	Group	
	2017	2016
	US$'000	US$'000
Depreciation of property, plant and equipment	**436**	525
Impairment loss / (Write back) on trade receivables	**25**	(8)
Audit fees payable to:		
- auditors of the Company	**75**	76
- other auditors	**58**	69
Directors' fees payable to:		
- directors of the Company	**60**	63
Non-audit fees payable to:		
- auditors of the Company	**8**	11
- other auditors	**30**	-
Operating lease expense	**447**	533
Personnel expenses (Note 19)	**4,954**	7,119
Write-down of inventories	**1,680**	924
(Gain) / Loss on disposal of property, plant and equipment	**(79)**	2

18. TAX EXPENSE / (CREDIT)

	Group	
	2017	2016
	US$'000	US$'000
Current tax expense		
Current year	**189**	109
Overprovision in prior years	**(108)**	(198)
Income tax expense / (credit)	**81**	(89)

18. TAX EXPENSE / (CREDIT) (Continued)

The reconciliation of the tax expense / (credit) and the product of accounting profit / (loss) before tax multiplied by the applicable rate is as follows:

	Group	
	2017	2016
	US$'000	US$'000
Reconciliation of effective tax rate		
Profit / (Loss) before tax	**97**	(2,053)
Tax using the Singapore tax rate of 17% (2016: 17%)	**16**	(349)
Effect of tax rates in foreign jurisdictions	**(6)**	(18)
Tax exempt income	**(68)**	(18)
Non-deductible expenses	**185**	219
Deferred tax assets on tax losses not recognised	**61**	275
Overprovision in prior years	**(107)**	(198)
	81	(89)

The Company and its Singapore subsidiary
The Company and its Singapore incorporated subsidiary are subject to an applicable tax rate of 17% (2016: 17%), constitute a group under the Group Relief System for Singapore tax purposes.

United Kingdom subsidiaries
These subsidiaries are subject to an applicable tax rate of 20% (2016: 20%).

Australia subsidiaries
These subsidiaries are subject to an applicable tax rate of 30% (2016: 30%). However, these subsidiaries are in a tax loss position.

19. PERSONNEL EXPENSES

	Group	
	2017	2016
	US$'000	US$'000
Wages, salaries and bonuses *	**4,341**	5,013
Defined contribution plans *	**353**	544
Termination benefits	**83**	1,316
Others	**177**	246
	4,954	7,119

* This includes directors' remuneration as disclosed in Note 17 and 22.

Out of the above personnel expenses, an amount US$913,000 (2016: US$1,446,000) is included as cost of sales for the current financial year.

20. EARNINGS / (LOSS) PER SHARE (CENTS)

	Group	
	2017	2016
	US$'000	US$'000
Net profit / (loss) attributable to equity holders of the Company	**16**	(1,964)
	Number of shares ('000)	Number of shares ('000)
Weighted average number of ordinary shares outstanding for basic and diluted earnings / (loss) per share	**351,398**	351,398
Basic and diluted earnings / (loss) per share (cents)	**0.005**	(0.56)

As at 31 December 2017 and 2016, there is no dilutive or anti-dilutive instrument outstanding. The diluted earnings / (loss) per share is the same as the basic earnings / (loss) per share.

21. OPERATING LEASE COMMITMENTS

The Group has various operating lease agreements for offices, equipment and other facilities. Most leases contain renewable options. Some of the leases contain escalation clauses and provide for contingent rentals based on percentages of sales derived from assets held under operating leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Within 1 year	**516**	472	**195**	181
Between 1 and 5 years	**839**	972	**737**	698
More than 5 years	**2,361**	2,442	**2,361**	2,349
	3,716	3,886	**3,293**	3,228

22. RELATED PARTY INFORMATION

Related party transactions

Some of the arrangements with related parties (as defined in Note 2) and the effects of these bases determined between the parties are reflected elsewhere in this report. Details of transactions between the Group and other related companies are disclosed below:

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Purchase of goods from related companies	**18**	2,837	**-**	120
Sale of goods to related companies	**45,369**	47,960	**-**	10,158

Related companies refer to the fellow subsidiaries within the APP group which is controlled by the ultimate holding company.

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	2017	2016
	US$'000	US$'000
Short-term employee benefits	**1,148**	1,291
Termination benefits	**-**	145
Defined contribution plans	**54**	78
Directors' fees	**60**	63
	1,262	1,577

Included in the above was total compensation to directors of the Company amounting to US$490,000 (2016: US$410,000).

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

23. OPERATING SEGMENTS

The Group has two strategic divisions, which are its reportable segments. These divisions offer different products and are managed separately because they require different technology and marketing strategies. The Group's CEO (Chief Executive Officer), the chief operating decision maker, reviews internal management reports of each division on a monthly basis for segment performance assessment and resource allocation. The following summary describes the operations in each of the Group's reportable segments:

(i) Stationery business

The main activities are design, development, sales and marketing of planners/diaries, business accessories and related stationery products.

(ii) Trading business

The main activities are trading and strategic sourcing of recycled waste, chemicals, papers, paper bags, pulp and other related materials.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit / (loss) before tax, as included in the internal management reports that are reviewed by the Group's

23. OPERATING SEGMENTS (Continued)

CEO. Segment profit / (loss) 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.

Inter-segment pricing is determined on mutually agreed terms. Segment assets consist of primarily of property, plant and equipment, cash and cash equivalents, inventories, trade and other receivables and prepayments. Segment liabilities consist primarily of trade and other payables. Capital expenditure consists of additions to property, plant and equipment.

The segment results, assets and liabilities of the above reportable segments are not disclosed by geographical markets as those markets are regarded by management to exhibit similar economic characteristics including nature of products, type of customers and distribution method. The prior period comparative is re-presented to conform with current year segmental presentation.

Group	**Stationery**	**Trading**	**Total**
	US$'000	**US$'000**	**US$'000**
2017			
Segment revenue	31,899	103,889	135,788
Intra-Segment revenue	(9,932)	(46)	(9,978)
External revenue	21,967	103,843	125,810
Segment (loss) / profit	(1,466)	2,003	537
Finance income			8
Finance expense			(448)
Profit before tax			97
Tax expense			(81)
Consolidated profit for the year			16
Segment assets	27,084	39,578	66,662
Segment liabilities	5,800	28,575	34,375
Other segment information:			
Capital expenditure	154	-	154
Depreciation	436	-	436
Write-down of inventories	1,680	-	1,680
2016			
Segment revenue	34,277	90,180	124,457
Intra-Segment revenue	(9,837)	(51)	(9,888)
External revenue	24,440	90,129	114,569
Segment (loss) / profit	(3,352)	1,681	(1,671)
Finance income			13
Finance expense			(395)
Loss before tax			(2,053)
Tax credit			89
Consolidated loss for the year			(1,964)

23. OPERATING SEGMENTS (Continued)

Group	Stationery US$'000	Trading US$'000	Total US$'000
2016			
Segment assets	28,410	23,874	52,284
Segment liabilities	7,009	14,053	21,062
Other segment information:			
Capital expenditure	73	-	73
Depreciation	525	-	525
Write-down of inventories	924	-	924

Geographical information

The stationery and trading segments are managed on a worldwide basis, but sales offices operate primarily in Singapore, Australia and United Kingdom.

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

	Group	
	2017 US$'000	2016 US$'000
External Revenue		
Singapore	**29,676**	14,445
United Kingdom	**13,173**	10,129
Europe	**136**	1,264
Australia	**10,895**	11,782
United States of America	**925**	4,006
Indonesia	**45,369**	47,959
Hong Kong	**12,234**	24,220
Malaysia	**13,055**	-
Others	**347**	764
	125,810	114,569
Non-current assets		
Singapore	**3,815**	4,184
United Kingdom	**42**	34
Australia	**25**	14
	3,882	4,232

Major customer

At the end of the reporting period, approximately:

Revenue made to related companies which are considered as a single group of companies being controlled by the ultimate holding company of the Company as disclosed in Note 22 amounting to US$45,369,000 (2016: US$47,960,000) included in the trading segment.

A pulp customer which is a related company contributed 36% (2016: 42%) of the Group's revenue for the year.

24. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. The Audit Committee provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk), liquidity risk and credit risk. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the Audit Committee.

It is the Group's policy not to trade in derivative contracts.

(i) Market risk

Foreign exchange risk

The Group is exposed to currency risk on sales and purchases, including inter-company sales, purchases and inter-company balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are the United States dollars, Singapore dollars, Australian dollars, Great Britain pound, Euro and others.

The summary of quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

Group 2017	**Singapore dollars**	**United States dollars**	**Australian dollars**	**Great Britain pound**	**Euro**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Financial assets						
Trade and other receivables	100	34,834	4,802	3,827	-	43,563
Cash and bank balances	383	5,441	885	4,922	3	11,634
Intragroup receivables	124	2,934	18	6	-	3,082
	607	43,209	5,705	8,755	3	58,279
Financial liabilities						
Trade and other payables	(608)	(29,026)	(1,444)	(2,838)	(54)	(33,970)
Intragroup payables	(124)	(2,934)	(18)	(6)	-	(3,082)
	(732)	(31,960)	(1,462)	(2,844)	(54)	(37,052)
Net financial (liabilities) / assets	(125)	11,249	4,243	5,911	(51)	21,227
Less: Net financial assets denominated in the respective entities functional currencies	-	(11,613)	(4,475)	(5,910)	-	(21,998)
Foreign currency exposure	(125)	(364)	(232)	1	(51)	(771)

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

Foreign exchange risk (Continued)

Group 2016	Singapore dollars US$'000	United States dollars US$'000	Australian dollars US$'000	Great Britain pound US$'000	Euro US$'000	Others * US$'000	Total US$'000
Financial assets							
Trade and other receivables	70	15,448	6,784	3,736	5	-	26,043
Cash and bank balances	327	9,287	753	6,033	1	-	16,401
Intragroup receivables	142	2,250	1,029	-	-	-	3,421
	539	26,985	8,566	9,769	6	-	45,865
Financial liabilities							
Bills payable	-	(43)	-	-	-	-	(43)
Trade and other payables	(585)	(14,970)	(1,974)	(2,943)	(94)	(19)	(20,585)
Intragroup payables	(142)	(2,250)	(1,029)	-	-	-	(3,421)
	(727)	(17,263)	(3,003)	(2,943)	(94)	(19)	(24,049)
Net financial (liabilities) / assets	(188)	9,722	5,563	6,826	(88)	(19)	21,816
Less: Net financial assets denominated in the respective entities functional currencies	-	(9,960)	(4,847)	(5,438)	-	-	(20,245)
Foreign currency exposure	(188)	(238)	716	1,388	(88)	(19)	1,571

* Others are denominated in Malaysian Ringgit, Japanese Yen and New Zealand dollars.

Company 2017	Singapore dollars US$'000	United States dollars US$'000	Australian dollars US$'000	Great Britain pound US$'000	Euro US$'000	Total US$'000
Financial assets						
Trade and other receivables	210	1,910	18	-	-	2,138
Cash and bank balances	359	1,694	-	8	-	2,061
	569	3,604	18	8	-	4,199
Financial liabilities						
Trade and other payables	(572)	(1,602)	(250)	(17)	(54)	(2,495)
Net financial (liabilities) / assets	(3)	2,002	(232)	(9)	(54)	1,704
Less: Net financial assets denominated in the functional currency of the Company	-	(2,002)	-	-	-	(2,002)
Foreign currency exposure	(3)	-	(232)	(9)	(54)	(298)

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(i) Market risk (Continued)

Foreign exchange risk (Continued)

Company 2016	**Singapore dollars US$'000**	**United States dollars US$'000**	**Australian dollars US$'000**	**Great Britain pound US$'000**	**Euro US$'000**	**Total US$'000**
Financial assets						
Trade and other receivables	201	2,444	637	6	5	3,293
Cash and bank balances	103	526	-	107	-	736
	304	2,970	637	113	5	4,029
Financial liabilities						
Borrowings	-	(43)	-	-	-	(43)
Trade and other payables	(581)	(1,805)	(619)	-	(95)	(3,100)
	(581)	(1,848)	(619)	-	(95)	(3,143)
Net financial (liabilities) / assets	(277)	1,122	18	113	(90)	886
Less: Net financial assets denominated in the functional currency of the Company	-	(1,122)	-	-	-	(1,122)
Foreign currency exposure	(277)	-	18	113	(90)	(236)

Foreign exchange risk sensitivity

A reasonably possible strengthening of Singapore dollars, United States dollars, Australian dollars, Great Britain pound and Euro by 10% (2016: 10%) against the respective entity's functional currency at 31 December will affect the measurement of financial instruments denominated in a foreign currency. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group	**Singapore dollars US$'000**	**United States dollars US$'000**	**Australian dollars US$'000**	**Great Britain pound US$'000**	**Euro US$'000**
2017					
Increase / (Decrease) in profit before tax	(13)	(36)	(23)	-	(5)
2016					
Increase / (Decrease) in loss before tax	19	24	(72)	(139)	9
Company					
2017					
Increase / (Decrease) in profit before tax	-	-	(23)	(1)	(5)
2016					
Increase / (Decrease) in loss before tax	28	-	(2)	(11)	9

A weakening of the above foreign currencies against the respective entity's functional currency at 31 December would have had the equal but opposite effect on the loss / profit before tax to the amounts shown above, on the basis that all other variables remain constant.

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(ii) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

All the financial liabilities of the Group as at 31 December 2017 and 2016 are repayable on demand or due within 1 year from the reporting date.

(iii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's cash and bank balances are placed with reputable local financial institutions. Therefore, credit risk arises principally from the Group's receivables from customers which is influenced mainly by the individual credit risk characteristics of each customer. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. At the same time, large trading sales transactions are backed by letters of credit from reputable financial institutions whenever possible. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management.

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of manufacturing and distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of trade receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

As the Group and the Company does not hold collateral, the carrying amount of trade receivables represents the maximum credit exposure. For certain trade receivables, credit risk exposure is mitigated by the amounts owing to the same trading counterparties for purchase. However, the Group is in the practice of making gross settlements.

The maximum exposure to credit risk for trade receivables at the reporting date by geographical areas is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
<u>By geographical areas</u>				
- Singapore	**3,261**	3,309	**98**	62
- Australia	**4,802**	6,343	**1,267**	1,822
- North America	**435**	433	**2**	2
- South America	**487**	223	**-**	-
- United Kingdom	**4,807**	3,507	**-**	238
- Europe	**48**	147	**-**	7
- Indonesia	**9,724**	5,228	**-**	-
- Hong Kong	**6,994**	6,138	**-**	3
- Malaysia	**12,920**	31	**-**	-
- Other countries	**72**	460	**33**	460
	43,550	25,819	**1,400**	2,594

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

The maximum exposure to credit risk for trade receivables at the reporting date by type of counterparty is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
By types of customers				
Related companies	**9,724**	5,228	**-**	-
Subsidiaries	**-**	-	**1,247**	2,060
Non-related parties*				
- Multinational companies	**3,356**	2,980	**-**	-
- Other companies	**30,470**	17,611	**153**	534
	43,550	25,819	**1,400**	2,594

* Amount includes balances owing from the established office supplies wholesaler and retailers in Australia and United Kingdom amounting to US$7,231,000 (2016: US$7,274,000), out of which an amount of US$2,419,000 (2016: US$2,481,000) was owing from a single customer in Australia.

The amount owing from non-related parties also includes balances from trading segment totalling US$25,046,000, out of which the top 3 customers' balance amounted to US$13,054,000 (2016: Nil), US$7,427,000 (2016: US$5,894,000) and US$3,160,000 (2016: US$3,248,000) which are from Malaysia, Hong Kong and Singapore respectively.

Other than these debtors, there are no other concentration of credit risks of the Group and the Company.

There is no concentration of credit risk with respect to trade receivables of the Company in respect to non-related parties as majority of the balance was due from subsidiaries.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables, which is a specific loss that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

The age analysis of trade receivables is as follows:

	Gross 2017 US$'000	Impairment 2017 US$'000	Gross 2016 US$'000	Impairment 2016 US$'000
Group				
Not past due	**40,908**	**8**	22,961	29
Past due 0 to 3 months	**1,396**	**26**	2,579	10
Past due 3 to 6 months	**925**	**-**	283	9
Past due more than 6 months	**744**	**389**	402	358
	3,065	**415**	3,264	377
	43,973	**423**	26,225	406
Company				
Not past due	**625**	**-**	1,361	-
Past due 0 to 3 months	**229**	**-**	1,101	-
Past due 3 to 6 months	**464**	**-**	152	-
Past due more than 6 months	**202**	**120**	100	120
	895	**120**	1,353	120
	1,520	**120**	2,714	120

The movement in allowance for impairment loss is as follows:

	Group 2017 US$'000	Group 2016 US$'000	Company 2017 US$'000	Company 2016 US$'000
Balance at beginning of the year	**406**	471	**120**	118
Impairment loss recognised / (write back)	**25**	(8)	**-**	-
Amounts written off	**(11)**	(43)	**-**	-
Currency translation differences	**3**	(14)	**-**	2
Balance at end of the year	**423**	406	**120**	120

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

(iii) Credit risk (Continued)

Trade receivables that are individually determined to be impaired at the reporting date related to debtors that are in significant financial difficulties and have defaulted on payment as well as by reference to past default experience. Included in the Group's and Company's trade receivables balances are debtors with total carrying amount of US$2,650,000 (2016: US$2,887,000) and US$775,000 (2016: US$1,233,000) respectively, which are past due but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

These receivables which are neither past due nor impaired are mainly arising by customers that have a good payment record with the Group and the Company. Based on historical default rates and analysis of the profiles, the Group and the Company believe that no impairment allowance is necessary in respect of trade receivables not past due.

(iv) Financial instruments by category

The following table sets out the financial instruments as at reporting date:

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Loans and receivables (including cash and cash equivalents)	**55,197**	42,444	**4,199**	4,029
Financial liabilities at amortised cost	**33,970**	20,628	**2,495**	3,143

24. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Capital risk management policies and objectives

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The strategies of the Group and the Company, which were unchanged from 2017, are to maintain gearing ratios within 1%.

The gearing ratio is calculated as debt divided by total capital. Debt refers to the Group's and the Company's borrowings. Adjusted equity is computed as total equity less reserves. Total capital is calculated as adjusted equity plus debt. The Group's gearing ratio as at 31 December is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
Total debt	**-**	43	**-**	43
Adjusted equity	**37,933**	37,917	**22,120**	21,421
Total capital	**37,933**	37,960	**22,120**	21,464
Gearing ratio %	**-**	0.11	**-**	0.20

The management reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital, and monitors the gearing ratio. Based on recommendations of the committee, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debts.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25. FAIR VALUE DISCLOSURES

At reporting date, there are no financial instruments that are carried at fair value. The carrying amounts of financial assets and liabilities reported on the reporting date are reasonable approximation of their fair value due to relatively short-term maturity of these financial instruments.

INTERESTED PERSON TRANSACTIONS

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than US$72,346 (equivalent to S$100,000) and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920	
	Full year ended 31 December		Full year ended 31 December	
	2017	2016	**2017**	2016
	US$'000	US$'000	**US$'000**	US$'000
<u>Purchases</u>				
PT Pabrik Kertas Tjiwi Kimia Tbk	**-**	-	**18**	2,826
Toprint Computer Supplies Pte Ltd	**-**	-	**-**	11
<u>Sales</u>				
PT Pabrik Kertas Tjiwi Kimia Tbk	**-**	-	**-**	258
PT Paramitra Gunakarya Cemerlang	**-**	-	**45,369**	47,702
Total Interested Person Transactions	**-**	-	**45,387**	50,797

SHAREHOLDING STATISTICS AS AT 14 MARCH 2018

Number of issued ordinary shares	:	351,398,000
Issued and paid up capital	:	US$36,817,000 (equivalent to S$51,547,000)
Number of subsidiary holdings and percentage	:	Nil
Number of treasury shares and percentage	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

Shareholdings held in the hands of public
Based on the information available to the Company as at 14 March 2018, approximately 36.3% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

Analysis of Shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	3	0.06	56	0.00
100 - 1,000	1,561	27.71	1,554,750	0.44
1,001 - 10,000	3,051	54.16	16,590,741	4.72
10,001 - 1,000,000	1,000	17.75	54,135,537	15.41
1,000,001 and above	18	0.32	279,116,916	79.43
	5,633	100.00	351,398,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of shareholders	No. of Shares Held	%
1	APP PRINTING (HOLDING) PTE LTD	223,804,666	63.69
2	UOB KAY HIAN PTE LTD	8,324,200	2.37
3	RHB SECURITIES SINGAPORE PTE LTD	6,063,000	1.73
4	ABN AMRO CLEARING BANK N.V	5,759,600	1.64
5	DBS NOMINEES PTE LTD	5,692,300	1.62
6	LIM POH CHOON	4,922,700	1.40
7	CITIBANK NOMINEES SINGAPORE PTE LTD	3,917,300	1.11
8	KOH CHIN HWA	3,500,000	1.00
9	KAM TEOW CHONG	2,674,900	0.76
10	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	2,461,750	0.70
11	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,350,500	0.67
12	TAY HUI SAN	1,961,100	0.56
13	RAFFLES NOMINEES (PTE) LTD	1,710,700	0.49
14	PHILLIP SECURITIES PTE LTD	1,333,300	0.38
15	LUO FENG	1,268,900	0.36
16	THIAN YIAN CHIEW	1,243,000	0.35
17	HL BANK NOMINEES (S) PTE LTD	1,098,000	0.31
18	ANG HAO YAO (HONG HAOYAO)	1,031,000	0.29
19	QUEEMAY HOLDINGS PTE LTD	1,000,000	0.28
20	LOW EE LAM LEWIS	981,000	0.28
		281,097,916	79.99

Substantial Shareholders as at 14 March 2018
(as shown in the Company's Register of substantial shareholders)

	Number of Shares			
Name of Shareholders	**Direct Interest**	**%**	**Deemed Interest**	**%**
APP Printing (Holding) Pte Ltd	223,804,666	63.69	-	-
PT Andalan Prapanca Pertiwi	-	-	223,804,666	63.69
Asia Pulp & Paper Company Ltd	-	-	223,804,666	63.69
APP Golden Limited	-	-	223,804,666	63.69

APP Printing (Holding) Pte Ltd ("APP Printing") is the immediate holding company of Nippecraft Limited.

Asia Pulp & Paper Company Ltd ("APP") and APP Golden Limited (previously known as APP Global Limited) ("APP Golden") are deemed to have an interest of 223,804,666 ordinary shares in Nippecraft Limited as APP Printing is a wholly owned subsidiary of PT Andalan Prapanca Pertiwi ("PT APP") and APP has 89.9% shares in PT APP whereas APP Golden controls approximately 63.32% of the voting power of APP.

NOTICE OF ANNUAL GENERAL MEETING

NIPPECRAFT LIMITED
Registration No. 197702861N
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of Nippecraft Limited ***(Company)*** will be held at 9 Fan Yoong Road, Singapore 629787 on Friday, 27 April 2018 at 9.00 am for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017, together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Lim Yu Neng Paul, retiring by rotation under regulation 104 of the Company's Constitution. **(Resolution 2)**

3. To approve Directors' fees of US$60,000 (equivalent to S$82,000) payable by the Company for the financial year ended 31 December 2017 (2016: US$63,000 (equivalent to S$87,000)). **(Resolution 3)**

4. To approve Directors' fees of US$79,000 (equivalent to S$106,000) for the financial year ending 31 December 2018, payable quarterly by the Company in arrears. **(Resolution 4)**

5. To re-appoint Crowe Horwath First Trust LLP as auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

As Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

7. Authority to allot and issue shares

“THAT, pursuant to section 161 of the Companies Act, Chapter 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ***(SGX-ST)***, authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of 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) warrants, debentures or other instruments convertible or exchangeable 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 Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) 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 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the Company’s total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by 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 shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) 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 this Resolution is passed; 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 for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

(See Explanatory Notes) **(Resolution 6)**

8. Renewal Of The Shareholders' Mandate For Interested Person Transactions

"THAT:-

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST for the Company, its subsidiaries and target associated companies or any of them, to enter into any of the transactions falling within the types of interested person transactions, described in the Appendix dated 10 April 2018 ***(Appendix)*** with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on an arm's length basis and on normal commercial terms and in accordance with the guidelines and review procedures for such interested person transactions as amended in the Appendix;

(b) the approval given in paragraph (a) above ***(Shareholders' Mandate)*** shall, unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company; and

(c) the Directors of the Company, be and are hereby authorised to complete and do all such acts, deeds and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate or this Resolution."

(See Explanatory Notes) **(Resolution 7)**

9. Renewal Of The Share Purchase Mandate

"THAT:-

(a) for the purposes of the Companies Act Chapter 50, the authority conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire from time to time the issued and fully-paid ordinary shares in the capital of the Company ("**Shares**") (excluding treasury shares) not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Companies Act and the Listing Manual as may for the time being be applicable, be and is hereby approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next AGM is held or required by law to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in general meeting;

ADDITIONAL INFORMATION

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"**date of the making of the offer**" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holder of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed:

(i) in the case of a On-Market Purchase, 105% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase, pursuant to an equal access scheme, 105% of the Average Closing Price of the Shares; and

"**Prescribed Limit**" means that number of issued Shares representing ten per cent. (10%) of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may in their/his absolute discretion consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

(See Explanatory Notes) **(Resolution 8)**

BY ORDER OF THE BOARD

RAYMOND LAM KUO WEI
LEE LIH FENG
Company Secretaries
Singapore
10 April 2018

Explanatory Notes:

1. The Chairman of the Annual General Meeting will be exercising his right under regulation 79 of the Company's Constitution to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of poll.

2. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated. Such proxy need not be a member of the Company.

3. Pursuant to section 181 of the Companies Act, Chapter 50 a member who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "relevant intermediary" means:

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

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

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, 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 the subsidiary legislation.

4. The instrument appointing a proxy must be deposited at the Company's registered office at 9 Fan Yoong Road, Singapore 629787, not less than 48 hours before the time appointed for holding the meeting.

Explanatory Notes and Statement under regulation 70 of the Company's Constitution

Resolution 2

If re-elected, Mr Lim Yu Neng Paul, an independent director, shall remain as Chairman of the Nominating Committee, member of the Audit committee and member of the Remuneration Committee.

Resolution 6

The proposed Resolution 6, if passed, will empower the Directors, from the date of the Annual General Meeting until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings if any, with a sub-limit of 20% for Shares other than on a pro rata basis to Shareholders.

Resolution 7

The proposed Resolution 7, if passed, will renew the Shareholders' Mandate (which was approved at the Extraordinary General Meeting of the Company held on 24 October 2017) to facilitate the Company, its subsidiaries and associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, to enter into Interested Persons Transactions, the details of which are set out in the Appendix accompanying this Notice/Annual Report. The authority under the renewed Shareholders' Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company, or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier.

Resolution 8

The proposed Resolution 8, if passed, will empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) Shares on the terms of the Share Purchase Mandate as set out in the Appendix. This authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next AGM is held or is required by law to be held, whichever is the earlier.

Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchases or acquisitions of Shares. The Directors do not propose to exercise the Share Purchase Mandate to such extent that it would result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The amount of financing required for the Company to purchase its Shares pursuant to the Share Purchase Mandate and the impact on the Company's financial position, cannot be realistically ascertained as at the date of this Notice as this will depend on factors such as the aggregate number of Shares purchased and the purchase prices paid at the relevant times.

An illustration of the financial impact of the Share purchases by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group for the financial year ended 31 December 2017 is set out in the Appendix.

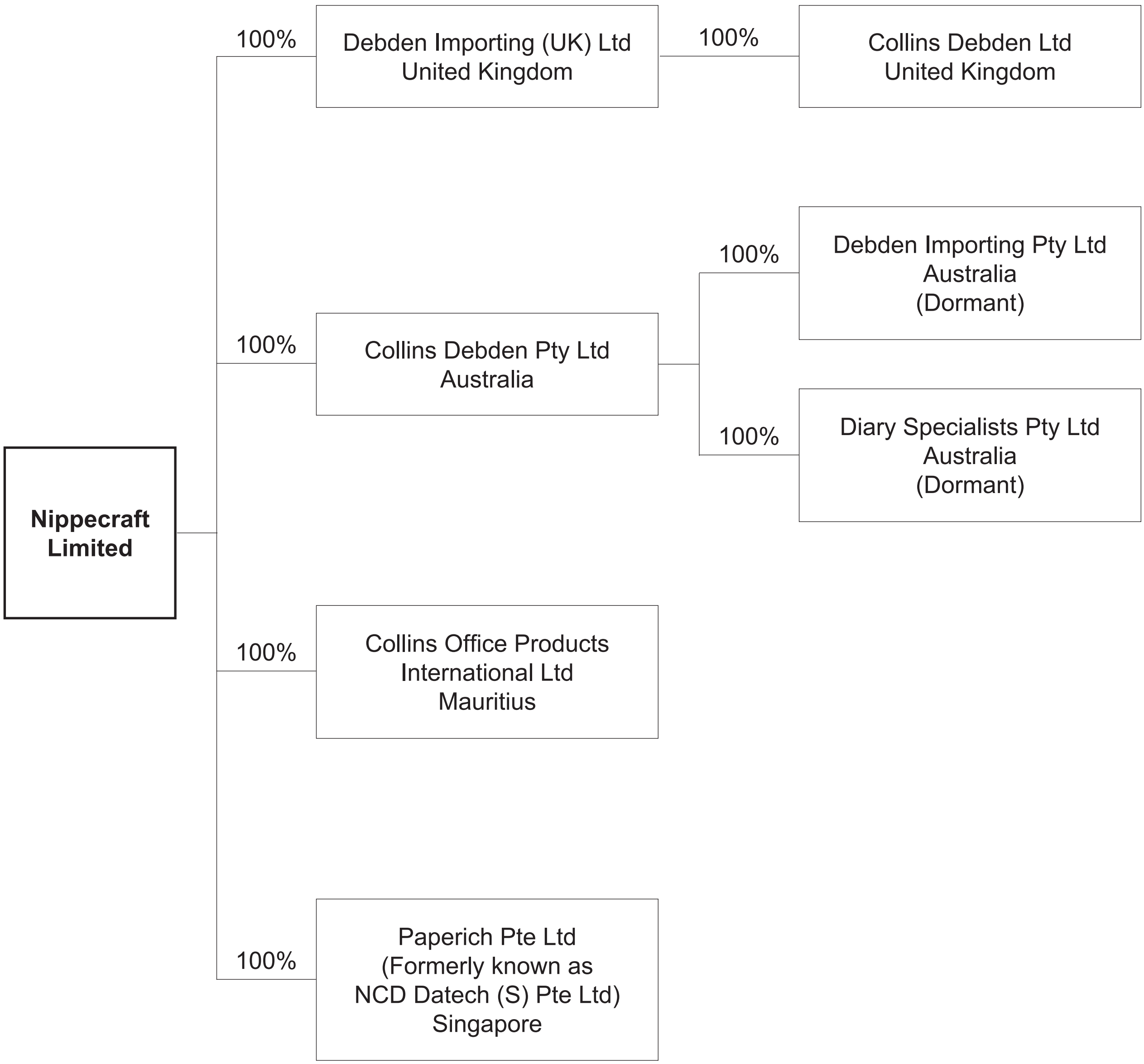
Personal Data Privacy:

By submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives relating to the Annual General Meeting (including any adjournment thereof); and

(ii) warrants that where the member discloses the personal data of the member's proxy and/or representative to the Company (or its agents), the member has obtained all necessary consents to do so, and that the Company (or its agents) may collect, use and disclose such personal data for the purposes above.

As at 31 December 2017



Head Office

Singapore	Nippecraft Limited 9 Fan Yoong Road Singapore 629787 Tel: (65) 6262 2662 Fax: (65) 6262 1551 Website: www.nippecraft.com.sg

Subsidiaries

Australia	Collins Debden Pty Ltd Level 3, 93 George Street Parramatta New South Wales 2150 Australia Tel: (61-2) 8833 2900 Fax: (61-2) 9635 3368 Website: www.collinsdebden.com
United Kingdom	Collins Debden Ltd Campsie View, Westerhill Road Bishopbriggs Glasgow G64 2QT United Kingdom Tel: (44-141) 300 8500 Fax: (44-141) 300 8600 Website: www.collinsdebden.com
Singapore	Paperich Pte Ltd 9 Fan Yoong Road Singapore 629787 Tel: (65) 6262 2662 Fax: (65) 6262 1551

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NIPPECRAFT LIMITED
Registration No. 197702861N
(Incorporated in the Republic of Singapore)

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note No. 4 for the definition of “relevant intermediary”).
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. PLEASE READ THE NOTES TO THE PROXY FORM.

ANNUAL GENERAL MEETING

PROXY FORM

I/We________________________________(NRIC/Passport No) ______________________________

of____(Address)

being a member/members of NIPPECRAFT LIMITED ***(Company)***, hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

and/or (delete as appropriate)

or failing him/them, the Chairman of the Annual General Meeting ***(AGM)*** as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM of the Company to be held at 9 Fan Yoong Road, Singapore 629787 on Friday, 27 April 2018 at 9.00 am and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

Note: Voting on all resolutions will be conducted by poll.

(If you wish to exercise all your votes “For” or “Against” a resolution, please indicate with a tick “√” within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No	Resolutions	For	Against
	Ordinary Business		
1.	To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2017, together with the Auditors’ Report thereon.		
2.	To re-elect Mr Lim Yu Neng Paul, who is retiring by rotation under regulation 104 of the Company’s Constitution.		
3.	To approve Directors’ fees for the financial year ended 31 December 2017.		
4.	To approve Directors’ fees for the financial year ending 31 December 2018.		
5.	To re-appoint Crowe Horwath First Trust LLP as auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors of the Company to fix their remuneration.		
	Special Business		
6.	To authorise the directors to issue shares and / or instruments pursuant to Section 161 of the Companies Act, Cap. 50.		
7. .	To renew the Shareholders’ Mandate for Interested Person Transactions.		
8.	To renew the Share Purchase Mandate		

Signed this day of April 2018

Total Number of shares in:	No of shares
(a) CDP Register	
(b) Register of members	
Total	

____
Signature(s) of Member(s) or Common Seal

Notes:

1. A member should insert the total number of ordinary shares in the capital of the Company ***(Shares)*** held. If the member has Shares entered against his name in the Depository Register, he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all Shares held by the member.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

4. Pursuant to section 181 of the Companies Act, Chapter 50, a member who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two proxies to attend and vote at the Annual General Meeting instead of such member, but each such proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "relevant intermediary" means:

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

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

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, 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 the subsidiary legislation.

5. This instrument appointing a proxy or proxies (together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company)) must be deposited at the registered office of the Company at 9 Fan Yoong Road, Singapore 629787 not less than 48 hours before the time appointed for the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of its attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Chapter 50.

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

Personal data privacy:

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

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